



Enriching Lives

Kirloskar Brothers Limited.

Financial Analysts Meet

H2 - FY 2013-14

Disclaimer



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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 Highlights



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- KBL Standalone PBT for FY14 more or less equal to PBT for FY13 despite 7% revenue drop due to focused efforts at improving contribution and bottom-line
- Significant drop in Gross Current Assets, Gross Current Liabilities as compared to March 13
- Borrowings declined by Rs. 45 crs over previous year
- Focus on selective sale depending upon customer financial position continues.
- Focus on closure of old projects and recovery of retention money continues.
- Apart from other regular projects, the strategy for the year has been to close old rural electrification (RE) projects. Three RE projects have been closed during the year and 4 are pending.
- Slow growth rate of the economy continued to affect the overall business environment.
- Power sector faces hurdles in the form of cash crunch and slow project execution.

Sector Highlights



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Irrigation

- Focus on execution and closure of old orders and recover retention money – 16 projects closed during the year as against 13 planned
- Projects delayed in finalization and execution due to political turmoil in Andhra Pradesh and change in government in Karnataka,

Water

- Retention money collected as planned due to project closures
- 24 sites closed during the year.
- Successfully commissioned Kalyan Dombivali Municipal Corporation (KDMC) project

Sector Highlights



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Power

- Completed the supply of 3 Sets of Primary Sodium Pumps for 1x500MW Prototype Fast Breeder Reactor (PFBR) at Kalpakkam, Tamil Nadu.
- Designed, manufactured and supplied the largest capacity vertical turbine pumps each of 45.500 M³/ Hr for 2x520 MW for Vizag Thermal Power Project being set up by Hinduja National Power Corporation Limited (HNPCL) at Simhadri, Andhra Pradesh.
- Supplied and installed 12 sets of CW Pumps for 5x660 MW Tiroda Thermal Power Project of Adani Power Limited each of 40,000 M³/hr.
- Successfully commissioned India's first indigenously developed Condensate Extraction Pump for 800 MW Thermal Power plant for 2x800 MW for Shri. Damodaram Sanjevaiah Thermal Power Project of Andhra Pradesh Power Development Corporation Ltd, through Larsen & Turbo Ltd.

Sector Highlights



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Gas, Oil & Defense

- Received order for water mist fire fighting system from DRDO.
- Lower order booking from the fertilizer business due to slowdown in industry.
- Orders received from M/s Reliance Industries for Ph-III expansion of Jamanagar refinery.

Industry

- Slow change to offering a more competitive product to chemical process industry.
- There is a slowdown in new expansion projects in the steel and coal industry.

Customer Spares and Services

- Business anticipated from real estate segment did not materialize as the FM/UL pump-sets supplied earlier are yet to be commissioned or put into operation.
- Agitation on sugarcane pricing in the sugar segment in Maharashtra and UP led to delay in the start of the crushing season.
- Inaugurated 5th Refurbishment Center at Hospet.
- Service center established with all women employees at Madurai for rewinding & repairs of Dewas range pumps.

Building & Construction

- Risk appetite of investors has shifted, with investors finding better investment opportunities in other asset classes as compared to real estate. This has led to a high level of inventory amongst developers and there is an overall slowdown in the sector and new project launch due to liquidity issues.
- Booked Delhi metro 3rd phase orders
- Focus on Innovative product business resulted in orders for Auto prime dewatering sets from Delhi International Airport & HVAC system orders for Variable speed pumping from hotel groups

Distribution

- Business improved Y-O-Y despite economic slowdown
- Extended monsoon during the year created a slowdown in demand for agri pumps.
- Assembly elections in five major states in the north led to a slowdown in the overall demand for pumps.
- Competition is leading to a severe price war and worsening credit terms in the market.
- Share of sales from new products manufactured at Sanand and Kaniyur is more than 40%.

Factory Highlights



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Kirloskarvadi

- To make the supplier chain stronger and fruitful we have been working hand-in-hand with key-suppliers through “Supplier Improvement Programme” after initial evaluation of all vendors. Also Organized Supplier Meet 2014 under Supplier Improvement Programme
- Manufactured the largest VT Pumps for Sea Water intake package of 2x520 MW Vizag Power Project of Hinduja National Corporation Limited (HNPCL).
- Bagged “Global CSR Excellence and Leadership Award” in category of Best Corporate Social Responsibility Practices, by World CSR Congress.

Factory Highlights



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Dewas

- Manufacturing started as per SMDS, WIPET and SAP KANBAN at all plants.
- Won "Best Renewable energy project award" in K group ENCON competition.
- Won 3rd Asia's best CSR practices award in World CSR congress.
- Won 12th Greentech Gold award for best safety practices in engineering industry.

Kaniyur

- Recognition of project "Mahila Mission 20" by LIMCA book for setting a benchmark at national level for women involvement and producing a pump in lowest time of 20 sec.
- Won 2nd runner up prize in K group ENCON competition.
- Received 3rd Africa women leadership award for best organization in "Women talent development".
- Won "Outstanding performance and excellence award" in 9th state level Kaizen competition.

Factory Highlights



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Sanand

- Received ISI license from BIS Authority for 126 models of Submersible pump sets.
- Received Star labeling permission from BEE for 53 models.

Kondhapuri

- Thrust on cost reduction ensured drop in material cost.
- Strengthened marketing team to tap new business opportunities
- Continued thrust on new product development to achieve higher growth in valves business.

Companywide Pending Orders



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Sector (Rs.in Crores)	1Q Jun-13	2Q Sep-13	3Q Dec-13	4Q Apr-14	4Q % of Total
IRRIGATION	1,113	1,080	1050	1,026	59%
WATER RESOURCE MANAGEMENT	206	198	168	178	10%
POWER	462	419	320	275	16%
GAS OIL DEFENSE	25	60	90	93	5%
INDUSTRY	57	45	47	56	3%
BUILDING & CONSTRUCTION	29	29	30	27	2%
DISTRIBUTION	45	48	40	40	2%
CUSTOMER SERVICE & SPARES	22	17	26	42	2%
TOTAL	1,958	1,895	1,770	1,736	100%

Rs. In Crores

	2013-14			
	Jun-13	Sep-13	Dec-13	Mar-14
KBL Standalone	Q 1	Q 2	Q 3	Q 3
Orders Received	278	332	317	432

	2013-14			
	Jun-13	Sep-13	Dec-13	Mar-14
KBL Consolidated	Q 1	Q 2	Q 3	Q 3
Orders Received	485	689	723	784
Pending Orders on Hand	2,521	2,462	2,379	2,307

