

Earnings Call Presentation Q2 FY23 14th November 2022

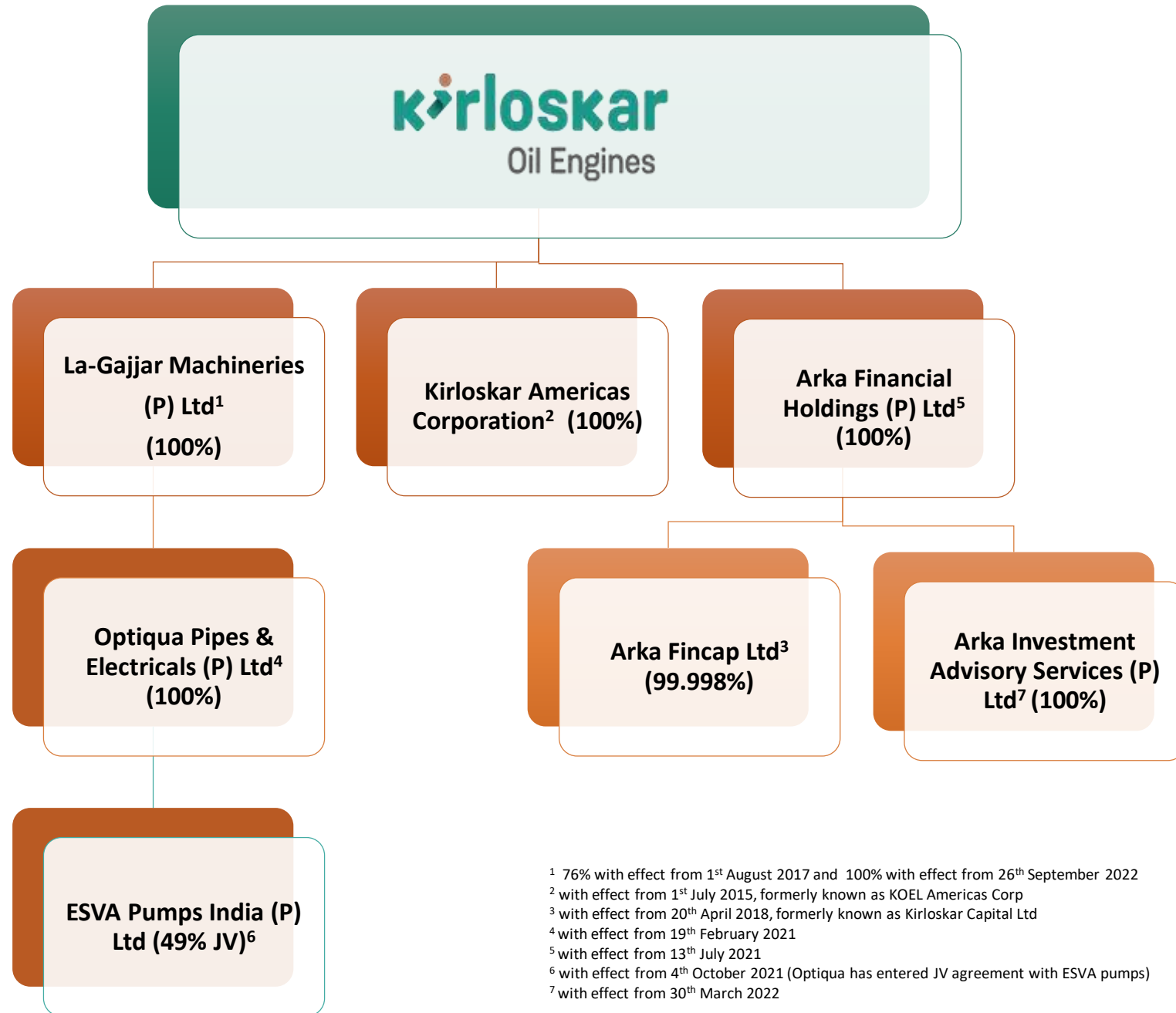


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¹ 76% with effect from 1st August 2017 and 100% with effect from 26th September 2022

² with effect from 1st July 2015, formerly known as KOEL Americas Corp

³ with effect from 20th April 2018, formerly known as Kirloskar Capital Ltd

⁴ with effect from 19th February 2021

⁵ with effect from 13th July 2021

⁶ with effect from 4th October 2021 (Optiqua has entered JV agreement with ESVA pumps)

⁷ with effect from 30th March 2022



CONTENT

- **STRATEGY**
- BUSINESS OVERVIEW
- FINANCIAL OVERVIEW

Our 2X-3Y Strategy: Looking to drive exponential growth over the next 3 years

2X-3Y Strategy: Grow 2 times in 3 years



2X-3Y Strategy Pillars



Deploying the 2X-3Y strategy to deliver value to all stakeholders

6.5K @
double-
digit
EBITDA

Customer
Delight

Employer
of Choice

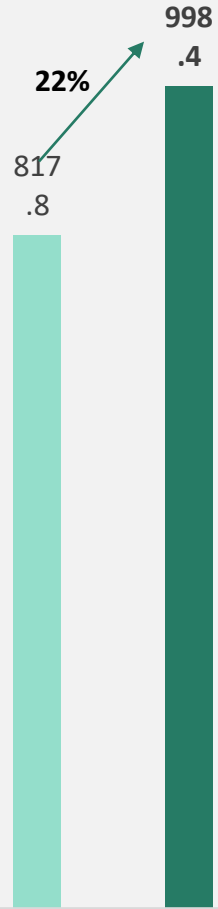
CONTENT

- STRATEGY
- **BUSINESS OVERVIEW**
 - STANDALONE
 - SALES HIGHLIGHTS
 - CONSOLIDATED
 - SEGMENT OVERVIEW
- FINANCIAL OVERVIEW

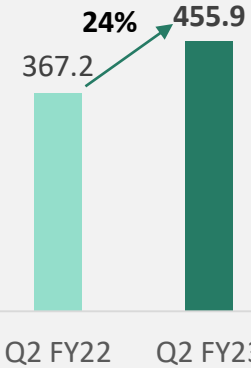
STANDALONE SALES HIGHLIGHTS – Q2 FY23 YoY

All numbers in “₹ Crore”

