

Kirloskar Brothers Limited.

Financial Analysts Presentation

Q2 - 2020 - 21

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.

Company Highlights



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- ❑ Q2 Sales increased to Rs 431 Cr (63.8% increase over Q1)
- ❑ In Q2 achieved 100% growth over Q1 bookings
- ❑ Strong order board (Rs 1526 Cr) is expected to help in achieving targets for remaining two quarters of FY 20-21
- ❑ Overall inventory reduction by 21%
- ❑ Zero credit business with channel network business in H1 all through pandemic. Dealer-wise sales and stock review, stock mapping with our warehouses resulted in efficient stock liquidation
- ❑ Small pumps business achieved 21.8% of its revenues from new products
- ❑ India Design Mark 2020 awarded by India Design Council for vertical inline pumps developed for Reverse Osmosis application
- ❑ Introduction of pumpsets with energy efficient IE4 motors
- ❑ Focused efforts for promotion of KirloSmart- remote health monitoring system for pumpsets

Company Highlights



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- ❑ Dispatch of first prototype of highly engineered pump for Nuclear application
- ❑ Despite of lockdown and subsequent challenges on labour availability front, successfully completed six nos turnkey projects across India. Additionally 2 more projects were closed financially. 112% achievement against six-month sales target for project sales
- ❑ Digital media campaign – Channel Facebook pages, Online Agriculture magazines, Online product videos, Increased followers on Facebook, YouTube, Linked in, Instagram
- ❑ Focus on webinars – 458 webinars conducted in H1 – 10075 participants
- ❑ Initiated cross-pollination of best practices among plants – 96 initiatives identified
- ❑ More than 100 suppliers trained on 32 quality modules
- ❑ Dewas Plant successfully cleared first stage assessment of prestigious TPM (Total productive maintenance) Excellence Award by Japan Institute of Plant Maintenance
- ❑ Implementation of TPM initiatives at Dewas plant has increased the Overall Equipment Effectiveness (OEE) to 82% and drastically reduce the machine breakdown both in manufacturing lines and foundry

Sector Highlights



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Industry Sector -

Cement production in the country declined by 3.5 % in Sept 20 over Sept 19. Its cumulative index declined by 25.1 % during Apr to Sept, 2020-21 over the corresponding period of previous year. With stressed budgets of the manufacturer's we faced delays in the order finalisation in this sector. On the same background bagged to major order for supply of about 45 pumpsets from key customer in Cement industry.

Steel industry is expected to have 0.9% production increase in Sept 20 over Sept 19. However its cumulative index declined by 26.7 per cent during April to Sept 20-21 over the corresponding period of previous year. Steel producers have adopted cautious approach on CAPEX spend. During the second quarter, we received orders to supply more than 30 pumpsets for utility and process application

Coal production in the country is likely to have increased by 21.2 % in Sept 20 over Sept 19. Though its cumulative index declined by 6.1% during Apr to Sept 20-21 over same period during last year. KBL received various orders to supply about 50 pumpsets for mining application including Coal

Sector Highlights



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Power sector –

Electricity generation in the country increased by 3.7 % in Sept 20 over Sept 19. Its cumulative index declined by 8.2 % during Apr to Sept 20-21 over the corresponding period of previous year. This growth is registered after six months of consistent decline on YOY basis. In the second quarter KBL received order from a power plant to supply 42 pumpsets for utility application

Oil & Gas sector - has witnessed lesser market demand due to lockdown effect. For the period of Apr to Sept, the cumulative production index for Refinery has dropped by 16% while the same for Fertilizer the index has increased by 3.7%. During the second quarter, we received various orders to supply more than 65 pumpsets for locations

Marine & Defence sector - we received a major order to supply 84 Nos highly engineered canned Motor pumps with inline construction and another order to supply pumps for ballast application

Building & Construction sector - On account of increased completion of existing residential projects in hand and also new warehouse constructions, we expect these segments to pick up

Sector Highlights



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Water & Irrigation sector witnessed good progress in the order finalisation throughout second quarter. Following are some of the major orders

- ❑ Various orders received for supply of 185 pumps of different types for water supply and Irrigation projects mainly in South India, Rajasthan, and Madhya Pradesh
- ❑ Electro-mechanical package supply order for the raw Water pumping station of a refinery

Valves sector also has achieved improved bookings in second quarter. Following are few major orders booked recently

- ❑ Supply 57 Nos. sluice valves for Water Pumping Station at Varanasi
- ❑ Order from Public health department, Kashmir for 241 Nos of CS GGC Valves
- ❑ Major supply order for 346 valves for pumping network in Odisha
- ❑ Major order received to supply 396 valves of various types for iron pallet manufacturing plant
- ❑ Order received to supply 279 Valves for Rungta Mines

