

Kirloskar Brothers Limited.

Financial Analysts Presentation

Q4 - 2018 -19

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.

Water and Irrigation

- Total Product Orders booked in this quarter were 35% of total Booking achieved in the year 18 -19.
- Major Orders received in the quarter include
 - ✓ Orders from a state Irrigation department for Horizontal Split case Pumps.
 - ✓ Orders received from large OEM of different models
- Also booked Orders for Special Products
 - ✓ First order received through portal for 6 no's Auto Prime sets.
 - ✓ Total Auto Prime sets booked in Quarter IV 18 Nos.

Power

- Received order for 2 nos. Auxiliary boiler feed pumps for a thermal power project.
- Successfully developed & delivered shut down cooling pumps to NPCIL

Industry

- In Booking and sales values, sector has registered a growth of 9% and 11% respectively over PY in Domestic business.

Sector Highlights



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Small Pumps Business

- Highest ever sale of submersible pumps
- New Product Launch - 6" Oil filled, high head high stage borewell pump-sets and KVM Series

Building and Construction

- During this quarter we received orders for 21 nos of FM/UL Fire pumps and 132 nos of MSMO Fire pumps

Marine and Defense

- In this quarter we successfully executed a high value order for Water Mist Project.
- In this quarter a major order received for "Manufacturer & supply of OBS & B & D spares for components of WMFSS - S3 & S4" pumps.

Valves

- Received order for 4 nos . 2200 MM Butterfly Valves
- Received Order for 560 Nos Butterfly, Sluice and Kinetic Valves

Plant Highlights



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Kirloskarvadi

- Small and Medium Pumps Division (SMPD) achieved highest ever dispatches in a month in March 2019
- SMPD achieved highest ever Pump Production of in a month in March 2019 and 24% GOLY on Quantity basis in Q4
- Small Vertical Turbine (SVT) Division has achieved highest ever Pump Production in a month of March 2019.

Small Pump Business Plants

- Dewas Plant produced all time highest pumps in the month of March 2019
- Quarterly production shows a growth of 34% over PY
- Practicing all 8 pillars of TPM
- Sanand Plant registered highest average production in Q4
- KU6 was introduced in this quarter and is picking up constantly
- Demand and production for KU4 has also picked up significantly
- Kaniyur Plant achieved highest monthly production in the month of March 2019
- First export order for new pump “BOKUL” dispatched to South Africa

Companywide Pending Orders

Pending Order Board as on March 2019

Sector (Rs.Crs)	Q -1 Jun-18	Q -2 Sep-18	Q -3 Dec-18	Q -4 Mar-19	Q - 4 % of Total
Irrigation + Water Resource Mgmt	741	872	946	844	50%
Power	492	544	518	493	29%
Oil & Gas	79	73	74	66	4%
Marine & Defence	53	52	47	42	2%
Industry	78	88	79	65	4%
Building & Construction	62	70	72	87	5%
Customer Support & ESD	34	57	52	38	2%
Valves	86	80	76	60	4%
TOTAL	1,625	1,835	1,864	1,696	100%

	Jun-18	Sep-18	Dec-18	Mar-19
KBL Standalone	Q 1	Q 2	Q 3	Q 4
Orders Received	592	683	540	583

	Jun-18	Sep-18	Dec-18	Mar-19
KBL Consolidated	Q 1	Q 2	Q 3	Q 4
Orders Received	960	1,038	872	845
Pending Orders on Hand	2,320	2,582	2,635	2,335

* Excluding orders kept on hold Rs. 261 Cr and order for which work not commenced Rs. 270 Cr

