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## “Kirloskar Brothers Limited Q1 FY '26 Earnings Conference Call”

**August 04, 2025**

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**Moderator:** Ladies and gentlemen, good day, and welcome to the Kirloskar Brothers Limited Q1 FY '26 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '\*' then '0' on your touchtone phone.

Before we move on to the conference, a standard disclaimer:

This conference call may contain forward-looking statements about the Company, which are based on beliefs, opinions and expectations of the Company as on the date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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

**Sanjay Kirloskar:** Thank you. Good evening, everyone. On behalf of Kirloskar Brothers Limited, I extend a very warm welcome to everyone for joining us on our call today.

I hope you have had an opportunity to go through the Financial Results and Investor Presentation, which have been uploaded on the Stock Exchanges and on the Company's website.

On this call with me, I have Mr. Alok Kirloskar – Managing Director, KBIBV; Ms. Rama Kirloskar – Joint Managing Director, KBL; Mr. Bhavesh Chheda – our CFO, and Strategic Growth Advisors, our Investor Relations Advisors.

Let me begin my remarks by giving some business highlights:

For the quarter, our consolidated revenue stood at Rs. 979 crores, reflecting a 5% decline year-on-year. The quarterly performance was impacted by adverse seasonal trends and external geopolitical factors. An early onset of the monsoon dampened our demand for our small pump segment, which primarily serves the agricultural sector.

On a positive note, the industrial segment continued to exhibit strong demand, highlighting the resilience and strength of our diversified product portfolio.

On the international front, elections in the U.S. and Thailand caused a temporary slowdown in both markets as procurement decisions were deferred. We view this as short-term disruption, with underlying demand remaining strong. We expect momentum to improve in the coming quarter.



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EBITDA for the quarter stood at Rs. 128 crores, remaining largely stable on a year-on-year basis, despite the challenging operating environment. Importantly, EBITDA margins expanded to 13% compared to 12.3% in Q1 of last year, reflecting a 70 basis points improvement.

This improvement in margins was underpinned by multiple factors. A key contributor was the softening of raw material prices, which helped ease input cost pressure. In addition, our strategic focus on operational excellence continued to yield results. We made progress in optimizing cost, streamlining processes, and improving resource utilization across all business verticals. These initiatives collectively enhanced our productivity and ensured better absorption of fixed costs, thereby supporting profitability even in a subdued demand environment.

During the quarter, we recorded good order inflows in both domestic and international markets, reflecting a year-on-year growth of 9% amounting to Rs. 1,336 crores. On the standalone domestic business performance, for the quarter, revenue from operations stood at Rs. 621 crores, reflecting a year-on-year decline of 7%.

However, despite the top-line softness, we delivered strong performance on the operational front. EBITDA grew by 10% on a year-on-year basis, reaching Rs. 79 crores. Our standalone EBITDA margins improved significantly to 12.7%, marking an expansion of 200 basis points. This improvement was primarily driven by favorable raw material pricing and the continued impact of our cost control and efficiency initiatives.

As of June 2025, our standalone order book, excluding the small pump business, stands at Rs. 1,929 crores, reflecting a healthy and strong pipeline that underscores sustained demand across key business segments.

In our international business, we registered a modest degrowth of 2% in Q1 FY '26. This performance was primarily impacted by a temporary slowdown in the U.S. and Thai markets, largely due to election-related postponement. However, offsetting the softness, SPP (UK) delivered a strong performance driven by robust execution of its healthy order book.

With keen focus on strengthening our business outlook and supported by a robust order book, we remain optimistic about our future growth trajectory. Our overseas pending order book stood at Rs. 1,268 crores, further reinforcing our visibility and momentum in the international market.

With this, let me invite Mr. Bhavesh Chheda – our CFO, to discuss the financial performance highlights.

**Bhavesh Chheda:**

Thank you, sir, for the warm welcome. Good evening, everyone. Let me start with financial performance highlights.



