



**KIRLOSKAR BROTHERS LIMITED**  
Established 1888  
A Kirloskar Group Company

**“Kirloskar Brothers Limited  
Q4 and FY '26 Earnings Conference Call”  
May 15, 2026**

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KIRLOSKAR BROTHERS LIMITED**

**Moderator:**

Ladies and gentlemen, good day, and welcome to the Kirloskar Brothers Limited Q4 and FY'26 Earnings Conference Call. This conference call may contain certain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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

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

**Sanjay Kirloskar:**

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

On this call, I have with me Mr. Alok Kirloskar, Managing Director, Kirloskar Brothers International; Ms. Rama Kirloskar, Joint Managing Director, Kirloskar Brothers Limited; Mr. Hemant Shaligram, our Associate Vice President; Mr. Devang Trivedi, our Company Secretary; and Strategic Growth Advisors, our Investor Relations Advisors.

Let me begin my remarks by giving some business highlights and talking about our Q4 FY'26 performance. For the quarter ended 31st March 2026, our consolidated revenue stood at Rs. 14.151 billion, marking a growth of 10% on a year-on-year basis. For the full year, revenue was Rs.45.380 billion, reflecting a marginal growth of 1% compared to the same period last year.

For Q4 FY'26, our domestic revenue stood at Rs.9.091 billion, registering a growth of 3% year-on-year basis. For the full year, the revenue was Rs.28.281 billion, reflecting a degrowth of 3% compared to the same period last year. On the international business performance, our revenue for Q4 grew by 25% and for the full year, our revenue grew by 7%.

This growth was driven by growth in the Dutch entity, South African entity, SPP U.K. and SPP U.S.A. on account of a healthy order book execution, along with the improvement in overall product demand.

Our consolidated EBITDA for the quarter stood at Rs.2.093 billion with margins standing at 14.8%. For the full year, EBITDA was Rs.6.213 billion with margins standing at 13.7%. PAT for Q4 FY'26 was Rs.1.121 billion, and for the full year, PAT was Rs.3.772 billion.

Our performance during the year was impacted on the back of, if you remember, in Q4, there was a one-time expense of Rs.258 million relating to implementation of the new Labour Codes. The total impact due to implementation of the new Labour Code is Rs.389 million in FY'26.

As this impact arises from regulatory change and is a nonrecurring in nature, it has been classified as an exceptional item. The group will continue to monitor further developments and revise estimates based on additional clarifications and notified rules.

The second point is that in the first half of last year, we witnessed adverse seasonal trends, which affected demand in the small pump segment, primarily catering to the agricultural sector. There were delays in Jal Jeevan Mission relating funding issues – funding to dealers, which affected dispatches and the production schedules.

As you are aware, the company continues to maintain strict commercial policies. While we were quite hopeful when the center released funds for the Jal Jeevan Mission, dispatches and further manufacturing were impacted due to delays in fund release at the state level.

And the third point was, in addition, we had SAP-based ERP implementation at the foundry operations in Kirloskarvadi. This led to temporary operational disruptions during the transition phase impacting production levels and execution, particularly in the small and medium pump segment. However, the system has now largely stabilized and is expected to improve operational efficiency, cost control and order execution going forward.

However, our domestic order book stands at Rs.24.680 billion, registering a robust growth of 30% over the previous year, while the international order book also remained strong, growing 21% year-on-year to Rs.14.808 billion. These results reflect a healthy pipeline and continued customer confidence while reaffirming the strength of our global presence and our ability to capitalize on growth opportunities across diverse markets.

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

I'm happy to share that the Board has recommended a final dividend of Rs.7, that's 350%, per equity share of Rs.2 each for the financial year '25-'26. This dividend is subject to shareholders' approval in the ensuing Annual General Meeting.

So that's all I have to say. We can now begin the question-and-answer session. Thank you.

**Moderator:**

Thank you very much. We will now begin the question and answer session. The first question is from the line of Pratik Kothari from Unique PMS.

**Pratik Kothari** Sir, first on our standalone, so we have seen very strong order inflow and building up of our order book. So if you can just talk about where are these orders coming from? What is going right, which end industry, etc.?

**Sanjay Kirloskar:** Sure. Is that the only question or...

**Pratik Kothari:** No, there are two more if -- so second is, one, we call out JJM as an issue which is hurting our execution. But in the previous call, we had called out that JJM was sub 4%, 5% of revenue, so not as material. So anything else that is disrupting the execution despite the strong order book that is filling out? So these two on India and then maybe later, one to Alok?

**Sanjay Kirloskar:** Okay. On the standalone order book, we are seeing growth in building and construction. I had mentioned that building and construction is the infrastructure is doing very well in India. And the company has certain products, which the competition doesn't have, and we are able to bundle those products along with others.