FY 2018 -19 - Standalone Financial Highlights



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1. Revenue from operations was Rs. 2,224 Cr as against Rs. 1,913 Cr in the previous year, registering a rise of 16%.
2. Small pump business crossed turnover of Rs. 1,000 Cr
3. Revenues from Project activities in this period were 4% of total revenue
4. Composite material cost has increased by 0.5% over PY. There is change in composition of sales affecting composite material cost to sale ratio. Sale of manufactured products has increased by 17%, trading sales have increased by 13%, revenues from Civil work are lower by 40%. Value of POC recognition has increased to Rs. 27 Cr from Rs. 9 Cr in PY.
5. Material cost of manufactured products has increased to 58.5% from 54.4% and MSR of Trading sales has reduced to 66.7% as against 77.2% in PY. (Mainly due to loss of business of KPML trading motors).
6. Finance cost and Depreciation for the year are at Rs 26 Cr and Rs 37 Cr as against Rs 25 Cr and Rs. 35 Cr in previous year.
7. EBIDTA for the year is at Rs. 187 Cr as against Rs. 153 Cr in PY.

FY 2018 -19 - Standalone Financial Highlights



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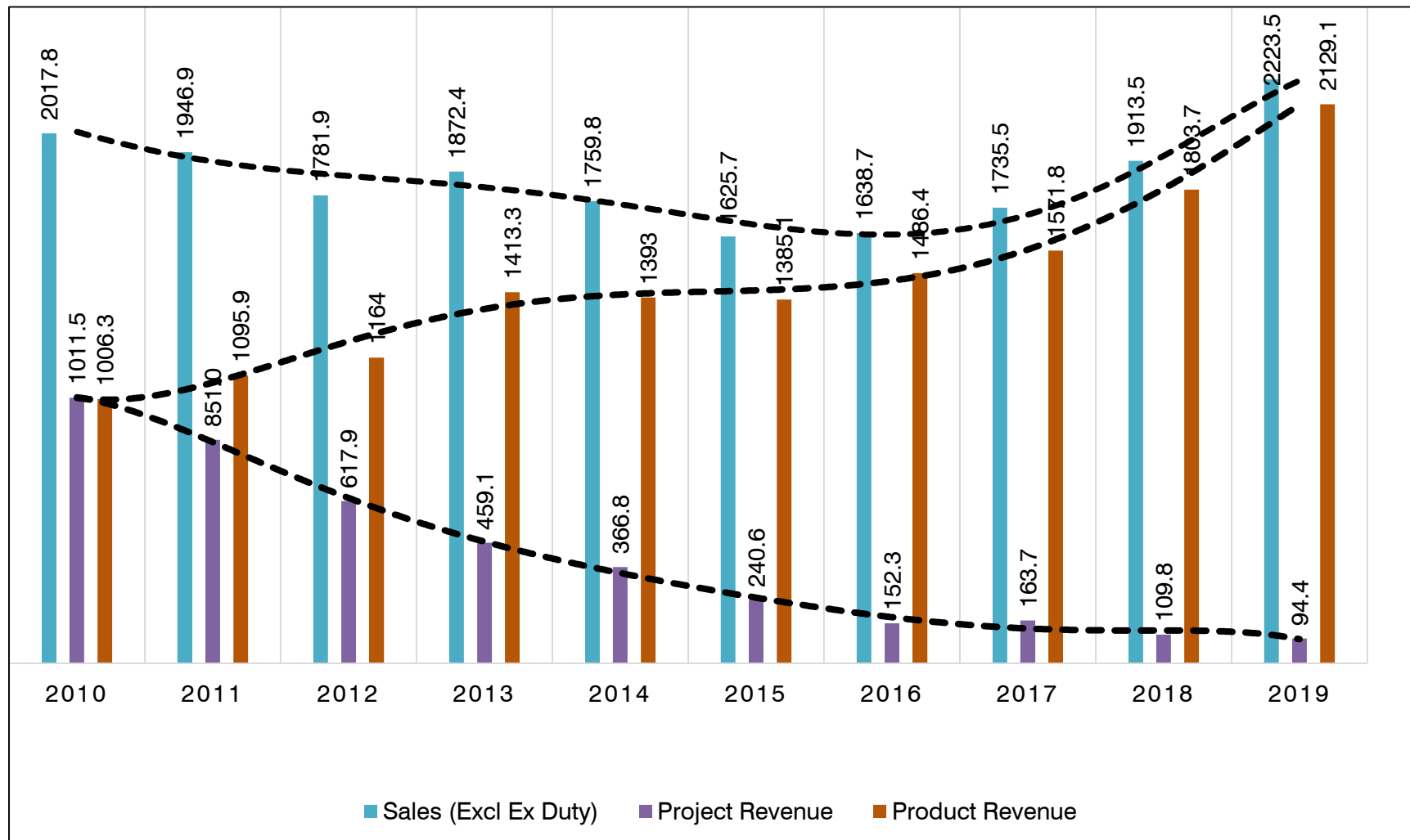
8. Profit before tax is at Rs. 124 Cr as against profit of Rs. 92 Cr with a rise of 34 % over PY.
9. Inventories have increased by Rs 54 Cr from 31 March 2018.
10. Despite rise in sales by 16% total receivables in days sales have reduced to 105 days from 113 days in PY. Reduction in retention debtors is Rs 16 Cr. (net). Recovery of old retention debtors is Rs 42 Cr.
11. Working capital borrowings as at end of the year were at Rs. 124 Cr as against Rs. 118 Cr in PY.
12. ROCE has improved to 13.7% from 11.1%in PY.