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On the Revenue front:

The revenue from the operation for Q1 FY '26 stood at Rs. 979 crores as against Rs. 1,031 crores in Q1 of FY '25.

On EBITDA front:

Our EBITDA for Q1 FY '26 was Rs. 128 crores as against Rs. 127 crores in Q1 FY '25.

EBITDA margin for Q1 for FY '26 stood at 13% as against 12.3% in Q1 FY '25.

On profit after tax front:

Our PAT for the Q1 FY '26 was Rs. 68 crores as against Rs. 66 crores in the same quarter last year.

This is all from our side. We will now begin the question-and-answer session. Thank you.

**Moderator:** Thank you, sir. We will now begin the question-and-answer session. We have a first question from the line of Sani Vishe from Axis Securities. Please go ahead.

**Sani Vishe:** So, I understand this quarter may be a seasonal thing, given that we saw an earlier onset of monsoon. But is that the only factor concerning our domestic demand? And if that is the case, do we see or do we expect a clear recovery starting Q2?

**Rama Kirloskar:** Yes, good afternoon. We do expect to see a recovery in Q2. We believe that this was a seasonal phenomenon and that should improve. It should pick up in the next quarter.

**Sani Vishe:** So, I just want to understand because in terms of margin, this quarter is a slight improvement. But what would be the expected range of margins for the whole year? I would assume it should improve further in terms of EBITDA margin.

**Sanjay Kirloskar:** You know, I have always said that we should strive to improve margins. So, we don't make such statements.

**Sani Vishe:** No, but directionally, I think if you compare it with Q4, I think there is scope for improvement. That is why I am asking directionally, there is further scope, right?

**Sanjay Kirloskar:** I cannot make forward-looking statements. Because the record of the last few years, I think you will have to make your own judgment.



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- Sani Vishe:** Yes, I can see that quarterly there is a trend of Q4. We are going on to improve in Q4. But my question is year-on-year improvement because we improved this year on the previous year same similar quarter. So, that is where I am trying to go that on quarter-on-quarter, can we see continuously improvement? I am not asking the Q4 in comparison to Q1, but rather, maybe Q2 on last year's Q2 and so on. But anyways, I understand that you are not making a forward-looking statement. I just wanted a directional view.
- Sanjay Kirloskar:** Yes, we will strive to improve.
- Moderator:** We have our next question from the line of Pratik Kothari from Unique PMS. Please go ahead.
- Pratik Kothari:** Since the last call, we had kind of called out some slowdown in our cash and carry model due to some liquidity issues at the client's end. Is it past that or not yet?
- Sanjay Kirloskar:** Could you ask that question again? In the past quarter?
- Pratik Kothari:** We had called out that in our cash and carry model, we were seeing some liquidity issues at the end customer level and hence we had to let go of some business. So, just checking, has on-ground things improved in terms of liquidity for our end customers?
- Sanjay Kirloskar:** You know, our cash and carry business is for both small pumps business as well as small and medium pumps business. And I think we have already said that the small pumps business, we had some issues because of the monsoon. As far as the small and medium pumps business was concerned, some of our dealers were affected by the issues at JJM, Jal Jeevan Mission. So, yes, we believe that that will ease out.
- Pratik Kothari:** Correct. And can we call out what was the industrial numbers of growth for this quarter ex of our retail pumps?
- Rama Kirloskar:** Could you repeat that question, please?
- Pratik Kothari:** My question is, what was the growth for the industrial segment in our standalone business? We called out that the degrowth that we saw was largely because of retail pumps. So, ex of that, how did industrials do?
- Sanjay Kirloskar:** Sector-wise and application-wise data. I think we have explained earlier that none of our competitors, competes with us all across our business lines. And therefore, we do not give certain data.
- Moderator:** We have a next question from the line of Raj Shah from ENAM AMC. Please go ahead.



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**Raj Shah:** So, my first question was regarding the U.S. business. I know you mentioned in the opening comments, but if you can explain in detail that what led to this slowdown in revenue as well as I see that we have, there is some 250-basis point margin contraction as well.

