



Enriching Lives

Kirloskar Brothers Ltd.

Financial Analysts Presentation

Quarter 3

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 Q3 also, though the overall mood continued to be “feel-good”
- Continued focus on selective sale depending upon customer financial position.
- Focus on closure of old projects and recovery of retention money remains.
- Focused on marketing initiatives to improve brand presence and reach
- Worked on improving internal efficiency at plants.



Sector Highlights

Irrigation

- Received orders from L&T for their SAUNI Packages & a first-time order from SEHI Morocco
- Submitted tender for Orissa Lift Irrigation Corporation (OLIC).
- Commissioned Benban pumping station of MED, Egypt on river Nile, Berber pumping station of Al Rajhi International, Sudan & Kaddem LIS pumping station in Telangana

Water Resource Management

- 5 Sites closed against 3 planned – 4 physically and 1 financially
- Conducted seminar in the North Zone covering KBL's capabilities in WSS and Waster Water Projects & Products such as LLC , Auto Prime Sets, etc.



Sector Highlights

Power

- Major order received from NTPC Limited for 2 x 800 MW Gadarwara Thermal Power Project & 2 X 800 MW Darlipalli STPP
- PG test successfully completed for Peryar Vegai, Reliance Butiboru & TPL Krishnapatnam projects
- Commissioned 2x660 MW CV pumps for BGR Krishnapatnam Project
- Contractually closed 2x5 MW Konal Hydro Electrical (Mahalaxmi Vidyut) Project & 1X2.5 MW Kasari Hydro Electric Project (Vishwas Energy)

Gas Oil & Defense

- Received LOI for supply of engine driven and motor driven Fire fighting FM/UL pump-sets for Saudi Aramco.
- Received order from M/s Air Liquid, Delhi for supply of FM/UL pumpsets to M/s G A S A L Qatar



Sector Highlights

Industry

- Received export order from Sasol Chemicals.
- Bagged order of SCCL, Manganese Ore India Limited & Gillanders Arbuthnot & Co. Ltd.

Building & construction

- Focus on Auto Prime, FM/UL & HYPN continues
- Major Orders taken from JW Marriot, Mahindra Life Space, Godrej Properties & Tata Housing.
- Gearing up to deliver high quality HYPN systems & Instrumentation panels
- Received further orders from DMRC.

Distribution

- Participated in India Engineering Sourcing Show (IESS) organized by EEPC from 16th Dec to 18th Dec.
- Appointed 28 Distributors, 78 Dealers and 1,800 Retailers till Dec '2014

Customer Service & Spares

- Systematic Customer Visit plans have helped us to generate good business leads
- Debtors level reduced considerably through systematic efforts



Factory Highlights

Kirloskarvadi

- Received the National Energy Management Award
- Launched innovative submersible i-NS Pumps
- Conducted 2 days Pump Selection Training for Jain Irrigation Systems
- Dispatched major orders to Eastern Coalfields, JW Marriott (Kolkata), Calik Energy, Honeywell, etc.

Kondhapuri

- Developed and dispatched 800mm Sluice Valves (Largest size so far) & 800 mm Turbine Inlet valves in PN40 rating
- Approval received from State Water Supply & Sewerage Boards for various types of valves

Dewas

- Recognized by CII for "Significant achievement on the journey towards Business Excellence".
- Awarded TCM Level 4 by CII.
- Produced all time highest DB pumps in the month of Dec'14



Factory Highlights

Kaniyur

- Received "Outstanding Performance Award" and "Excellent Award" in 5th QCFI Chennai Poka Yoke competition.
- Received "Gold Award" in the category of "Maintenance - Unsung hero" from ABK ATOS DOSOKAI Japan, Chennai chapter.
- Received "Merit Award" for 5S by CII.
- Winner in case study competition on "Sustainability" organized by Manufacturing Today.

Sanand

- Received "Energy efficient unit" award in 15th CII national award for excellence in energy management 2014
- Recognized by CII for Greenco "Silver" certification



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Companywide Pending Orders

Sector (Rs.Crs)	4Q Mar-14	1Q Jun-14	2Q Sep-14	3Q Dec-14	3Q % of Total
Irrigation	631	696	655	722	46%
Water Resource	178	220	235	232	15%
Power	275	297	308	362	23%
Gas, Oil & Defence	93	108	112	92	6%
Industry	56	65	70	56	4%
Building & Construction	27	26	23	28	2%
Distribution	40	40	40	40	3%
Customer Support & Spare	42	35	30	26	2%
TOTAL	1,341	1,486	1,472	1,558	100%