10 Years Data

Rs in Cr

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Sales (Excl Ex Duty)	2017.8	1946.9	1781.9	1872.4	1759.8	1625.7	1638.7	1735.5	1913.5	2223.5
Project Revenue	1011.5	851.0	617.9	459.1	366.8	240.6	152.3	163.7	109.8	94.4
% of Project revenue	50.13	43.71	34.68	24.52	20.84	14.80	9.29	9.43	5.74	4.24
Product Revenue	1006.3	1095.9	1164	1413.3	1393	1385.1	1486.4	1571.8	1803.7	2129.1
Materials to Sales Ratio	74.27	68.99	71.05	70.52	66.46	64.41	60.40	57.48	59.23	59.39
ERE to sales %	4.44	6.94	8.36	8.00	8.65	10.47	11.14	12.47	11.88	10.83
Interest	33.6	45.3	53.7	44.3	40.9	41.3	38.2	31.5	25.3	26.2
Depreciation	26.6	30.0	30.3	32.0	34.6	49.7	40.8	39.7	35.2	36.6
PBT as % to Sales	7.48	5.28	1.91	3.84	3.97	0.34	0.45	3.07	4.82	5.58
Bad Debts / Provisions	8.4	6.6	4.4	7.4	8.1	24.6	19.8	30.6	21.7	34.0

10 Years – Sales, Product & Project Revenues



Three Year Financials – Standalone

Rs. In Crs

Year	FY 17	FY 18	FY 19
Turnover	1,736	1,913	2,224
Domestic	1,569	1,780	2,010
Exports	167	133	214
Total Assets	1,027	1,061	1,100
Net Current Assets	493	494	498
Investment	239	273	298
Net Fixed Assets	295	293	304

Three Year Financials – Standalone

Rs. In Crs

Year	FY 17	FY 18	FY 19
Shareholder's Funds	838	896	940
Subscribed Capital	16	16	16
Reserves	822	880	924
Borrowings	189	165	160

Year	FY 17	FY 18	FY 19
EBDITA	124	153	187
<i>% to Sales</i>	7.2%	8.0%	8.4%
PBT	53	92	124
<i>% to Sales</i>	3.1%	4.8%	5.6%
PAT	33	66	87
<i>% to Sales</i>	1.9%	3.4%	3.9%
Cash Profit	73	101	124

Three Year Financials – Standalone



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Rs. In Crs

Year	FY 17	FY 18	FY 19
Earnings Per Share - Rs.	4.2	8.26	11.00
Cash Earnings Per Share - Rs.	9.2	12.7	15.6
Dividend Payout - Rs. In Crores	8	23	23
<i>Dividend - %</i>	<i>50%</i>	<i>125%</i>	<i>125%</i>
Book Value / Share - Rs. Per Share	106	113	118
Market Cap - Rs in Crores	2,014	2,467	1,299
No. of Employees	3014	3083	3055
Turnover / Employee - Rs in Crores	0.6	0.6	0.7

