



Enriching Lives

Kirloskar Brothers Ltd.

Financial Analysts Presentation

Quarter 2

FY 2014-15



Disclaimer

These materials may contain forward-looking statements regarding Kirloskar Brothers Ltd. (KBL), our corporate plans, future financial condition, future results of operations, future business plans and strategies. All such forward-looking statements are based on our management's assumptions and beliefs in the light of information available to them at this time. These forward-looking statements are, by their nature, subject to significant risks and uncertainties and actual results, performance and achievements may be materially different from those expressed in such statements. Factors that may cause actual results, performance or achievements to differ from expectations include, but are not limited to, regulatory changes, future levels of industry product supply, demand and pricing, weather and weather related impacts, wars and acts of terrorism, development and use of technology, acts of competitors and other changes to business conditions. KBL undertakes no obligation to revise any such forward-looking statements to reflect any changes in KBL's expectations with regard thereto or any change in circumstances or events after the date hereof.



Companywide

- Sluggishness of the economy continued in Q2 also, though the overall mood was looking up.
- Focus on improving Balance Sheet quality continued through drop in Gross Current Assets & Gross Current Liabilities as compared to March 14.
- Continued focus on selective sale depending upon customer financial position.
- Continued focus on closure of old projects and recovery of retention money.
- Rationalized manpower in Irrigation and Power sectors consequent to their restructuring in Q1.
- Self certification on Code Of Ethics was completed by all employees in KBL and domestic subsidiaries



Sector Highlights

Irrigation

- Received order for HSC Pump package for Gunisik Pumping Station of Department of State Hydraulic Works (DSI), Turkey.
- Received order for Monobloc pumps sets from Odisha Lift Irrigation Corporation (OLIC).
- Successfully handed over RAWI Pumping station to MED, Egypt.
- Contractually closed Wakurde LIS project of MKVDC.
- Financially closed RE Jamtara project & physically completed RE Naupada project.

Water Resource Management

- Work order collected from Pune Municipal Corpn. (PMC) for 200MLD WTP for Bhama Asked Project
- Closed 10 Sites during H1 – 4 physically and 6 financially.
- Achieved planned Booking for H1.
- Financially closed MCGM Bhandup project & MMRDA Chembur project.



Sector Highlights

Power

- Received order for CW pump package for 2x660 MW Bhavanapadu TPP of Abir Infrastructure involving 5 sets of CV pumps for Sea Water.
- Received export orders for CW pump packages for Philippines, Senegal & Bangla Desh.
- Participated in 4th Nuclear Energy Summit at Mumbai & presented paper on Pumping Solutions for Nuclear Power Plant.
- Participated in Hydro Mission promoted by Ministry of Power-Government of India.
- Successfully commissioned 2 sets of CW pumps at NTPL Tuticorin.
- PG tests completed for projects at Reliance Sasan, Pench LBC, Jindal Angul & Adani Tiroda.
- Financially closed Dhom and Kasari HEP project, NSPCL Bhilai project & NLC Barsingsar project.



Sector Highlights

Gas, Oil & Defense

- Completed pre - engineering activities for augmentation of Fire Fighting system at M/s Ratnagiri Power involving supply of additional Engine driven Fire Fighting Pumpset along with associated piping & valves.
- Proposal submitted to Vehicle Research Development Establishment for development of Axial Flow pumps.



Sector Highlights

Industry

- Bagged orders in sugar sector from Tirupati Sugar Mills & Harinagar Sugar.
- First LLC order received from Gujarat Region.
- Received an order for Complete Automated Pumping system from Jain Irrigation systems for LLC pump sets.
- Participated in Pumps, Valves, Compressors Exhibition in Chennai.

Building & Construction

- Total 23 No FM/UL orders bagged for various prestigious projects.
- Successfully commissioned 1st Primary Variable system at ITC Hotel at Bangalore.
- Bagged orders at DMRC III phase.



Sector Highlights

Distribution

- Achieved 90% of planned H1 AOP sale.
- Appointed 14 Distributors, 60 Dealers & 1,267 Retailers in H1.
- Collected first order from Nepal.
- Export network expansion is on and appointed 3 Distributor in Nepal , Bangladesh and Myanmar.

Customer Services & Support

- Commenced stocking of spare parts for Small & medium pumps at warehouse in Kirloskarvadi to improve the delivery
- Healthy pending order board



Factory Highlights

Kirloskarvadi

- Spares Warehouse started on 25th Sept.
- Kirloskarvadi workman Mr. Ashish Bansode is awarded with Gunavant Kamgar Puraskar of Maharashtra Kalyan Mandal, Govt. of Maharashtra.
- Executed prestigious orders of Uhde India, Reliance - Linde India, Spp Jabel Ali, Thyssenkrupp, Trans India - Sharjah, KBTL, L&T, Adayanpara Turbine, Chikotra Turbine, 1st Low Cost Canned Pump A/C. Bhalla & Sons, Kirloskar Pompen and Calik - Turkey etc.

Dewas

- Received state level Uttam Sramik award to our associates Mr Jaipal Singh and Shailendra Upadhaya.
- Received Greentech Foundation Gold Award & Manufacturing Today award for "Safety".