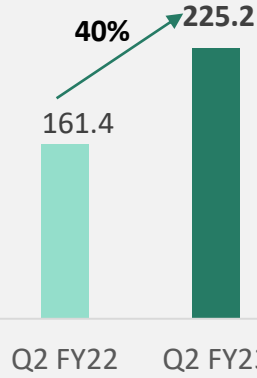
Sales Performance



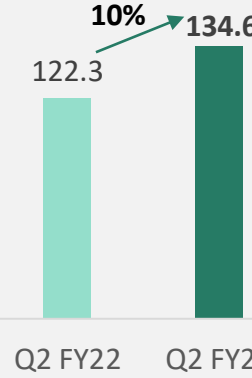
Power Generation



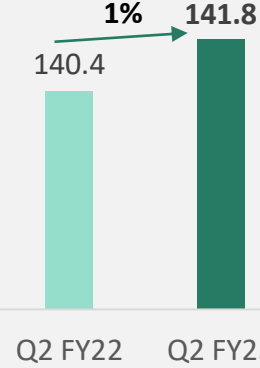
Industrial



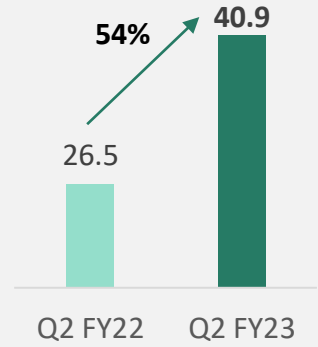
Customer Support



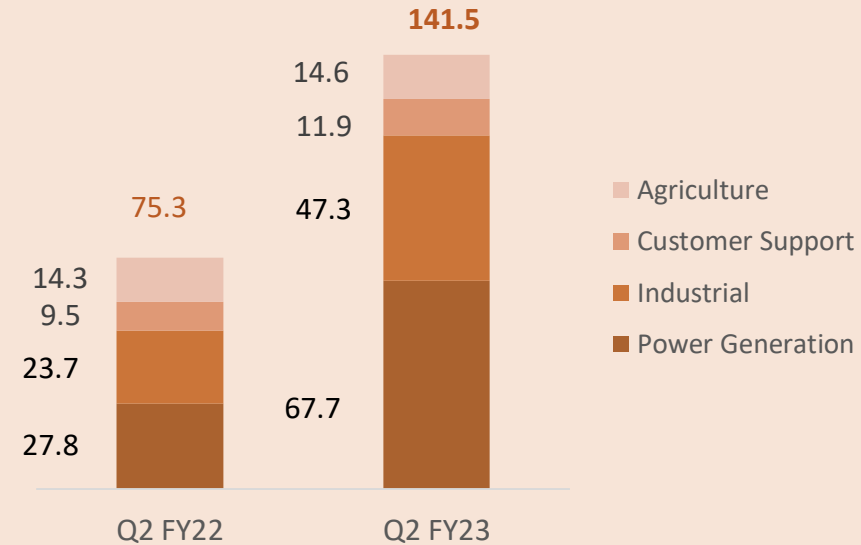
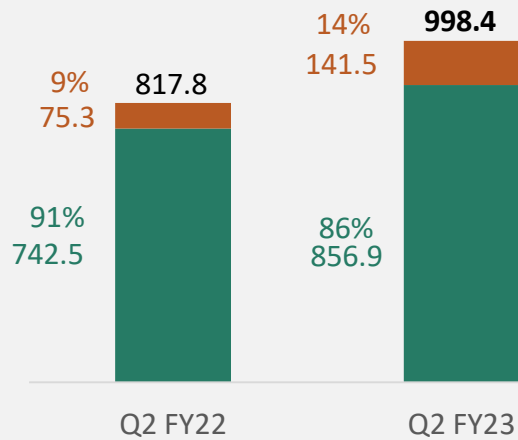
Agriculture*



IPS (Large Engines)



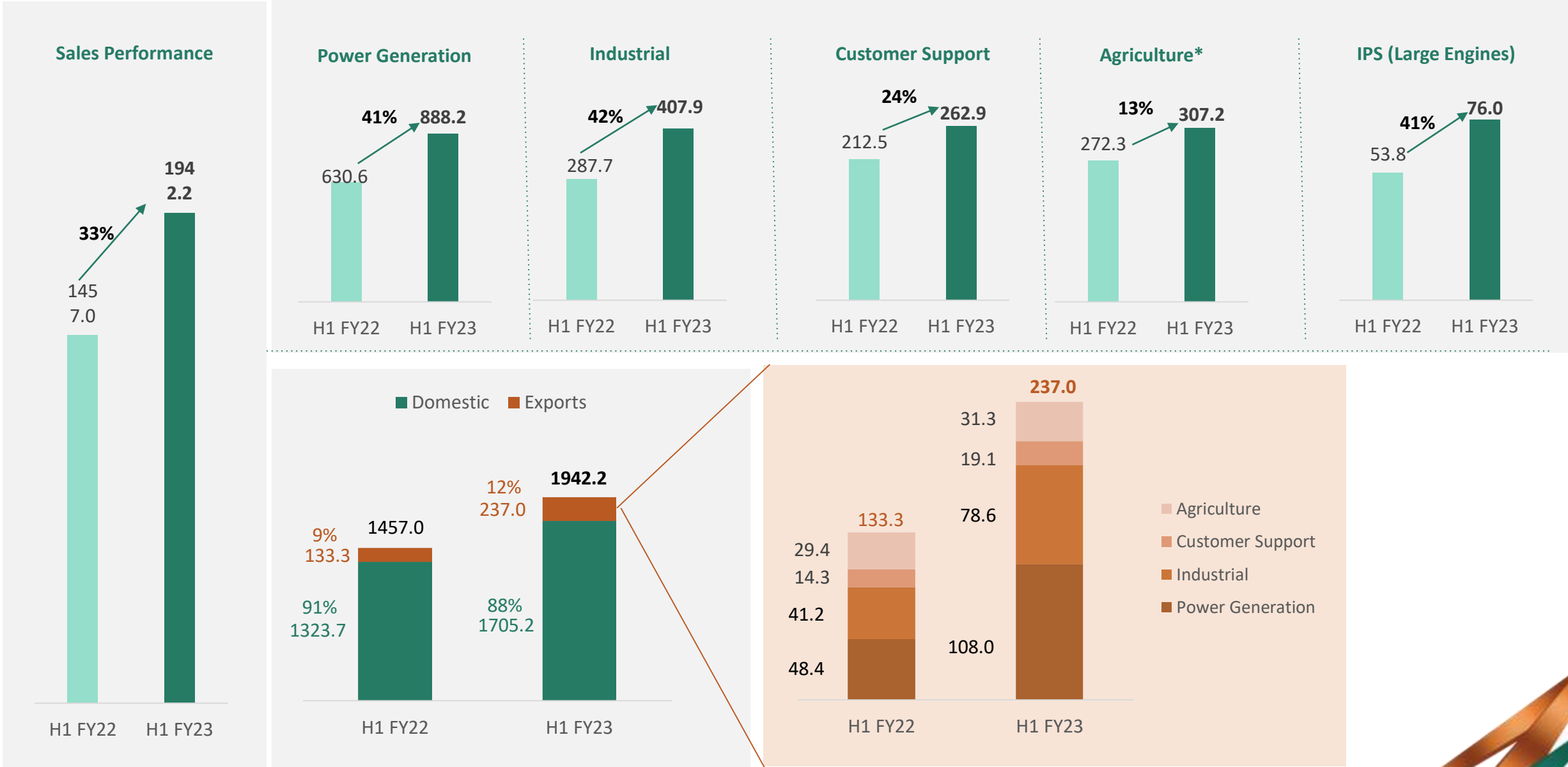
■ Domestic ■ Exports



*Agriculture includes KOEL Water Management Solutions (Diesel and Electric Pumps), Farm Mechanization and 'Tractor Spares and Oil' Business divisions