Q4 Financials – Standalone Highlights



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- Revenue from operations is Rs. 1,752 crs as against Rs. 1,872 crs in PY – fall of 6%.
- Product sectors sales are at Rs. 1,002 crs as against Rs. 1,079 crs in PY (fall of 7%). Project sectors sales are at Rs. 721 crs as against Rs. 776 crs in PY (fall of 7%).
- KBL continued to be selective with orders and execution to improve sales mix, which resulted in sale of manufactured products going up to 66% as against 60% in FY 2012-13.
- Composite material cost as % to sales has decreased to 67.6% from 71% in PY.
- For FY14, PBT of Rs. 70 crs as against PBT of Rs. 72 crs in FY13. This is despite a fall of 7% in sales over PY, due to focused efforts at improving contribution and bottom-line.
- PBT of Rs. 70 crs is despite the following negative one off / exceptional factors.
 - ✓ FOREX loss on borrowings Rs. 20 crs
 - ✓ BG encashment Rs. 10 crs

Q4 Financials – Standalone Highlights

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- The Company's initiatives to improve Balance Sheet quality shows results through :
 - ✓ Reduction in borrowings by Rs. 45 crs in FY14.
 - ✓ Reduction in inventory by Rs. 51 crs in FY14.
 - ✓ Net reduction in Retention Debtors by Rs. 35 crs in FY14. (Collected Rs. 94 crs and generated Rs. 59 crs during the year)
- Reduction in Gross Current Assets by Rs. 147 crs and Gross Current Liabilities by Rs. 120 crs in FY14.

Five year Financials – Standalone



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Rs. In Crores

Year	FY 10	FY 11	FY 12	FY 13	FY 14
Turnover ●	2,018	1,947	1,782	1,872	1,752
Domestic	1,848	1,764	1,667	1,718	1,633
Exports	169	183	115	154	118
Total Assets ●	1,078	1,096	1,101	1,047	1,024
Net Current Assets ●	594	630	567	501	473
Investment ●	190	167	215	215	215
Fixed Assets ●	294	299	319	331	336

Five year Financials – Standalone

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Rs. In Crores

Year	FY 10	FY 11	FY 12	FY 13	FY 14
Shareholder's Funds ●	713	743	754	779	800
Subscribed Capital	16	16	16	16	16
Reserves	698	728	738	763	784
Borrowings ●	357	349	350	268	224

Five year Financials – Standalone

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Rs. In Crores

Year	FY 10	FY 11	FY 12	FY 13	FY 14
EBDITA	233	178	118	148	145
% to Sales	11.5%	9.2%	6.6%	7.9%	8.3%
EBDITA w/o extra ordinary income & expense ●	233	111	146	148	145
% to Sales	11.5%	5.7%	8.2%	7.9%	8.3%
PBT	173	103	34	72	70
% to Sales	8.6%	5.3%	1.9%	3.8%	4.0%
PBT w/o extra ordinary income & Expense ●	173	36	62	72	70
% to Sales	8.6%	1.8%	3.5%	3.8%	4.0%
Profit After Tax	118	61	31	43	48
% to Sales	5.8%	3.2%	1.8%	2.3%	2.7%
PAT w/o extra ordinary income ●	118	128	59	43	48
% to Sales	5.8%	6.6%	3.3%	2.3%	2.7%
Cash Profit ●	144	91	61	75	82

Five year Financials – Standalone

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Year		FY 10	FY 11	FY 12	FY 13	FY 14
Earnings Per Share - Rs.	●	14.8	7.7	3.9	5.5	6.0
Cash Earnings Per Share - Rs.		18.2	11.5	7.7	9.5	10.4
Dividend Payout - Rs. In Crores	●	44	28	16	16	20
Dividend - %		275%	175%	100%	100%	125%
Book Value / Share - Rs. Per Share	●	90	94	95	98	101
Market Cap - Rs in Crores		2,073	1,055	992	1,179	1,309
No. of Employees		2,723	2,932	2,965	3,099	2,930
Turnover / Employee - Rs in Crores		0.7	0.7	0.6	0.6	0.6

Five year Financials – Consolidated



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Rs. In Crores

Year	FY 10	FY 11	FY 12	FY 13	FY 14
Turnover	2,659	2,670	2,554	2,612	2,682
Domestic	2,151	2,171	1,881	1,862	1,878
Exports	508	499	673	750	805
Total Assets	1,219	1,256	1,255	1,271	1,296
Net Current Assets	501	728	734	718	706
Investment	277	11	5	4	12
Goodwill	47	65	78	71	76
Fixed Assets	394	451	439	479	503

Five year Financials – Consolidated

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Rs. In Crores

Year	FY 10	FY 11	FY 12	FY 13	FY 14
EBDITA	276	262	184	215	212
% to Sales	10.4%	9.8%	7.2%	8.2%	7.9%
PBT	192	159	75	112	105
% to Sales	7.2%	6.0%	2.9%	4.3%	3.9%
Profit After Tax	113	98	51	66	65
% to Sales	4.3%	3.7%	2.0%	2.5%	2.4%
Cash Profit	152	144	97	115	120

Rs. In Crores

Year	FY 10	FY 11	FY 12	FY 13	FY 14
Shareholder's Funds	813	792	855	931	996
Subscribed Capital	21	16	16	16	16
Reserves	792	776	839	915	980
Borrowings	398	452	392	334	297

Consolidated Accounts – 2013 -14



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Rs. In Crores

PARTICULARS	TOTAL INCOME		PROFIT / LOSS BEFORE TAX		INCOME TAX		PROFIT AFTER TAX		ROCE %	
	Mar-14	Mar-13	Mar-14	Mar-13	Mar-14	Mar-13	Mar-14	Mar-13	Mar-14	Mar-13
PARENT COMPANY										
KIRLOSKAR BROTHERS LTD	1,757	1,879	70	72	22	29	48	43	9.9%	10.0%
SUBSIDIARY COMPANIES										
KIRLOSKAR BROTHERS INTERNATIONAL B V	882	658	52	44	16	13	37	31	18.4%	21.2%
THE KOLHAPUR STEEL LTD.	23	38	(15)	1	(0)	(0)	(15)	1	0.0%	8.2%
KIRLOSKAR CORROCOAT PVT LTD.	37	27	8	2	3	3	6	(1)	70.6%	21.5%
KIRLOSKAR SYSTECH LTD.	3	3	0	1	0	0	0	0	85.0%	192.0%
KIRLOSKAR CONSTRUCTION & ENGINEERS LTD	9	13	(17)	(16)	(1)	(3)	(16)	(13)	0.0%	0.0%
HEMATIC MOTORS PVT. LTD.	194	217	10	14	(0)	5	10	9	13.0%	17.9%
KARAD PROJECTS & MOTORS LTD.	202	230	(7)	(2)	(1)	2	(7)	(4)	13.0%	17.9%
JOINT VENTURE COMPANY										
KIRLOSKAR EBARA PUMPS LTD. (SHARE 45%)	38	58	(3)	(2)	(0)	0	(3)	(2)	-5.8%	-4.1%
SUB TOTAL	2,942	2,892	105	115	40	46	65	69		
LESS INTRA GROUP TRANSACTIONS	247	264	0	3	-	-	0	3	-	-
TOTAL KBL	2,694	2,628	105	112	40	46	65	66	10.9%	11.7%

Consolidated Accounts – 2013 -14 ... cont'd...



