



Enriching Lives

Kirloskar Brothers Limited.

Financial Analysts Meet

Q4 - FY 2014-15

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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- Sluggishness of the economy continued in Q4 also
- Liquidity issues continued to affect sales besides delays in inspection & dispatch clearances
- Continued focus on selective sale depending upon customer financial position.
- Focus on closure of old projects and recovery of retention money continued
- Continued work on improving internal efficiency at plants.

Sector Highlights



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Irrigation

- Major Orders received for Yettinhole Package 1 & Pettiseema LIS
- Closed 6 sites during the quarter
- Work has slowly re-commenced at old sites in AP & Telengana, however the status of sites where no work has started remains as it is.

Water Resource Management

- Major Orders received from Pune Municipal Corporation for Bhama project, UP Jal Nigam Varanasi & Guwahati Municipal Development Authority (GMDA) through our Guwahati dealer.
- Received international orders from BMA Thailand & Genting Project Malaysia.
- Closed 4 sites during the quarter

Sector Highlights



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Power

- Major order received from
 - ✓ NTPC Limited for 2 x 800 MW Gadawara Thermal Power Project
 - ✓ Horizontal Split Case, End suction and Vertical turbine pumps for ITER project.
 - ✓ CW system equipment package for 2 x 800 MW – Stage 1, Darlipali STPP of NTPC Limited.
- Closed 3 sites during the quarter

Gas Oil & Defence

- Successfully shipped all three vertical pumps of Linde Engineering for Exxon Mobil, USA project
- Received major order from Lukoil, Bulgaria for 3 no. Atex certified Fire fighting pumpsets & repeat order from Linde Engineering, Germany
- Received prestigious order for land based Water Mist fire fighting system for classified project of Defence
- Successful commissioned 24 UP H3 LLC (600/92) pump at Chambal Fertilizer, Kota

Sector Highlights



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Industry

- Major orders received from Ariff Detox, CCL, JSW Auto Scarfing & SCCL.
- Field trail of newly launched “Romak” pump completed successfully.

Customer Support & Services

- Achieved 20% + sales growth over previous year

Building & Construction

- Focus on HYPN business resulted in 40 sets being sold in Q4.
- Orders received from DMRC Phase 3 Project.

Distribution

- Online sales of Pumps started through e - commerce Portal PumpKart
- Achieved 10% + sales growth over Previous Year
- Appointed 44 Distributors, 88 Dealers and 2,318 Retailers during the year

Factory Highlights



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Kirloskarvadi

- Launched i-CAN Pump Series
- Launched Project “Lakshya-90” for delivery improvement
- LLC product obtained India design certificate from Government of India.
- Developed largest ever Split-case Pump UPH 1200/110 for Linde, Germany.
- Developed, manufactured and supplied largest ever 16 MW capacity Francis Turbine Pump.
- Developed import substitute Water Jet Pump for Marine Application.

Kondhapuri

- Dispatched 10 numbers of large size 2600mm BFV after performance testing
- Delegates from Rasimone Engineering, South Africa visited the plant post which first order for 5 Nos. 800mm MDNRV received
- BIS marking (ISI mark) approval received for 700mm to 900mm Sluice Valves

Factory Highlights



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Dewas

- Received 1st prize in K-group ENCON competition under large manufacturing units.
- Received award for "Best Innovative Project" in K-group ENCON competition.
- Executed DMRC order for DB coupled set.
- Developed JOS 3 & 5 HP (open well submersible pumps) in-house.

Kaniyur

- Received "Award for Talent Management" by Africa Best Brand Employer Award 2014.
- Received first prize in K-group ENCON competition under small manufacturing units.

Sanand

- Executed international orders for Nepal & South Africa.
- Completed prototype assembly and testing of new product 4" eco "NEMA" water filled pump (0.75 HP & 1 HP).