**Sanjay Kirloskar:** Alok, would you answer that?

**Alok Kirloskar:** Good afternoon. You know, I would say that there are two aspects. Our U.S. business constitutes SPP Pumps Incorporated, which is the fire pump side of the business, and SyncroFlo, which is the package solution side of the business. And both are SPP fire pumps is about 55% of the overall business.

So, in this mix, we have seen that there is some packages that have got deferred on the SyncroFlo side because of the way the order book came about. I had mentioned, I think, last quarter, because someone had asked me the question about order booking after the election. And I had mentioned that the order that got delayed into February timeframe. So, because of that, a lot of the jobs and orders are shifted out and they are in the third quarter for the U.S. business, which is the second quarter for the Indian business through which the numbers are reported.

So, I would say that shifted by a quarter and that's caused effectively the revenue numbers to go down. And of course, with the revenue numbers, the general margin also to go down. Because usually we get, as you know, we have got good revenues coming out of the U.S. business and that is also giving us operating leverage, which is what we are losing when we are not meeting the revenue threshold. So, I would say that the revenues have got shifted. I don't think there is a decline in margin. It is just because we are not getting the operating leverage at this point in time.

And maybe I will take the opportunity to also answer another point, which may be to do with tariffs. You know, the U.S. business, like I mentioned, 55% of it is SPP pumps, fire pumps. That depends on products coming out of India. But usually the product is about 20% of the overall package value. So, basically you are looking at 20% of about 55% of the business being impacted from that point of view.

So, hopefully, I have answered a question that you wanted an answer for and maybe one that maybe others may have wanted an answer for. Have I covered the question properly or not?

**Raj Shah:** Yes. No, thank you for the detailed answer. Second question was regarding valves. So, if I see a standalone order book in the PPT, so the valve section is seeing continuous decline. So, last year in the same quarter, it was around Rs. 87 crores to part of order book. Now it has come down to around, I guess, Rs. 34 crores. So, what has led to this continuous decline in the last four or five quarters?



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**Rama Kirloskar:** There are some projects which they were working on which have been delayed. We are expecting to get those orders in the next few quarters.

And the other aspect is they have already got some orders, but we have not really pushed them into our system. So, they are still pending because of the way that the customer has, the timing of the customer when we have received the order. So, this should increase in the next few quarters.

**Sanjay Kirloskar:** As you are aware, most of our orders are for large valves, and they come from EPC contractors. We are very careful about the commercial terms, and unless everything matches our requirements, we do not book them into the system.

**Moderator:** We have our next question from the line of Saurabh Mehta from East Lane Capital. Please go ahead.

**Saurabh Mehta:** My first question was regarding, we mentioned in our annual report regarding the new submersible turbine pumps for the petrol pumps which we have launched. So, just wanted to understand, does it require some specific certifications like the UL79, ATEX approvals? And do we already have those? I just wanted to get some clarification on those.

**Rama Kirloskar:** Yes, we have already gotten all the required approvals, ATEX, SPECI and the like because this is a petroleum application and all compliances have been done accordingly.

**Saurabh Mehta:** So, does it open up the whole market for us, the India market for us from here then?

**Rama Kirloskar:** Yes, it would for retail petroleum applications, yes. It would also open the export market for us in addition.

**Saurabh Mehta:** So, if my understanding is correct, this market was basically two international companies were having almost 80%-90% of the market. And now we will be the third player who has all the requisite approvals, basically, all the requisite certifications to be able to bid for all the orders, right?

**Rama Kirloskar:** Yes.

**Saurabh Mehta:** Thanks, Rama. The next two questions were for Alok. One was on the service business in UK, the Thames Water Opportunity. How is it progressing? If you could give some update on that.

**Alok Kirloskar:** I think the service business in the UK is, like I mentioned, when you mentioned Thames Water, we have general framework contracts across most of the UK water utilities. They are about 10 or 12, depending on how you count them, based on the subsidiary-parent relationship. But we have a framework with most of them.