Sector Highlights



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Export Excellence Cell

- ❑ Orders received to supply various pumps for Building & Construction projects in Egypt
- ❑ Orders received to supply 3 nos vertical turbine type pumps for water pumping station in Israel
- ❑ Order received to supply 4 pumpsets for power project in Iraq
- ❑ Order received to supply horizontal multistage pumps, split case pumps for Water supply application in Jordan
- ❑ Order received for supply 4 nos solid handling pumps for project in Bahrain
- ❑ Supply order for various pumps for projects in Singapore
- ❑ Supply order of 6 nos large split case pumps for water project in Ireland
- ❑ Order to supply 3 nos vertical turbine type pumps for Sugar factory in Ethiopia
- ❑ Repeat order to supply large split case pumps for Industrial application in Malaysia

Companywide Pending Orders



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Pending Order Board as on Sep 2020					
Sector	Q - 3	Q - 4	Q - 1	Q - 2	Q - 2
(Rs.Crs)	Dec-19	Mar-20	Jun-20	Sep-20	% of Total
Irrigation + Water Resource Mgmt	870	799	802	773	51%
Power	464	481	450	438	29%
Oil & Gas	67	64	64	64	4%
Marine & Defence	18	37	33	24	2%
Industry	58	120	81	73	5%
Building & Construction	52	96	89	78	5%
Customer Support & ESD	61	49	21	22	1%
Valves	36	36	56	56	4%
TOTAL	1,626	1,682	1,597	1,526	100%

	Dec-19	Mar-20	Jun-20	Sep-20
KBL Standalone	Q 3	Q 4	Q 1	Q 1
Orders Received	501	623	174	351

	Dec-19	Mar-20	Jun-20	Sep-20
KBL Consolidated	Q 3	Q 4	Q 1	Q 2
Orders Received	931	938	458	639
Pending Orders on Hand	2207	2,247	2,220	2,139

* Excluding orders where work not commenced of Rs 270 Cr. The orders in hand shown above include Rs 105 Cr pertaining to old project orders

Q2- Standalone Financials Highlights



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Figures of quarter and half year ended September 2020 are not comparable with corresponding previous period as current year performance is impacted by outbreak of Corona virus

1. Although there is 27% drop in sales which resulted in contribution loss of Rs. 124 Cr, swing in PBT was restricted to Rs. 13 Cr. This was achieved by reduction in variable as well as fixed expenses including ERE.
2. Revenue from operations for H1 ending Sept 2020 are at Rs. 694 Cr as against Rs. 955 Cr in PY (27% fall). However, fall in revenue from operations for Q2 is restricted to 11%
3. PBT for H1 FY 2020-21 is at Rs. 19 Cr as against PBT of Rs. 32 Cr in PY, however Q2 PBT ending Sept 20 is higher by Rs 10 Cr as against PY Q2.
4. Inventories as on 30th Sept were lower by Rs. 89 Cr as compared to 31st March 2020.
5. Debtors as on 30th Sept were lower by Rs. 75 Cr as compared to 31st March 2020
6. Total short-term borrowings as on 30th Sept were Rs. 92 Cr. As against this, Rs. 90 Cr were invested in debt mutual fund. Thus, net debt for working capital as on 30th Sept was of Rs.2 Cr.
7. We are working on closing all old projects which were stuck for a long period. Of the WIP debtors outstanding as of 1st April 2015, we have recovered 53% amount and from the bank guarantees outstanding on the same date, we have collected and cancelled guarantees of 62% in value

Q2- Consolidated Financials Highlights



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Figures of quarter and half year ended September 2020 are not comparable with corresponding previous period as current year performance is impacted by outbreak of Corona virus

Kirloskar Corrocoat Private Limited (KCPL)

1. During the half year, company has achieved a turnover of Rs 6.7 Cr and made a loss of Rs 1.1 Cr
2. As at 30 Sept 2020, KCPL had order book of Rs 23.2 Cr. KCPL is in the business of supply and application of corrocoating material. Due to lockdown, as many customers have not given permission for accessing sites, the turnover is lower despite strong order book.
3. During Q 2 KCPL has achieved breakeven on turnover of Rs 4.8 Cr.

The Kolhapur Steel Limited (TKSL)

1. During the half year, company has achieved turnover of Rs 5.9 Cr and made loss of Rs 7.2 Cr.
2. Performance for this period was affected, first due to lockdown and then due to non-availability of manpower for fettling, quality issues and shortage of working capital.
3. Order on hand as at Sept 2020 are of Rs 15 Cr.
4. To support operations of TKSL, KBL has infused additional capital of Rs. 7.50 Cr. out of total Rs. 15 Cr.

