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# Kirloskar Oil Engines Limited

## Earnings Update Dec 2013

# 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	Q3 FY2014	Q3 FY2013	∂	9M FY2014	9M FY2013	∂	FY 2013
Net Sales	562	531	6%	1,655	1,732	-4%	2,320
Other Operating Income	7	9	-25%	23	27	-15%	38
Raw Material	352	331	6%	1,031	1,083	-5%	1,446
Employee Costs	42	38	11%	127	119	7%	154
Other Expenses	97	96	1%	298	304	-2%	411
EBITDA	78	74	5%	221	253	-13%	346
Non-Op.Income / ( Expenses )	9	10	-14%	28	11	148%	20
Depreciation	24	23	5%	73	70	6%	93
Interest	0	1	-	1	2	-59%	3
<b>PBT ( Before exceptional items )</b>	<b>62</b>	<b>60</b>	<b>3%</b>	<b>175</b>	<b>211</b>	<b>-17%</b>	<b>290</b>
<b>PBT</b>	<b>62</b>	<b>60</b>	<b>3%</b>	<b>175</b>	<b>192</b>	<b>-9%</b>	<b>271</b>
Tax	17	15	8%	46	53	-12%	72
PAT	45	45	1%	129	140	-8%	199



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# Q3 FY2014 Segment Performance

All numbers in Rs. Crs	Q3 FY2014	Q3 FY2013	Δ
PowerGen - Private	178	200	-11%
PowerGen - Cellular	4	3	34%
Agricultural	97	145	-33%
Industrial	89	81	10%
Customer Support	75	83	-10%
Large Engines	119	19	514%
Total	562	531	6%



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# YTD FY2014 Segment Performance

All numbers in Rs. Crs	YTD FY2014	YTD FY2013	Δ
PowerGen - Private	588	705	-17%
PowerGen - Cellular	7	11	-34%
Agricultural	321	359	-10%
Industrial	282	295	-4%
Customer Support	258	272	-5%
Large Engines	196	86	127%
Total	1,655	1,732	-4%



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# Key Financial Metrics

	YTD FY 2014	YTD FY 2013
EBITDA %	13.4%	14.6%
Inventory (Days)	32	30
Receivables (Days)	32	43
Creditors (Days)	59	56
Fixed Asset Turns	4.0	4.2
RoCE	18.1%	20.4%
Debt	-	130
Cash & Equivalents	509	567
Cash & Equivalents (Net of Debt)	509	437

## A. Power Generation (PG) Business

- Power availability witnessed a mild deterioration in Q3 as compared to Q2, but remained significantly better than the PY. Genset market grew 4% in Q3 FY14, as compared to Q2 FY14. However, was 13% lower than same quarter last year
- KOEL has retained its market share at 32% despite competitive price pressures
- Through sustained and aggressive efforts, KOEL has gained significant momentum in higher KVA Gensets and increased market share in this segment
- KOEL launched an unprecedented offer of “10 years free labour service” on all Gensets sold post 20th Nov 2013. This unique offer exemplifies KOEL’s confidence on product reliability and long term commitment to our customers. This offer has met with an overwhelming response from potential buyers and promises to yield good results going forward
- The much awaited notification of CPCB-II has come & the effective date was originally given as 1/4/14. There is likely to be a revision by a quarter for which the gazette is awaited. **KOEL is fully geared up to deliver engines meeting these stringent norms**

# Highlights



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## B. Agri Business

- AV1XL-Air Cooled series was developed to cater the Industrial segment.
- Varsha high discharge introduced. This offers the highest discharge in the same HP range of pumpsets
- Introduced new segment of Petrol Kerosene pumpsets in the self-priming and non-self-priming range. The products are well accepted in the market and registered a volume of about 1500 nos. in Q3

## C. Industrial Business

- New engine application in tractor segment through ACE was well received by Market and this will provide significant growth in the coming years for Industrial engines domain
- Received good orders from FMUL segment
- Overall market for construction equipment segment declined by 20 % over same qtr. Last year
- Tractor segment is upbeat and has shown significant growth



## D . Customer Support

- Sluggish market conditions and improved power availability, resulted in lower engine running & consequently a drop in spare sales by 12 % over corresponding qtr.
- Demand was lower from South and North zone and no growth registered in west & east zone

## E . Exports

- New variant of small engine developed for concrete mixer application for 300 ltrs. First lot of 416 nos. supplied to Lebanon
- 1000 nos. Agri engines order received from Ministry of Agriculture, Iraq
- Overall export markets continue to remain highly competitive

# Highlights



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## F. Large Engines

- NPCIL order execution is on track , 4 engines dispatched during the quarter
- YTD dispatches - 6 DG Sets



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**Thank You**