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And at the moment, as I mentioned last time, we are starting AMP8, Asset Management Program 8, which started two months ago. Each AMP cycle, as I mentioned earlier, lasts for about five years. So, we are in the 40th year, starting the 40th year of the AMP cycle. Usually, the first year of the AMP cycle has not been the best because companies are still evaluating their budgets and not spending all the money. They tend to be better going towards the second, third, fourth, fifth year, and of course towards the end of the cycle, as we have seen till now.

Of course, at the moment, but given the scenarios, and as you know, with Thames Water teetering on bankruptcy, and maybe rescued by the government, generally the UK has been looking closely at how the UK water utilities have been using the subsidies they have been giving via the AMP cycle. And so we expect this time that there should be a better spending. As you probably know, because it is available online, the AMP8 cycle is supposed to be £88 billion in total spend.

So, I would say that it is still early in the cycle. We are not seeing heavy spend on the service or the capex side as yet on AMP8 because it just started, like I mentioned, two months ago. But since you asked me general service, I would say that general service in the UK, while it has been strong, there is some things that have been worrying us over the last few months.

One is with high power prices. You would have seen that Jim Ratcliffe, who's a billionaire who owns INEOS, which is a large chemical company in the north, has said that they are looking to close down a lot of their chemical plants. So, as an example, we have a huge framework contract with INEOS. And if they close down their plants, because one of the reasons, of course, is net zero. With net zero, power prices have gone up 3x in the UK. And so a lot of heavy manufacturing, whether it is steel plants, chemical plants, they are sort of in a very difficult scenario and many of them are closing down.

So, I would say that that de-industrialization of the UK because of these policies is definitely an area of concern for us. And we are seeing a little bit of a slowdown on existing framework contracts.

At the same time, in line with Net Zero, there have been no renewal of the North Sea operation for many companies, for their offshore platforms, because the Labor government is right now wondering whether they should or they shouldn't renew them in the context of Net Zero. So, again, because of that, there is a confusion on the operators whether they should move into decommissioning mode of all those rigs, which, of course, as you would expect, would further enhance the power prices.

So, given that scenario, I think it is a bit of a concern. We are keeping a lookout in terms of what happens. And so we do see reduced spending on existing framework contracts because there is not much happening on the site. But that said, we have added new contracts in power stations





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and other areas. So, we are trying to offset that as much as possible. Does that answer your question?

**Saurabh Mehta:** Yes, absolutely. So, one more thing, Alok. So, Rolls-Royce won that SMR competition, the Great Britain nuclear. So, how does it progress from here for us and how large an important opportunity could that be?

**Alok Kirloskar:** So, we are approved by GBN. And we are currently being approved by some of the large manufacturers of SMRs in the UK. So, from that point of view, I think it is positive. Also, as you probably know, GBN requires almost 60% to 70% UK content for the SMR program in the UK. So, I would say that is also a positive from that point of view, given that we are Britain's largest pump manufacturer, and we have a good reference base in power plants.

And of course, as you know, KBL, which is the parent company of SPP, also has a good reference base in nuclear power plants. So, I would say that if you look at all those together, we are quite well positioned for the SMR opportunity through Great Britain Nuclear, which is GBN.

**Saurabh Mehta:** So, just a follow-up on that to the India business, as you mentioned. So, are we approved suppliers for primary coolant pumps in India? And we are expecting some large orders from NPCIL for the fleet orders. So, are we approved for the primary coolant pumps?

**Sanjay Kirloskar:** Saurabh, as I mentioned earlier, we did receive a development order. A few years ago, we restarted work on that, and we are well within the delivery schedule. It is my expectation that the Indian nuclear program, if it has to replace the fossil fuel stations, will be so large that a lot of players will have to be allowed to come in. So, we believe that we will be one of them when the orders are to be released.

