



Enriching Lives

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# **Kirloskar Ferrous Industries Limited**

Q3 FY20 Investor Meet Presentation  
February 18, 2020

# Kirloskar Ferrous Industries Limited



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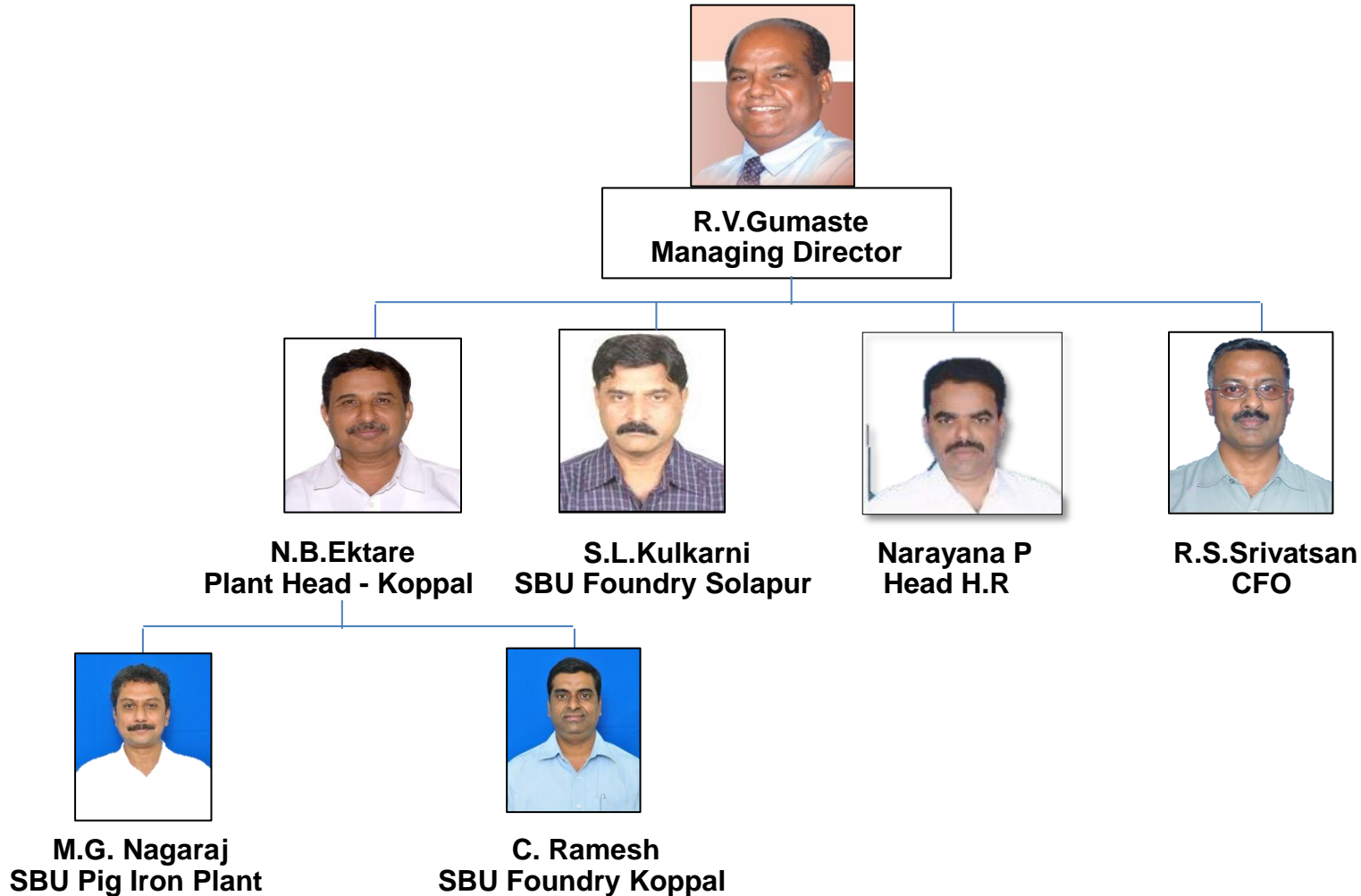
Update on Major Projects

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# Leadership Team



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# Vision and Mission



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## VISION

**To be a partner of choice with our valued customers for Pig iron, Castings and Machined components.**

## MISSION:

**To become a Billion Dollar company by 2030**

### ❖ Pig Iron

- To be a lowest cost producer
- Expand in to value added products
- To achieve 425,000 MT of liquid metal by 2020

### ❖ Casting

- Exceed customer expectation in new product development
- Exceed customer expected level of quality
- On time in full delivery performance
- To achieve 150000 MT casting sales by 2021 and 200,000 MT sales by 2025
- Expand in to new segments of vehicle components.