So we are seeing good growth in building and construction, in marine and defense, as Government of India puts in more and more emphasis on the defense industry. Oil and gas, again, is another area where we are seeing good growth. Some of the best numbers are coming from power.

That is because of the different power stations, different types of power stations, that's both coal-fired as well as nuclear, which is showing good promise. And water and irrigation, again, is also quite strong at the moment.

So these are the areas that we are seeing growth in. I think the company's product portfolio is extremely strong. We make some of the most efficient pumps. And I believe that customers have started understanding lowest lifecycle cost and the fact that the loss in efficiency with our products is far less than anyone else. And therefore, we do get premiums for our orders even against multinational companies who don't have such products.

And the other thing which you might think is a little -- that we are being too strict, but we continue to follow -- despite all this, we continue to follow our commercial policies, which is especially for the small and medium and Kirloskarvadi range of products, we insist on -- in advance and we insist on a letter of credit. The retail business, whether it's from the small pumps or small and medium pumps, continues to be done on a cash basis.

So we are maintaining very strong commercial terms. And at the same time, the product portfolio is very strong. I don't know if you are following the company, you would have seen that the Government of India itself recognized one of our products as the Appliance of the Year. So that is what is driving the growth. In fact, all new products that fall into that category, when we improve them or redesign them or come out with new products, we ensure that they meet the European Minimum Efficiency Index norms. So I think that also is something that customers appreciate and want to come back to us for or want to give us a premium for.

As far as JJM is concerned, yes, though it is 4% to 5%, it does affect one of the sectors very badly, that's the water sector. And what we've seen is there have been all kinds of investigations, which don't affect the company as such, but it does affect the ability to ship out products. So while we do have orders which are unfulfilled and we've not moved ahead on that, there are other orders where we release the products to our dealers or the contractors only when we are assured of 100% payment either in advance or an LC. So that will, I think, move slowly. Hopefully, the problems will be behind us in the next few quarters.

The other thing which we had mentioned some time ago, and I think in the last quarter, I had said was a little difficult was the implementation of the ERP in the foundry, where we are trying to get exact material accounting and ensure that orders are followed, orders go out of our system as they are placed into the system. You would understand that there are many orders for different types of pumps that come together in different materials.

So we want to smoothen this process by ensuring that a customer regardless of the type of pump and the material of construction of pump he orders in, he gets everything together and in time. That has been an issue earlier, but now we expect it to sort itself out. So that was something that affected our foundry affected our small and medium pump business.

If you have a question for Alok or you have a follow-up question to me, I can take that.

**Pratik Kothari:**

No, thank you for that, sir. Sir, to Alok, one, again, very strong order inflow continues. This, I think, this quarter will be one of the highest. So one, what is going right there? And two, on margins, surprisingly, I mean, we did a lot of corrective actions in the past. But again, I mean, keeping the SPP U.K. aside, which is where the issues are, but even in, say, U.S. and other geographies. So one, if you can talk about the margins and the order inflow?

**Alok Kirloskar:**

Yes. So I think just to address I'll start with the margins because they are connected to order inflow. When you look at Slide 11 of the presentation, the big drop in EBITDA comes only from SPP U.K., which moved from Rs.95 crores to Rs.58.1 crores, Rs.37 crores drop in EBITDA. If you look at it compared to the U.S., it's Rs.3 crores. And I mean, the others in terms of real value, it's not very much. I mean the others are increased are doing better, except South Africa, which as a percentage is lower, but as a actual value is higher in terms of EBITDA. But I would say that this mainly is coming from the mix of the products.

So to answer your question, we have more orders in the U.K., a lot of them coming from oil and gas. And as I mentioned in the last quarter, the service booking had reduced because as you probably know, the U.K. power prices have crossed Rs.30 a unit, which means that not manufacturing actually for us, but for very energy-intensive industries, for which we would do the service like steel or chemicals or petrochemicals or glass industries, etcetera, they are struggling and they are only idling in the U.K. at that level. And so the amount of service work done for them even under a framework has reduced.

Like I mentioned, we have looked to diversify out of industry. I mean, we diversified into industry and other areas to move away from oil and gas. But unfortunately, because of misguided

views of politicians, even industry is struggling because of power prices. So we've moved to water. As I mentioned last time, we have won the framework agreement for United Utilities, which controls basically the water supply for almost all of Eastern England.

But it takes some time for us to bring the service work in because at least a quarter was in analysis, surveys, agreeing with the customer what requires maintenance, those kinds of things. So I would say the mix has changed. The service business has reduced. The product business has increased. The order book that you see right now coming into the U.K. and U.S. is fueled by oil and gas, water and data centers. As a norm, like we said, oil and gas is the lowest margin. Data centers is great margin, but they are not as close to service.

