

Earnings Call Q2 FY 2021-22

29th October 2021

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¹ with effect from 1st August 2017

² with effect from 1st July 2015

³ with effect from 20th April 2018

⁴ with effect from 19th February 2021

⁵ with effect from 13th July 2021

*Formerly known as KOEL Americas Corp.

**Formerly known as Kirloskar Capital Ltd

*** Includes direct and indirect holding

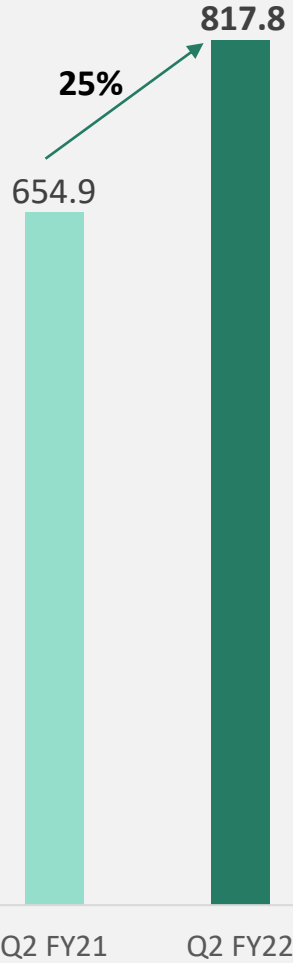


CONTENT

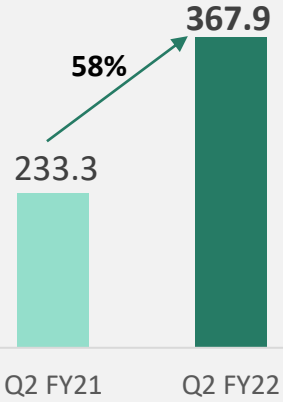
- **BUSINESS OVERVIEW**
 - SALES HIGHLIGHTS
 - BUSINESS PERFORMANCE-DIVISION WISE
- FINANCIAL OVERVIEW