STANDALONE SALES HIGHLIGHTS – H1 FY23 YoY

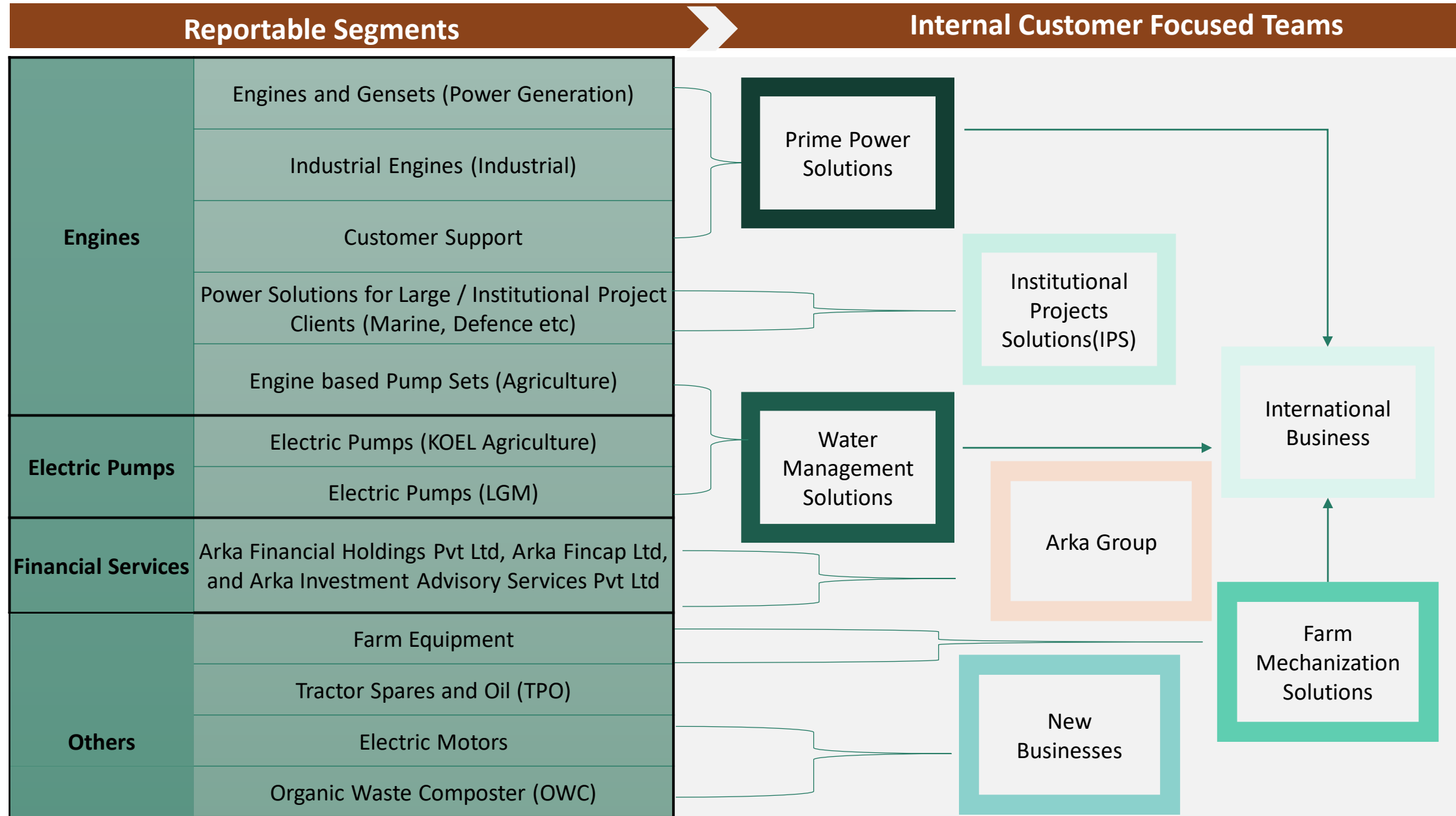
All numbers in “₹ Crore”



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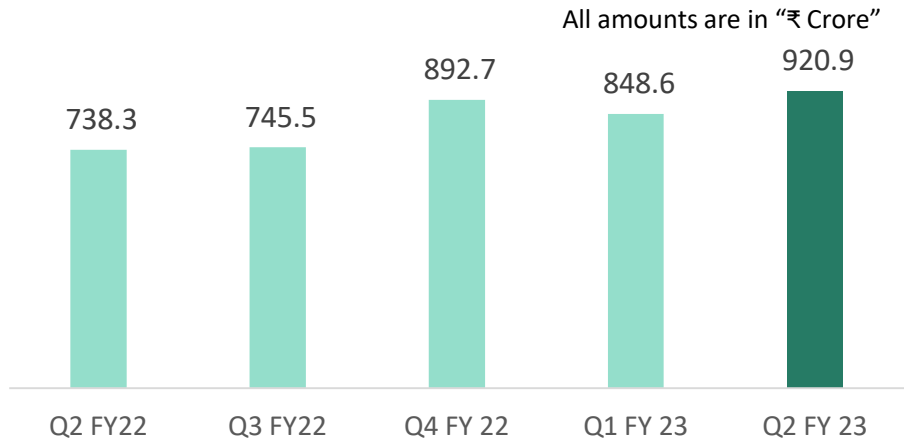
A recap of our segments...



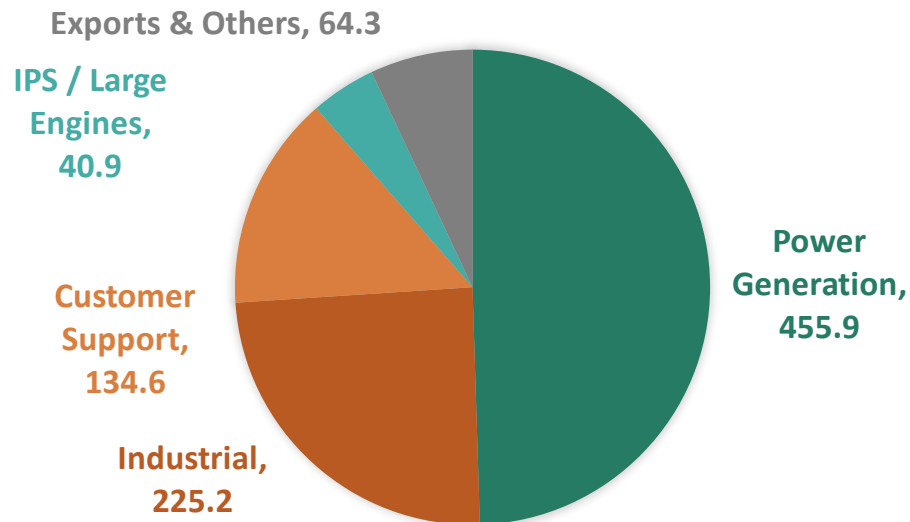
KOEL - Earnings Call - Q2 FY23 - Consolidated Segment Overview

SEGMENT PERFORMANCE OVERVIEW – ENGINES

Segment Revenue Trend



Segment Revenue Composition For Current Quarter



Performance Updates

Power Generation Business -

- Business has registered sales growth of 24% YoY and 5% QoQ
- Exports sales have registered growth of 143% YoY and 68% QoQ
- New compact genset launched; good momentum gained
- Gas based genset launched Q2 of FY23
- Strengthened presence in mobility segment with adding up installations in metros (Pune, Mumbai and Ahmedabad) and major airports
- *i-Green* continues to be the market leader with significant improvements in IoT activations and is getting encouraging response from customers

Industrial Business -

- Business has registered sales growth of 40% YoY and 23% QoQ

Customer Support Business -

- Business has registered sales growth of 10% YoY and 5% QoQ
- Continues to maintain a healthy Customer Delight Index (CDI) score of more than 90
- Online AMC ‘KOEL Bandhan’ continued to gain momentum, sales grew at 14% YoY and 8% QoQ

Large Engines Business (IPS) -

- Business has registered sales growth of 54% YoY and 17% QoQ
- Healthy order board in excess of 180 Cr

Water Management Solutions (KOEL) Diesel Pumps -

- Business has registered sales growth of 12% YoY and at par with QoQ

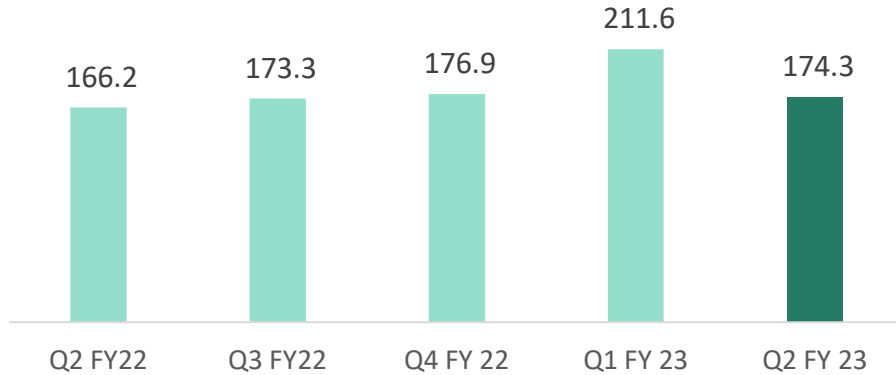
Kirloskar Americas Corporation (KAC) -

- Business is almost at par YoY and grew 18% QoQ
- Bulk shipment of long blocks for gas engine marks entry into gas engines segment in US