FY 2018 -19 – Consolidated Financials Highlights



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1. Consolidated turnover has increased by 22% to Rs. 3,349 Cr in CY as against Rs. 2,742 Cr in PY. If we consider period of 12 months ended March 2019 for foreign subsidiaries, there is increase in sales by 16% .
2. Sales of foreign subsidiaries have increased by 51% in Jan to March 2019 as against their sales in Jan to March 2018.
3. In spite of loss of bare motor business of KPML (Rs 60 Cr in PY) sales of domestic subsidiaries have remained at same level.
4. Drop in PBT of domestic subsidiaries by Rs 9 Cr from PY, is mainly due to closure of foundry operations for one month and heavy rejection of TKSL.
5. In case of joint venture operation KEPL, there is improvement in order board. Further margins have improved and, PBT during current year has increased to Rs. 27 Cr from Rs. 7 Cr in PY.
6. International subsidiaries has reported loss of Rs. 99 Cr in 15 months as against the loss of Rs. 40 Cr in PY. This loss is mainly because of exception items such as forex loss, IPR and old inventory write off.
7. Operation of foreign subsidiaries has improved in Jan to March 2019. Loss for 3 months ended March 2019 is Rs. 4 Cr as against Rs 23 Cr in corresponding similar period.
8. Total group borrowings stand at Rs 380 Cr as against Rs. 346 Cr in PY

Three Year Financials – Consolidated



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Rs. In Crs

Year	FY 17	FY 18	FY 19 (Including 15 months results of foreign subsidiaries)	FY 19 (12 Months ended March 2019)
Turnover	2,526	2,742	3,349	3,172
Within India	1,658	1,856	2,056	2,056
Outside India	868	885	1,293	1,116
Total Assets	1,260	1,292	1,292	1,292
Net Current Assets	730	769	753	753
Investment	46	49	57	57
Goodwill	18	18	14	14
Net Fixed Assets	467	456	467	467

Three Year Financials – Consolidated



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Rs. In Crs

Year	FY 17	FY 18	FY 19 (Including 15 months results of foreign subsidiaries)	FY 19 (12 Months ended March 2019)
Shareholder's Funds	901	946	912	912
Subscribed Capital	16	16	16	16
Reserves	885	930	896	896
Borrowings	359	346	380	380

Year	FY 17	FY 18	FY 19 (Including 15 months results of foreign subsidiaries)	FY 19 (12 Months ended March 2019)
EBDITA	131	175	163	180
% to Sales	5.2%	6.4%	4.9%	5.7%
PBT	16	73	41	63
% to Sales	0.6%	2.7%	1.2%	2.0%
PAT	4	50	3	23
% to Sales	0.1%	1.8%	0.1%	0.7%
Cash Profit	69	109	70	86

Consolidated Accounts 2018 -19



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Rs. In Cr

PARTICULARS	TOTAL INCOME		PROFIT / LOSS BEFORE TAX	
	Mar-19	Mar-18	Mar-19	Mar-18
PARENT COMPANY				
Kirloskar Brothers Ltd	2,247	1,932	124	92
SUBSIDIARY COMPANIES				
Kirloskar Corrocoat Ltd	28	33	(1)	2
The Kolhapur Steels Ltd	36	45	(8)	0
Karad Projects and Motors Ltd	327	327	24	20
Kirloskar International BV (Consolidated) - 15 months	1,208	847	(99)	(40)
SUB TOTAL	1,599	1,252	(83)	(17)
Less : Inter group transactions/ consolidation adjustments	474	421	0	2
TOTAL (KBL)	3,373	2,763	41	73
Share in profit after tax of Joint venture			8	3

Thank You