SALES HIGHLIGHTS – Q2 FY22 Y-o-Y

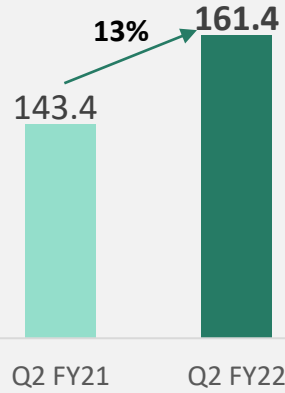
Sales Performance



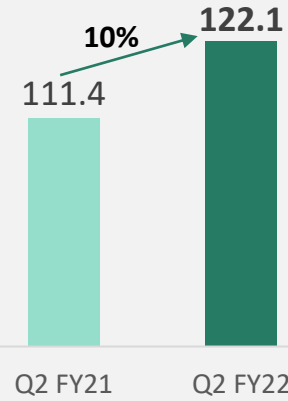
Power Generation



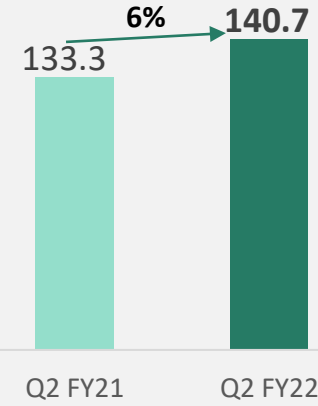
Industrial



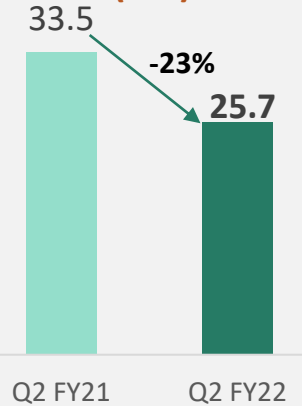
Customer Support



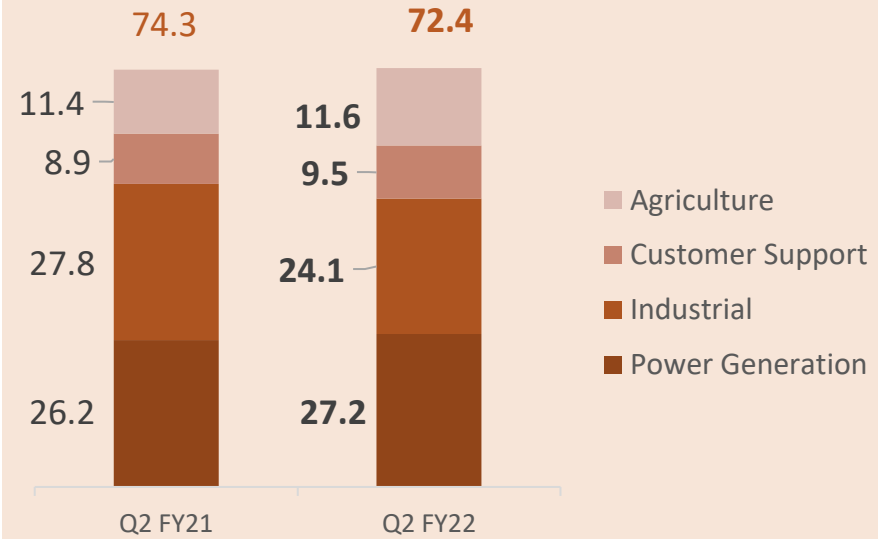
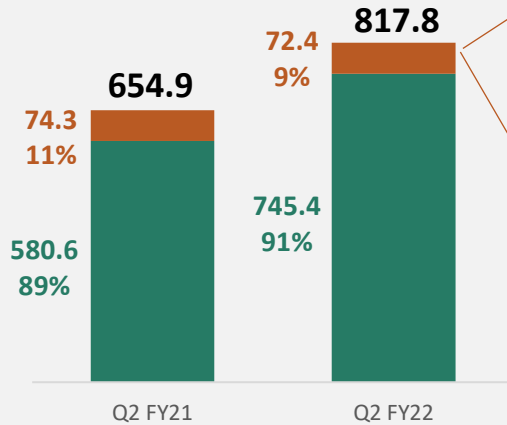
Agriculture*



Large Engines (IPS)



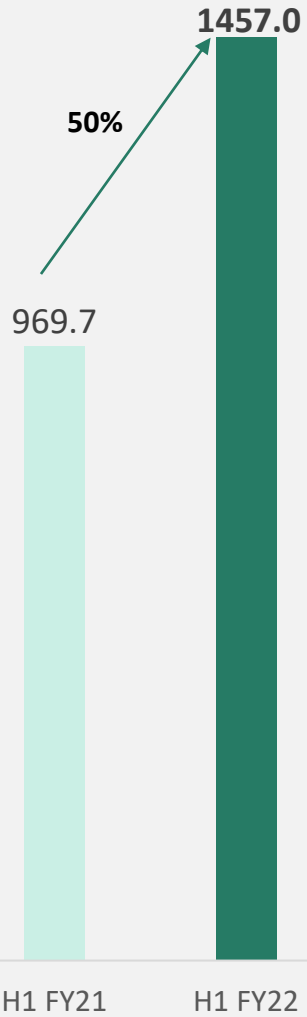
■ Domestic ■ Exports



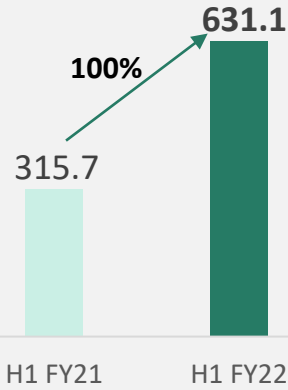
*Agriculture includes Agri Crop Irrigation, Farm Mechanization and 'Tractor Spares and Oil' Business divisions