Companywide Pending Orders



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Sector (Rs.Crs)	1Q Jun-14	2Q Sep-14	3Q Dec-14	4Q Mar-15	4Q % of Total
Irrigation	696	655	722	747	50%
Water Resource	220	235	232	189	13%
Power	297	308	362	324	22%
Gas, Oil & Defence	108	112	92	76	5%
Industry	65	70	56	66	4%
Building & Construction	26	23	28	38	3%
Distribution	40	40	40	41	3%
Customer Support & Spare	35	30	26	22	1%
TOTAL	1,486	1,472	1,558	1,501	100%

	Rs. In Crs					Rs. In Crs			
	Jun-14	Sep-14	Dec-14	Mar-15		Jun-14	Sep-14	Dec-14	Mar-15
KBL Standalone	Q 1	Q 2	Q 3	Q 4	KBL Consolidated	Q 1	Q 2	Q 3	Q 4
Orders Received	468	334	422	532	Orders Received	848	763	672	682
					Pending Orders on Hand	2,129	2,159	1,992	2,030

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

Q4 Financials – Standalone Highlights



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- Although Q4 sales increased by 12% over Q4 of FY 2013-14, total sales for FY 2014-15 dropped by 8% over PY, mainly due to lower sales of Project sectors, attributable to continued market sluggishness and liquidity problems. This was also because KBL was selective in taking orders, as though there were several tenders floated, many of them were with unfavourable payment terms, where KBL chose not to participate.
- Revenue from operations is Rs. 1,626 Crs as against Rs. 1,760 Crs in PY – fall of 8%.
- Product sectors sales are at Rs. 1,124 Crs as against Rs. 1,005 Crs in PY, (rise of 12%). Project sector sales are at Rs. 478 Crs as against Rs. 726 Crs in PY, (fall of 34%).
- Composite material cost as % to sales has decreased to 65.2% from 67.3% in PY.

Q4 Financials – Standalone Highlights

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- For FY15, PBT is Rs. 6 Crs as against PBT of Rs. 70 Crs in FY14. Main reasons for fall in PBT are as under.
 - ✓ Fall in turnover by 8%
 - ✓ Impact of higher depreciation as per revised rates prescribed by new Company Law – impact Rs. 15 Crs (including additional CAPEX).
 - ✓ Certain onetime expenses on strategy planning Rs. 14 Crs
 - ✓ Higher provisioning on account receivables Rs. 16 Crs
 - ✓ Rise in employee related expenses Rs. 18 Crs, (mainly attributable to wage agreements at plants)

Q4 Financials – Standalone Highlights

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- Rise in inventory by Rs. 56 Crs, (mainly FG & WIP due to dispatch clearance / inspection delay from some customers, dispatch hold on account of non-receipt of money from certain customers & non opening of L/C by a few customers).
- Total receivables including retentions are at Rs. 726 Crs as against Rs. 701 Crs in March 2014. The increase is mainly on account of the high sales in February / March, which are recoverable in Q1 of FY16. Recovery of retention debtors in current year is Rs. 82 Crs and retentions generated during the same period is Rs. 34 Crs leading to net fall of Rs. 48 Crs in retention debtors.
- Borrowings are at Rs. 238 Crs as against Rs. 224 Crs mainly due to Capex of Rs. 33 Crs and pressure on working capital throughout the year due to liquidity issues in the market leading to lower recovery.

Q4 Financials – Consolidated Highlights



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- Marginal rise in consolidated turnover by 1% - Rs. 2,728 Crs as against Rs. 2,690 Crs in PY. This is despite 8% drop in KBL standalone turnover.
- Turnover of domestic subsidiary companies rose from Rs. 302 Crs to 445 Crs - 47% rise.
- Turnover of overseas subsidiary companies rose from Rs. 882 Crs to Rs. 975 Crs - 10% rise.
- Domestic subsidiaries made PBT of Rs. 22 Crs as against loss of Rs. 17 Crs in PY.
- International subsidiaries made PBT of Rs. 47 Crs as against PBT of Rs. 52 Crs in PY. Drop is mainly on account of write off of goodwill in group restructuring amounting to Rs. 8 Crs.
- Total group borrowings stand at Rs. 355 Crs as against Rs. 297 Crs, rise is mainly due to CAPEX at SPP Pumps.