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Rs. In Crores

PARTICULARS	Net Worth		Borrowings		Total Liabilities	
	Mar-14	Mar-13	Mar-14	Mar-13	Mar-14	Mar-13
PARENT COMPANY						
KIRLOSKAR BROTHERS LTD	800	779	224	268	1,024	1,047
SUBSIDIARY COMPANIES						
KIRLOSKAR BROTHERS INTERNATIONAL B V	234	169	65	44	299	213
THE KOLHAPUR STEEL LTD.	(9)	7	7	6	(2)	12
KIRLOSKAR CORROCOAT PVT LTD.	12	12	-	0	12	13
KIRLOSKAR SYSTECH LTD.	0	0	-	-	0	0
KIRLOSKAR CONSTRUCTION & ENGINEERS LTD	(14)	10	-	-	(14)	10
HEMATIC MOTORS PVT. LTD.	80	66	5	27	85	93
KARAD PROJECTS & MOTORS LTD.	66	76	5	27	71	103
JOINT VENTURE COMPANY						
KIRLOSKAR EBARA PUMPS LTD. (SHARE 45%)	45	48	0	2	46	50
SUB TOTAL	1,149	1,090	302	348	1,450	1,438
LESS INTRA GROUP TRANSACTIONS	149	153	5	14	154	166
TOTAL KBL	1,000	937	297	334	1,296	1,271

Consolidated Accounts – 2013 -14 ... cont'd...



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Rs. In Crores

PARTICULARS	Net Current Assets		Fixed Assets		Investments		Total Assets	
	Mar-14	Mar-13	Mar-14	Mar-13	Mar-14	Mar-13	Mar-14	Mar-13
PARENT COMPANY								
KIRLOSKAR BROTHERS LTD	473	516	336	316	215	215	1,024	1,047
SUBSIDIARY COMPANIES								
KIRLOSKAR BROTHERS INTERNATIONAL B V	190	126	109	87	-	0	299	213
THE KOLHAPUR STEEL LTD.	(11)	1	10	11	-	-	(2)	12
KIRLOSKAR CORROCOAT PVT LTD.	4	4	8	8	-	-	12	13
KIRLOSKAR SYSTECH LTD.	(0)	(0)	1	0	-	1	0	0
KIRLOSKAR CONSTRUCTION & ENGINEERS LTD	(17)	(7)	2	17	0	0	(15)	10
HEMATIC MOTORS PVT. LTD.	60	70	25	23	0	0	85	93
KARAD PROJECTS & MOTORS LTD.	43	63	28	40	0	0	71	103
JOINT VENTURE COMPANY								
KIRLOSKAR EBARA PUMPS LTD. (SHARE 45%)	12	24	23	24	10	2	46	50
SUB TOTAL	710	734	515	487	225	218	1,450	1,438
LESS INTRA GROUP TRANSACTIONS	4	16	63	63	214	214	154	166
TOTAL KBL	706	718	578	550	12	4	1,296	1,271

The Way Forward



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Companywide Highlights

- Continued effort at reducing working capital
- Continue to reduce borrowing levels
- Continue focus on project execution & closure to recover retention money
- Expand footprint in domestic markets through different sector related initiatives

The Way Forward



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Irrigation

- Continued focus on developments in AP post bifurcation of State
- Continue efforts for retention money collection through project execution
- Focus on Claims & Contract Management

Power

- Concentrate on market & customer driven solutions
- Effective contract management with robust contract review
- Continued focus on recovery of retention money through project closures

Water Resource Management

- Effective marketing of value added products
- Focus on sewage treatment and recycling plants

The Way Forward



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Gas, Oil and Defense

- Focus on value engineered cooling water & fire fighting pumps
- Target consultants & costumers for LLC / FMUL products
- Work on competitive offshore fire water package
- Strengthen customer intimacy at refineries & petrochemicals

Building and Construction

- Improve key account management
- Continue relationship building with consultants and end customers
- Increase footprint in HVAC business

Industry

- Establish strategic tie- up with major vendors
- Improve key account management

The Way Forward



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Customer Spares & Services

- Focus on irrigation & water supply utility organizations
- Set up 4 more new KRCs for value added services

Distribution

- Establish SMDS at 100% channel partners
- Enhance customer intimacy at rural & industrial markets
- Expand market network through new dealers & distributors
- Promote energy efficient series pumps

The Way Forward



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Kirloskarvadi

- Effective supply chain management
- Sustainability initiatives in various areas

Dewas / Shirwal / Kaniyur / Sanand Factories

- Obsolete low volume low margin products
- Practice LEAN tools
- Sustainability initiatives on various fronts

Kondhapuri

- Enhance market footprint for valves business
- Enhance manufacturing capabilities for products
- Sustainability initiatives