SALES HIGHLIGHTS – H1 FY22 Y-o-Y

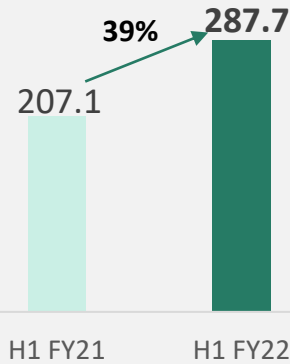
Sales Performance



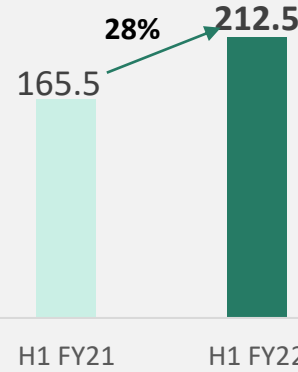
Power Generation



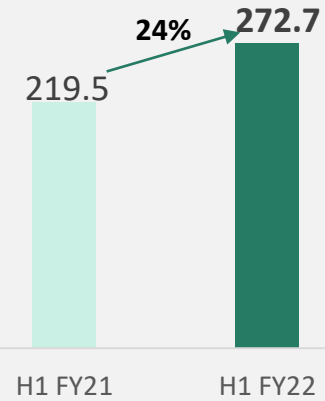
Industrial



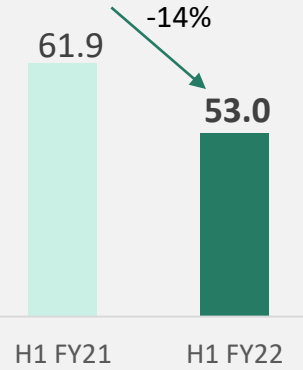
Customer Support



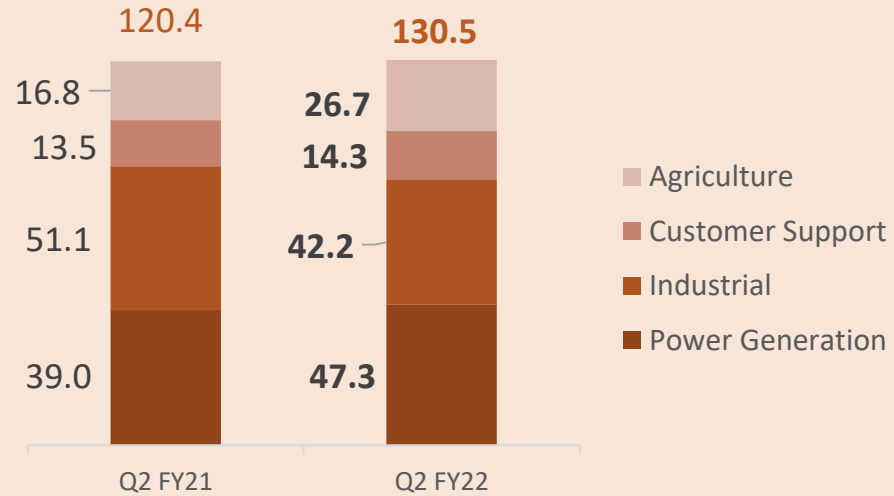
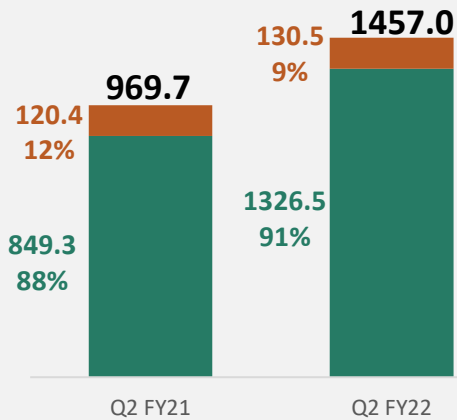
Agriculture*



Large Engines (IPS)



■ Domestic ■ Exports



*Agriculture includes Agri Crop Irrigation, Farm Mechanization and 'Tractor Spares and Oil' Business divisions

POWER GENERATION BUSINESS

- Business has registered growth at 58% Y-o-Y and 40% Q-o-Q
- All major sub segments have registered healthy double digit growth
- Won good orders from health care infra segment
- *i-Green* continues to be the market leader with significant improvements in IoT activations and is getting encouraging response from customers

AGRI BUSINESS

- Business has registered growth at 6% Y-o-Y and 7% Q-o-Q
- Strong growth witnessed in electric pumps; one of the fastest growing segments (Grew more than 46% Y-o-Y)
- Power tiller segment has registered growth at 62% Q-o-Q and decline of 17% Y-o-Y
- Developed new range of power tillers with “K-cool” engine (12 HP, 15 HP);
 - Latest technology of engine in power tillers industry in India.



BUSINESS PERFORMANCE Q2 FY22

INDUSTRIAL BUSINESS*

- Sales grew at 13% Y-o-Y and 28% Q-o-Q on back of strong demand across segments
- BSIV smooth ramp up with all OEMs
- Kirloskar Engine based Firefighting Pumpset range launched in Q3 FY21; it is gaining good order book
- Good demand continuing from the Tractor segment

* Industrial Business includes tractor engines, construction equipment, earth moving, fluid handling(fire fighting) and others.

CUSTOMER SUPPORT BUSINESS

- On the back of increased service load & secondary consumption, sales grew at 10% Y-o-Y and 35% Q-o-Q
- 90%+ vaccination coverage for almost 4,000 on field workforce including service dealer's staff
- Continue to maintain healthy Customer Delight Index (CDI) score of more than 90
- Direct online AMC 'KOEL Bandhan' is gaining momentum, sales grew at 32% Y-o-Y and 24% Q-o-Q



EXPORT BUSINESS

- Business has registered a marginal decline of 3% Y-o-Y and growth of 24% Q-o-Q
- Power generation and agriculture segments have registered growth Y-o-Y
- Industrial engines segment has registered a decline of 13% Y-o-Y and growth of 33% Q-o-Q
- Y-o-Y growth witnessed in key markets like Africa, Middle East and Americas; decline was noticed in South East Asia
- Fire Fighting Engines: well received in UAE market

LARGE ENGINES BUSINESS (IPS)

- Business has registered a decline of 23% Y-o-Y and 6% Q-o-Q. Restrictions to many customer premises due to second wave of COVID-19 impacted project execution
- In fisheries boat engine segment, market share maintained at 25%
- Orders worth more than Rs 50 Cr won in Q2 FY22
- Healthy order board in excess of ~ Rs 150 Cr