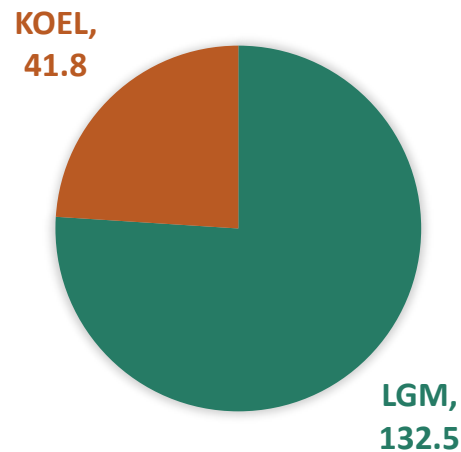
SEGMENT PERFORMANCE OVERVIEW – ELECTRIC PUMPS

Segment Revenue Trend

All amounts are in “₹ Crore”



Segment Revenue Composition For Current Quarter



* Consolidated

Performance Updates

La-Gajjar Machineries (P) Ltd (“LGM”)*

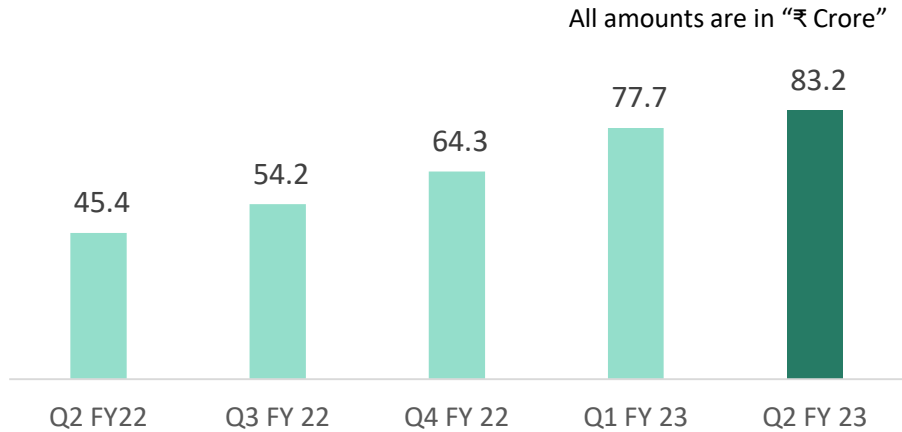
- Completed acquisition of balance 24% stake in Sep 22
- Business transition completed smoothly
- Deepening and widening activity started; 30+ new channel appointed
- Business has registered sales growth of 2% YoY and a decline of 17% QoQ
- Domestic market had challenges due to unpredictable & extended rains
- Increase of GST from 12% to 18% for pumps impacted demand
- Focus on exports; new orders received
- LGM has formed a wholly owned subsidiary i.e. Optiqua Pipes and Electricals (P) Ltd in February 2021 to tap the market opportunities in the “allied segment” and agencies in the Water Management Solution vertical
- Optiqua entered into a joint venture (JV) with ESVA Pumps India (P) Ltd by obtaining 49% equity stake on 4th Oct 2021.

Water Management Solutions (KOEL) - Electric Pumps

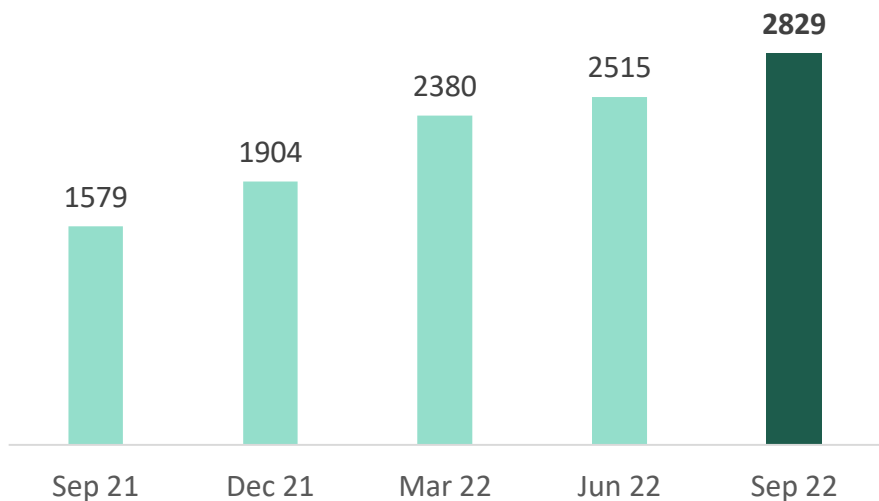
- Business has registered sales growth of 22% YoY and decline of 20% QoQ

SEGMENT PERFORMANCE OVERVIEW – FINANCIAL SERVICES

Segment Revenue Trend



AUM** Trend



Performance Updates

Arka Financial Holdings (P) Ltd (“AFHPL”)*

- KOEL’s total investment in AFHPL as on 30th Sep 22 stood at 986.6 Cr#
- AFHPL formed a new subsidiary company Arka Investment Advisory Services (P) Ltd on 30th Mar 22 to act as investment manager for Arka Credit Fund, it is category II debt AIF; SEBI approval received in Oct 22
- AFHPL revenue from operations stood at 83.2 Cr in Q2 FY23; growth of 83% YoY
- AFHPL PAT stood at 15.1 Cr in Q2 FY23; growth of 69% YoY
- Total Debt as on 30th Sep 22 stood at 2,251 Cr vs 1,815 as on 30th Jun 22
- Debt to Equity Ratio:
 - 30th Sep 22 2.2
 - 30th Jun 22 1.9
 - 31st Mar 22 2.1
- Total AUM* as on 30th Sep 22 includes:
 - Loan book - 2,741 Cr
 - NCD/PTC - 88 Cr
- No asset liability mismatch