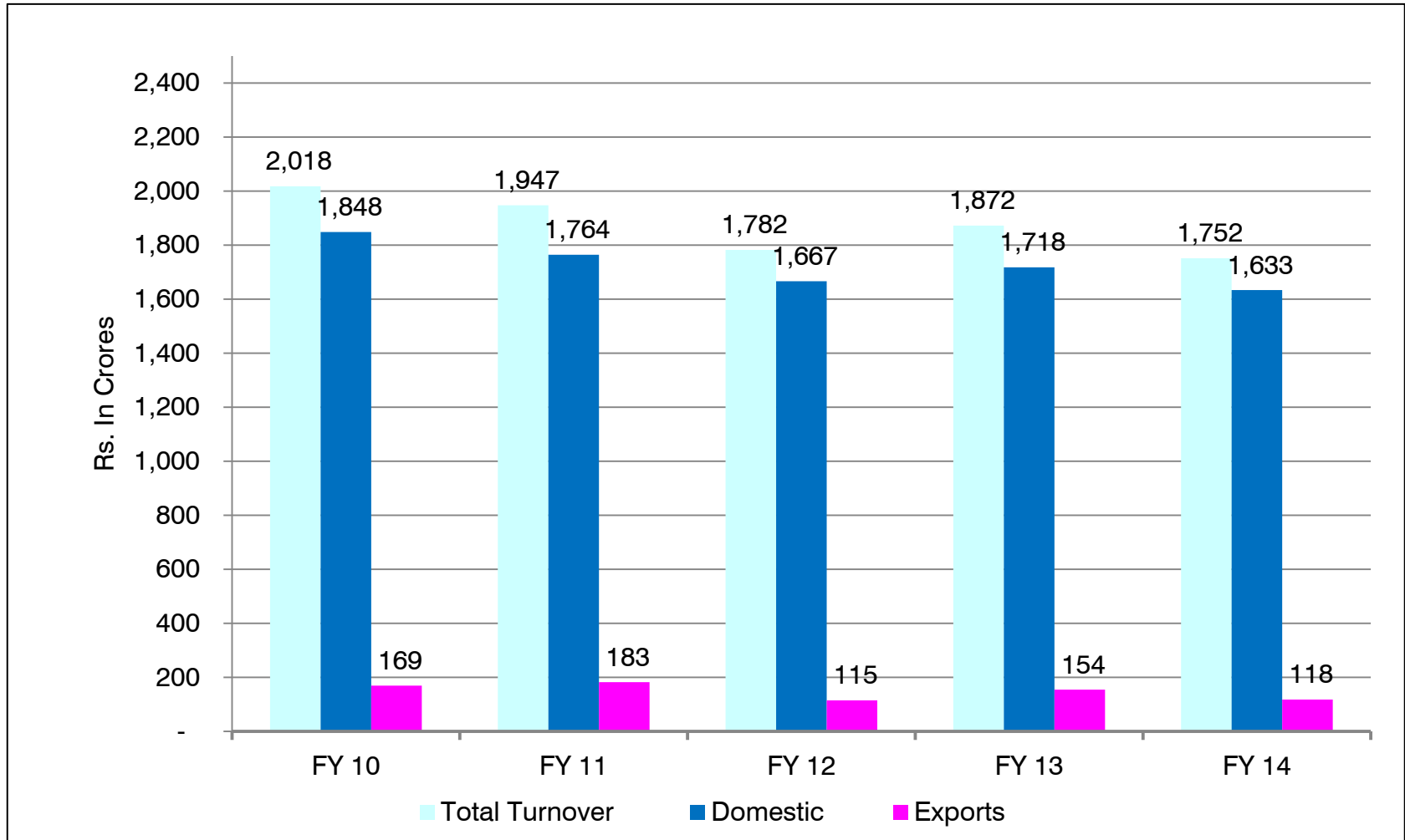
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Thank You

Turnover



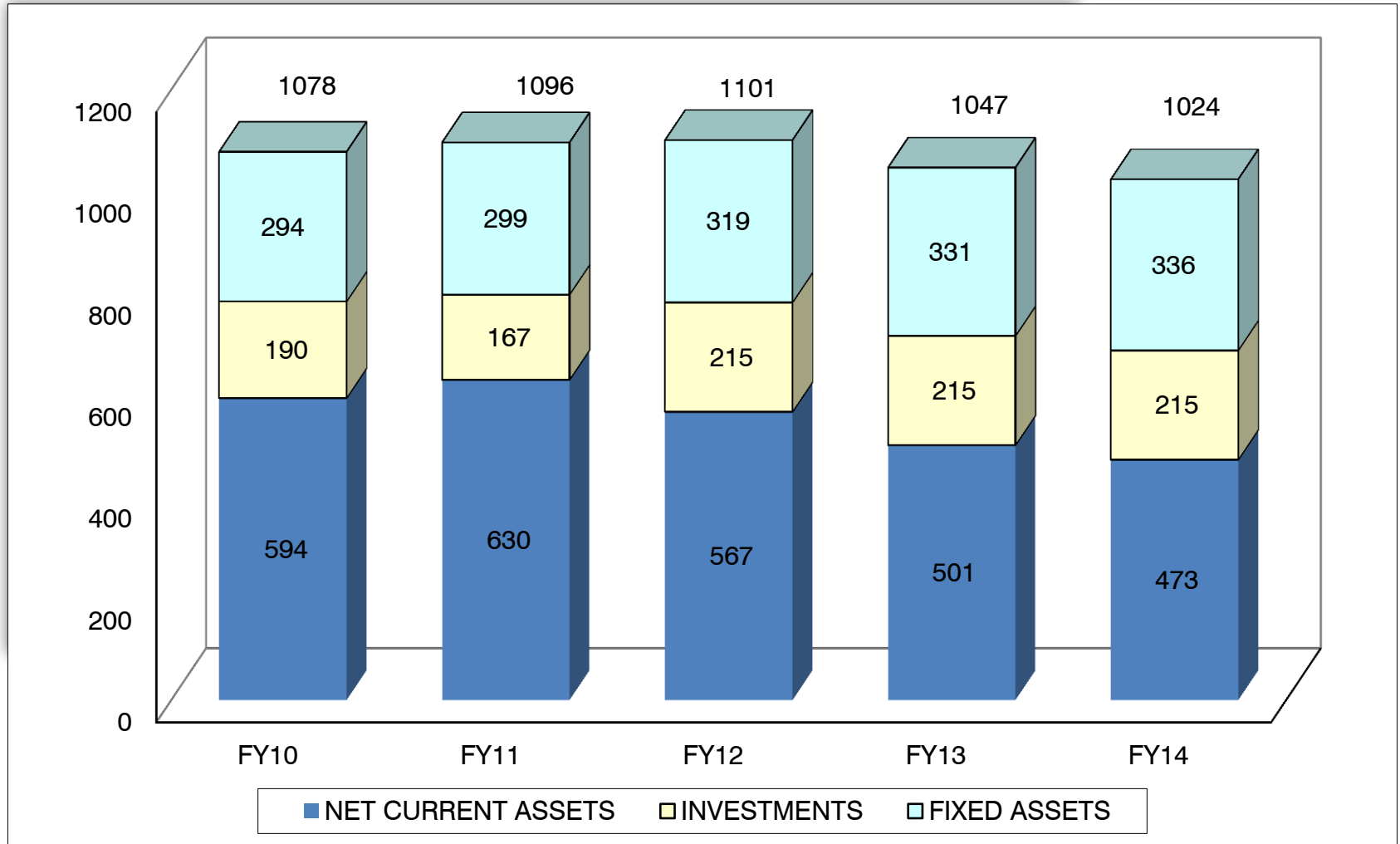
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Total Assets