- BUSINESS OVERVIEW
- **FINANCIAL OVERVIEW**
 - STANDALONE FINANCIAL PERFORMANCE
 - PERFORMANCE OF SUBSIDIARIES
 - CONSOLIDATED FINANCIAL PERFORMANCE

RESULTS SNAPSHOT – STANDALONE Quarterly

Year- On - Year

Sales

Q2 FY22 → 817.8

Q2 FY21 → 654.9

+ 25 %

EBITDA

Q2 FY22 → 66.5

Q2 FY21 → 76.6

- 13 %

PAT

Q2 FY22 → 38.7

Q2 FY21 → 47.2

- 18 %

Quarter - On - Quarter

Sales

Q2 FY22 → 817.8

Q1 FY22 → 639.2

+ 28 %

EBITDA

Q2 FY22 → 66.5

Q1 FY22 → 49.0

+ 36 %

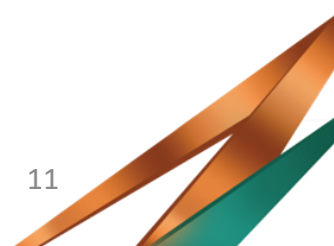
PAT

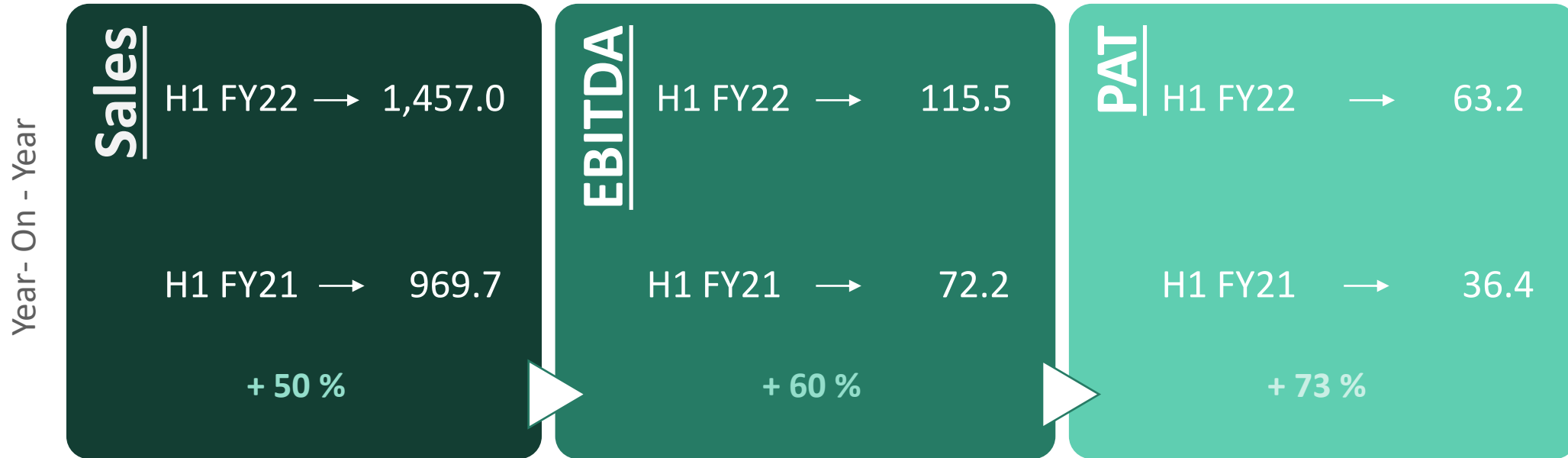
Q2 FY22 → 38.7

Q1 FY22 → 24.5

+ 58 %

Notes: EBITDA excludes other income and exceptional items.
 Figures of previous year regrouped to make it comparable.