So what we are trying to do right now is reconfigure the sales. But looking at the order book position, we feel that and this is just indicative what I'm saying. It's not our second quarter, which is calendar year second quarter for the international companies, but closer to third quarter, probably we will be able to realign the margins back to what we want. But that said, we still are very optimistic, and we would probably look to get back to the margin levels that we're looking for even on a whole year basis. That's what we are trying to achieve.

**Pratik Kothari:** That's very encouraging. Thank you. Thank you and all the best.

**Moderator:** Thank you. Next question is from the line of Raj Shah from ENAM AMC. Please go ahead.

**Raj Shah:** Yes, sir. Thank you for the opportunity. Sir, my first question is on the stand-alone numbers. So we were expecting, as you had mentioned in the last con call as well, that the year should see a back-ended kind of growth, that Q4 should show a significant growth. While you mentioned, sir, that there were issues related to SAP implementation in the foundry, but if that would not have taken place, do you see this year would have grown at double-digit rate, which was your aspiration earlier?

**Sanjay Kirloskar:** I think, the growth in the last quarter is indicative of basically the way it will continue to grow because quite a few things were smoothed out. And therefore, the double-digit growth that we expected was actually impacted by the first quarter, second quarter and third quarter. But the last quarter, the sale was higher than the previous year's last quarter. So basically, now we do expect that quite a few things have gotten cleared, and we will continue to grow as we did earlier.

That being said, there's one big caveat in the sense that there is a war, which we don't know whether it has started or stopped or restarted and how that is going to affect, but that's going to affect everyone. Like other people, we did have problems with gas availability because as you're aware, we do have our own foundry. We were able to quickly change over and ensure that most of the requirements were met by electricity, and that really helped us have far better numbers than we could have had. But as you can see, the order board is all there.

The company follows a very conservative policy of recognizing orders. There are many orders that we have, which are not recognized because they've not met commercial terms. And therefore, they do not get counted as orders. So, I would like to make that statement because that's the way we operate, and it might give you a sense that, are these all the orders.

**Raj Shah:** Got it. Got it, sir. Sir, secondly, you mentioned about the problems that you faced under the Jal Jeevan Mission scheme. Sir, recently, government laid out the Jal Jeevan Mission second part or second tranche, where the focus will be more rather than infrastructure development, it will be more towards service delivery and the network. So given all the problems that exist in the short term, do you see the second Jal Jeevan Mission via our dealers can be an opportunity for the business?

**Sanjay Kirloskar:** I think any spend on infra will be an opportunity for our business. Of course, we've learned from the first time and so have our dealers. So we will be quite careful. And I hope that the rest of industry also follows because all of us in the industry have had the same problem. We need to be careful, and we will see there will be business out of this as well.

**Raj Shah:** Got it. Got it. Sir, second set of questions on nuclear sector. So there are various parts to this. First is, sir, all of us read and we congratulate you for the success of the Fast Breeder Reactor that we had supplied a few years ago, the primary and secondary sodium pumps. So, now when Stage 3 starts, what could be the time line that it will take for -- I know it is very tough to answer, but how much time will it take? And what could be the opportunity over here for us?

**Sanjay Kirloskar:** I'm the wrong person to ask such a question because I don't give the orders for the nuclear power plants. But at the end of the day, as we see it, and I think I believe I had told you this last time also, we are sufficiently bullish about this sector because the company has developed certain pumps using its own money. So we've invested in new designs. We've invested in new -- what is it called, prototyping and testing of new pumps, which we had not made before. These pumps have been totally designed in India.

And so the IP is controlled in India. And we worked very closely with the Department of Atomic Energy to ensure that what we make is also going to be useful for them. And I'm quite confident that despite the fact that we have made these pumps, we will get orders for these kind of pumps. The opportunity is quite large. Government has announced that 100 gigawatts of nuclear power would be generated through nuclear power. We believe that it should be closer to 200 because for Viksit Bharat, we need something like 1,000 gigawatts of power and baseload, if slowly the coal-fired power plants go out, this will have to be done by nuclear power plants.

So for the Fast Breeder, we've developed most of the pumps on the primary side. On the secondary side for the pressurized heavy water reactors, we already had the secondary side. Now we have a large portion of products developed in-house for the primary side. Our primary heat transport pumps, the performance of those pumps is better than what we had thought. We are now ensuring that the full-scale prototype will be delivered on schedule to the NPCIL. And the requirements are quite large.

I mean the SHANTI bill has, I believe, ensured that many players who want to generate nuclear power are interested. And the company has been asked to give budgetary quotes for all types of pumps, which have been given. As soon as whatever constraints they have are cleared, I believe that we will see step-by-step customers placing orders on pump suppliers for the different types of pumps required in a nuclear power station.

**Raj Shah:** Got it, sir. Got it. That's very helpful. Sir, in connection to this, the pumps that we are developing and we have in portfolio, will it also be part of the upcoming Bharat Small Modular Reactor program that is made up by the government?