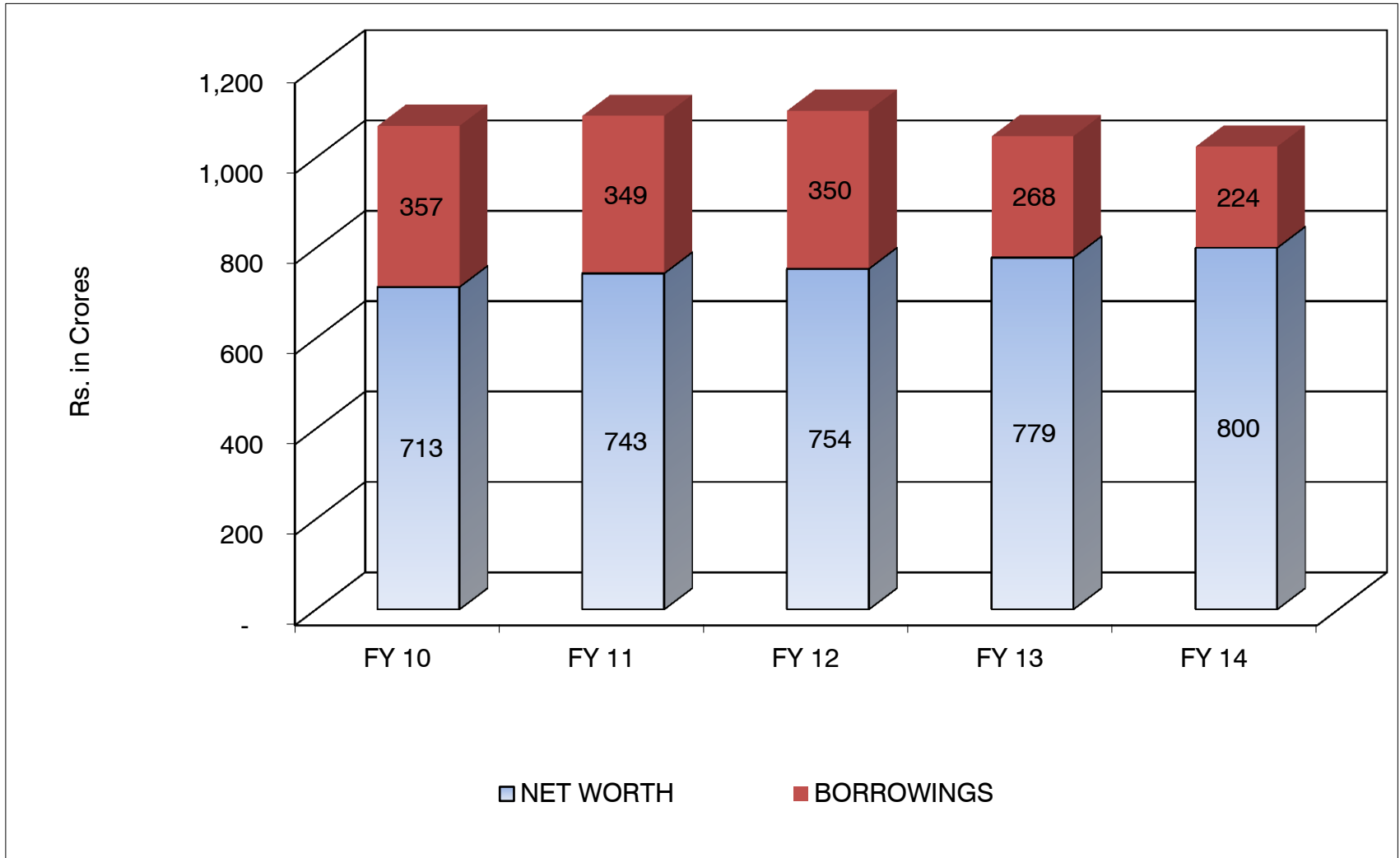
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Net Worth and Borrowings



