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OPENING SPELL

Hello Friends,

It is my pleasure to bring to you our 24th Issue of eNews@KMEF. I am delighted to inform you that this issue marks the 6th anniversary of this newsletter. It is extremely satisfying to see this newsletter grow with an ever increasing patronage from our readers. We thank you from our heart and are grateful for your suggestions, feedback and compliments. It is this spirit and participation of our esteemed readers that encourages everyone at Kirloskar to keep this newsletter going.

The beginning of 2017 has revived the business opportunities in most of the markets in the Middle East. It is also this time of the year where Dubai hosts key exhibitions like the Intersec, Middle East Electricity, Arab Health, Gulf Food, Dubai International Boat Show, Gulf Print & Pack to name a few. These are top notch shows exhibiting a diverse range of products which bring in both manufacturers and customers from all over the world.

We participated in the Intersec show and the Middle East Electricity Exhibition held in Jan and Feb 2017 respectively. Participation in these shows enables us to discuss market opportunities and plans right in the beginning of the year. I am also happy to inform about the launch of our new 2900 rpm air cooled engines for fire-fighting application during the Intersec show in Jan 2017.

The beginning of 2017 has brought new business opportunities after a slow down that was experienced during the second half of 2016. The outlook for this year is positive with work starting on different projects in Qatar, UAE, Kuwait and Bahrain. The stability in the International Oil prices with a slight increase also builds positive hope for future. During this quarter, we have also been awarded a tender for supply of 32 generating sets of various capacities in Ethiopia.

Our new build of generating sets introduced during the last quarter have started yielding positive feedback from the market and our channel partners. Similar responses have also been received from users of our HA series engines in all the markets.

A good and positive beginning to 2017 makes it exciting for the entire team and builds confidence for a successful year ahead.

We hope you continue to enjoy reading our newsletters as much as we do bringing this to you. Once again, we thank you for your continued patronage and welcome your feedback.

Thank you,

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KIRLOSKAR GOES GREEN AT MIDDLE EAST ELECTRICITY 2017



Kirloskar Stand at MEE - 2017

It is the season of power in February and power industry looks forward to visit Middle East Exhibition (MEE), the region's leading international trade event for the power industry, with dedicated product sectors for power generation, transmission & distribution, lighting, and solar at the co-located Solar Middle East exhibition. The event serves as the world's leading platform for the power industry to come together, conduct business, share ideas and network at the highest level.

MENA power industry is undergoing unprecedented growth and MEE is the platform where the power industry can get solutions to their diverse requirements. The show is becoming a key attraction for the power industry as more than 50 global and regional generating set manufacturers are participating and exhibiting their products every year. This year, the exhibition was held between the 14th to 16th of February at Dubai World Trade Centre (DWTC).

Kirloskar participated for the eighth consecutive time with enthusiasm and an essence to enhance the brand value of its "Kirloskar Green" generating sets. This time we launched our much anticipated Phase II 100 kVA – 4K1080TA series diesel generating set and ATS Panels. Demonstration of the new engine model as well as new features on the Genset like, Top lifting, Compact in size,

Smaller engine, Silencer inside the canopy, Door at radiator end for easy maintenance, were some points widely appreciated by the visitors. Visitors also appreciated newly launched "K-ATS" Panels which had KOEL contactors & Breakers and additional safety features being offered than a conventional ATS panels.

To extend the visibility, cut section models of HA694 & 4R1040TA engine models were displayed. There was a lot of appreciation and curiosity from the visitors for these cut models.

We believe in our strategy "service as a differentiator" in spirit and hence, we are always sensitive about the availability of genuine spare parts. We were the only exhibitor who displayed Kirloskar "Genuine Spare Parts" & "K-Oil" which were largely appreciated and noticed by several people who visited our stall.



Visitor's along with KDMCC personnel at Kirloskar Stand

It was a successful show of 3 days. More than 100 prospects across the region visited our stall to understand product features of the new Gensets and suitability for their requirements. The enthusiasm and support extended by Al Shirawi Enterprises LLC, our Channel Partner in UAE, was commendable. Their team was present throughout the exhibition period and demonstrated products with immense energy and enthusiasm.

Visits to our stall by Mr. Aziz Ur rab of Abdullah Hashim Co. Ltd., Saudi Arabia, Mr. Ajit from Al Mahroos, Bahrain, Mr. Moutaz & Mr. Salim from Abbar Trading, Syria, Mr. Ali Hibaoui from HIB Agricole, Morocco, & Mr. Ali from M/s Saadi Co., to name a few important visitors, added further grace to the show. All of them expressed pride upon seeing the impressive Stand and Kirloskar Green brand at the show.