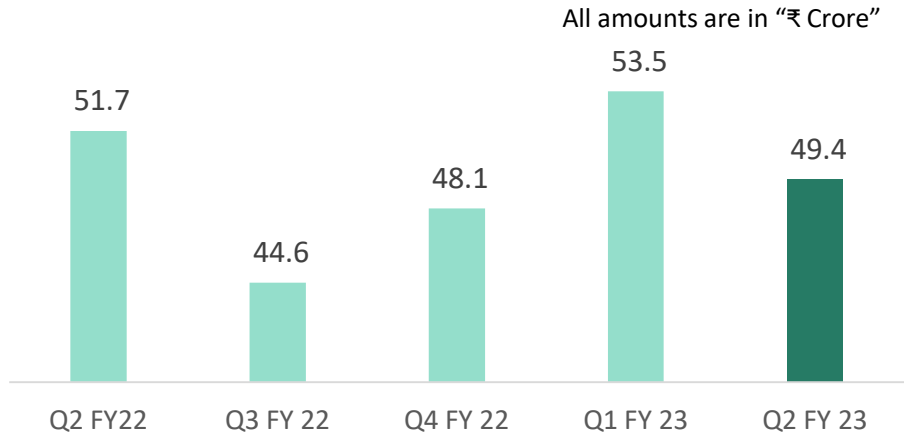
*Consolidated

** Excludes treasury assets

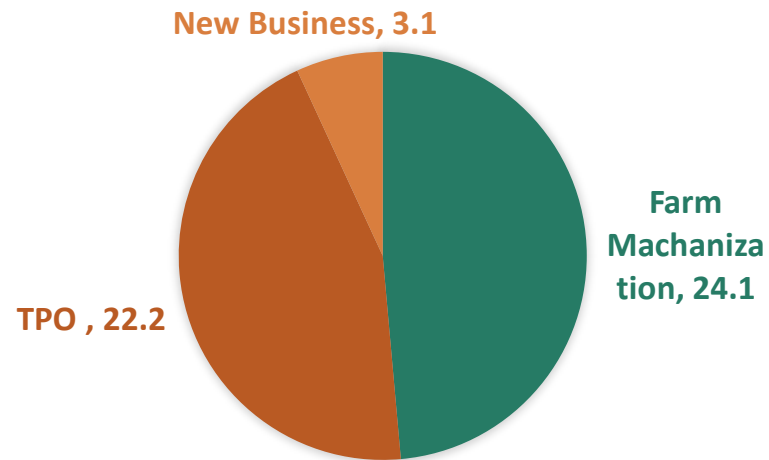
Includes profit on structure change

SEGMENT PERFORMANCE OVERVIEW – OTHERS

Segment Revenue Trend



Segment Revenue Composition For Current Quarter



Performance Updates

Farm Mechanization Business -

- Business has registered sales decline of 13% YoY and 5% QoQ
- Power Tiller segment registered sales of 817 units in Q2 FY23; decline of 39% YoY and 10% QoQ
- Power Weeder segment registered sales of 1179 units in Q2 FY23; growth of 78% YoY and 16% QoQ
- Focus on exports; new orders received
- Power Tiller domestic market had challenges due to unpredictable and extended rains

Tractor Spares and Oil (TPO) -

- Business has registered sales decline of 6% YoY and 17% QoQ

New Businesses (Electric Motors & OWC) -

- Electric motors have seen traction in the market
- OWC is a concept selling; will take time to gain meaningful traction

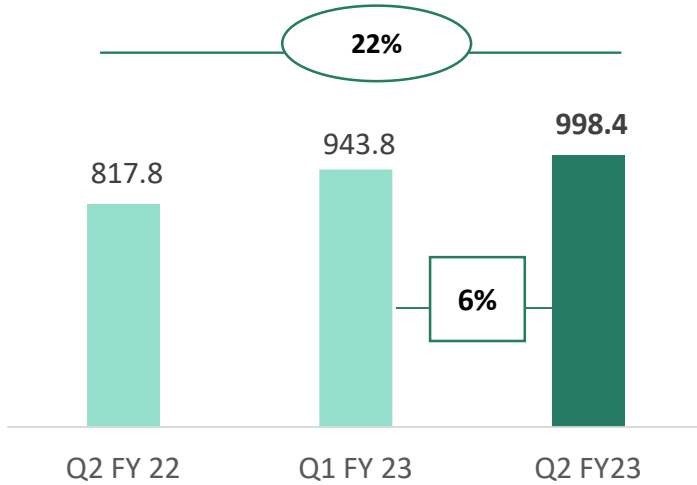
- STRATEGY
- BUSINESS OVERVIEW
- **FINANCIAL OVERVIEW**
 - **STANDALONE**
 - PERFORMANCE HIGHLIGHTS
 - PROFIT AND LOSS STATEMENT
 - WORKING CAPITAL AND NET CASH POSITION
 - **CONSOLIDATED**
 - PERFORMANCE HIGHLIGHTS
 - PROFIT AND LOSS STATEMENT
 - SEGMENT RESULTS

STANDALONE – PERFORMANCE HIGHLIGHTS

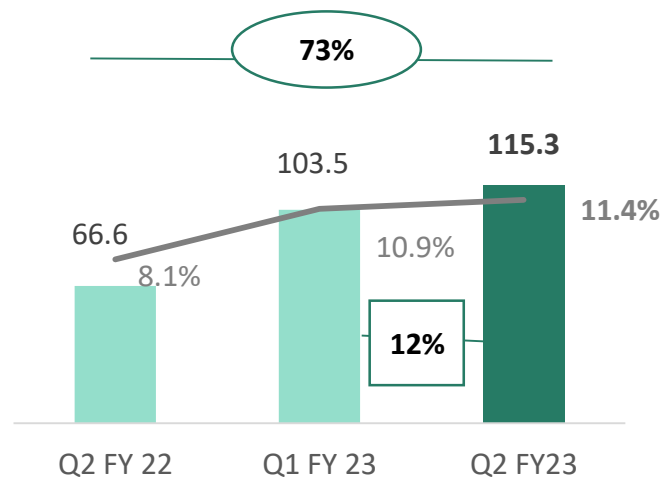
All amounts are in “₹ Crore” Oil Engines