And I think I have already explained that the development order that I spoke about just now was for the primary heat transport program. There are many other pumps, some which we are working together with NPCIL to ensure that we are able to participate. So, we are funding some of these pumps, two or three types of pumps which are required are self-funded because we want to ensure that these pumps, when they are required, we do get some of the orders. And for the rest of the pumps, whether it is heavy water, fast breeder, I think we have all the approvals required to participate in the program.

We have also developed the boiler feed pump and delivered the orders to RAPP. These were the first Indian designed and manufactured boiler feed pumps for the Indian nuclear program.

**Saurabh Mehta:** Sir, my last question was regarding a general capital allocation. How do we plan to use the cash on the balance sheet? Given we are somewhat been quite keen at expanding our service business,



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especially internationally, could we look to acquire a business there? Or are there any other areas which we are looking at to use the cash on the balance sheet?

**Sanjay Kirloskar:**

You know, this question was asked the other day in the shareholders' meeting as well. Whenever there is a good opportunity, that opportunity will be taken, and that opportunity, obviously the Board of Directors will have to look at to take it forward. But, yes, there is a large amount of cash sitting in the balance sheet, which gives us the liberty or the opportunity to spend it either on capex, either on improving operational efficiencies or to grow organically, inorganically.

**Moderator:**

We will move on to the next question from the line of Vishal from Bandhan AMC. Please go ahead.

**Vishal:**

Sir, my question is on the standalone business. Could you elaborate a bit more as to what were the issues that we faced because of which we saw a year-on-year decline in revenue?

**Rama Kirloskar:**

So, I think there were a couple. For the retail business, you know, it is a seasonal business. So, because of the monsoon, we did see a dampening of sales in rural India. For our KOV business, there were some orders that did not go out. And that is one of the reasons for the lower sales this quarter.

And as Chairman had mentioned earlier, there were some dealers in the distribution, KOV distribution network, that had cash stuck with the JJM projects. And that is one of the reasons why there was less cash for us in the market. So, these were some of the reasons why our sales declined in this quarter. I hope that answered your question.

**Moderator:**

We will move on to the next question. We have Nishit back in the line. The next question is from the line of Nishit Master from Axis Securities. Please go ahead.

**Nishit Master:**

So, sir, two questions. One, if you could quantify the loss of business from Thailand and U.S. because of elections, you know, percentage or amount if it was a normal quarter, if you could quantify that?

**Alok Kirloskar:**

I don't think there is a loss of business. Like I mentioned that the sales have shifted, but our order book position continues to be stronger than last year. So, executable order book position is stronger than last year. So, I don't think...

**Nishit Master:**

So, this revenue will come back in, say, Q2 or Q3?

**Alok Kirloskar:**

Yes, it will come back in their Q3 in KBL's Q2.



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**Nishit Master:** And second, sir, in the U.S. business, you mentioned about the impact of tariffs, especially for material which we sent from India. The other part of the business where we have local manufacturing, now over there also, a lot of primary material might be coming from, say, other geographies, including, say, metal and things like that.

And there have been a greater amount of duty, even for material which is, say, coming from Mexico or Canada. Have we taken any hit because of that? Because there would have been an increase in cost of production. So, have we been able to pass on that increase in cost of production? Or have we taken some hit because of the entire supply chain facing some tariff issues?

**Alok Kirloskar:** No, Nishit, I think in the other part of the business, that is more fabrication orientated. And the remaining components, which also include pumps, but pumps as a percentage of the total package in that case may be only 5% to 7%.

Like I think we talked about in various other conferences, these are the large package solutions, where we supply the entire pump house, which is pre-packaged in our facility and dropped off at the site. And these include solutions like I mentioned for data centers, as well as large booster pumping schemes for city municipal water requirements.

So, I would say the remaining components are mainly US-sourced, including the sheet fabrication for the steel plates for the steel. So, I would not say that that is vastly impacted. But yes, of course, the pumps come from India even for that. But it is a very small portion, like I said. It's 7% to 8% of the total value of the product. So, it is less impacting from that point of view.

**Nishit Master:** So, is it fair to say that we are in a far better position than other competitors in the US and thereby, there is a chance of us actually gaining market share in U.S. now?