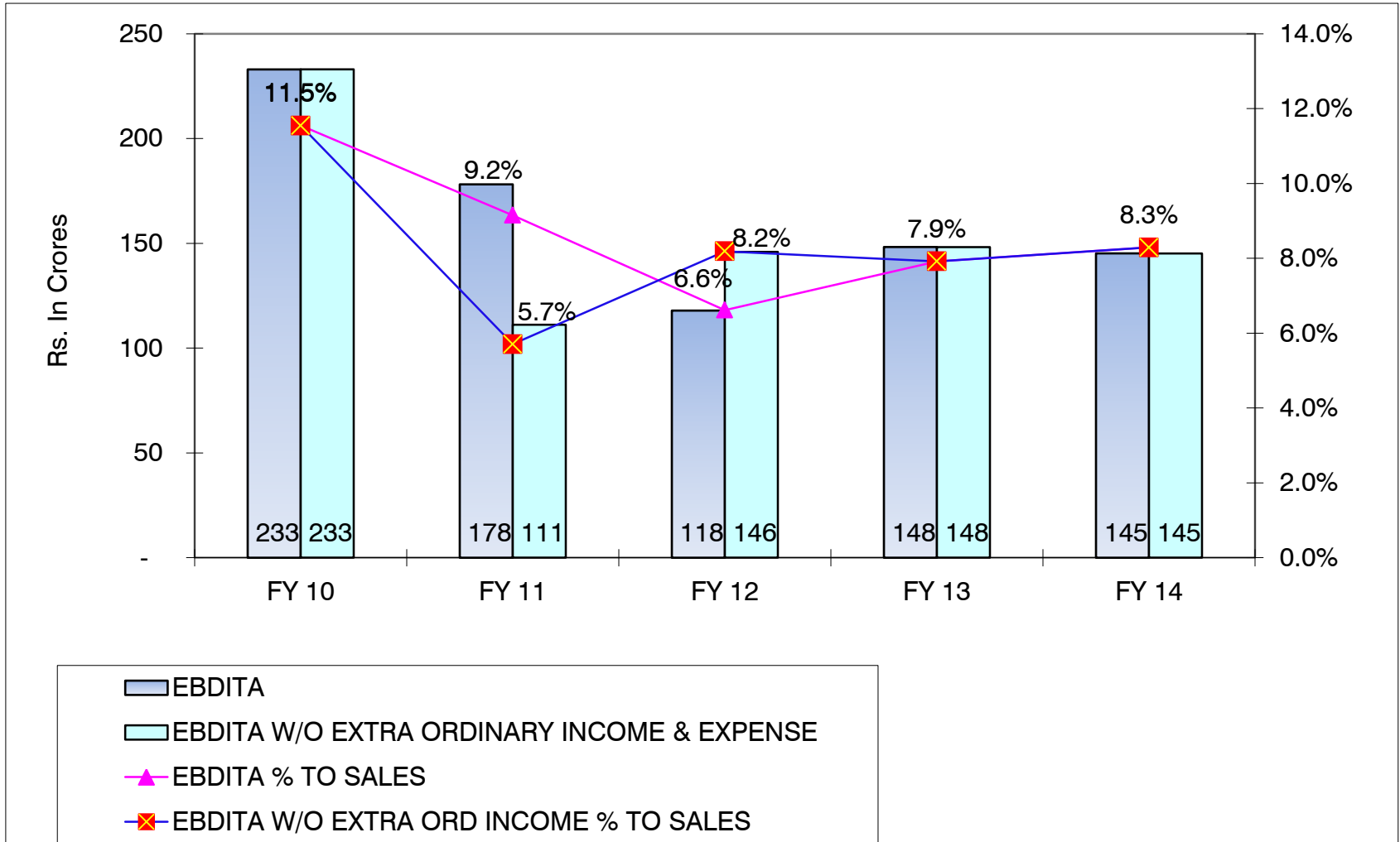
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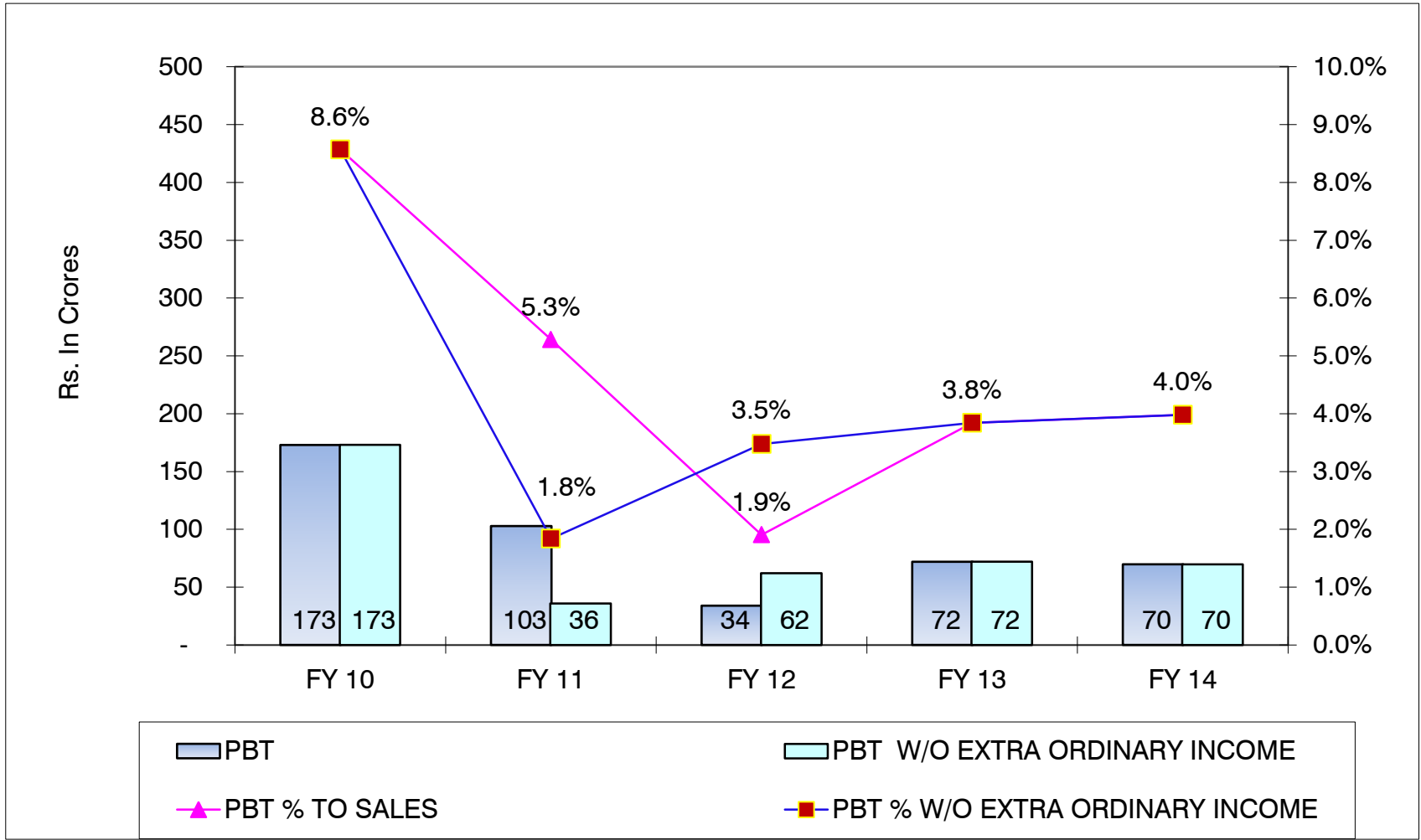