Five year Financials – Standalone



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Rs. In Crs

Year	FY 11	FY 12	FY 13	FY 14	FY 15
Turnover	1,947	1,782	1,872	1,760	1,626
Domestic	1,764	1,667	1,718	1,641	1,498
Exports	183	115	154	118	128
Total Assets	1,092	1,103	1,047	1,024	1,035
Net Current Assets	626	569	501	473	483
Investment	167	215	215	215	233
Net Fixed Assets	299	319	331	336	319

Five year Financials – Standalone

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Rs. In Crs

Year	FY 11	FY 12	FY 13	FY 14	FY 15
Shareholder's Funds	743	754	778	800	796
Subscribed Capital	16	16	16	16	16
Reserves	728	738	763	784	780
Borrowings	349	350	268	224	239

Five year Financials – Standalone

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Rs. In Crs

Year	FY 11	FY 12	FY 13	FY 14	FY 15
EBDITA	178	118	148	145	97
<i>% to Sales</i>	9.2%	6.6%	7.9%	8.3%	5.9%
EBDITA w/o extra ordinary income & expense	245	146	148	145	97
<i>% to Sales</i>	12.6%	8.2%	7.9%	8.3%	5.9%
PBT	103	34	72	70	6
<i>% to Sales</i>	5.3%	1.9%	3.8%	4.0%	0.3%
PBT w/o extra ordinary income & expense	170	62	72	70	6
<i>% to Sales</i>	8.7%	3.5%	3.8%	4.0%	0.3%
Profit After Tax	61	31	43	48	9
<i>% to Sales</i>	3.2%	1.8%	2.3%	2.7%	0.5%
PAT w/o extra ordinary income & expense	128	59	43	48	9
<i>% to Sales</i>	6.6%	3.3%	2.3%	2.7%	0.5%
Cash Profit	91	61	75	82	58

Five year Financials – Standalone

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Rs. In Crs

Year	FY 11	FY 12	FY 13	FY 14	FY 15
Earnings Per Share - Rs.	7.7	3.9	5.5	6.0	1.1
Cash Earnings Per Share - Rs.	11.5	7.7	9.5	10.4	7.3
Dividend Payout - Rs. In Crores	28	16	16	20	4
<i>Dividend - %</i>	<i>175%</i>	<i>100%</i>	<i>100%</i>	<i>125%</i>	<i>25%</i>
Book Value / Share - Rs. Per Share	94	95	98	101	100
Market Cap - Rs in Crores	1,055	992	1,179	1,309	1,528
No. of Employees	2,932	2,965	3,099	2,887	2,848
Turnover / Employee - Rs in Crores	0.7	0.6	0.6	0.6	0.6

Five year Financials – Consolidated



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Rs. In Crs

Year	FY 11	FY 12	FY 13	FY 14	FY 15
Turnover	2,670	2,554	2,612	2,690	2,728
Domestic	2,171	1,881	1,862	1,883	1,909
Exports	499	673	750	807	818
Total Assets	1,244	1,246	1,264	1,292	1,367
Net Current Assets	716	725	711	739	783
Investment	11	5	4	0	1
Goodwill	65	78	71	77	63
Net Fixed Assets	451	439	479	476	520

Five year Financials – Consolidated

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Rs. In Crs

Year	FY 11	FY 12	FY 13	FY 14	FY 15
EBDITA	262	184	215	211	208
<i>% to Sales</i>	9.8%	7.2%	8.2%	7.9%	7.6%
PBT	159	75	112	105	63
<i>% to Sales</i>	6.0%	2.9%	4.3%	3.9%	2.3%
Profit After Tax	98	51	66	65	45
<i>% to Sales</i>	3.7%	2.0%	2.5%	2.4%	1.7%
Cash Profit	144	97	115	120	140

Rs. In Crs

Year	FY 11	FY 12	FY 13	FY 14	FY 15
Shareholder's Funds	792	855	931	996	1,012
Subscribed Capital	16	16	16	16	16
Reserves	776	839	915	980	996
Borrowings	452	392	334	297	355