The zest from the Dubai team was equally poised and the entire team was actively present during the show to interact with visitors and exchange views on products & market requirements. Also, visiting from our head office – Kirloskar Oil Engines Limited, Pune were Mr. Sanjeev Nimkar – Vice President - Power Generation Business and a cross functional team consisting of people from application engineering, sourcing, manufacturing and quality to study and benchmark the competition products and help to further bolster the ongoing improvements.

It was a complete show which enabled us to get apprised of market requirements and to demonstrate our capabilities in the power sector. Looking at our brand value going up gives immense sense of satisfaction towards our participation at the prestigious trade show which is in line with our Vision of 'Touching the world by 2025'.

PARTICIPATION AT INTERSEC EXHIBITION 2017

Intersec is the leading international meeting platform for the Security & Safety industry. At Intersec, one can find all the industry's latest trends, cutting-edge innovations and new products. With the globally unrivalled range of products in the Commercial Security, Information Security, Fire & Rescue, Safety & Health and Homeland Security & Policing, from major brand manufacturers, international newcomers and many others. Intersec is the most important business platform worldwide for the past 19 years and the no. 1 in the MENA region.

The exhibition held between 22nd – 24th of January 2017 featured 1,304 exhibitors and welcomed 33,212 visitors from 128 countries which made it the largest and most international Intersec of all times.



Kirloskar Stand at Intersec Exhibition - 2017

This is second consecutive year when Kirloskar participated in this exhibition. We displayed our FM approved and UL Listed engine model KFP4R-UF15, 151 HP at 2600 RPM engine of Kirloskar Fire Pump Series (KFP Series) diesel engines for driving Fire Pump application. Kirloskar is India's only diesel engine manufacturer to have FM approval and UL listing on diesel engines, engine accessories such as drive shafts and cooling loops supplied are FM approved and UL listed.

We launched 2 cylinder Air cooled engine model HA294, 27HP at 2900 RPM non listed diesel engine. Air cooled engines are most popular in Middle East region due to its less maintenance, less prone to breakdowns and efficient performance in dusty conditions and in more than 50°C temperatures. We also displayed drive shaft and spare parts for diesel engines.

Mr. R.R. Deshpande (Joint Managing Director), Mr. Nikhil Rao (General Manager, Exports), Mr. Nitin Ashtaputre (Application Engineer) and Mr. Chetan Jadhav (Application Engineer) from KOEL Pune were also present during the exhibition.

Our participation this year received a grand response with over 90 prospects and customers visiting our stall. Visitors to our stall comprised of end users, MEP consultants, Contractors & prospective channel partners who were willing to work with us in different market segments.

Looking at the response from the exhibition, we are very upbeat about the prospects of next year. Kirloskar is established as a major supplier in power, construction, and refrigeration segments. We are now spreading the portfolio with quality products to suit the needs & requirements of fire pumps segment as well in the Middle East market.

We sincerely thank all the visitors at our stall for their appreciation and interest in Kirloskar products. We look forward to seeing them in the coming year as well.

KCPL BAGS ITS FIRST ORDER FROM EGYPT

Kirloskar Chiller Pvt Ltd is the only manufacturer in India to manufacture and supply Centrifugal chillers. We have pioneered the centrifugal chiller business in India as well as in the overseas market with the largest chiller ever built in India specially designed for International Thermonuclear Experimental Reactor (ITER) in Cadarache ,France.



*Kirloskar make Centrifugal Chiller
Model KSC 087 M with VFD*

A centrifugal chiller is one of our most acknowledged machines by users across the world.KPCL bagged another order for the largest centrifugal chiller - 600TR water cooled Centrifugal Chiller with Variable Frequency Drive from TCI Sanmar Chemicals in Egypt. This machine will serve their process application.

This order has helped to increase our list of reference site in MENA region. The chillers will be commissioned in June 2017 and the plant will be operational by end of this year.

We continue to pursue this business and add several more customers to our portfolio.

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DEWATERING APPLICATION & KIRLOSKAR ENGINES- THE RIGHT CHOICE !

2016 was a challenging year for construction projects in the GCC region. With the decline in government revenues as a result of lower oil prices, project awards had slowed down considerably.

2017 started well, thanks to an improvement in the oil prices as well as resuming of key projects which were on hold for some time. Improvement in construction activities in GCC has always been a good sign for us especially for HA series engines which are widely used by dewatering pump OEMs & Contracting companies across GCC.



Dewatering Pumpset with Kirloskar engine in operation

HA series engines are proven for dewatering application for over one decade in the Middle East region. These engines are specifically designed and manufactured considering the ambient temperature conditions and other operational factors of GCC. HA engines have several specific benefits over other engines like built in safety features, lesser break downs, continuous operation even in harsh

climatic conditions and having low maintenance costs. The design of our Control panel supplied with these engines is unique and enables to monitor engine running hours and oil pressure which is vital to the service & operation of engines.