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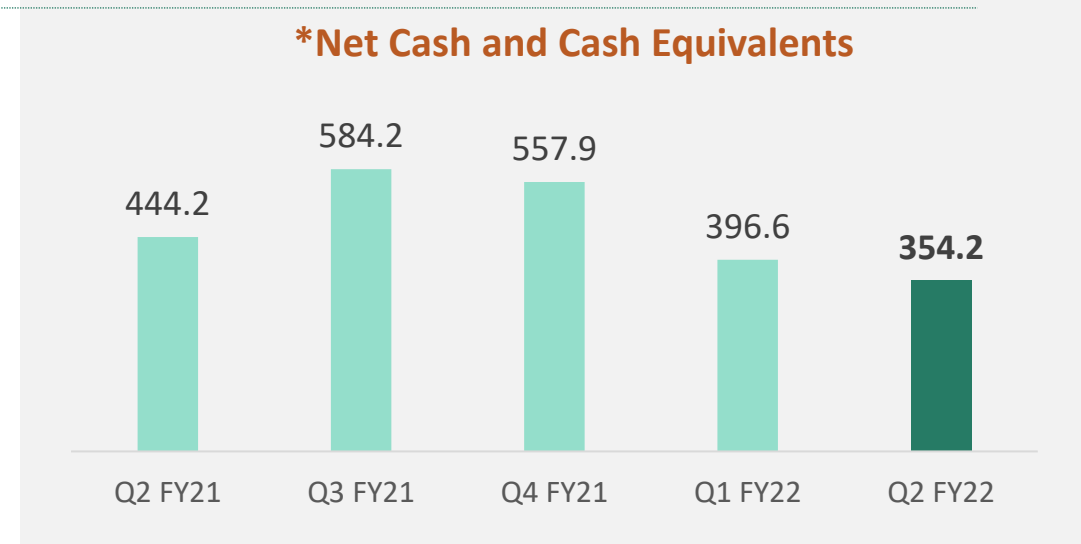
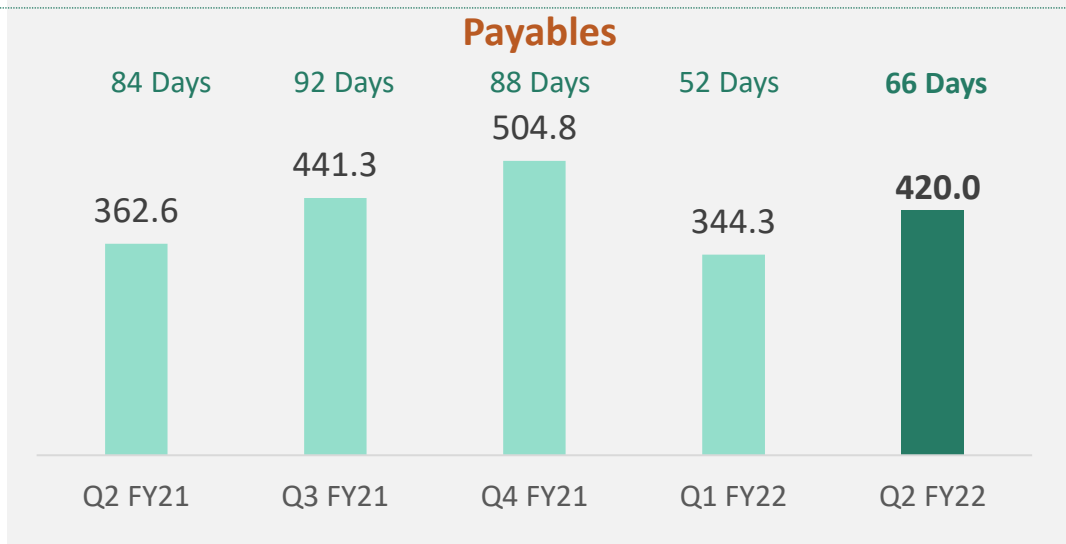
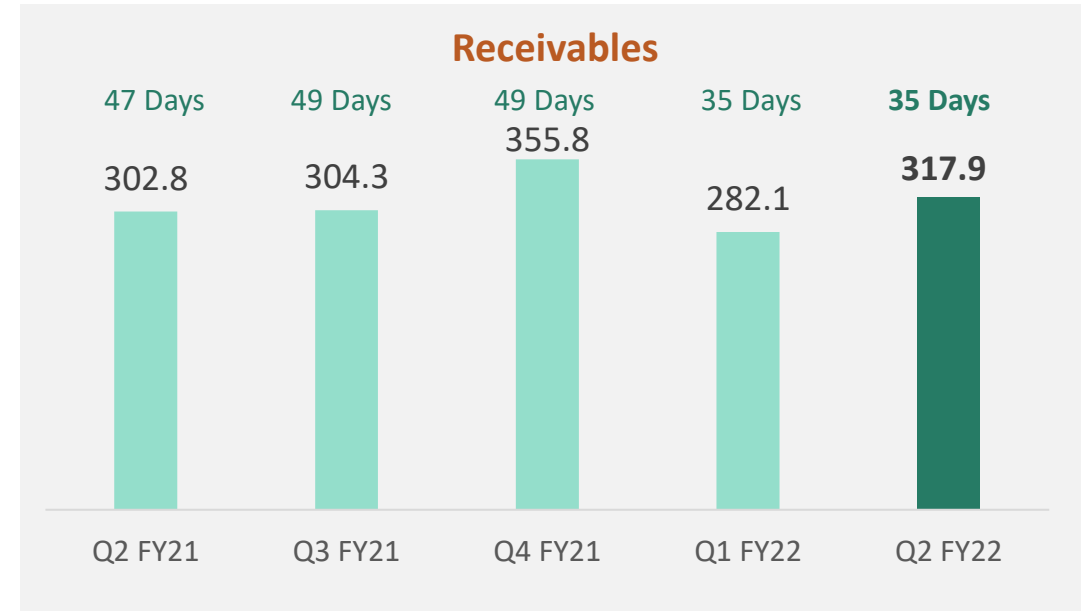
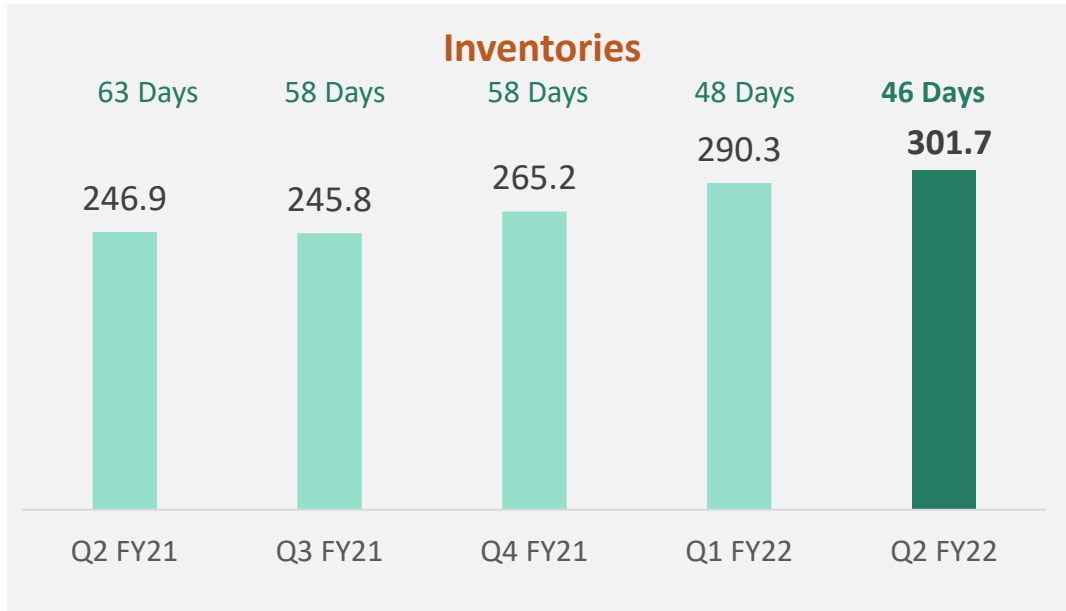
PROFIT AND LOSS STATEMENT – STANDALONE Quarterly

