

Investor Release

Kirloskar Brothers Limited

Records Highest Ever PAT of ₹ 154 Crores for FY21

Robust pace of enquiry generation & growth in orderbook continues

Pune, May 26, 2021: Kirloskar Brothers Limited (KBL) (NSE: KIRLOSBROS; BSE:500241), the Pune based flagship company of the \$2.1 billion Kirloskar Group, announced its financial results for the quarter and financial year ended 31st March 2021.

Particulars (In ₹ Crores) (Cons)	Q4 FY21	Q4 FY20	YoY%	FY21	FY20	YoY%
Revenue	858.8	786.9	9.1%	2,716.5	3,135.4	-13.4%
Gross Profit	407.0	385.1	5.7%	1267.0	1493.5	-15.2%
EBITDA	89.2	70.1	27.2%	240.5	207.0	16.2%
EBITDA Margin %	10.4%	8.9%	148bps	8.9%	6.6%	225bps
Profit After Tax (PAT)	78.1	21.6	261.6%	153.9	68.3	125.3%
PAT Margin %	9.1%	2.7%	635bps	5.7%	2.2%	349bps
EPS (in ₹)	10.44	2.90	260.0%	20.29	9.05	124.2%
RoE (%)	-	-	-	13.9%	7.2%	670bps
RoCE (%)	-	-	-	16.4%	11.6%	480bps

- The Board of Directors have recommended a final dividend of ₹ 3.00 per equity share (150%), subject to the approval of shareholders
- Consolidated Net Debt stood at ₹ 272 crores as of 31st March 2021, implying a Net Debt/Equity ratio of 0.25x
- Total capex for FY21 stood at ₹ 76 crores at the consolidated level

Orderbook

Sector (In ₹ Crores)	Q4 FY21	Q3 FY21	Q2 FY21	Q1 FY21	Q4 FY20
Irrigation + Water Resource Mgmt.	733	746	773	802	799
Power	481	406	438	450	481
Oil & Gas	40	41	64	64	64
Marine & Defence	52	21	24	33	37
Industry	67	80	73	81	120
Building & Construction	82	88	78	89	96
Customer Support & ESD	17	20	22	21	49
Valves	79	66	56	56	36
Total	1,551	1,468	1,526	1,597	1,682

KBL Standalone	Q4FY21	Q3FY21	Q2FY21	Q1FY21
Orders Received	686	373	351	174
KBL Consol.				
Orders Received	1,118	671	639	458
Pending Orders	2,131	1,978	2,139	2,220

Sector Highlights

- **Water & Irrigation:**
 - FY21 was a successful year for Water and Irrigation Sector despite the global pandemic situation. The company registered 40% growth in the product business
 - Supplied and successfully commissioned India's biggest high-performance Autoprime series pump sets for flood control application in Eastern India
 - Received prestigious orders from Rajasthan, Madhya Pradesh, Telangana & AP through large OEMs for 300+ multi-stage and split case pumps and executed them within the expected timelines
 - Received various orders to supply vertical turbine and metallic volute pumps for Public health, Irrigation, and Water supply departments across India
 - Major order received - Electro-mechanical package supply order for the raw water pumping station of a refinery
- **Building & Construction:**
 - Order finalization for ongoing projects in Building and Construction segment picked up the pace in the third quarter of FY21. Further improvement in average order booking is expected from Q2FY22 onwards
 - The company was also actively involved in many fast-track hospitals projects, including supply and installation of its pumping solutions at various locations for a leading chain of government and private hospitals. Pressure booster hydro-pneumatic systems and firefighting pumps are operational in all these hospitals
 - With increased e-commerce activities for consumer goods, Company expects new warehouse construction projects to get commissioned during FY22
- **Power:**
 - The company received two major orders for hydel projects in South India
 - The company successfully developed and delivered highly engineered pumps for nuclear application and further expects repeat orders
- **Oil & Gas:**
 - In Oil and Gas market, the only handful of projects towards plant up-gradation, refurbishment, replacement is expected in the coming quarters
- **Industry:**
 - The enquiry flow had increased substantially in Q3 and remained stable in Q4. Order finalization by customers has almost reached the pre-covid levels.
 - KBL registered 66% growth in the Coal segment. Major orders received to supply 38 multi-stage pump-sets for mining application
 - Various orders received for supply of pumps in special material for process application
 - Order received to supply 12 specially designed lowest life cycle cost series pump sets for a chemical plant
- **Marine & Defence:**
 - Major orders finalised for 84 specially designed engineered pumps for the Defence segment
 - Design and supply of highly engineered high-pressure water mist system for fire-fighting applications