**Sanjay Kirloskar:** The Bharat Small Reactor is a 200-megawatt small modular reactor that is being designed. We are being asked to give quotations for different types of pumps. I think, whenever that is finalized, we do expect that there will be prototype orders because it's a totally different type of pump. The small modular reactors are all light water reactors. Our company has experience in designing pumps for light water reactors and has delivered. So we expect that we will be asked to participate in tenders for development of this type of reactor as well.

**Raj Shah:** Got it. Thank you very much, sir. That was very helpful.

**Moderator:** Thank you. Next question is from the line of Gayathri from Catamaran Ventures. Please go ahead.

**Gayathri:** Hello, sir. Thank you for the opportunity. My question is on the topic of data centers. So in the previous conversations as well, you have mentioned that the scale of data centers being established in India is relatively small when we compare it to the likes of U.S.A. However, following just the recent update of there being a mild delay in the execution of data centers even in the U.S., how do you forecast that demand? And if we were to set up 1 gigawatt of like data center capacity then what sort of a cost element is correlated to the pumps which are required in percentage? Do we have any idea there?

**Alok Kirloskar** Yes. I mean just to put it in context because as you mentioned, everyone says there are a lot of data centers coming in India and compares it to the U.S. I've had many conversations with people, but I'll just put some numbers to you. At the current time, there are over 4,000 data centers operating in the U.S. And as we speak, over 2,000 data centers in the U.S. have received all planning permissions to proceed for construction.

So compared to that, as you would imagine, the number of data centers in India or coming up in India are much smaller. Not to say they are not, but there are data centers, we are aware who puts them up because on one side, you have consultants like AECOM, etcetera, who we work with on a regular basis. And on the other side, you have the people who finance them like Brookfield and others who also we work with.

So that's generally the ecosystem. And of course, there are a few people like Amazon, which I mentioned earlier, with whom we work in the U.S., and they are one of few who put up their own data centers, Amazon and Microsoft, of course. So I would say that's the general landscape.

For a 1-megawatt data center, there are different types of pumps. And I think just to put it in context, one is the main intake water pump that brings the water into a data center. And the value of these pumps varies greatly because it depends whether you're using seawater or freshwater or different kinds of water. So that changes the metallurgy of the pump.

So I would not want to because it will misguide you, the price of a regular pump would be I'm giving you an example, \$0.5 million, but maybe the price of a seawater intake pump for the same sort of installation would be close to maybe \$4.5 million, just to put in context. The variation is huge depending on the intake. So, it's probably better to discuss not the intake, not the treatment because that's the next stage.

But after treatment, you have the HVAC system. So you have an HVAC system, which basically cools the water where we participate. And that usually for the HVAC side could be around \$2 million. Then you have and this is not just a pump. This is a containerized system. You have the fire package, again, which is about maybe \$1 million is again a package system, not just the fire pumps by themselves because nowadays most of them buy them in a container or modular unit.

Then you have a booster package, which maybe \$200 or \$3000, which basically takes the chilled water towards the on-chip cooling system. Now the on-chip cooling system as a company, we don't have much exposure with much smaller pumps that go into the attached to the on-chip cooling system. We don't participate so much in that.

And then you have the return system bringing the water back to the chiller. So that's the loop. That I think should give you a general idea of what value is there in a hyperscale data center, which usually requires 2 million liters of top-up water every day.

**Gayathri:** Understood that. Yes, I follow that. Thank you, a lot, for sharing So essentially, the end part where you said there's a return cooling system. Is there pumps involved in that step as well or not?

**Alok Kirloskar:** Yes, it's similar to the booster package.

**Gayathri:** Thank you very much. That's all from my end.

**Moderator:** Thank you. Next question is from the line of Ashwani Sharma from Emkay Global. Please go ahead

**Ashwani Sharma** Yes. Hello, sir. Good afternoon and thank you very much for the opportunity. Sir, my first question is again on the JJM. So after this JJM 2, has there been a meaningful pickup in the tendering or awarding of the orders in any state?

**Sanjay Kirloskar:** Not yet that I'm aware of.

**Ashwani Sharma** Okay. And we have been reading news on the releasing of funds by many states. Any rough idea that how much would be outstanding at a country level for JJM?

**Sanjay Kirloskar:** I think the ministry would be the best people to ask such a question because like I always held pumps are usually 1% to 1.5% of any project.

**Ashwani Kumar Sharma** Got it, sir. Secondly, sir, on the growth, for example, on the domestic and internationally, given the fact that there has been a meaningful jump in the order inflow and order backlog, is it fair to say that we can grow 15%, 20% next year in FY '27 in both the businesses, domestic and international?