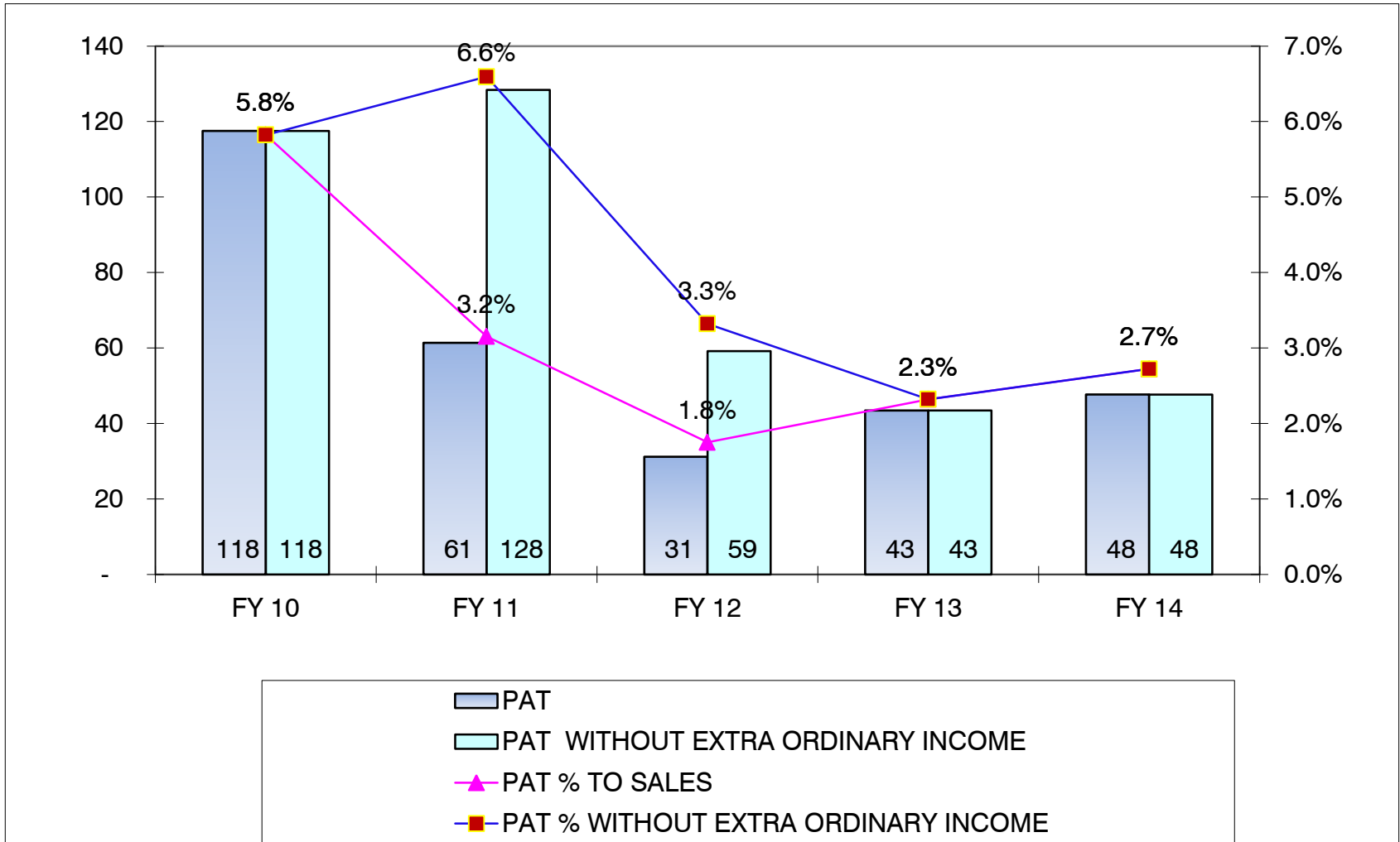
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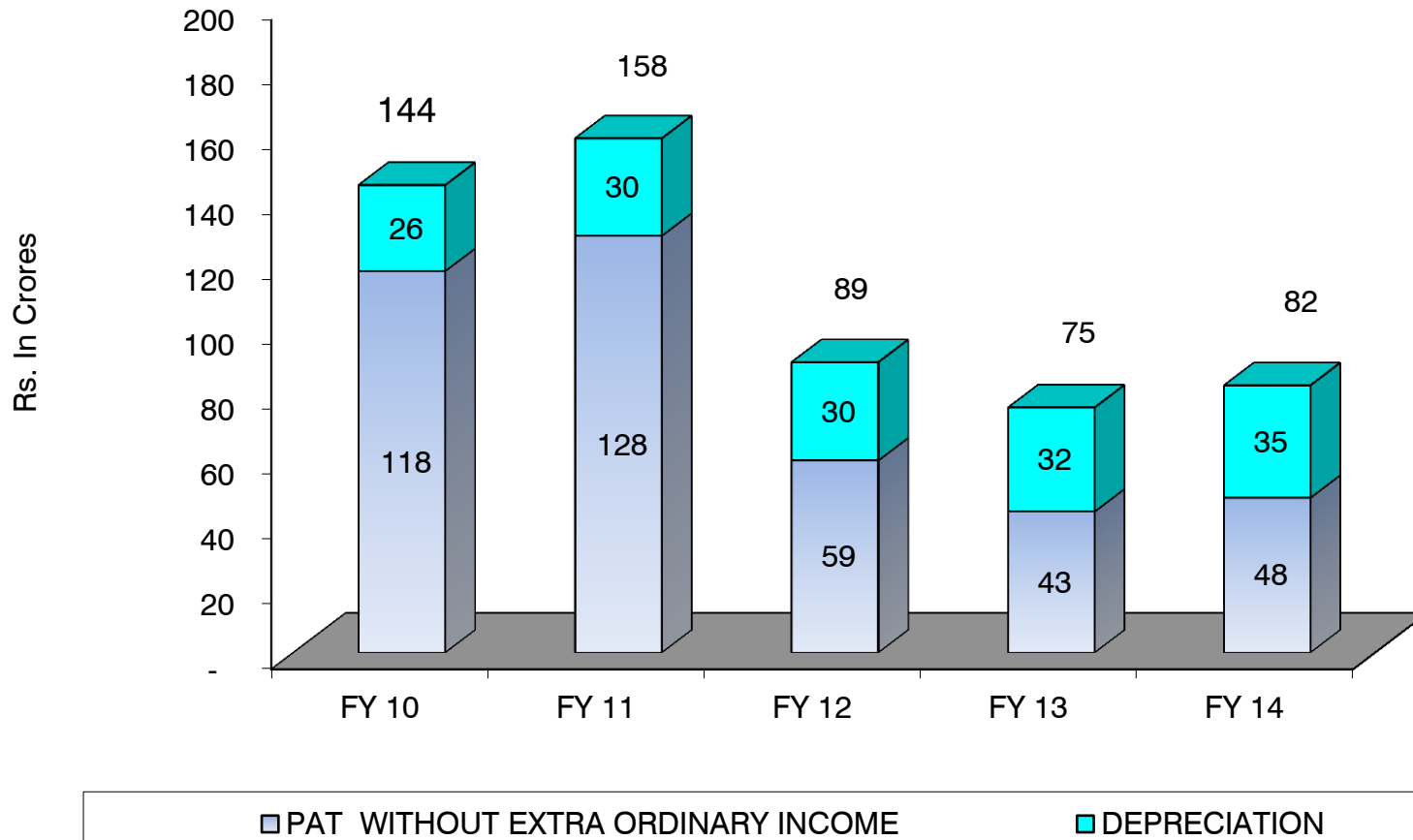