- Received order for the supply of 586 HP engine driven Vertical turbine type pumps for fire-fighting application at Hazira Port
- **Valves Sector:**
 - The valve sector successfully manufactured and supplied the largest size butterfly valves of 3800 mm for an irrigation project in India
 - Received many prestigious orders to supply about 50 plus large size valves for various water and irrigation projects across India
 - Received various orders to supply valves from Power, Industry Defence and Mining segments
 - Focused efforts on the port/dockyard segment helped to bag an order to supply 223 resilient seated gate valve for a naval project
- **Export Excellence Cell**
 - Supply of 112 fire-fighting pump sets for metro project in South-East Asia. Additionally, received an order to supply 46 pump sets for a project in Hong Kong and 27 pumps for an Industry project in Indonesia
 - Bagged orders to supply vertical turbine pumps for water linkage project in Belgium, Ireland and Israel
 - Orders received to supply 44 mixed flow pumps for the Irrigation project in Mauritania and 72 horizontal multistage pumps to Algeria
 - Supply order for 41 nos. of various type of pumps for sewerage project in Zambia
 - Order to supply vertical turbine type pumps for Sugar factory in Ethiopia
 - Order received to supply 22 pump-sets for various projects in Nigeria
 - Order received to supply 20 nos. split case pumps for an educational institute in the UAE
 - Order received to supply 4 pump-sets for a power project in Iraq

Commenting on the results Mr. Sanjay Kirloskar, CMD – Kirloskar Brothers Limited said, “We are pleased with the financial and operational performance across all our products and geographies during the year. Improved product mix, robust orderbook and systematic execution of projects across geographies helped us to deliver a record profit in FY21. We remain confident in strengthening our performance further in the coming years. With the improvement in product mix and strict control on various costs, our EBITDA margins showed a significant improvement of 225bps YoY to reach at 8.9% for FY21. PAT reached a record level of ₹ 154 crores.

Our balance sheet continues to remain robust. The company incurred a capex of ₹ 76 crores in FY21 and we have planned a capex of ₹ 105 crores for FY22. The capex is aimed toward debottlenecking and manufacturing capacity expansion. Our consolidated net debt stood at ₹ 272 crores, a reduction of ₹ 277 crores YoY. Our net debt to equity ratio improved to 0.25x from 0.58x in FY20.

During FY21, the company received orders worth ₹ 2,886 crores and we expect order flow to amplify further in FY22 based on the current enquiry flow. We have a robust orderbook of ₹ 2,131 crores across multiple product segments and geographies, thus reducing the concentration risk. This robust orderbook provides strong revenue visibility, going forward.

We are expecting our revenue and profitability growth trajectory to remain robust driven by strict cost control, enquiry conversions, excellent execution of orderbook and manufacturing capacity expansion. Our profitability and return ratios are also expected to improve, due to operating leverage, turnaround

at various key subsidiaries and better product mix. We continue to explore various opportunities in terms of geographic expansion and value addition to our existing customers.”

Standalone Business Performance

- During FY21, at a standalone level, the company registered revenue of ₹ 1,800 crores, compared to ₹ 2,097 crores in FY20.
- EBITDA was at ₹ 191 crores from ₹ 197 crores in FY20. EBITDA margin was at 10.6% in FY21; as compared to 9.3% in FY20, an expansion of 130 bps.
- PAT grew by 18% from ₹ 79 crores in FY20 to ₹ 93 crores in FY21.
- Standalone debt stood at ₹ 114 crores

Commenting on the international business, Mr. Alok Kirloskar, Managing Director - SPP Pumps Limited, UK said, *“We have seen the Corona virus cause a lot of disruption in FY20 and CY21. The company has reduced costs in the subsidiaries in the UK and USA through redundancies and has continued the push into the maintenance services business in the UK subsidiary where we started this process in 2016. In South Africa while the company faced many hurdles due to the BBBEE regulations it has managed to overcome these by changing the business mix over the last three years. Similarly the Thai subsidiary had reduced the lumpiness of the business by focussing over the last four years to build a standard and engineered daily business. The Dutch business continues to struggle and we are working to make it sustainable through a specialised product profile.*

We continue to penetrate international geographies further with more focus on margin lucrative products and services. The international business and SPP in particular has been focussed on the service business with a large number of framework contracts in place. We are witnessing green shoots across a few geographies led by growth in enquiries and conversion for certain business verticals leading to a stronger order book, which is giving better revenue visibility for the short and medium term compared to a year ago. Also service framework contracts are usually three or five year contracts and these help the visibility.”