**Sanjay Kirloskar:** I have been saying that for the last few years that we will show double-digit growth. Unfortunately, last year, with all its challenges, we could not do that. So I will say that we'll strive for double-digit growth this year as well. I cannot predict wars, I cannot predict gas shortages. But everything that is being done, whether you see new product development, that's something that the company believes in.

We believe that as a company, we can develop products in India for the world. And increasingly, we see a lot of people from around the world placing orders on us. And the operations are being streamlined, as we have mentioned. And the distribution network also is being enhanced, whether it's in Southeast Asia or whether it is in India or around the world. So fortunately, for us, as a nation, we are in a good place. And as a company, then it is our responsibility to take full advantage of that.

**Ashwani Sharma:** Got it sir. And sir, on the, given the fact that there's so much of geopolitical scenario, are we facing any supply chain issues in the operations, raw material availability challenges, anything which are kind of, obviously, it is there for most of the industries, but how are you dealing with it?

**Sanjay Kirloskar:** Costs obviously start going up. You've seen the, as soon as the Strait of Hormuz closed, none of us realized that fertilizer would be affected, helium supplies would go down, causing all consequential issues, oil prices, again, will affect food and agriculture. So each of these actions have consequences. And I don't think when Mr. Trump decided to go to war, even he had thought it out very well as to where, what would get affected.

But then it's our responsibility as management to ensure that the least amount of impact comes on us. And fortunately, I would say, with the kind of product line that we have and the strong distribution network that we have, we are able to pass on price rises whenever required.

**Ashwani Sharma:** Just one clarification. In the JJM, when you take an order, do we have that O&M portion also? Or it just product order?

**Sanjay Kirloskar:** No, we just take a product order.

**Ashwani Sharma:** We just take the product order. We don't have?

**Sanjay Kirloskar:** In most of these cases, sometimes if the project is also large and the products are also large, we would split the product order into order for the product and then order for installation and commissioning, especially when it is going to take time. But here, the orders have come through dealers or contractors and usually, they can handle it. Our dealers have been trained to install our products properly. So we would prefer to be paid for whatever we have provided as soon as possible.

**Ashwani Sharma:** And other than JJM, when we look at the product business, do we have that aftersales service attached to it? Is there a contract for that?

**Sanjay Kirloskar:** Yes, yes, yes. There are authorized filters and everything that the company has.

**Ashwani Sharma:** So if I have to, let's say, out of the domestic product order book, how much would be the aftersales service in that? Is it possible to quantify?

**Sanjay Kirloskar:** This kind of question does come whether it is aftersales service or what portion of your business comes from energy or whatever. We don't give these numbers.

**Ashwani Sharma:** No problem sir thank you very much.

**Sanjay Kirloskar:** Thank you.

**Moderator:** Thank you. Next question is from the line of Himanshu Upadhyay from SteadFort.

**Himanshu Upadhyay:** Hi Alok. The question is to Alok. Alok, one of the places or geographies which has done pretty well for us has been U.S., okay? From Rs.300 crores in '22 to today, it is Rs.540 crores, okay? And the margins are also pretty decent. How diversified is our business in that geography across the segments and products today it means? Do we still depend on 1 or 2 particular sectors, let's say, 30%, 40% of our revenue or it is much more diversified, granular? So some thoughts on that. And again, something on product. And from here on, what would be your thoughts for next 3 years to take that business ahead?

**Alok Kirloskar:** Mr. Upadhyay, thank you for the question. I think like I mentioned maybe a few calls ago that the US business started with the fire business. And the reason for that was, as we said, when we approached the old US distributors of other companies who've obviously been the distributors of those other US companies sometimes up to a century, multigenerational, they were not keen to take our products at that time when we started this business. And so we finally made them take the fire product because fire product was one product where most US companies were not so keen in.

And the reason that the dealers didn't want to disturb the existing relationships is obviously because of spare parts that they were getting and ready spare part business were getting from the historic installed base of those American companies.

So we entered using the fire pump business. And the fire pump business grew and they liked our products, and that's how we slowly widened our scope with the distributors, starting with fire pumps. And of course, fire pumps don't have any spare parts because usually a fire pump should not be used that often unless there is a fire and doesn't require so much service. So it was a very fire pump heavy business.

And from fire pumps, we sort of got larger and got into water. And we were having traction issues. And so that's the reason we bought SyncroFlo. SyncroFlo was more in the municipal business. And there were some synergies between the distributors that we had on the fire side

and SyncroFlo side. So that's how together we could offer a larger basket of products from our overall basket that was available.

So that said, I would say today, if we look at it, about 35% of our business still comes from fire. As the, we were not able to make a breakthrough in the water business because of the old relationships. And even though we had an excellent water product, as I mentioned, in the UK water utilities, we have 85% market share in the water business. And one of the reasons for that is high efficiency of the product, but also very low downtime because all the maintenance on our products, which are our LLC products can be done from the outside.