Cash Profit



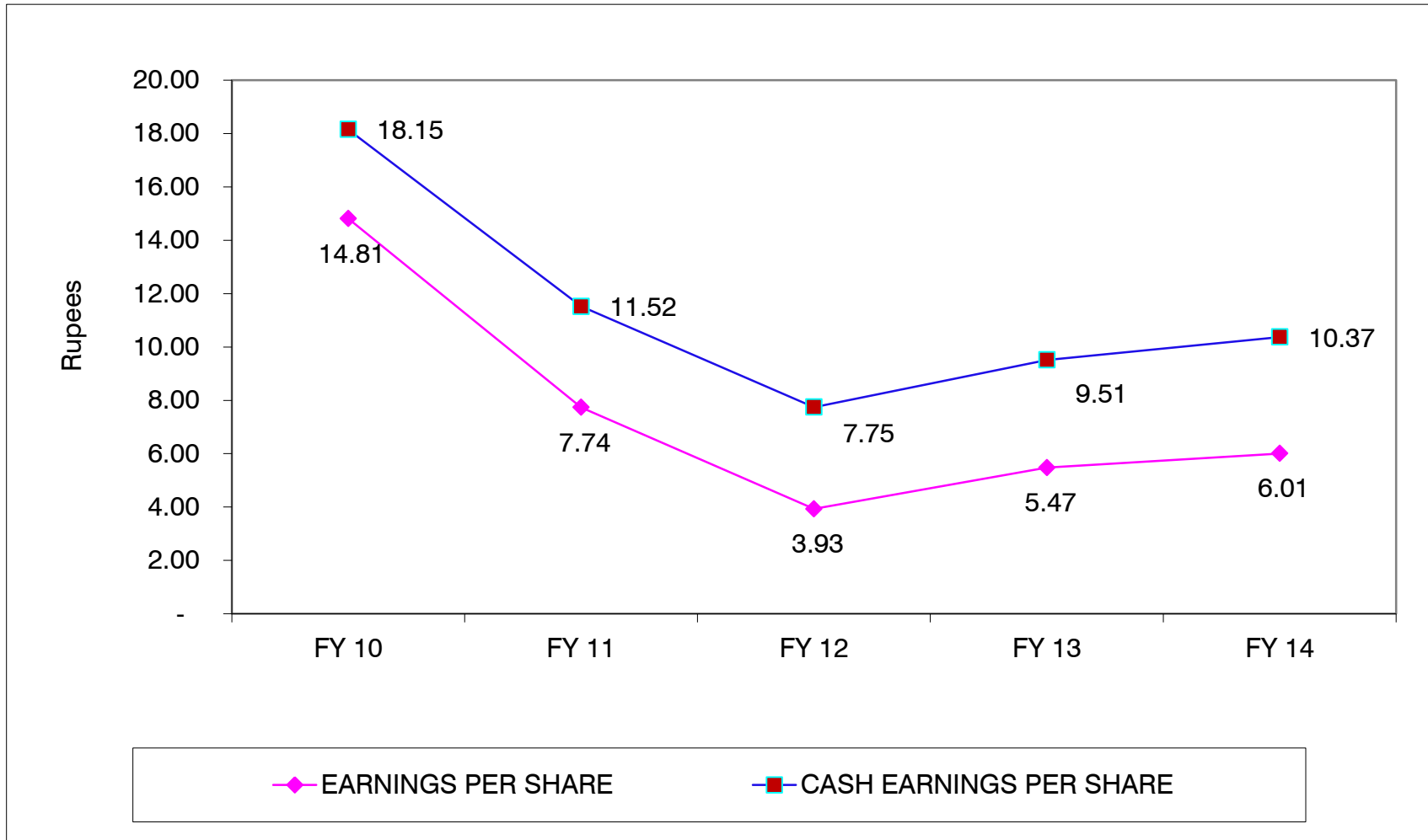
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Earning Per Share



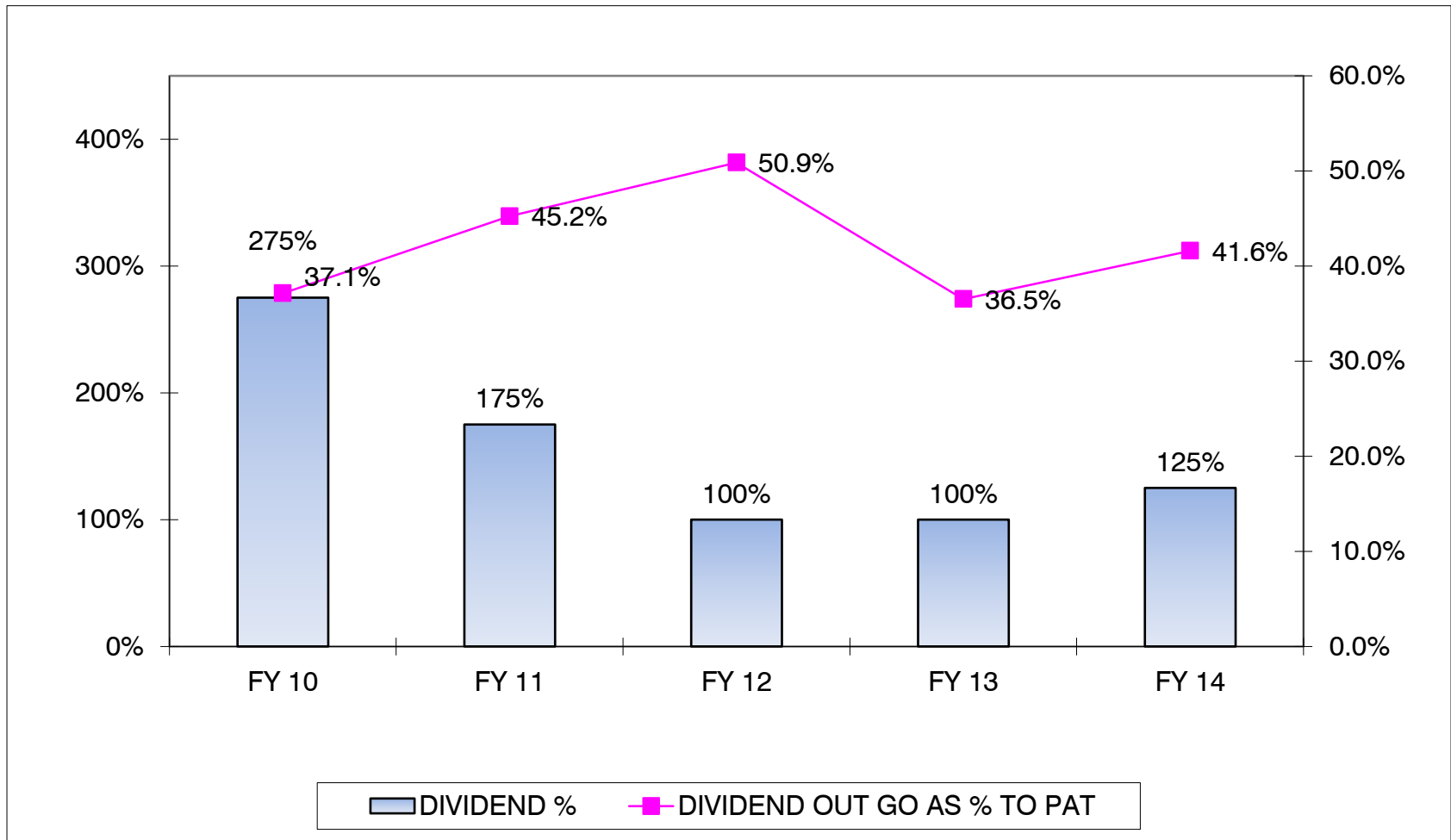
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Dividend Payout



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Book Value per Share



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