Quarterly

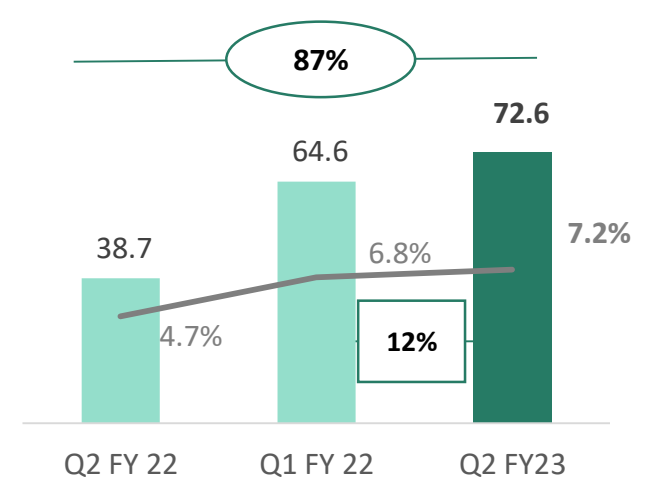
Sales



EBITDA & Margin

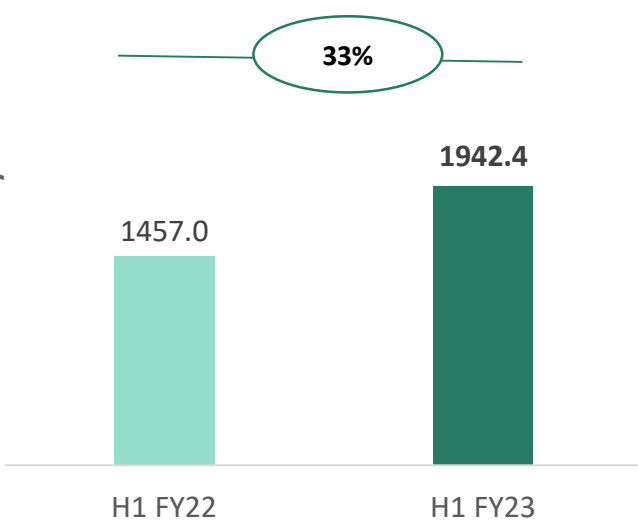


PAT & Margin

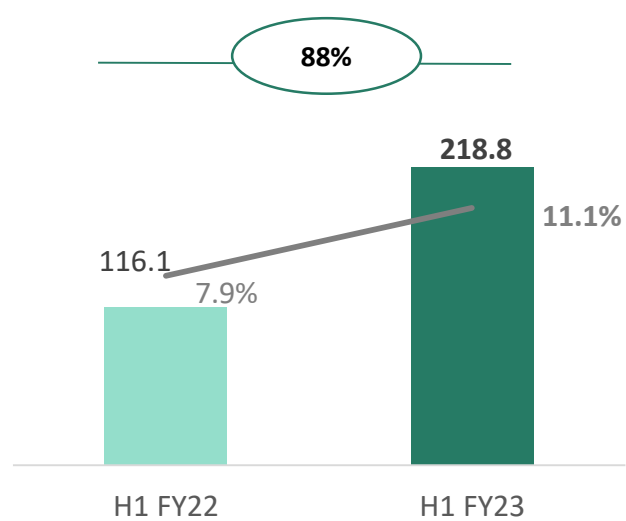


Half Yearly

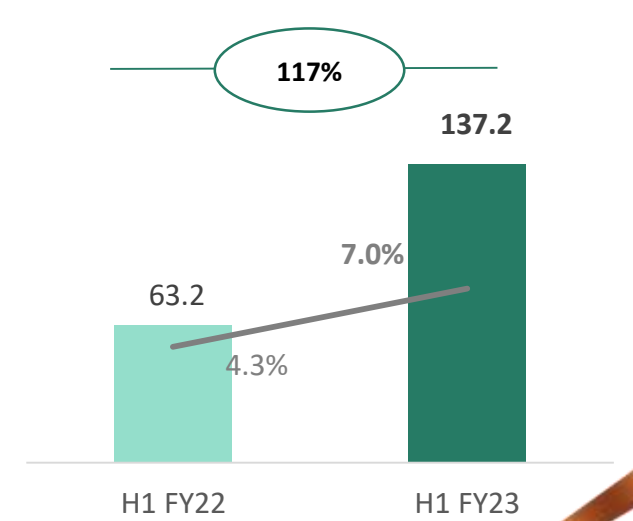
Sales



EBITDA & Margin



PAT & Margin

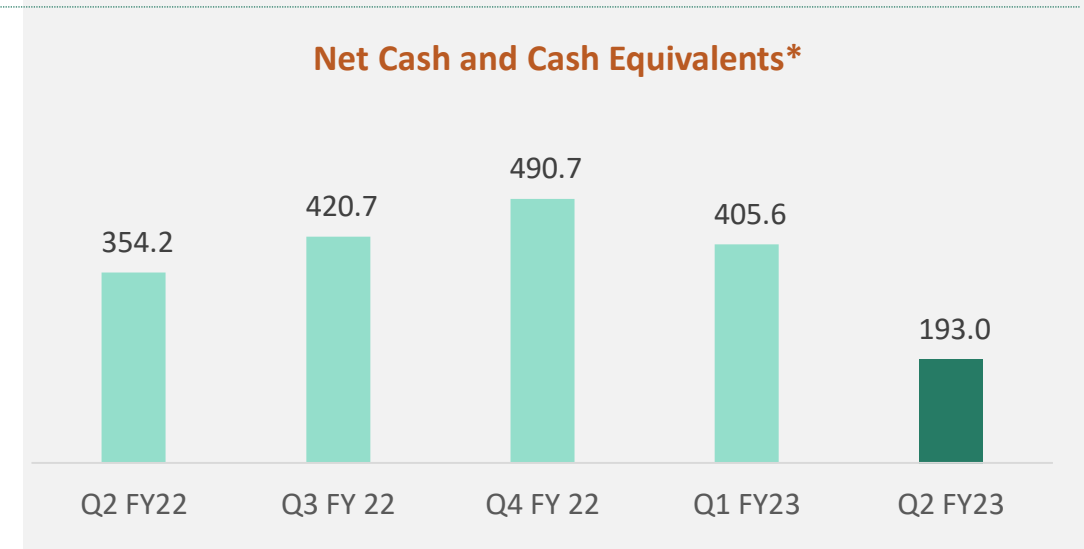
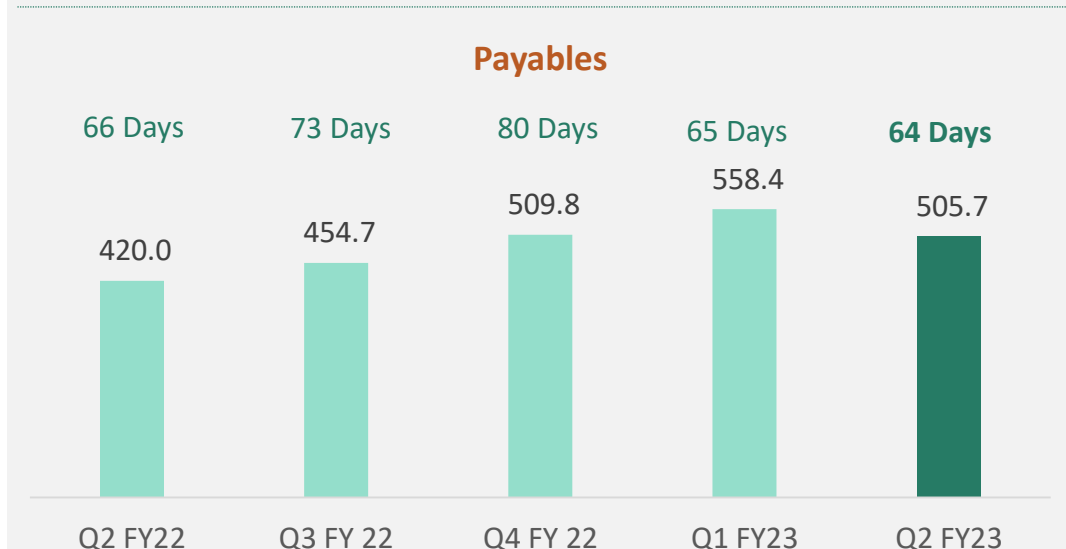
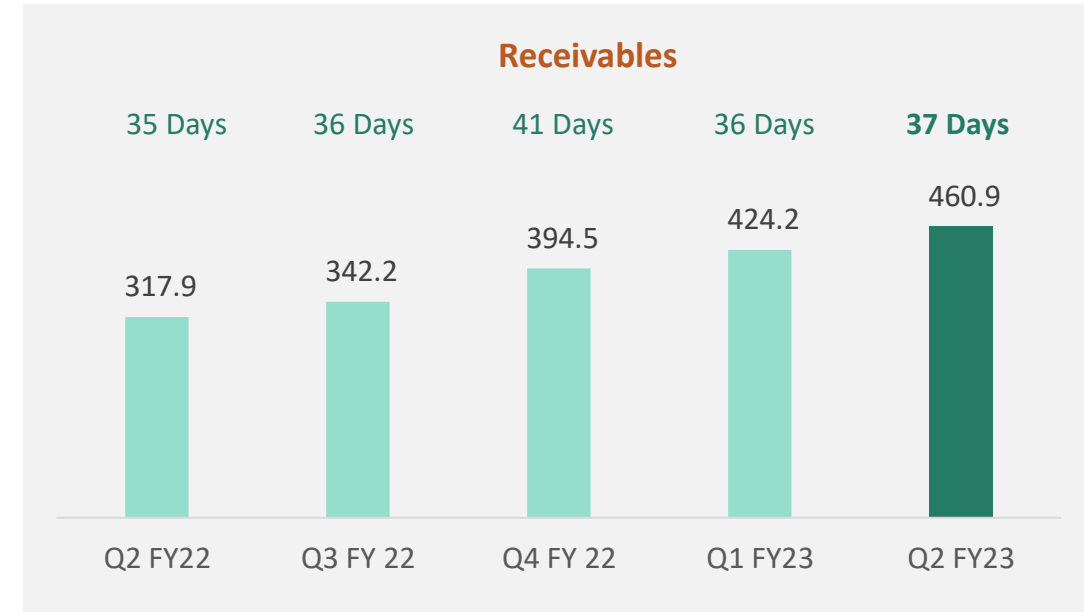
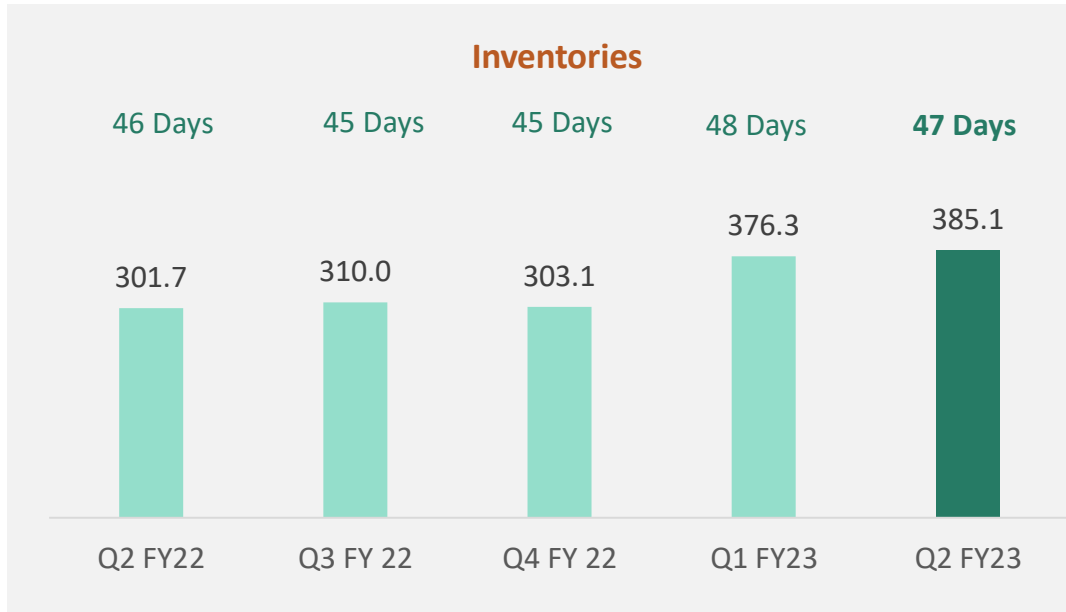