**❖ To be a preferred Employer & responsible neighbor.**

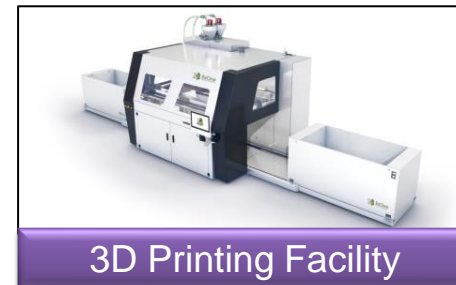
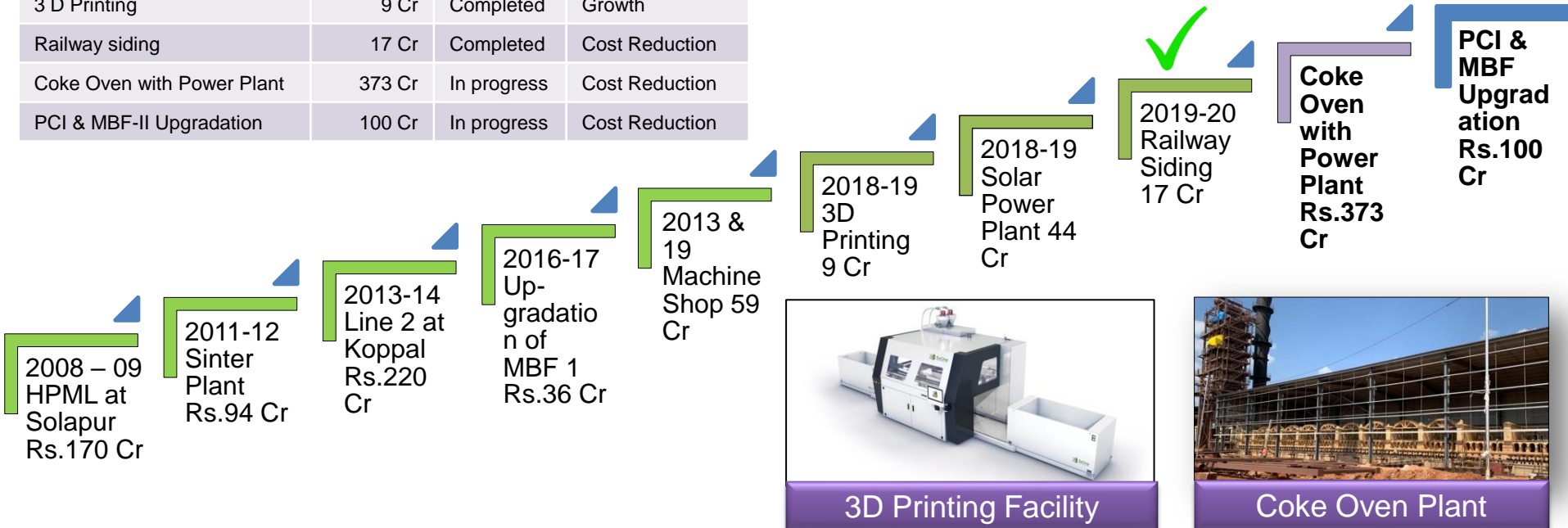
# KFIL Projects

## So far Progress and Plan



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| Projects                   | Investment | Status      | Motive                  |
|----------------------------|------------|-------------|-------------------------|
| 2 New Foundries            | 390 Cr     | Completed   | Growth                  |
| 2 New Machine Shops        | 59 Cr      | Completed   | Growth                  |
| Sinter Plant               | 94 Cr      | Completed   | Growth & Cost reduction |
| MBF-I Upgradation          | 36 Cr      | Completed   | Growth                  |
| Solar Power Plant          | 44 Cr      | Completed   | Cost Reduction          |
| 3 D Printing               | 9 Cr       | Completed   | Growth                  |
| Railway siding             | 17 Cr      | Completed   | Cost Reduction          |
| Coke Oven with Power Plant | 373 Cr     | In progress | Cost Reduction          |
| PCI & MBF-II Upgradation   | 100 Cr     | In progress | Cost Reduction          |



# Our Business



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The Company has advanced manufacturing facility at Koppal and Solapur. Koppal plant is strategically located near Hospet-Bellary-Sandur iron ore area.