	Rs. In Crs			
	Mar-14	Jun-14	Sep-14	Dec-14
KBL Standalone	Q 4	Q 1	Q 2	Q 3
Orders Received	432	468	334	422

	Rs. In Crs			
	Mar-14	Jun-14	Sep-14	Dec-14
KBL Consolidated	Q 4	Q 1	Q 2	Q 3
Orders Received	784	848	763	672
Pending Orders on Hand	1,912	2,129	2,159	1,992

Note: Orders of Irrigation sector not commenced for execution amounting to Rs. 395 Crs are excluded from pending orders on hand



Q3 Financials – Standalone Highlights

Positive factors:

- Net reduction in WIP Debtors by Rs. 7 Crs during Q3 and Rs. 33 Crs in FY 2014-15.

Concerns:

- Drop in sales by 11 % as compared to Q3 and 15 % as compared to nine months ended Dec 2013, mainly due to lower sales of project sectors, partly attributable to liquidity issue in the market and non-receipt of dispatch clearances from the customers.
- Inventory increased by Rs. 32 Crs in Q3 and by Rs. 71 Crs over March 2014. (mainly FG & WIP due to dispatch hold on account of non-receipt of money from some customers, non-opening of L/C from certain customers and dispatch clearances not given by some customers)



Q3 Financials – Standalone Highlights

Sales:

- Revenue from operations is Rs. 1,064 Crs as against Rs. 1,255 Crs of PY – fall of 15%
- Product sectors sales are at Rs. 786 Crs as against Rs. 729 Crs in PY, (rise of 8%), despite dispatches of some orders pertaining to GOD sectors, shifted from Q3 to Q4 (Rs. 30 Crs.).
- Project sector sales are at Rs. 277 Crs as against Rs. 521 Crs in PY, (fall of 47%).

The main reasons for major drop in sales of project sectors are as under.

- ✓ Non receipt of advances / L/C from customer
- ✓ Delay in engineering and civil work by few clients
- ✓ Non receipt of dues from few customers
- ✓ Few dispatches planned in Q3 shifted to Q4.



Q3 Financials – Standalone Highlights

Loss / Profit before Tax:

- Loss is Rs. 29 Crs as against profit before tax of Rs. 45 Crs in PY.

The main reasons for fall in PBT compared to PY are as under:

- ✓ Drop in contribution by Rs. 53 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.
- ✓ Higher losses in Project sectors due to continuing legacy projects with time and cost overruns (partially not in KBL control)



Q3 Key Financials - Standalone

Rs. Crs

Particulars	Nine Months ending			Year Ended Mar 31, 2014
	Dec-14	Dec-13	Dec-12	
KEY FINANCIALS				
Total Income	1,084	1,270	1,325	1,757
P B D I T	32	94	76	137
P B T	(29)	45	27	70
P A T	(28)	32	19	48
CASH PROFIT	9	59	43	82
KEY FINANCIAL RATIOS				
P B I D T % AGE	3.0%	7.4%	5.7%	7.8%
P B T % AGE	-2.7%	3.5%	2.0%	4.0%
R O C E % AGE	-0.6%	8.4%	6.9%	10.0%



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Q3 Key Financials - Standalone

Rs. Crs

Particulars	Nine Months ending			Year Ended Mar 31, 2014
	Dec-14	Dec-13	Dec-12	
Total Assets	1,052	1,104	1,095	1,024
Gross Current Assets	1,403	1,440	1,514	1,365
Gross Current Liabilities	916	895	978	895
Net Current Assets	487	545	536	470
Borrowings	283	296	322	224



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Q3 Key Financials -Consolidated

Rs. Crs

Particulars	Nine Months Ending			Year Ended Mar 31, 2014
	Dec-14	Dec-13	Dec-12	
KEY FINANCIALS				
Total Income	1,786	1,964	1,913	2,694
P B D I T	66	123	121	212
P B T	(26)	51	45	105
P A T	(29)	31	26	65
CASH PROFIT	28	69	61	120
KEY FINANCIAL RATIOS				
P B I D T % AGE	3.7%	6.3%	6.3%	7.9%
P B T % AGE	-1.5%	2.6%	2.4%	3.9%
R O C E % AGE	0.9%	8.2%	9.0%	12.1%



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Q3 Key Financials - Consolidated

Rs. Crs

Particulars	Nine Months Ending			Year Ended Mar 31, 2014
	Dec-14	Dec-13	Dec-12	
Total Assets	1,438	1,379	1,283	1,296
Gross Current Assets	2,097	2,104	2,047	1,822
Gross Current Liabilities	1,257	1,326	1,355	1,116
Net Current Assets	839	779	692	706
Borrowings	419	389	379	297



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Thank You