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# Kirloskar Oil Engines Limited

## Earnings Update Mar 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	Q4 FY2014	Q4 FY2013	∂	FY2014	FY2013	∂
Net Sales	632	588	8%	2,287	2,320	-1%
Other Operating Income	11	11	-5%	33	38	-12%
Raw Material	413	363	14%	1,444	1,446	-
Employee Costs	36	36	-	163	154	5%
Other Expenses	110	107	3%	410	412	-1%
EBITDA	84	93	-10%	304	345	-12%
Non-Op.Income / ( Expenses )	10	9	6%	38	20	85%
Depreciation	25	23	8%	98	93	6%
Interest	0	0	-	0	2	-78%
<b>PBT ( Before exceptional items )</b>	<b>68</b>	<b>79</b>	<b>-13%</b>	<b>243</b>	<b>290</b>	<b>-16%</b>
<b>PBT</b>	<b>68</b>	<b>79</b>	<b>-13%</b>	<b>243</b>	<b>271</b>	<b>-10%</b>
Tax	19	19	-3%	65	72	-10%
PAT	50	59	-16%	178	199	-10%



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# Q4 FY2014 Segment Performance

All numbers in Rs. Crs	Q4 FY2014	Q4 FY2013	Δ
PowerGen	265	243	9%
Agricultural	94	88	6%
Industrial	97	84	16%
Customer Support	81	90	-10%
Large Engines	94	81	16%
Total	632	588	8%



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# FY2014 Segment Performance

All numbers in Rs. Crs	YTD FY2014	YTD FY2013	Δ
PowerGen	850	959	-11%
Agricultural	415	447	-7%
Industrial	379	379	-
Customer Support	338	363	-7%
Large Engines	301	168	79%
Total	2,287	2,320	-1%



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# Key Financial Metrics

	YTD FY 2014	YTD FY 2013
EBITDA %	13.3%	14.9%
Inventory (Days)	25	23
Receivables (Days)	21	37
Creditors (Days)	57	58
Fixed Asset Turns	4.2	4.0
RoCE	19.2%	23.7%
Debt	-	-
Cash & Equivalents	650	432
Cash & Equivalents (Net of Debt)	650	432

## A. Power Generation (PG) Business

- Continued sluggish economic environment, dampens Q4 demand. DG Set market has been adversely affected due to
  - Tight liquidity conditions putting a lot of strain on the construction and real estate sectors
  - Poor industrial CAPEX and muted industry sentiment, in the run up to the Elections
  - Improving power situation due to slow down in economic activities
- Traditionally Q4 is better than Q3 and hence, there is an increase in volume by ~19% Q-o-Q (Q3FY14)
- Business with government and institutions was better in Q4.
- KOEL's market improvement efforts were supported by strong initiatives such as,
  - Ten years of Free Service (Power of 10 )
  - Special focus on institutional customers

# Highlights



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## B. Agri Business

- Launched AV1 XL- engines with ADBO technology
- Petrol Kerosene pumpsets introduced in current year are well accepted in the market and registered a volume of about 5900 nos. in FY 13-14
- New brand of oil “ AGRI –SHAKTI” launched PAN India
- Agri Engines pump volume lower by 10% against the drop of 20% in demand.

## C . Industrial Business

While the tractor industry continued its growth momentum, which augured well for that segment, overall market size witnessed shrinkage resulting from :

- Sharp decline in demand for construction equipment due to economic slowdown
- Infrastructure projects delayed due to recessionary issues and green clearances.
- Mining sector being affected due to Government sanctions.

However, KOEL maintained its market share in this tough environment



## D . Customer Support

- Lower level of economic activity resulted in low running of DG sets as well as construction equipments which consequently impacted spares consumption.
- Company's commitment to provide quality service to all its customers continued with further expansion of service channel network.
- High service standards were maintained and improved further by major initiatives taken by company :
  - Online Monitoring of MTTR at Dealer level
  - Introduction of service outlets in un-represented areas
  - Escalation mechanism for any service crossing the specified time limits
  - Introduced 'Bandhan' - package to customers for trouble free running of DG sets

## E . Exports

- Foray into Israel for Concrete Mixer application
- Introduced Fire fighting engines in Bangladesh which were well accepted by OEM's
- Repeat business for listed FMUL fire fighting engines from France
- Received EEPC award for the 5th consecutive year
- Launched Chhota Chilli in Sri Lanka and Kenya
- Labour unrest in mines of South Africa resulted in slowdown in Industrial engines business.

## F. Large Engines

- NPCIL order execution on track
  - 3 DG sets supplied in Q4.
  - 9 DG Sets supplied during the year



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# Thank You