**Alok Kirloskar:** I would like to think we are in a better position, but I would, you know, nobody else is a fool either. I am sure they have hedged their supply chain away from China and other places. But we would not know that until we wait for maybe a quarter or two quarters because obviously...

**Nishit Master:** No, I am just taking base tariffs for 15% for say most other economies, right? The base tariffs have been 15% for most of the guys. Even that 15% for the entire 100% of import content would be significantly higher than us facing, say, a 25% tariff on 20% content.

**Alok Kirloskar:** Yes, possibly. And also, I mean, it is important to note, most of our large competitors and the large manufacturers in America in pumps normally get their pumps from either China or from Vietnam as an example. Of course, some make them in America as well. But I would say those are the main sources for them.



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So, you know, if you ask me off the cuff, I would hope that we are in a better position. But I cannot imagine that any of them are foolish. I am sure that they also have redundancy in the system. So, we would only know the real scenario probably one or two quarters down.

**Moderator:** We have our next question from the line of Balasubramanian from Arihant Capital Markets. Please go ahead.

**Balasubramanian:** Good evening, sir. Thank you so much for the opportunity. Sir, my first question, the new subscription-based model aims to replace traditional AMCs. So, what is the adoption rate? And what percentage of the service revenue contributes right now?

**Sanjay Kirloskar:** You know, if you look at KirloSmart, it is being adopted by more and more people. Like I said earlier, we do not give revenue figures or growth figures sector-wise or business-wise.

**Balasubramanian:** Sir, on that, Dutch entities, it's been negative margins in this quarter. Is this yet temporary issues like project delays or any structural issues like pricing pressures? And what kind of specific measures we are being implemented to improve profitability, especially product mix or cost cuttings? If you could throw some light on that?

**Sanjay Kirloskar:** Alok?

**Alok Kirloskar:** Yes, I think last year we mentioned that they have turned around, the Dutch entities. And the order book is still very strong for the Dutch entities. It is mainly execution of the jobs is not happening in the first quarter. We expect that as they execute their jobs based on the existing order book, they should be in a much better situation. So, I will be really focusing on that aspect in ensuring that they are executing those orders.

**Balasubramanian:** Sir, my last question is SPP (UK) service side. Are we expanding beyond pumps like gearboxes, compressors to offset deindustrialization in Europe?

**Alok Kirloskar:** Yes, I think in the last call I had mentioned that already where we have sites under control, we have moved from just pumps to gearboxes and of course in some cases engine. We have not yet moved to compressors and steam turbines, but that is how we see progression in terms of service. So, yes, where possible we have added more and more items into our mix. And that is our objective also.

**Moderator:** We have our next question from the line of Rabindra Nath Nayak from Sunidhi Securities. Please go ahead.

**Rabindra Nath Nayak:** Sir, you mentioned that in this quarter, there is a decline in the retail small pump segment due to which sales has declined. So, first question, what is the status right now in this quarter so far, in



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this second quarter so far? And does it explain that your Y-o-Y, the standalone margin has increased from 8.5% to 10.2%. And also, gross margin has expanded. So, does it explain the industrial contribution is higher, the margin is higher?

**Rama Kirloskar:** Yes, to answer, well, I can't answer your first question because that would be a forward-looking statement. So, I will refrain from doing that. But yes, our industrial growth was good. And that was one of the reasons why you see the increase in margins.

**Rabindra Nath Nayak:** And about the, you know, just take an idea of what is the status so far in this quarter. Whether it is a comeback or it remains status quo. What is that? You can give some ideas of about that on the small pump side.

**Rama Kirloskar:** Well, we do see the cash situation improving in the market. But that is about all that I can tell you.

**Rabindra Nath Nayak:** And what is the service contribution in the consumer service, other subsidiaries business, non-standalone business in this quarter?

