



Enriching Lives

Kirloskar Brothers Ltd.

Financial Analysts Presentation

Quarter 1

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.



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Companywide

- The elections and sluggishness of the economy affected Q1 performance.
- Cost overruns in the old projects affected profitability for the quarter.
- Focus on improving Balance Sheet quality seen through drop in Gross Current Assets & Gross Current Liabilities as compared to March 14.
- Restructured Irrigation and Power sector.
- Continued focus on selective sale depending upon customer financial position.
- Continued focus on closure of old projects and recovery of retention money.



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Sector Highlights

Irrigation

- Old project closure woes continue resulting in cost overruns of Rs. 14 crores for the quarter
- Initiated the process of foreclosure for some of the projects in Seemandhra / Telangana to address various issues related to front availability, cost escalation etc.
- Handed over Sakula Pumping station & Sharona Pumping station at Egypt & project at LAO PDR.

Water Resource Management

- Recovered outstanding retention money from Narmada Bhopal Project of Rs. 10 crores.
- Participated in IFAT International exhibition at Munich, Germany for Water, Sewage, Waste and Raw Materials Management.
- 2 Sites closed in the quarter.



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Sector Highlights

Power

- Poor sale in Q1 mainly due to unresolved issues on the Power front as well as liquidity
- Cost overrun of 20 crores in the quarter to close old projects.
- Successfully commissioned Krishnapatnam and India Bulls projects.

Gas Oil & Defense

- Received order from BPCL, Kochi for supply of two large CW pumps and Reliance Industries.
- Recovered final payment for ONGC offshore project.
- Closed ITD cementation contract for GRSE

Industry

- Aggressive measures are on for improving sales in mining, steel and sugar sector.
- In line with our planning, CQA team is assisting to upgrade our industrial network to ISO level.



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Sector Highlights

Building & Construction

- Focus on business from new customer / Value added projects - 60% of total booking either from new customer / new products or Value added products.
- Executed 1st phase of Gift City - India's First District cooling project.
- Added Chennai metro project to KBL portfolio.

Distribution

- Good order booking in Domestic and Agriculture Segments.
- All India Dealers Conference was attended by 80 dealers from Domestic and Agriculture segment and 60 dealers from Industry segment.

Customer Service & Support

- Received Rate contract from ECL/BCCL/ Sugar industries - UP
- Good response for our authorized refurbishment centres



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Factory Highlights

Kirloskarvadi

- Received appreciation from major customers
- Dispatched major orders to Bechtel USA and L&T.

Dewas Plant

- Received GreenCo “Silver” award during GreenCo summit 2014 at Chennai.
- Achieved “Best CSR Practices award” in 3rd HR summit 2014 at Indore organized by Acropolis.
- In the process of integrating our ERP system with key suppliers.



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Factory Highlights

Kaniyur Plant

- Received GreenCo “Silver” award during GreenCo summit 2014 at Chennai.
- Awarded "Gold" in 3rd Assochem Innovation Excellence Award at New Delhi
- Achieved 3rd position in QCFI competition organized by CII Madurai chapter.

Sanand Plant

- Executed export orders for SAARC and SEA countries.
- Developed a total of 89 models BEE star rated models.

Kondhapuri Plant

- Largest 2600mm Dual Plate Check Valve, PN20 supplied to HMWSSB.
- New Test Rigs for Cast Steel GGC commissioned



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Companywide Pending Orders

Sector (Rs.Crs)	2Q Sep-13	3Q Dec-13	4Q Mar-14	1Q Jun-14	1Q % of Total
Irrigation	1,080	1,050	1,026	1,091	58%
Water Resource	198	168	178	220	12%
Power	419	320	275	297	16%
Gas, Oil & Defence	60	90	93	108	6%
Industry	45	47	56	65	3%
Building & Construction	29	30	27	26	1%
Distribution	48	40	40	40	2%
Customer Support & Spare	17	26	42	35	2%
TOTAL	1,896	1,771	1,736	1,881	100%