**Pig iron** - Capacity-3,91,400 MT

**Casting** - Capacity-90,000 MT

Facility of producing Prototype castings with 3D printing technology available at Koppal Plant

The Solapur plant has **casting manufacturing** facility - Capacity-40,000 MT

Both Koppal and Solapur units have **forward integration** to machining facility for castings

# Our Products



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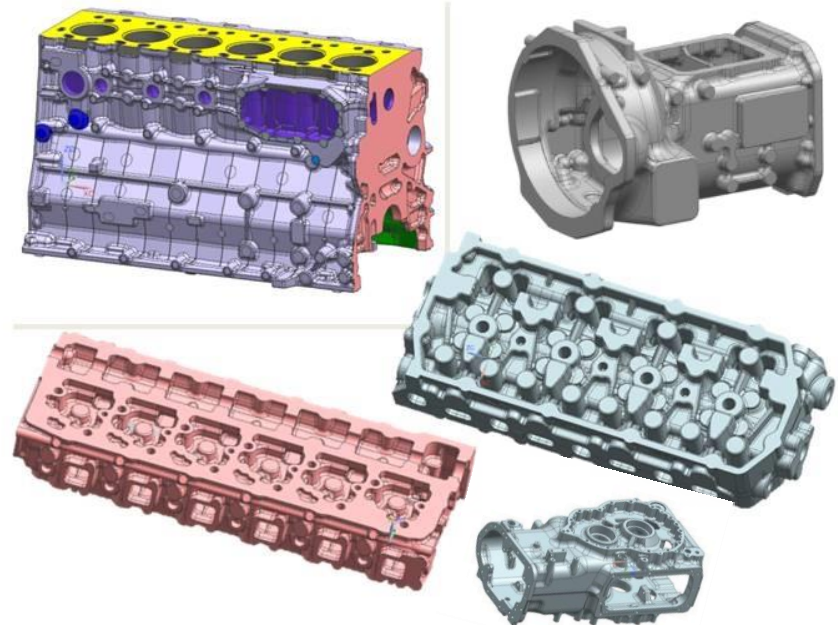
## CASTINGS

Water-jacketed Blocks

Non Water-jacketed Blocks

Cylinder Heads

Housings



## PIG IRON

Foundry Grade

S. G. Grade

Basic Grade



# Executive Summary



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KFIL achieved 496<sup>th</sup> position in “Fortune 500 India”

Sales of Rs.1401 Crores achieved in Nine months  
(i.e. From Apr-19 to Dec-19)

EBITDA of Rs.142 Crores (10.1% of Sales) achieved for Nine months  
(i.e. From Apr-19 to Dec-19)

Credit rating of [ICRA]AA- for long term and [ICRA]A1+ for short term  
maintained

Commissioned Railway siding project and started movement of Pig Iron  
and Slag through rakes



Commissioning the 2 Lac MTPA Coke Oven Plant and 20 MW Power  
Plant project at Koppal unit. Currently is in advance stage of erection





# Executive Summary - Pig Iron



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MBF – I upgraded to 300 Cubic meters in FY 2016-17

MBF – I Bell less top to be commissioned in FY 2021-22

MBF – II Upgradation with Bell less top to be commissioned in FY 2021-22

Pulverized Coal Injection for both MBF-I & II in FY 2021-22

Koppal Plant close to self sufficient on Power with commissioning of Waste Heat Recovery Power Plant along with Coke Oven

# Executive Summary - Castings



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Upgraded all the 4 Furnaces at Koppal unit to have efficient melting and power benefit

Started sand reclamation and achieved 1500 MT per month of sand at both locations to recycle the core sand

KFIL enters Large Castings business and started producing 525 KG casting. First casting was poured on January-2020