Q1 FY22	Particulars	Q2 FY21	Q2 FY22	Q-o-Q ∂ %	Y-o-Y ∂ %
639.2	Net Sales	654.9	817.8	28%	25%
8.1	Other Operating Income	6.8	7.7	-5%	13%
647.2	Revenue from operations	661.7	825.5	28%	25%
445.8	Raw Material	422.2	571.7	28%	35%
48.9	Employee Costs	41.8	54.3	11%	30%
103.6	Other Expenses	121.1	133.0	28%	10%
49.0	EBITDA	76.6	66.5	36%	-13%
7.6%	EBITDA Margin (%)	11.6%	8.1%		
5.7	Other Income	5.3	6.7		
19.6	Depreciation	15.1	19.6		
1.6	Interest	1.8	0.9		
33.5	PBT	65.1	52.7	57%	-19%
9.0	Tax	17.9	14.0		
24.5	PAT	47.2	38.7	58%	-18%
3.8%	PAT Margin (%)	7.1%	4.7%		

PROFIT AND LOSS STATEMENT – STANDALONE Half Yearly

Particulars	H1 FY21	H1 FY22	Y-o-Y Δ %
Net Sales	969.7	1,457.0	50%
Other Operating Income	12.4	15.7	27%
Revenue from operations	982.2	1,472.7	50%
Raw Material	626.6	1,017.5	62%
Employee Costs	86.4	103.2	19%
Other Expenses	197.0	236.6	20%
EBITDA	72.2	115.5	60%
EBITDA Margin (%)	7.4%	7.8%	
Other Income	10.1	12.4	
Depreciation	29.8	39.1	
Interest	2.3	2.5	
PBT	50.1	86.2	72%
Tax	13.7	23.0	
PAT	36.4	63.2	73%
PAT (%)	3.7%	4.3%	

WORKING CAPITAL & NET CASH POSITION



- Notes :
- 1) No. of days have 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)



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

- Sales at 137.4 Cr in Q2 FY22; decline of 5% Y-o-Y and 3% Q-o-Q
- EBITDA margin for the quarter continued to remain under pressure due to steep increase in commodity prices
- 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 adjacencies 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 04th October 2021.