Key International Subsidiary Performance

- 1. SPP Pumps Limited (United Kingdom including USA):**
 - Revenue de-grew 21% YoY to £ 76 million for FY21
 - PAT grew to £ 4 million as against £ 0.5 million YoY , a growth of 630%
 - RoCE stood at 17% for FY21 as against 4% for FY20
 - Order book as of 31st March stood at £ 41 million executable over next 8 months
- 2. Dutch Entities including Rodelta Pumps (The Netherlands):**
 - Revenue grew 5% YoY to € 9 million for FY21
 - Losses have come down to € 0.3 million from € 1.1 million in FY20 on account of various cost reductions measures undertaken and better product mix
 - Order book as of 31st March 2021 was at € 2 million with a healthy bidding pipeline
- 3. Kirloskar Brothers (Thailand) Limited (Thailand):**
 - For FY21, the company achieved revenue of ฿ 344 million a drop of 11 % and a PAT of ฿ 15 million in FY21 as against a loss of ฿ 2 million in FY20
 - Order book as of 31st March 2021 stood at ฿ 223 million

4. South African Companies (South Africa):

- For FY21, the company achieved revenue of ZAR 67 million, a drop of 3% YoY
- PAT stood at ZAR 5.3 million as against a loss of ZAR 7.5 million YoY
- Order book as of 31st March 2021 stood at ZAR 29 million

Commenting on the domestic business, Ms. Rama Kirloskar, Managing Director - Kirloskar Ebara Pumps Limited said, *“The domestic business witnessed multiple disruptions during the year due to the ongoing pandemic. Restricted access to sites and non-availability of manpower resulted in subdued performance.*

However, with continued robust momentum of orderbook, the company remains confident that performance will improve significantly from H2FY22 onwards, on account of expected economic recovery and improvement in utilization at the plants.”

Key Domestic Subsidiary Performance

1. Kirloskar Corrocoat Private Limited (KCPL):

- During FY21, the company has achieved a turnover of ₹ 20 crores and made a loss of ₹ 0.9 crores
- As of 31st March 2021, KCPL has an order book of ₹ 23 crores
- 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, hence turnover is lower despite strong order book
- During Q4 KCPL has made a profit of ₹ 0.5 crores

2. The Kolhapur Steel Limited (TKSL):

- For FY21, the company has achieved a turnover of ₹ 21 crores and made a loss of ₹ 14 crores
- Performance of current year is affected due to lockdown and non-availability of manpower for fettling
- Order on hand as of March 2021 stood at ₹ 17 crores
- To support the operation of TKSL, KBL has infused additional capital of ₹ 15 crores

3. Karad Projects And Motors Limited:

- For FY21, the company achieved a revenue of ₹ 308 crores, a drop of 4% YoY and PAT of ₹ 38 crores, a growth of 91% YoY
- RoCE stood at 18% for FY21 as against 22% for FY20

4. Kirloskar Ebara Pumps Limited:

- For FY21, the company achieved a revenue of ₹ 183 crores and PAT of ₹ 20 crores, a growth of 12% and 150%, respectively
- RoCE stood at 20% for FY21 as against 8% for FY20
- The company has a strong order book of ₹ 207 crores
- The company witnessed robust traction in order book despite the multiple covid-19 induced headwinds

About Kirloskar Brothers Limited

Kirloskar Brothers Limited (KBL) is a world-class pump manufacturing company with expertise in engineering and manufacture of systems for fluid management. Established in 1888 and incorporated in 1920, KBL is the flagship company of the \$ 2.1 billion Kirloskar Group. As the market leader in fluid management, KBL provides complete fluid management solutions for large infrastructure projects in the areas of water supply, power plants, irrigation, oil & gas and marine & defense. KBL engineers and manufactures industrial, agriculture & domestic pumps, valves and hydro turbines. KBL is the only pump manufacturing company in India and ninth in the world to be accredited with the N and NPT certification by American Society of Mechanical Engineers (ASME).

For more information, please visit www.kirloskarpumps.com

Safe Harbor

Statements in this document relating to future status, events, or circumstances, including but not limited to statements about plans and objectives, the progress and results of research and development, potential project characteristics, project potential and target dates for project-related issues are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements. The company assumes no obligation to update forward-looking statements to reflect actual results changed assumptions or other factors.

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