Factory Highlights

Kaniyur

- Achieved first position in "Best productivity award 2014" in Coimbatore productivity council competition.
- Received 5th Asia Best Employer award for "Women Talent Development" by World HRM congress Singapore.
- Received Manufacturing Today award for " Excellence in Innovation".
- Received Manufacturing Today award for " Excellence in Sustainability".
- Received Manufacturing Today award for " Best Plant Head of the year".

Sanand

- Received Manufacturing Today Award for Excellence in Sustainability in large Industry Category.
- Export order executed for Mali.
- Registered for Green Co certification.

Kondhapuri

- Won 1st Prize in 9th State Level Award for Excellence in Energy Conservation Management
- Approval received from UHDE for valves
- High pressure PN30 & PN 40 BFV & KAV approved in NTPC



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Companywide Pending Orders

Sector (Rs. Crs)	3Q Dec-13	4Q Mar-14	1Q Jun-14	2Q Sep-14	2Q % of Total
Irrigation	1,050	1,026	1,091	1,050	56%
Water Resource	168	178	220	235	13%
Power	320	275	297	308	16%
Gas, Oil & Defence	90	93	108	112	6%
Industry	47	56	65	70	4%
Building & Construction	30	27	26	23	1%
Distribution	40	40	40	40	2%
Customer Support & Spare	26	42	35	30	2%
TOTAL	1,771	1,736	1,881	1,868	100%

Rs. In Crs

	Dec-13	Mar-14	Jun-14	Sep-14
KBL Standalone	Q 3	Q 4	Q 1	Q 2
Orders Received	317	432	468	334

Rs. In Crores

	Dec-13	Mar-14	Jun-14	Sep-14
KBL Consolidated	Q 3	Q 4	Q 1	Q 2
Orders Received	723	784	848	763
Pending Orders on Hand	2,379	2,307	2,524	2,554



Q2 Financials – Standalone Highlights

Positive factors:

- Net reduction in Retention Debtors by Rs. 6 Crs during Q2 and Rs. 25 Crs in H1.
- Rise in export sales by Rs. 8 Crs (22%) over H1 of FY 2013-14.
- Composite material cost has come down by 2% as compared to H1 of previous year.

Concerns:

- Drop in sales by 12 % as compared to Q2 and 18% as compared to H1 of FY 2013.
- Rise in inventory by Rs. 7 Crs in Q2 and by Rs. 39 Crs over March 2014.
- Project Sectors execution and recovery issues continue.

Sales:

- Revenue from operations is Rs. 674 Crs as against Rs. 819 Crs in PY – fall of 18%
- Product sectors sales are at Rs. 493 Crs as against Rs. 496 Crs in PY, (fall of 1%). Project sector sales are at Rs. 177 Crs as against Rs. 320 Crs in PY, (fall of 45%).
- KBL continued to be selective with orders and execution to improve sales mix, which resulted in sale of manufactured products going up to 72% as against 63% in H1 of previous year.



Q2 Financials – Standalone Highlights

Loss / Profit before Tax:

- Loss is Rs. 23 Crs as against profit of Rs. 19 Crs in PY.

- The main reasons for fall in PBT compared to PY are as under:
 - ✓ Drop in contribution by Rs. 34 Crs (due to lower sales in CY and higher contribution on ONGC sales in PY)
 - ✓ PY includes reversal of sick leave provision and ESOP cost– Rs. 3 Crs each.



Q2 Key Financials - Standalone

Rs. Crs

Particulars	Half year ending			Year Ended Mar 31, 2013
	Sep-14	Sep-13	Sep-12	
KEY FINANCIALS				
Total Income	690	830	924	1,757
P B D I T	17	50	61	137
P B T	(23)	19	31	70
P A T	(20)	13	24	48
CASH PROFIT	4	30	39	82
KEY FINANCIAL RATIOS				
P B I D T % AGE	2.5%	6.0%	6.6%	7.8%
P B T % AGE	-3.4%	2.3%	3.4%	4.0%
R O C E % AGE	-1.4%	6.6%	8.5%	10.0%



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Q2 Key Financials - Standalone

Rs. Crs

Particulars	Half year ending			Year Ended Mar 31, 2013
	Sep-14	Sep-13	Sep-12	
Total Assets	1,036	1,053	1,132	1,024
Gross Current Assets	1,348	1,446	1,532	1,365
Gross Current Liabilities	881	948	970	895
Net Current Assets	468	498	562	470
Borrowings	260	265	354	224



Q2 Key Financials -Consolidated

Particulars	Half year ending			Year Ended Mar 31, 2014
	Sep-14	Sep-13	Sep-12	
KEY FINANCIALS				
Total Income	1,115	1,202	1,316	2,694
P B D I T	33	61	99	212
P B T	(29)	13	49	105
P A T	(29)	4	33	65
CASH PROFIT	9	29	57	120
KEY FINANCIAL RATIOS				
P B I D T % AGE	2.9%	5.0%	7.5%	7.9%
P B T % AGE	-2.6%	1.1%	3.7%	3.9%
R O C E % AGE	-0.8%	5.4%	11.7%	10.9%



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Q2 Key Financials - Consolidated

Rs. Crs

Particulars	Half year ending			Year Ended Mar 31, 2014
	Sep-14	Sep-13	Sep-12	
Total Assets	1,341	1,293	1,270	1,296
Gross Current Assets	2,014	2,032	2,039	1,822
Gross Current Liabilities	1,256	1,308	1,346	1,116
Net Current Assets	757	723	692	706
Borrowings	380	357	358	297



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Thank You