Q2- Consolidated Financials Highlights



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Karad Projects and Motors Limited (KPML)

1. During the half year, company has achieved turnover of Rs 95.7 Cr and made PBT of Rs 4.7 Cr.
2. New products introduced and dispatched - IE4 Motors, control panels, Coaleser (Auto Priming System).
3. Company won 1st prize in CII - National Kaizen Competition

Kirloskar Brothers International B.V. (KBIBV Consolidated)

1. During the six months corresponding to KBL's half year ended on 30 September 2020, group has achieved turnover of Rs 416.5 Cr and made a small profit of Rs 2.0 Cr (PY – loss Rs 20 Cr).
2. This includes profit of Rs 15.7 Cr of SPP UK group, The profit was affected due to mark to market forex losses and redundancies cost incurred of Rs 7.3 Cr.
3. This profit made by KBIBV group, is mainly due to various cost reductions measures taken and subsidy for salary support received from government during Covid-19 Pandemic.
4. Both SPP group and KBTL have got very good order book and with timely execution of these orders, we expect KBIBV group companies to meet its plans.
5. During this half year KBL has made additional investment of Rs. 34 Cr in KBIBV, our international holding company in the Netherlands

Q2- Consolidated Financials Highlights



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Kirloskar Ebara Pumps Limited (KEPL -45% JV)

1. During the half year, company has achieved turnover of Rs 62.9 Cr and PBT of Rs 8.1 Cr.
2. Company has strong order board of Rs 233 Cr. In fact, company has received many good orders even during lock down period.

Q2 Key Financials - Standalone



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Standalone financials

Rs. Crs

Particulars	Quarter Ending			Half year ended		Year Ended
	Sep-20	Jun-20	Sep-19	Sep-20	Sep-19	Mar-20
KEY FINANCIALS						
Revenue from Operations	431	263	482	694	955	2,097
EBIDTA	52	4	43	56	66	190
P B T	35	(15)	25	19	32	120
P A T	28	(12)	10	16	16	79
CASH PROFIT	37	(2)	20	35	36	119
KEY FINANCIAL RATIOS						
EBIDTA % Sales	12.1%	1.4%	9.0%	8.1%	6.9%	9.1%
P B T % Sales	8.0%	-5.8%	5.2%	2.8%	3.3%	5.7%

Q2 Key Financials - Consolidated



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Consolidated financials

Rs. Crs

Particulars	Quarter Ending			Half year ended		Year
	Sep-20	Jun-20	Sep-19	Sep-20	Sep-19	Mar-20
KEY FINANCIALS						
Revenue from Operations	642	455	721	1,097	1,454	3,135
EBIDTA	65	12	36	77	62	245
P B T	35	(19)	8	16	5	121
P A T	26	(18)	(7)	7	(13)	72
CASH PROFIT	42	(1)	8	42	18	143
KEY FINANCIAL RATIOS						
EBIDTA % Sales	10.0%	2.7%	5.0%	7.0%	4.3%	7.8%
P B T % Sales	5.4%	-4.2%	1.1%	1.4%	0.3%	3.9%

Q2 Key Financials – Subsidiaries performance



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Rs. Crs

Revenue from operations	Quarter Ended			Half year ended		Year Ended
	Sep-20	Jun-20	Sep-19	Sep-20	Sep-19	Mar-20
KBL	431	263	482	694	955	2,097
KCPL	5	2	6	7	10	24
TKSL	4	2	11	6	20	31
KPML	73	23	53	96	150	322
KBIBV conso	217	200	230	416	501	1,049
Subtotal	729	489	782	1,219	1,637	3,524
Elimination/ Consol adjustment	(87)	(34)	(62)	(122)	(183)	(388)
Total	642	455	720	1,097	1,454	3,135

Q2 Key Financials – Subsidiaries performance



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Rs. Crs

Profit Before Tax	Quarter Ended			Half year ended		Year Ended
	Sep-20	Jun-20	Sep-19	Sep-20	Sep-19	Mar-20
KBL	35	(15)	25	19	32	120
KCPL	0	(1)	0	(1)	(0)	0
TKSL	(4)	(3)	(2)	(7)	(5)	(12)
KPML	7	(2)	1	5	8	27
KBIBV conso	3	(1)	(6)	2	(20)	(14)
Subtotal	40	(22)	19	18	15	122
Elimination/ Consol adjustment	(6)	3	(11)	(2)	(11)	(1)
Total	35	(19)	8	16	5	121

Thank You