And so when data centers picked up first on the fire side, and we showed this product to them for HVAC on the water side, it was very attractive because, as you know, hyperscale data centers say 99% uptime, which means they only have 6 hours of maintenance in the entire year. So that's the reason why suddenly this product got traction in the data center market and now 25% of our US business comes from data centers.

So and the remainder of the business comes from diversified business in water utilities, retail packages for high-rise buildings, so what we call booster systems as well as municipal booster packages, which account for the remainder of the business. So that is the key sectors.

So if I break it up, I'd say fire that goes into commercial buildings, industrial buildings as well as industrial sites; data centers, which by itself is a 25% chunk; and then the remainder is municipal booster systems for water and booster packages and HVAC, and it's very small HVAC packages, mainly booster packages that go into high-rise buildings, commercial buildings, golf courses, things like that. Does that answer your question?

**Himanshu Upadhyay:** Yes, Alok. Very helpful

**Alok Kirloskar:** Yes. And going forward, I would say our focus is really how can we use our traction in data centers to get into other HVAC areas because obviously, we have an advantage there into other HVAC areas and enhance what in India, we call our commercial building services division or B&C division. So we will look to have a holistic approach into that division on one side.

And the second side is push harder into the municipal market, which like we have in the U.K., strength in the U.K., we push harder into that and start getting the municipal market because the U.S. infrastructure, as you know, has gotten older over the many years. And they are investing now in infrastructure, just like AMP8 is coming up in the U.K., we didn't see so much movement this year, but we do see the inquiries. So we do expect movement from next quarter in AMP8. But similarly, there are programs in the U.S. for growth in the municipal side.

So we expect that we can participate in a better way using these existing relationships because there are a lot of common contractors for the intake water systems of a data center, which obviously come from a river or from the sea and the big municipal consultants because those are usually common because they are working on one side with the government and the other side, a private party. So they are common consultants. So that will help us spec the product, and it

will get us into the municipal market. So those are the few sectors we're looking at extending from the base we've already created.

**Himanshu Upadhyay:**

And how many distributors would we be having now in U.S. versus, let's say, 4 years back?

**Alok Kirloskar:**

So approximately, just as distributors, we have about 46 distributors in the U.S. 4 years ago, we had 12 distributors. And we had, at that time, one national distributor out of those 12, which was Ferguson. Today, apart from Ferguson, we also have Core & Main, which is another national distributor.

So we are adding also a few big national distributors like Ferguson in the new 42, but we are also going deeper now into every state and from the state down to all the counties to see that can we now further divide it? Because when we started in the U.S., we were looking at a very overall country level, state level.

Now of course, we are able to go down to county level. So that's really what we are doing as we deepen our footprint. But there still continue to be about 10 states in the U.S. where we do nothing, absolutely nothing. And there are probably another 7 or 8 states which are partially covered.

So I would say that probably one of the best covered states for us are today on the Eastern Coast of the U.S. and Texas. Those are our best covered states. But as you start going to the north and as you start going to the west, our penetration is lower at the moment.

**Himanshu Upadhyay:**

Okay. And one question to both, either you or Sanjay can reply. See, one of the segments where we have a pretty wide product profile is on the power side, okay, which is showing growth in India. But outside India, is there any market where you see the potential for that product and cross-sell or cross-subsidize in those markets and it becomes a large product profile for us overall or how are you seeing the situation play out on the power side outside India?

**Alok Kirloskar:**

So I think power is divided into nuclear, thermal and hydro. I would say our strength historically has been, of course, in nuclear and thermal in these. As you know, the thermal power concept in Europe and U.K. has not been very palatable. And that's the reason why our power prices today in the U.K. have crossed Rs.30 a unit. But Southeast Asia, we do see a limited number of these projects coming up, and we do participate. So in Thailand, we have a good penetration. In Indonesia, we have a good penetration in thermal power plants.

We do see some coming up in the U.S., but I think power will be very interesting for us connected to data centers because as you know, they are looking at gas-fired turbines for data centers because data centers are consuming so much power even in the U.S. that they cannot put up power plants fast enough. So they are going for gas-powered turbines. So the quickest opportunity for us to use our existing strength would be there, if you ask me where the quick opportunity and turnaround is.

**Sanjay Kirloskar:**

And to give you a little background, when the first independent power producers came to India in the '90s, whether it was Bechtel with Enron or other companies, Rolls-Royce, Marubeni,

Doosan, Daewoo, Siemens, all of them participated in the putting up power stations in India. And our pumps are running in every single one of them.

This was followed by them using our pumps for their projects overseas. And one thing that we saw was other than Bechtel, which used our pumps for 2 very large power stations in Illinois and Texas and some smaller ones what they call the Sunbelt states. The Europeans and the East Asians only used these pumps from us for all their projects outside of their home countries.