**Sanjay Kirloskar:** What is the contribution of what?

**Rabindra Nath Nayak:** Services business, particularly. Services contribution and the subsidiaries business.

**Sanjay Kirloskar:** We don't disclose the service business contribution as well. But the subsidiaries, I think, the subsidiary numbers are given in the presentation very clearly for the subsidiaries.

**Rabindra Nath Nayak:** I understand. I was not able to see, because Y-o-Y, the margin is contracted whether services, it has contributed fairly in last year or it is some disappointment there in the service sector? That is the only thing I am asking.

**Rama Kirloskar:** It is in line with last year.

**Alok Kirloskar:** Are you asking domestic business or international business?

**Rabindra Nath Nayak:** International business.

**Alok Kirloskar:** The international business is a little less than last year.

**Moderator:** We have our next question from the line of Saurabh Mehta from East Lane Capital. Please go ahead.



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**Saurabh Mehta:** Just had a couple of more questions. So, one was on the data center opportunity in U.S. How is it coming about? Like, if you could just talk about it, how large could it be? Any key clients we are able to crack in the last few months with some update on that?

**Alok Kirloskar:** I think last time we spoke about this in terms of data centers. We had mentioned that usually in data centers, we supply the cooling package, which normally are the primary, secondary, or primary and secondary both. What we don't supply is the on-chip cooling package, which is a separate package which some manufacturers do supply. And the third package that we supply is the firefighting cell.

I had mentioned also last time that we have moved from just supplying pumps to supplying containerized systems. And that is really what we are focusing on with the plug-and-play scenario for all these packages. So, at the moment, apart from having the framework agreement like we have said with Amazon, people like Google, Microsoft, as well as Facebook, who is called Meta, we mainly supply them project to project. The only ones we have a framework with are Amazon.

The other point is that we have also now slowly added a lot more companies like, as an example, Equinix and others who are more private equity oriented. Because we are seeing now slowly more and more private equity companies are coming in and doing work in data centers because data center cash flows are utility-style cash flows. So, slowly we are adding those companies as clients.

So, I would say the opportunity is basically supplying these two to three major packages. Usually, these two to three major packages, if you go by package value, together, would be around \$5 million to \$7 million per data center. And I think you can probably get from anywhere the number of data centers coming up. But of course, there are many, many, many data centers coming up in the U.S. as well as in Asia. So, I would say that that probably sums up my thoughts about data center. Do you have anything specific you want to ask? Or have I covered all the points?

**Saurabh Mehta:** No, this is very good. So, for example, if we are suppliers to Amazon, and it could be to other geographies as well, right? Not just be limited to U.S.

**Alok Kirloskar:** I mean, to be fair, majority of the data centers, as you know, are coming in the U.S., by far and away. The other countries have been talking about data centers, but the number of actual data centers on the ground is limited. But yes, to answer your question, we do have Amazon data centers in Europe. We have Google data centers in Europe as well. Places like Sweden and other places like that. So, we do supply to them, but in terms of a single market with the largest opportunity, I think it is still the U.S. when it comes to data centers.



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**Saurabh Mehta:** And would it be fair to say that this business in the U.S. sub would be probably the highest growing segment?

**Alok Kirloskar:** For us in the U.S.?

**Saurabh Mehta:** Yes.

**Alok Kirloskar:** Yes. I mean, it would be because, as you know, the countries that we operate in, whether it is America, the UK, Europe, as an example, the growth rates are very low in these countries if there is any growth at all. The US, of course, there has been growth recently. But so really the growth for the international business comes from focusing on some of the bright spots in the economy. And like you said, data centers is one of the bright spots. So, yes, a lot of the growth would come from these kinds of new areas of growth.

**Saurabh Mehta:** And I had one more follow-up question on the domestic business on the fuel pump opportunity. Is it possible to understand the sales cycle of how this business works? How much is the green field? How much is the replacement cycle? How large can this opportunity be in domestic? And also, some color on exports, which geographies are we targeting?

**Rama Kirloskar:** So, you know, we have just finished our development supply of this order. So, we will need to wait for another six months to really understand the size of this opportunity. It is too early to tell as of now.