Started reaping the benefits of Green Power installed at Solapur plant

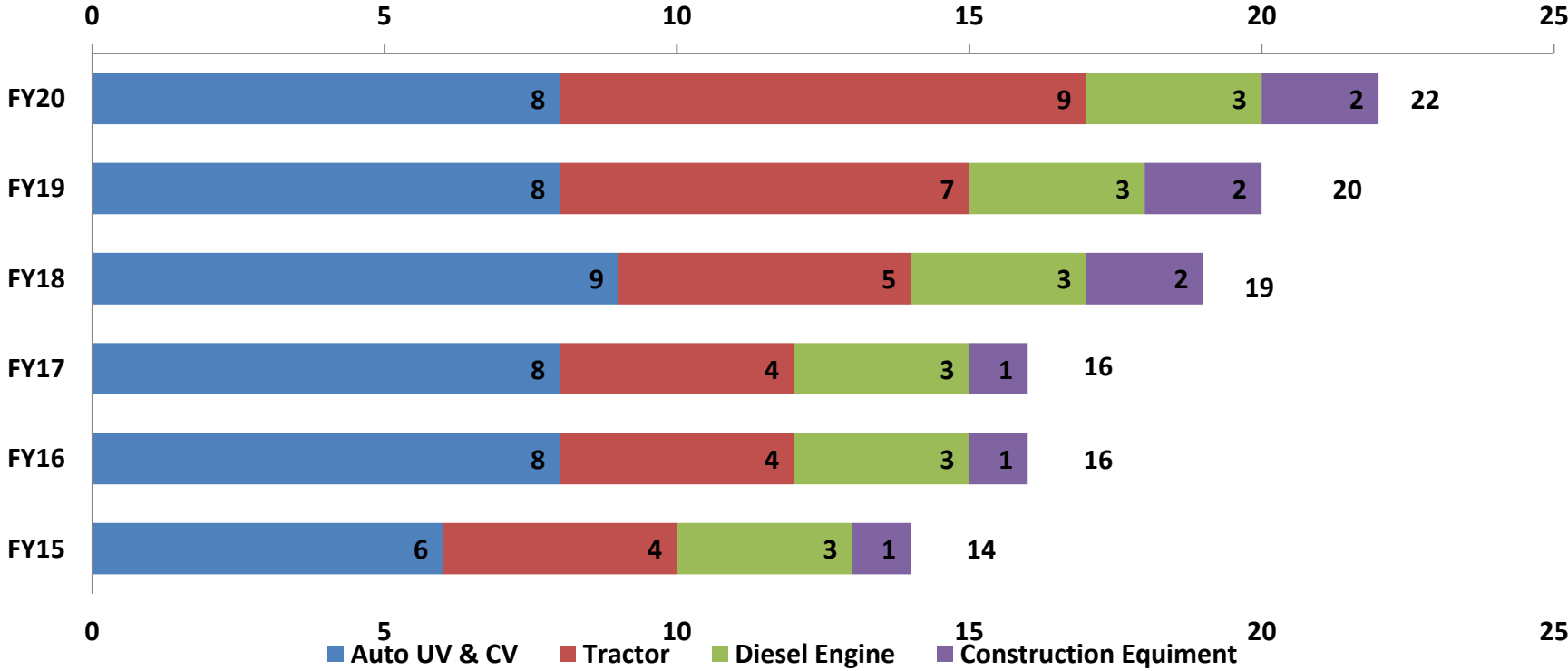


# Executive Summary - Castings



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**Number of Customer Base increased from 14 in FY 2015 to 22 in FY 2020**



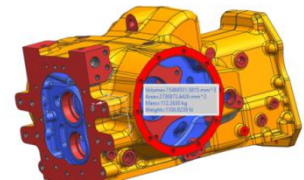
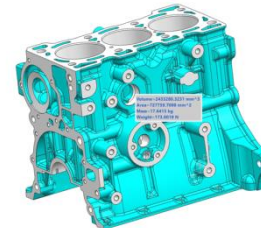
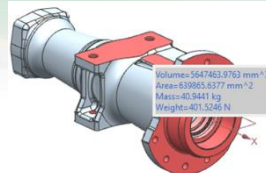
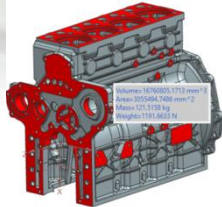
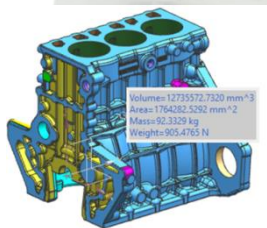
# Executive Summary - Prototype Castings