Rs. In Crs

	Sep-13	Dec-13	Mar-14	Jun-14
KBL Standalone	Q 2	Q 3	Q 4	Q 1
Orders Received	332	317	432	468

Rs. In Crs

	Sep-13	Dec-13	Mar-14	Jun-14
KBL Consolidated	Q 2	Q 3	Q 4	Q 1
Orders Received	689	723	784	848
Pending Orders on Hand	2,462	2,379	2,307	2,524



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Q1 Financials – Standalone Highlights

Positive factors:

- Net reduction in Retention Debtors by Rs. 19 crores during Q1.
- Reduction in Gross Current Assets by Rs. 39 crores & Gross Current Liabilities by Rs. 35 crores over March 2014

Concerns:

- Drop in sales by 23 % as compared to Q1 of FY 2013.
- Increase in inventory by Rs. 32 crores during Q1 of current year.
- Cost overruns and execution and recovery issues continue in Project sectors.

Sales:

- Revenue from operations is Rs. 325 crores as against Rs. 422 crores in PY – fall of 23%.
- Product sectors sales are at Rs. 230 crores as against Rs. 259 crores in PY, (fall of 11%). Project sector sales are at Rs. 93 crores as against Rs. 162 crores in PY, (fall of 42%).
- KBL continued to be selective with orders and execution to improve sales mix, which resulted in sale of manufactured products going up to 69% as against 60% in Q1 of FY 2013-14.



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Q1 Financials – Standalone Highlights

Loss / Profit before Tax:

- Loss is Rs. 22 crores as against profit of Rs. 5 crores in PY

- The main reasons for fall in PBT compared to PY are as under:
 - ✓ Drop in contribution by Rs. 29 crores (due to lower sales in CY and higher contribution on ONGC sales in PY)
 - ✓ Cost overruns in execution of old legacy projects
 - ✓ PY includes reversal of sick leave provision as per revised leave policy – Rs. 3 crores



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Q1 Key Financials - Standalone

Rs. Crs

Particulars	Quarter Ending			Year Ended Mar 31, 2014
	Jun-14	Jun-13	Jun-12	
KEY FINANCIALS				
Total Income	333	427	444	1,757
P B D I T	(2)	19	26	137
P B T	(22)	5	11	70
P A T	(20)	3	9	48
CASH PROFIT	(8)	12	17	82
KEY FINANCIAL RATIOS				
P B I D T % AGE	-0.6%	4.4%	6.0%	7.8%
P B T % AGE	-6.6%	1.2%	2.5%	4.0%
R O C E % AGE	-5.6%	4.0%	6.9%	10.0%

Q1 Key Financials - Standalone



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Rs. Crs

Particulars	Quarter Ending			Year Ended Mar 31, 2013
	Jun-14	Jun-13	Jun-12	
Total Assets	1,010	1,039	1,102	1,024
Gross Current Assets	1,327	1,493	1,504	1,365
Gross Current Liabilities	860	997	979	895
Net Current Assets	466	496	524	470
Borrowings	234	257	339	224



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Q1 Key Financials -Consolidated

Rs. Crs

Particulars				Year Ended Mar 31, 2014
	Jun-14	Jun-13	Jun-12	
KEY FINANCIALS				
Total Income	487	603	617	2,694
P B D I T	(12)	25	49	212
P B T	(42)	2	23	105
P A T	(39)	(1)	18	65
CASH PROFIT	(20)	12	29	120
KEY FINANCIAL RATIOS				
P B I D T % AGE	-2.4%	4.2%	7.9%	7.9%
P B T % AGE	-8.6%	0.4%	3.8%	3.9%
R O C E % AGE	-9.2%	3.7%	11.5%	10.9%



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Q1 Key Financials - Consolidated

Rs. Crs

Particulars	Quarter Ending			Year Ended Mar 31, 2014
	Jun-14	Jun-13	Jun-12	
Total Assets	1,341	1,341	1,263	1,296
Gross Current Assets	1,931	2,116	2,018	1,822
Gross Current Liabilities	1,176	1,347	1,319	1,116
Net Current Assets	755	769	699	706
Borrowings	381	394	372	297



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Thank You