Dewatering application requires 24 x 7 operation of the pump at the site. Failures may result into huge losses in operation and construction deadlines. Owing to the high reliability and consistent performance, Kirloskar HA engines are the most preferred engines across GCC for over a decade now.



Dewatering Pumpset with Kirloskar engine in operation at a site in Dubai

Kirloskar offers complete range of HA294 to HA694 air cooled diesel engines. This covers a wide power spectrum of 19 hp to 95 hp. The engines are suitable for 4 inch to 12 inch pumps with varying discharge. This effectively covers majority of the dewatering needs. Availability of spare parts and exceptional service support is our USP for this product which makes Kirloskar as their first choice amongst Dewatering Pump OEMs & Contracting companies.

The introduction of K-Oil (engine oil) in 2016, has added a multifold advantage to our market enhancement plan and helped us to gain a majority share.

As GCC forges ahead with new projects, our HA series engines are always available to users in ensuring their success. We value the confidence put in by various OEMs in GCC and thank them for their continued patronage in using our engines for their dewatering pumps. This reinforces our endeavor to continuously improve the quality of our products and services.



Dewatering Pumpset with Kirloskar engine in operation at a site in Dubai

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EGYPT - A NEW ERA IN IRRIGATION WITH KIRLOSKAR ENGINES -

The name of Kirloskar has been synonymous in Egypt with a water pump for irrigation. Kirloskar's association with Egyptian farmers now spans over 40 years during which our engines and pumpsets have served the diverse irrigation needs of the farmers.

Over the last few decades, farmers have been following the traditional method of irrigation. As the ever growing demand for water, new systems to utilize minimum water and maximize crop yield are being used. One such system introduced by the Irrigation Improvement Project under the Ministry of Agriculture is through use of a common pumping station for 25-50 feddans (acres) of land. This is being used



Pump room in Egypt

to replace the existing system of using a 8hp / 10hp pumpset to irrigate an acre of land. Thus, the pumping station eliminates about 40-50 diesel pumpsets and replaces them with a motorized pump and a diesel engine driven pump. Pipelines have been laid across farms from the pump station to the respective farms.



Kirloskar Pumpset in operation

Farmers now receive adequate amount of water with a highly efficient resource. The cost of running and maintenance of the pump station is shared amongst farmers depending upon their land holding. This newly implemented irrigation system is turning around the farming practices in Egypt as more and more land comes under this Irrigation Improvement Project.

Kirloskar HA series engines have become the preferred choice of engines by contractors and farmers alike due to their superior performance, low fuel consumption, easy maintenance and long life. The superior performance of these engines is not the only factor for their popularity amongst farmers. Maintenance charts have been put up at pump stations in Arabic & English language for ease of service & maintenance. Training has been imparted to users and local technicians on the do's and don'ts. Adequate stock of spare parts & consumables has been made available locally which offer the necessary assurance to farmers.

Kirloskar has been the pioneer in irrigation systems in Egypt and we continue to move forward through superior products and services in the interest of the Egyptian farmers.

SERVICE CAMPAIGN CONDUCTED FOR REFRIGERATION COMPRESSORS IN UAE

In continuation with our strategy of Service as a Differentiator, a service campaign was organized and conducted jointly by KPCL and KDMCC from 31stJan to 07thFeb 2017 for users of KC/KCX refrigeration compressors in UAE.

The campaign was led by Mr. Yuvaraj Patil (ACR Service Manager, KPCL) which covered more than 20 installations at Abu Dhabi, Dubai, Sharjah, Fujairah and Umm Al Quwain.

The campaign had an agenda of providing our esteemed customers a free health checkup for their equipment, providing hands on training & relevant knowledge transfer to their technical staff and highlighting the importance of good maintenance practices and use of Genuine Kirloskar Spares.

We received a positive feedback from our users wherein this platform was also used to resolve several technical queries.



Mr. Yuvaraj Patil inspecting Kirloskar refrigeration compressor during service campaign in UAE

During the period of this campaign, a training program was also organized at KMEF, Ajman which was attended by sales and service staff of our Technical Sales Representative (TSR) in Pakistan, Morgan Energy Solutions. The aim of this program was to update the knowledge on the air-cooled KCX refrigeration compressor.



L-R: Mr. Abhimanyu, Mr. Mashal, Mr. Paulson, Mr. Yuvraj, Mr. Atique.

Overall, the service campaign was very well received by all our clients; paving way for more such initiatives for the benefit of users of Kirloskar Refrigeration Compressors.