STANDALONE - PROFIT AND LOSS STATEMENT

All amounts are in "₹ Crore"

| Particulars | Q2 FY23 | Q1 FY23 | QoQ | Q2 FY22 | YoY | H1 FY23 | H1 FY22 | YoY |
|-------------------------------|----------------|--------------|-------------|--------------|-------------|----------------|----------------|-------------|
| Net Sales | 998.4 | 943.8 | 6% | 817.8 | 22% | 1,942.2 | 1,457.0 | 33% |
| Other Operating Income | 12.0 | 9.2 | 30% | 7.7 | 56% | 21.2 | 15.7 | 35% |
| Revenue from operation | 1,010.4 | 953.0 | 6% | 825.5 | 22% | 1,963.4 | 1,472.7 | 33% |
| Raw Material | 674.0 | 661.1 | 2% | 571.7 | 18% | 1,335.2 | 1,017.5 | 31% |
| Employee Costs | 56.7 | 55.5 | 2% | 54.3 | 4% | 112.2 | 103.2 | 9% |
| Other Expenses | 164.4 | 132.9 | 24% | 132.9 | 24% | 297.3 | 236.0 | 26% |
| EBITDA | 115.3 | 103.5 | 12% | 66.6 | 73% | 218.8 | 116.1 | 88% |
| EBITDA Margin % | 11.4% | 10.9% | 0.5% | 8.1% | 3.3% | 11.1% | 7.9% | 3.2% |
| Other Income | 4.8 | 5.3 | -9% | 6.6 | -29% | 10.0 | 11.8 | -15% |
| Depreciation | 21.3 | 20.5 | 4% | 19.6 | 9% | 41.9 | 39.1 | 7% |
| Interest | 1.0 | 1.1 | -6% | 0.9 | 12% | 2.1 | 2.5 | -15% |
| PBT | 97.8 | 87.1 | 12% | 52.7 | 85% | 184.9 | 86.2 | 114% |
| Tax | 25.2 | 22.5 | 12% | 14.0 | 79% | 47.7 | 23.0 | 107% |
| PAT | 72.6 | 64.6 | 12% | 38.7 | 87% | 137.2 | 63.2 | 117% |
| PAT Margin % | 7.2% | 6.8% | 0.4% | 4.7% | 2.5% | 7.0% | 4.3% | 2.7% |

WORKING CAPITAL AND NET CASH POSITION



- Notes :
- 1) No. of days has been calculated using average value and TTM (Trailing Twelve Months method)
 - 2) *Above Cash position excludes unclaimed dividend and is net of debt; includes Company's treasury investments (liquid & money market funds)

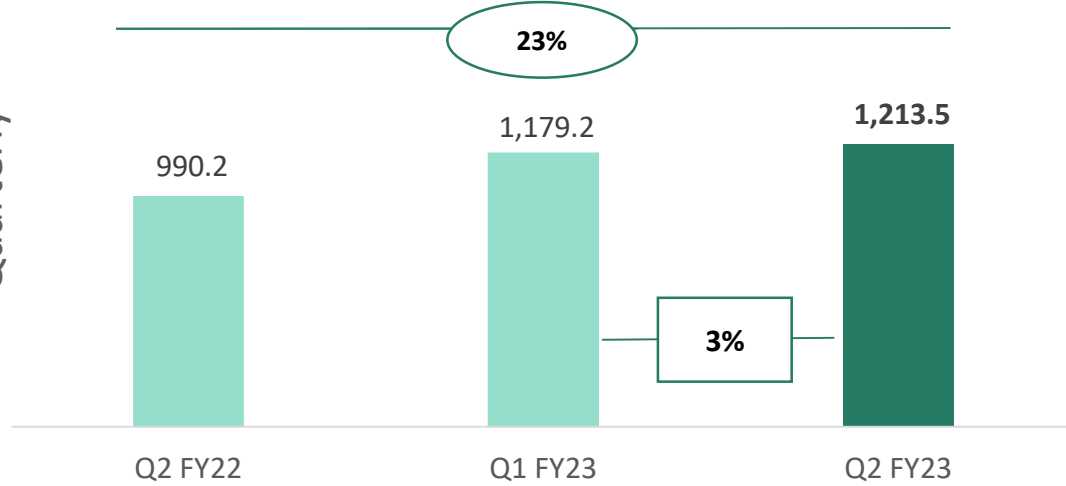


CONSOLIDATED – PERFORMANCE HIGHLIGHTS

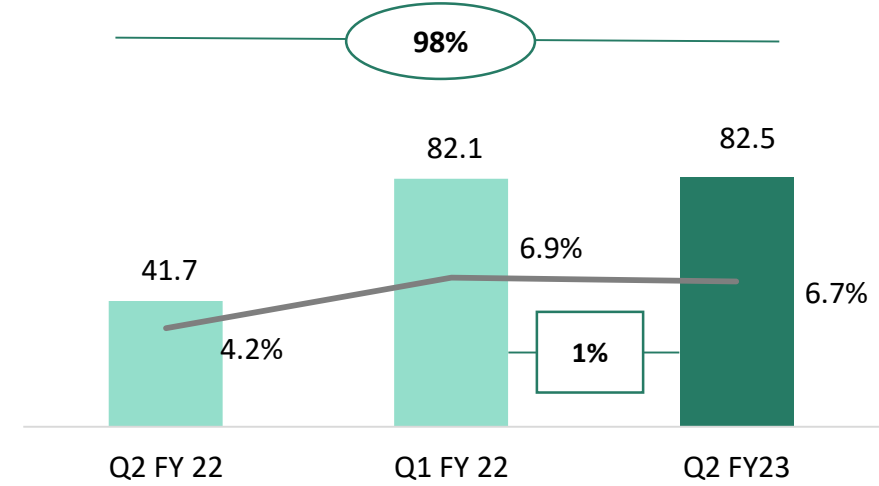
All amounts are in “₹ Crore”