And so we've supplied to Siemens, we've supplied to Alstom. We've supplied to the Japanese and the Koreans, but it's more in the Middle East, Central Asia. We are also working with many Turkish companies like Calik or Enter for -- ENKA for their projects around the world because the product line is a very robust product line and a lot of these companies like us to participate.

As far as nuclear is concerned, yes, in India, we can provide. Government has been quite liberal 1 or 2 times when we ask them for permission to quote. They first looked at where the power plant was being set up, what were the safeguards for that power plant and then gave us permission to quote for our products with those EPC contractors who are operating in certain countries.

**Himanshu Upadhyay:** Okay, okay.

**Moderator:** Thank you. Next question is from the line of Shyam Maheshwari from Aditya Birla Mutual Fund. Please go ahead.

**Shyam Maheshwari:** Yes, thank you for the opportunity and congratulations team on a decent set of results. All of my questions have largely been answered. Just one question on the profitability bit. So on the standalone side, on the domestic business, you have taken a lot of measures, particularly on cost efficiency, implementing the ERP systems.

So having done all of it, how should we think of profitability margins improving, especially with execution of the high order book that we have? That is on the standalone side. And for Alok, a similar question on the international piece. Of course, FY26 was sort of a disappointing year in that sense. But now again, with the order book coming back and the inquiry pipeline looking decent in AMP8, should we expect the profitability to revert back to our FY25 numbers? Yes. So those questions basically.

**Rama Kirloskar:** So just to answer your question on the standalone bit, a couple of areas we are working on towards growth of the profitability. One is operational efficiency. You know that our plants and our operations are quite complex. So this cannot be done overnight. It will have to be done in a staggered manner.

We are very foundry intense, and we have 5 foundries. We have concentrated on one of the largest ones this year. We did have a few teething issues, which is why we were hit on the revenue side because as you know, we have a healthy order board, but because of some teething issues with the foundry, that did hurt our dispatch.

The other aspect was in terms of the war and gas shortages. There were supply chain disruptions for our retail business as far as gas shortages were concerned, but we have now ensured that we hedge risks towards those gas shortages by enhancing capacity internally. So this should not be a problem going forward. As our Chairman has mentioned, in this manner, we strive to enhance our performance as far as profitability is concerned. I hope I've answered your question.

**Shyam Maheshwari:** Yes, yes, it does. And Alok, on the international side?

**Alok Kirloskar:** Yes, especially, I think we discussed earlier that the issue was not just the orders, but it's the mix that we are looking at. And the mix needs to move back to services, which is what I said earlier when this question was asked, I think, by Pratik at the start that we are looking to move it back towards FY25 in terms of percentage and actual margins.

Because we do expect the service business to come back as we've diversified even further now away from industrial towards more core industries or industries like water, which are imperative for human requirement because that's the only thing we can do to keep either dodging volatility or misguided government views. And so that's really what we have done. So we do expect that we will get back to that level.

The order book, as you know, is strong. But the order book is more tuned towards, like I mentioned earlier, energy, water and data centers. And the higher margin comes more from services. So that's really what we've been focusing on. And we are retuning mainly in the UK for moving into services now into enhancing the service percentages from water and power because that will have a little bit more dependability than industrials, which we hope will ensure that there is less volatility going forward. Does that answer your question?

**Shyam Maheshwari:** Yes, it does. And just one follow-up to that. So, we had seeded, I think in the Microsoft in the US as a framework contracting data center?

**Alok Kirloskar:** No Amazon. We will seed Amazon.

**Shyam Maheshwari:** Amazon. Sorry, my bad. Have you been able to get any other successes there? Or are you seeing something in the pipeline developing?

**Alok Kirloskar:** Yes. We actually have many data center opportunities. And even as we speak right now, we have 8 data center packages on the shop floor in the US plant. So going to various data centers. The model, as you probably know, has changed because Google -- not Google, sorry, Microsoft and Amazon are the ones who are the most active putting up their own data centers.

But a lot of the other players are getting data centers put up by I'm just putting a name out there. There are many companies like this, but one of the big names, of course, is Brookfield. So these are the ones who put up these big data centers and then these become like annuity revenue to the private equities when people, like, as an example, let's say, SAP or someone else comes and uses that data center for putting in their or hosting their customers.

So we are also working more closely with the large private equities now. And maybe a few meetings back, I had mentioned that we work with UK Export Finance for projects in water. But UK Export Finance is also working with us now with people like Brookfield and others to approach them for financing, which is ECA financing, export credit agency financing for these kinds of data centers because they are able to give long financing arrangements, usually 22 years after commissioning and at very concessional rates.