Consolidated Accounts – 2014 -15



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PARTICULARS	Rs In Crs									
	TOTAL INCOME		PROFIT / LOSS BEFORE TAX		INCOME TAX		PROFIT AFTER TAX		ROCE %	
	Mar-15	Mar-14	Mar-15	Mar-14	Mar-15	Mar-14	Mar-15	Mar-14	Mar-15	Mar-14
PARENT COMPANY										
KIRLOSKAR BROTHERS LTD	1,637	1,765	6	70	(3)	22	8	48	4.5%	9.6%
SUBSIDIARY COMPANIES										
KIRLOSKAR BROTHERS INTERNATIONAL B V	975	882	47	52	11	16	36	37	14.9%	18.4%
THE KOLHAPUR STEEL LTD.	31	23	(10)	(15)	(1)	(0)	(9)	(15)	0.0%	0.0%
KIRLOSKAR CORROCOAT PVT LTD.	72	37	16	8	5	3	11	6	157.6%	70.6%
KIRLOSKAR SYSTECH LTD.	20	3	5	0	2	0	3	0	67.9%	85.0%
PROJECT DIVISION	2	9	(16)	(17)	-	-	(16)	(17)		
MOTOR DIVISION	243	194	19	10	1	(1)	18	10		
KARAD PROJECTS & MOTORS LTD.	246	202	3	(7)	1	(1)	1	(7)	5.5%	-7.7%
SUB TOTAL	2,981	2,912	66	108	16	40	50	68		
JOINT VENTURE COMPANIES										
KIRLOSKAR EBARA PUMPS LTD. (SHARE 45%)	76	38	8	(3)	1	(0)	7	(3)	15.3%	-5.8%
SUB TOTAL	3,057	2,950	74	105	17	40	57	65		
LESS INTRA GROUP TRANSACTIONS	312	247	6	0	-	-	6	0		
Goodwill Amortization	-	-	6	-	-	-	6	-		
TOTAL (KBL)	2,745	2,703	63	105	17	40	45	65	8.2%	10.7%

Consolidated Accounts – 2014 -15 ... cont'd...



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Rs. In Crs

PARTICULARS	Net Worth		Borrowings		Total Liabilities	
	Mar-15	Mar-14	Mar-15	Mar-14	Mar-15	Mar-14
PARENT COMPANY						
KIRLOSKAR BROTHERS LTD	796	796	238	224	1,035	1,020
SUBSIDIARY COMPANIES						
KIRLOSKAR BROTHERS INTERNATIONAL B V	258	234	103	65	361	299
THE KOLHAPUR STEEL LTD.	(19)	(9)	30	7	11	(2)
KIRLOSKAR CORROCOAT PVT LTD.	10	12	0	0	10	12
KIRLOSKAR SYSTECH LTD.	7	0	0	0	7	0
PROJECT DIVISION	(29)	(14)	0	0	(29)	(14)
MOTOR DIVISION	96	80	0	5	96	85
KARAD PROJECTS & MOTORS LTD.	66	66	0	5	66	71
SUB TOTAL	1,120	1,100	371	301	1,491	1,401
JOINT VENTURE COMPANIES						
KIRLOSKAR EBARA PUMPS LTD. (SHARE 45%)	52	45	5	0	57	46
SUB TOTAL	1,172	1,145	376	302	1,548	1,447
LESS INTRA GROUP TRANSACTIONS	160	149	21	5	181	154
TOTAL (KBL)	1,012	996	355	297	1,367	1,292

Consolidated Accounts – 2014 -15... cont'd...



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Rs. In Crs

PARTICULARS	Net Current Assets		Fixed Assets		Investments		Total Assets	
	Mar-15	Mar-14	Mar-15	Mar-14	Mar-15	Mar-14	Mar-15	Mar-14
PARENT COMPANY								
KIRLOSKAR BROTHERS LTD	482	500	319	336	233	215	1,035	1,051
SUBSIDIARY COMPANIES								
KIRLOSKAR BROTHERS INTERNATIONAL B V	226	190	135	109	0	0	361	299
THE KOLHAPUR STEEL LTD.	(1)	(11)	13	10	0	0	11	(2)
KIRLOSKAR CORROCOAT PVT LTD.	2	4	8	8	0	0	10	12
KIRLOSKAR SYSTECH LTD.	3	(0)	4	1	0	0	7	0
PROJECT DIVISION	(31)	(17)	2	2	0	0	(30)	(15)
MOTOR DIVISION	70	60	26	25	0	0	96	85
KARAD PROJECTS & MOTORS LTD.	38	43	28	28	0	0	66	71
SUB TOTAL	750	726	508	492	233	215	1,491	1,432
JOINT VENTURE COMPANIES								
KIRLOSKAR EBARA PUMPS LTD. (SHARE 45%)	35	12	22	23	0	10	57	46
SUB TOTAL	785	738	530	515	233	225	1,548	1,478
LESS INTRA GROUP TRANSACTIONS	5	4	57	63	233	214	181	154
TOTAL (KBL)	780	734	587	578	0	12	1,367	1,323



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Thank You