*Consolidated

Kirloskar Americas Corporation# (“KAC”)

- Sales at 7.9 Cr in Q2 FY22; decline of 8% Y-o-Y and 11% Q-o-Q
- Agri segment still looks strong in the Central American region and is expected to remain steady for this fiscal year
- Growth is expected in gensets and G Drive engines in the US market in H2 FY22

#Formerly known as KOEL Americas Corp.

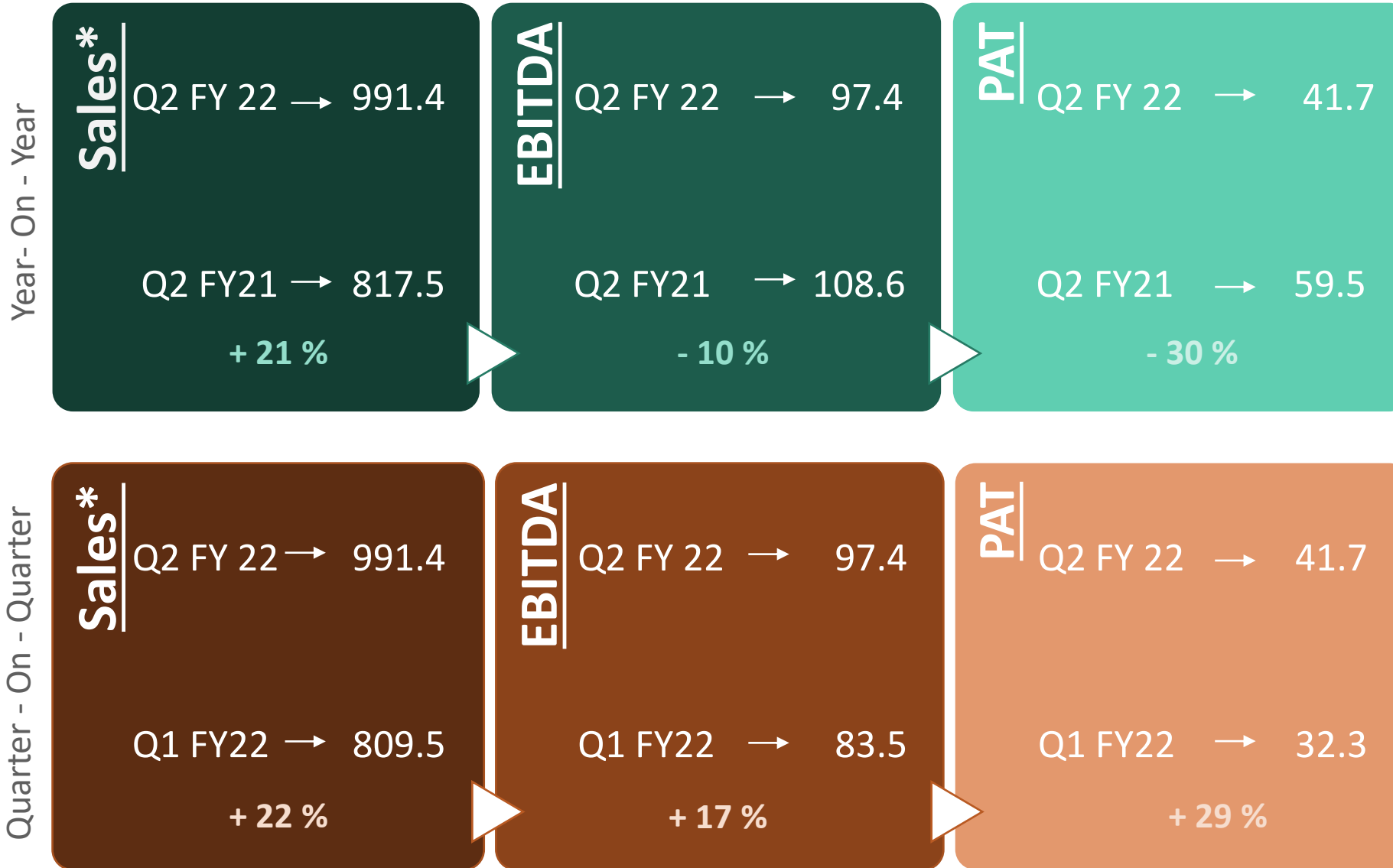
Financial Services Business – Arka Fincap Ltd (“AFL”)** & Arka Financial Holdings (P) Ltd (“AFHPL”)