**Moderator:** We have our next question from the line of Prolin Nandu from Edelweiss Public Alternatives. Please go ahead.

**Prolin Nandu:** Hi, team. Thank you for giving me the opportunity. My question is on order book, right? And for that matter, on Slide 10, right, where you give the breakup of the order book and in that order received, right, if I look at the KBL and domestic subsidy number, the order book is down year on year, right? Order received, right? Rs. 932 crores versus Rs. 943 crores last year in the same quarter.

While I understand that there could be quarterly fluctuations. And in the last call, you also mentioned that you don't want to sit on a very large order book, right? Because execution timelines maybe are coming down. But is there anything specific that you want to call out for a degrowth in order received number for the domestic business or is it business as usual? And even, let's say, compared to last year, are the execution timelines coming down? How should one think about the timelines for the orders that you are receiving, let's say, in the recent quarter?

**Sanjay Kirloskar:** This is business as normal. The order intake fluctuates from quarter to quarter based on customer requirements. All I can say is we haven't lost any orders that we have been quoting for in the last



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one year. It is more dependent on seasonality. It is dependent on how customers place orders on us. Some quarters you will see large amounts of orders. Some you may not.

The number of pumps that we are delivering, as we have said, is ever-increasing. And also, as we have explained earlier, a large number of pump sets have now gotten converted into pumps. So, it is a combination of all these factors that you are seeing not only affect the top line, but also the bottom line and the balance sheet.

**Prolin Nandu:**

Sure, I get your point. Similarly, in your overseas subsidy, right there the order received has increased quite a lot, right, on a year-on-year basis. That also is largely business as usual or are there certain orders that you have probably received which could be lumpy in nature or is it more just a reason that you gave for the domestic business? Is it similar for overseas business as well?

**Alok Kirloskar:**

No, actually, I would say that the international business, I mean, yes, there are some lumpy jobs, but generally, like I mentioned earlier, with a lot of the headwinds that are being faced in Europe and also UK, I would say that those jobs that they have got are probably lower than what we would have expected to get. Because obviously there is a reduction, like I mentioned, in terms of the available service business also because of just deindustrialization taking place in the UK and some other countries due to power prices. So, I mean, that is what I would say really, that it could have probably been in a better scenario, the markets are stronger.

**Prolin Nandu:**

And one question on margins, right? While you, again, answered to previous participants' question that there is a mixed impact here, right? But if I look at, let's say, recent 12-odd quarters, your gross margin are the highest, right, in the recent 12 to 14 quarters.

So, is the entire gains that you have probably seen in gross margin on a year-on-year basis explained by the mix change or some of the gains that we have talked about on the previous call on the production side, on the efficiencies that we are working on at Kirloskarvadi, are those also the reason why gross margins have jumped, right?

Because I understand that maybe overall revenue is down 5% and that might have some impact on EBITDA margin because of lower scale. But on the gross margin side, is it purely the mix impact or are there some efficiencies which we are also seeing and that is what is visible in margins?

**Rama Kirloskar:**

It is a combination of all the factors you mentioned. It is product mix as well as the operational efficiency improvements.

**Prolin Nandu:**

Thank you team. That is it from my side.





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- Sanjay Kirloskar:** The only thing I would like all the participants to understand is, and I have been saying this for quite some time, we not only are very selective with orders, but we also recognize orders only after they meet all our conditions, right? So, there may be orders that customers have placed on us, but we haven't fully brought them into our system.
- Prolin Nandu:** Thank you for the clarification.
- Moderator:** Thank you. As there are no further questions from the participant, I now hand the conference over to Ms. Rama Kirloskar for closing comments. Over to you, ma'am.
- Rama Kirloskar:** Thank you. We thank everyone for joining the call today. We hope we have been able to give you a detailed overview of our business and answer your queries. Should you have any further questions or clarifications, please feel free to reach out to SGA, our Investor Relations Advisor. Thank you.
- Moderator:** Thank you. On behalf of Kirloskar Brothers Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.