Sales

Quarterly

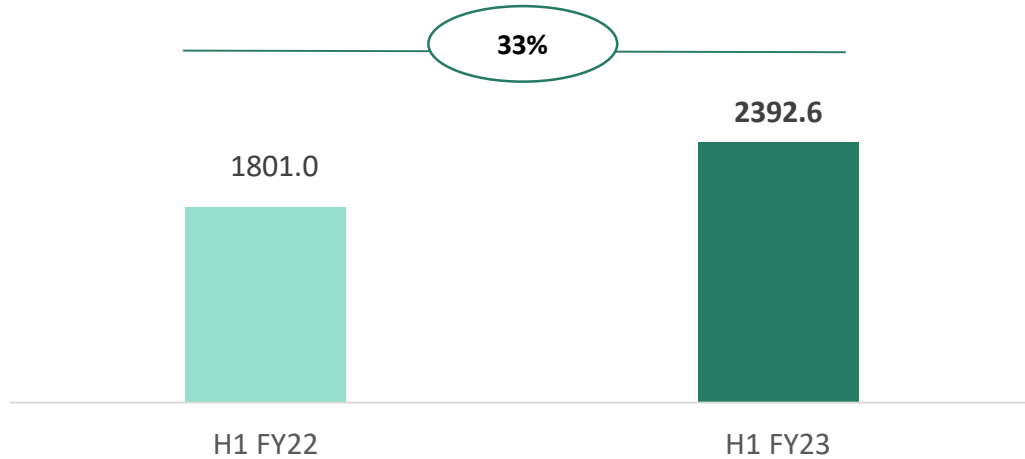


PAT & Margin

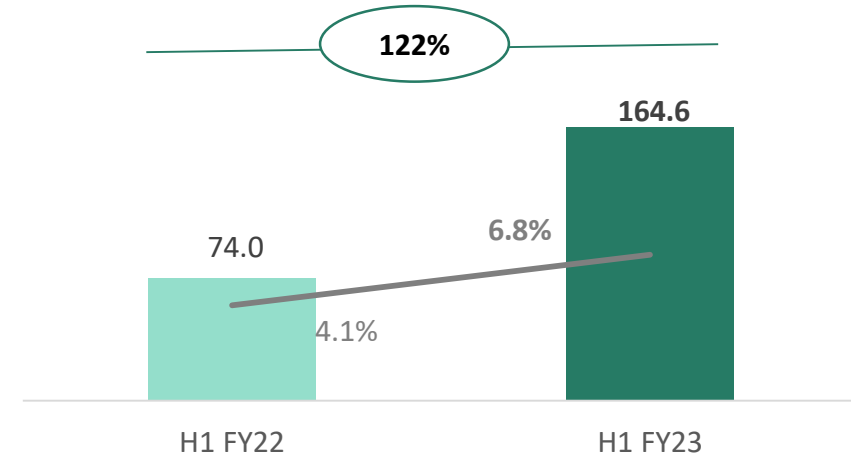


Sales

Half Yearly



PAT & Margin



CONSOLIDATED - PROFIT AND LOSS STATEMENT

All amounts are in "₹ Crore"

| Particulars | Q2 FY23 | Q1 FY23 | QoQ | Q2 FY22 | YoY | H1 FY23 | H1 FY22 | YoY |
|--|----------------|----------------|--------------|----------------|-------------|----------------|----------------|-------------|
| Net Sales* | 1,213.5 | 1,179.2 | 3% | 990.2 | 23% | 2,392.6 | 1,801.0 | 33% |
| Other Operating Income | 14.6 | 12.3 | 19% | 11.3 | 30% | 26.9 | 21.3 | 26% |
| Revenue from operation | 1,228.1 | 1,191.4 | 3% | 1,001.4 | 23% | 2,419.5 | 1,822.3 | 33% |
| Other Income | 5.4 | 5.5 | -3% | 7.4 | -27% | 10.9 | 13.7 | -20% |
| Total Income | 1,233.5 | 1197.0 | 3% | 1,008.8 | 22% | 2430.5 | 1835.9 | 32% |
| Raw Material | 761.9 | 764.3 | -0% | 656.3 | 16% | 1,526.2 | 1,188.7 | 28% |
| Employee Costs | 78.7 | 77.8 | 1% | 71.9 | 9% | 156.4 | 136.8 | 14% |
| Other Expenses | 206.8 | 176.4 | 17% | 175.9 | 18% | 383.1 | 315.9 | 21% |
| Depreciation | 26.3 | 26.6 | -1% | 25.5 | 3% | 52.9 | 51.0 | 4% |
| Interest | 46.8 | 41.9 | 12% | 22.0 | 113% | 88.7 | 42.4 | 109% |
| Share of net profit/(loss) of joint venture accounted for using the equity method (net of tax) | 0.1 | 0.4 | 0% | - | NA | 0.5 | - | NA |
| PBT | 113.1 | 110.4 | 2% | 57.3 | 97% | 223.6 | 101.2 | 121% |
| Tax | 30.6 | 28.4 | 8% | 15.6 | 96% | 59.0 | 27.3 | 116% |
| PAT | 82.5 | 82.1 | 1% | 41.7 | 98% | 164.6 | 74.0 | 122% |
| PAT Margin % | 6.7% | 6.9% | -0.2% | 4.2% | 2.5% | 6.8% | 4.1% | 2.7% |

*Net Sales includes revenue from financial service business

SEGMENT RESULTS - CONSOLIDATED

All amounts are in "₹ Crore"

| Q1 FY23 | Particulars | Q2 FY22 | Q2 FY23 | H1 FY22 | H1 FY23 |
|----------------|--------------------------------|----------------|----------------|----------------|----------------|
| | SEGMENT REVENUE | | | | |
| 848.6 | Engines | 738.3 | 920.9 | 1,306.0 | 1,769.6 |
| 211.6 | Electric Pumps | 166.2 | 174.3 | 340.9 | 385.9 |
| 77.7 | Financial Services | 45.4 | 83.2 | 83.1 | 161.0 |
| 53.5 | Others | 51.7 | 49.4 | 92.2 | 103.0 |
| 0.0 | Unallocated | - | 0.2 | 0.1 | 0.2 |
| 1,191.4 | REVENUE FROM OPERATIONS | 1,001.4 | 1,228.1 | 1,822.3 | 2,419.5 |
| | SEGMENT RESULTS | | | | |
| 78.9 | Engines | 53.7 | 96.2 | 87.3 | 175.1 |
| 10.5 | Electric Pumps | -3.2 | -2.9 | 1.4 | 7.6 |
| 58.9 | Financial Services | 28.9 | 65.5 | 53.5 | 124.4 |
| 1.6 | Others | -2.0 | -1.7 | -2.5 | -0.1 |
| 2.4 | Unallocated | 1.9 | 2.8 | 3.9 | 5.3 |
| 152.3 | Total | 79.3 | 160.0 | 143.6 | 312.3 |
| | Less: | | | | |
| 41.9 | Finance Cost | 22.0 | 46.8 | 42.4 | 88.7 |
| 110.4 | Profit Before Tax | 57.3 | 113.1 | 101.2 | 223.6 |

Notes:

- 1) Electric Pumps segment includes entire LGM (Consolidated) and Electric pumps segment of Water Management Solutions division of KOEL
- 2) Financial Services division represents Arka Group
- 3) Others includes Farm Mechanization, Tractor Spares & Oil, Electric Motors and OWC

For Further Information Please Contact:

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