- KOEL’s total investment in AFL as on 30th Sep 21 stood at Rs 701 Cr
- KOEL has infused Rs 83 Cr in AFHPL in Q2 FY22
- AFHPL, in turn, infused Rs 80 Cr of equity share capital in AFL
- AFL Revenue from operations at Rs 45.4 Cr in Q2 FY22; growth of 98% Y-o-Y and 20% Q-o-Q
- PAT at Rs 9.0 Cr in Q2 FY22; growth of 157% Y-o-Y and 44% Q-o-Q
- Total Debt as on 30th Sep 21 ~Rs 1,047 Cr vs 715 as on 30th Jun 21
- Total AUM* as on 30th Sep 21 Rs 1,579 Cr (1,285 Cr as on 30th Jun 21) includes:
 - Loan book - Rs 1,537Cr
 - NCD/PTC - Rs 42 Cr
- No asset liability mismatch

*Excludes Treasury assets

**Formerly known as Kirloskar Capital Ltd

RESULTS SNAPSHOT – CONSOLIDATED Quarterly



Notes: EBITDA excludes other income and exceptional items.
 Figures of previous year regrouped to make it comparable.
 *Sales includes income from financial services business.

RESULTS SNAPSHOT – CONSOLIDATED Half yearly

Year- On - Year

Sales*

H1 FY 22 → 1,801.0

H1 FY21 → 1,232.8

+ 46 %

EBITDA

H1 FY 22 → 180.9

H1 FY21 → 119.4

+ 52 %

PAT

H1 FY 22 → 74.0

H1 FY21 → 52.8

+ 40 %

*Notes: EBITDA excludes other income and exceptional items.
Figures of previous year regrouped to make it comparable.*

**Sales includes income from financial services business.*

PROFIT AND LOSS STATEMENT – CONSOLIDATED Quarterly

Q1 FY22	Particulars	Q2 FY21	Q2 FY22	Q-o-Q Δ %	Y-o-Y Δ %
809.5	Net Sales	817.5	991.4	22%	21%
11.3	Other Operating Income	10.5	10.0	-11%	-4%
820.8	Revenue from operations	828.0	1,001.4	22%	21%
532.4	Raw Material	510.3	656.3	23%	29%
64.9	Employee Costs	55.3	71.9	11%	30%
140.0	Other Expenses	153.9	175.9	26%	14%
83.5	EBITDA	108.6	97.4	17%	-10%
10.2%	EBITDA Margin (%)	13.1%	9.7%		
6.3	Other Income	5.9	7.4		
25.5	Depreciation	20.3	25.5		
20.4	Interest	11.9	22.0		
43.9	PBT	82.2	57.3	30%	-30%
11.6	Tax	22.7	15.6		
32.3	PAT	59.5	41.7	29%	-30%
3.9%	PAT (%)	7.2%	4.2%		

PROFIT AND LOSS STATEMENT – CONSOLIDATED Half Yearly

Particulars	H1 FY21	H1 FY22	Y-o-Y Δ %
Net Sales	1,232.8	1,801.0	46%
Other Operating Income	17.5	21.3	22%
Revenue from operations	1,250.3	1,822.3	46%
Raw Material	771.2	1,188.7	54%
Employee Costs	112.5	136.8	22%
Other Expenses	247.1	315.9	28%
EBITDA	119.4	180.9	52%
EBITDA (%)	9.5%	9.9%	
Other Income	10.9	13.7	
Depreciation	40.2	51.0	
Interest	17.0	42.4	
PBT	73.0	101.2	39%
Tax	20.2	27.3	
PAT	52.8	74.0	40%
PAT (%)	4.2%	4.1%	

SEGMENT RESULTS - CONSOLIDATED

Q1 FY22	Particulars	Q2 FY21	Q2 FY22	H1 FY21	H1 FY22
	SEGMENT REVENUE				
567.8	Engines	594.3	738.3	861.8	1,306.1
174.8	Electric Pumps	163.3	166.2	267.0	340.9
37.7	Financial Services	22.9	45.4	39.5	83.1
40.5	Others	47.2	51.7	81.3	92.2
0.0	Unallocated	0.2	0.0	0.8	0.0
820.8	REVENUE FROM OPERATIONS	828.0	1,001.4	1,250.3	1,822.3
	SEGMENT RESULTS				
33.6	Engines	63.9	53.8	49.3	87.3
4.6	Electric Pumps	12.7	(3.2)	14.9	1.4
24.6	Financial Services	13.9	28.9	21.6	53.5
(0.5)	Others	1.6	(2.0)	0.8	(2.5)
2.1	Unallocated	2.1	1.9	3.4	3.9
64.3	Total	94.1	79.3	90.0	143.6
	Less:				
20.4	Finance Cost	11.9	22.0	17.0	42.4
43.9	Profit Before Tax	82.2	57.3	73.0	101.2

Notes:

- 1) Electric Pumps segment includes entire LGM (Consolidated) and Electric pumps segment of Agri division of KOEL
- 2) Financial Services division represents AFL & AFHPL
- 3) Others includes Farm Mechanization, Tractor spares and oil

THANK YOU

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