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# Kirloskar Oil Engines Limited

## Earnings Update Sep 2014

# Disclaimer



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Statements in this presentation, particularly those which relate to management's views and analysis, describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations.

Actual results might differ materially from those either expressed or implied.

# Financials



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All numbers in Rs. Crs	Q2 FY2015	Q2 FY2014	∂	6M FY2015	6M FY2014	∂	FY 2014
Net Sales	623	509	22%	1,252	1,092	15%	2,287
Other Operating Income	5	8	-36%	15	16	-3%	33
Raw Material	409	316	30%	825	678	22%	1,444
Employee Costs	48	43	12%	94	85	11%	163
Other Expenses	106	98	8%	208	202	3%	410
EBITDA	64	60	7%	139	143	-3%	304
Non-Op.Income / ( Expenses )	12	7	82%	26	20	32%	38
Depreciation	26	24	5%	50	49	2%	98
Interest	0	0	-	0	0	-	0
<b>PBT</b>	<b>50</b>	<b>42</b>	<b>20%</b>	<b>115</b>	<b>113</b>	<b>1%</b>	<b>243</b>
Tax	15	11	34%	32	30	8%	65
PAT	35	31	15%	83	84	-1%	178



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# Q2 FY2015 Segment Performance

All numbers in Rs. Crs	Q2 FY2015	Q2 FY2014	Δ
PowerGen	263	180	46%
Agricultural	113	118	-5%
Industrial	94	92	2%
Customer Support	85	80	7%
Large Engines	67	38	75%
Total	623	509	22%



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# YTD FY2015 Segment Performance

All numbers in Rs. Crs	YTD FY2015	YTD FY2014	Δ
PowerGen	554	405	37%
Agricultural	205	224	-9%
Industrial	193	194	-
Customer Support	177	183	-3%
Large Engines	122	85	43%
Total	1,252	1,092	15%



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# Key Financial Metrics

	YTD FY 2015	YTD FY 2014
EBITDA %	11.1%	13.1%
Inventory (Days)	31	38
Receivables (Days)	13	35
Creditors (Days)	55	56
Fixed Asset Turns	5.0	4.1
RoCE	17.0%	18.1%
Debt	-	10
Cash & Equivalents	721	414
Cash & Equivalents (Net of Debt)	721	404

# Highlights



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## A. Power Generation (PG) Business

- In H1 FY15, first quarter was dominated by General elections and uncertainty about the outcome. This was immediately followed by implementation of stringent emission norms by MoEF. These norms called for complete change-over in the product portfolio and hence led to 10-20% increase in market prices
- KOEL approached the revised norms by carefully selecting the most appropriate technologies at every product level, keeping in mind long term needs of users. KOEL's new portfolio is optimized for fuel efficiency across the usage range of the product. KOEL has also chosen to build on proven engine platforms, thereby continuing the promise of reliability & durability associated with our products. This also assures low running cost to users. The new portfolio has thus been repositioned to reflect the user benefits
- In the front end, KOEL successfully managed the transition to new emission norms. While exhausting the inventories across the supply in time, KOEL ensured a marginal gain in market share. With a supply of more than 10,000 engines complying to new norms, the new range is stabilized in terms of design, ramp-up and quality
- DV series shown substantial growth over the PY

## B. Agri Business

- Delay in subsidy disbursement post election coupled with delay in rain impacted business
- 36 new Agri Engine Dealer (AED) and 24 new Agri Parts Distributor (APD) appointed
- 768 retailer counters for engines & 2074 retailer counters for spares were also added
- Varsha High Discharge pumpsets developed during the quarter
- Our new product “Mega T” is close to launch

## C. Industrial Business

Overall Industrial business market was stable in H1 FY15. Below are some highlights of the market :

- Stable demand for construction and fluid handling equipment
- Delayed monsoon impacted tractor market negatively
- Infrastructure projects delayed due to recession and pending green clearances
- Despite the above KOEL has retained the market share in the OFF HIGH way markets
- One new engine variant has been developed for Tractor segment



## D . Customer Support

- Lower power deficit across the nation and delayed monsoon, resulted in lower usage which in turn impacted spares consumption
- The Company's commitment to provide quality service to all its customers continued with further expansion of service channel networks

## E . Exports

- DV genset demand in Middle East dropped, however compensated by new application and geographical spread of industrial application during the first half
- Stable demand for Agri- application
- Order for 36 Nos. silent DG sets in the range 20-82.5 kVA received from Kuwait
- Appointed new OEM in Israel for concrete mixer application
- Repeat order received from Little Horse, France for FMUL engines
- First order of Industrial engines received from Algeria
- Displayed Tier III equivalent engines in Electra Mining Exhibition in Johannesburg
- Identified channel partner in Bangladesh for Agri retail market and first lot of engines supplied
- Appointed OEM in Angola for Hammer Mill application

# Highlights



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## F . Large Engines

- NPCIL order execution on track
  - 3 DG set supplied till date
- 400 kVA set supplied for marine application



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# Thank You