DELIVERING VALUE TO CUSTOMERS THROUGH SERVICE CAMP IN SAUDI ARABIA

KPCL's Technical Service Representative (TSR) for Saudi Arabia, Multivista – BMS team, organized the first ACR Service Camp for our KC/KCX Compressors.



Mr. Yuvraj & Mr. Jaris along with customer in Saudi Arabia

Targeting the existing installations in the Eastern Province of Saudi Arabia, viz. Dammam, Al Khobar, Al Ahsa, Jubail and Qatif, the first service camp for ACR products was conducted locally. The initiative was jointly planned with the TSR team and supported by Mr. Anand Kuvar (International Business Division). Mr. Yuvaraj Patil (Service Manager – ACR) was locally present in Saudi Arabia and supported the new team with the required skill sets.

Major installations covered during this campaign including a large Petrochemical complex of Chemanol, Food & Beverage manufacture Al Jabr Soft drinks, Ice Plants such as Al Sheerah, Al Bunain, Al Zahrani etc.,

The campaign included Technical product presentation on KC/KCX, Equipment health check-up and Maintenance Training and Awareness of Kirloskar Genuine Spare Parts. Around 50 personnel attended this campaign and offered an encouraging and positive feedback. Customers were handed a certificate of attendance and compliments for brand recall and promotion of local agent information.



Traning Programme for customer's in KSA

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3RD CAR FREE DAY....@KIRLOSKAR DMCC

Car Free Day is an initiative pioneered by the Dubai Municipality for the first time in 2010. This is considered to be the first of its kind in the region, aiming to make Dubai a global sustainable city, and to endorse its commitment towards the relevant international environmental conventions, which aims to reduce greenhouse gases emissions.



Mr. Prashant & Mr. Gangadhar using public transport during car free day

Thousands of people & entities leave behind their cars for a day to participate in Dubai Municipality's biggest environmental awareness campaign which contributed to Carbon footprint reduction in Dubai. Kirloskar DMCC has been a part of this initiative since 2015.

This year, 5th February 2017 was celebrated as Car Free Day in Dubai & our Team at Kirloskar DMCC also contributed to the reduction in carbon footprints where all of us avoided use of our cars and took a public transport such as Bus & metro.

Some employees residing nearby to our office walked to office while others chose the metro. Colleagues from Sharjah opted multiple combinations such as walk, bus, metro and again walk to office.

It is worthwhile to mention here that Sapna is a daily traveler by bus / metro & Srinivas is a member who contributed whole year by riding a bicycle to our office in Ajman

We all enjoyed our walk as well as ride by public transport where we could witness various initiatives undertaken by the Dubai Government as well.

Keep walking, keep fit.....On more step to reduce pollution.

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COST OF POOR QUALITY

Cost of Poor Quality' (COPQ) is a term coined by IBM's quality expert H. James in 1987. James wanted to emphasize that costs incurred in detection and prevention of failures are more than offset by the savings. Put simply, the cost of poor quality would simply vanish if processes and products become defect-free. Although it may not be practical to expect every system and product to become 'perfect', organizations can certainly do a lot to reduce COPQ.s

COPQ can be divided into two broad categories as follows:

Direct Costs of Poor Quality

- Costs due to internal failure that include manufacturing and internal system faults that occur before the product/service reach the customer, such as repairs, troubleshooting, re-testing, inventory losses.
- Cost due to external failures is a cost associated with faults found in a product/service after it reaches the customer e.g. cost of returns, agreement penalties, complaint handling costs, warranty costs.
- Appraisal costs are incurred to determine the level of conformance to the quality requirements e.g. testing, inspection, auditing.
- Prevention costs refer to costs associated with prevention of failure and appraisal costs. e.g. Education and training, regular design reviews, quality planning.

Indirect Costs of Poor Quality

- The cost of Poor Quality incurred by customers e.g. productivity loss and downtime due to faulty product/service, time and travel costs for product return, repair costs if out of warranty, backup costs.
- Cost related to customer dissatisfaction, which can be shared by word of mouth and across several other channels
- Costs related to loss of reputation, which is intangible but can seriously hurt a business

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ORGANIZATION CHANGES AT KMEF



Mr. Abhimanyu Kacker joined Kirloskar DMCC as Assistant Manager Sales for Refrigeration and Air Compressor business of Kirloskar Pneumatic Co.

Mr. Abhimanyu holds a Bachelor's degree in Mechanical Engineering. He has worked at Kirloskar Pneumatic Co. for 1 year as a graduate trainee engineer.

QUOTES

*There is only one boss – The Customer.
And he can fire everybody in the company
from the Chairman on down, simply by spending
his money somewhere else.
– Sam Walton*

Memories



Birthday Celebration of Mr. Nilesh Patil