And of course, the requirement is that the product has to come from the country that provides the ECA funding. So, let's say, if it's UK-EF, then it would have to be UK. So that's quite interesting, and they do provide 85% financing for the entire project value as long as 25% content comes from, let's say, in this case, say, the UK. So, we are using all the options that are available to get better traction with even the private equities because we do understand what makes them tick.

- Shyam Maheshwari:** Interesting. That's quite amazing. All the best team for the next year.
- Alok Kirloskar:** Thank you.
- Moderator:** Next question is from the line of Ashish from Leo Capital.
- Ashish:** My question has been partially answered. I just confirm that 25%, 30% of the SPP US revenue is liquid cooling applications. Is my understanding correct?
- Alok Kirloskar:** Yes, data centers, not just liquid cooling.
- Ashish:** Data centers.
- Alok Kirloskar:** Yes, because like I mentioned, there are categories of data centers. It's data centers.
- Ashish:** So, the segment of order book...
- Alok Kirloskar:** It is data centers, but not intake water systems of data centers, just so that you have a better...
- Ashish:** This comes under which segment of the order book?
- Alok Kirloskar:** It will come in SPP Inc.
- Ashish:** No, no, order book, order book?
- Alok Kirloskar:** I don't know if we break the orderbook like this.
- Sanjay Kirloskar:** I don't believe we -- Hemant, how do we break the...
- Alok Kirloskar:** Yes, I don't think the order book can be broken like this.
- Sanjay Kirloskar:** Yes, we just give...

- Ashish:** It's not that the liquid cooling application or the AI data center comes under building and construction?
- Alok Kirloskar:** No, no, no.
- Ashish:** Okay. Sorry, that's -- my bad. Who do we compete with in this space in the DC liquid cooling application? Who are the US incumbents?
- Alok Kirloskar:** The US -- the North American incumbents are Amstel, Taco and then Grundfos has a division in America, Xylem. So, we compete against them. So we compete against them.
- Ashish:** And are we cheaper on a cost basis from them?
- Alok Kirloskar:** We're not cheaper, but we changed the model before to a modular model, and we provide a container system to them, which has the pumps, has a control system, it already is pre-piped and is just plug and play in something that looks like a shipping container or it can look like a house depending on what they specify.
- And it just sits next to their -- the data center ready-made and plugs in on -- let's say, for the cooling application on one side to the water source and the other side to the chiller.
- Ashish:** Got it. Thank you.
- Sanjay Kirloskar:** Plug-and-play type of equipment, I think it's better value for them. They don't need to think much. Their architects don't need to think much. All they need to do is tell us the dimensions available, the amount of water they need, at what pressure, what temperature. And we can supply a pump house, which has both fire and utility requirements can be met.
- Ashish:** Got it. Okay. Thank you.
- Sanjay Kirloskar:** It's a far better solution than Grundfos or the other companies can give who operate only in one of these segments.
- Ashish:** Got it. Thank you
- Alok Kirloskar:** Also, I think one important aspect is that the lead time for data centers usually is 18 to 24 months. So from that point of view, it saves some construction time for them for, let's say, a pump house because we just drop a container in there next to the main building.
- Moderator:** Next question is from the line of Nirman from Unique PMS.
- Nirman:** My question is again on the international bit. So while you mentioned that the profitability was affected by the UK operations, but if we see for this particular quarter, profits across entities, I mean, even the US and the Dutch entities, the South African entity also was lower. So is there any particular reason for this?



**Alok Kirloskar:** Yes. I mean, you'll appreciate that this quarter, while it is KBL's quarter 4, it is their first quarter. So normally, the first quarter is a little bit slower comparatively. But I would say the first quarter, it varies really because it's the first quarter, right? It depends very often on what is the spillover from the previous year into the first quarter. So as an example, SPP UK last year had a good spillover from Q4 into Q1, and that helped their first quarter. And that is also similar for the Dutch entities last year.

So I think that's really where it depends. But there's nothing in particular. I wouldn't say that there is anything that I would say necessarily on that. I would look at it more from a year-to-year point of view, and that's what I mentioned earlier on the same Slide 11, with the exception of SPP UK because the mix, like I said, the service is lower, all the others were better off than the previous year.

**Nirman:** Yes, got it. Understood. Thank you and all the best.

**Moderator:** Thank you. Due to time constraints, that was the last question of the day. I now hand the conference over to Mr. Hemant Shaligram for closing comments.

**Hemant Shaligram:** We thank you, everyone, for joining the call today. We hope we were able to provide you with the comprehensive overview of our business and address your queries satisfactorily. Should you have any further questions or require any additional clarification, please be free to reach out to SGA, our Investor Relations Advisors. Thank you once again for your continued trust and support. Wishing you, everyone, a very pleasant day ahead. Thank you.

**Sanjay Kirloskar:** Thank you.

**Moderator:** Thank you. On behalf of the Kirloskar Brothers Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.