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Established 3D printing facility at Koppal plant for manufacturing of Proto type castings



**Inhouse Proto Machining capability established and Proto type Orders – Average 5 Projects per month**

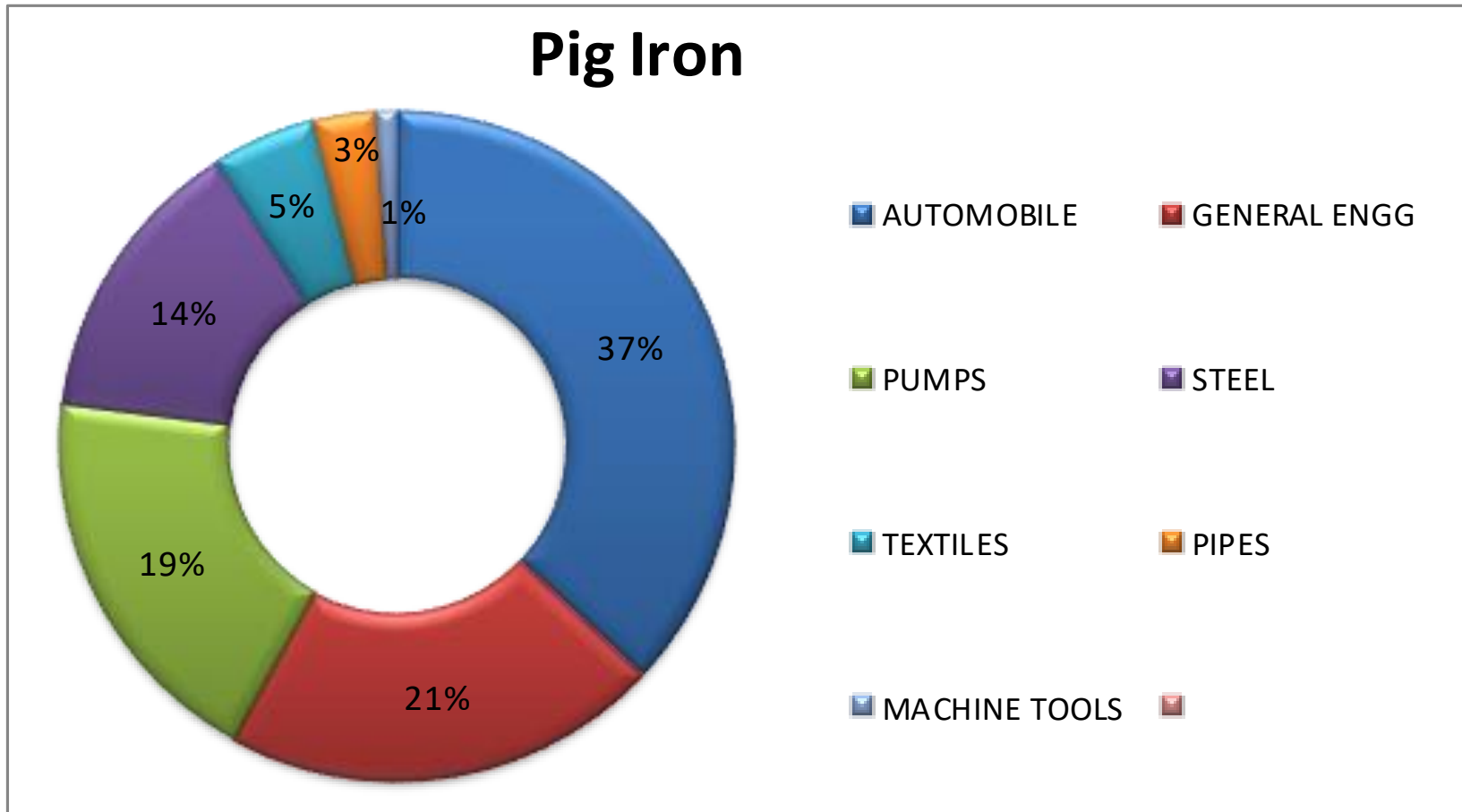
**First SG iron Proto casting produced within 11 days**



# End use profile



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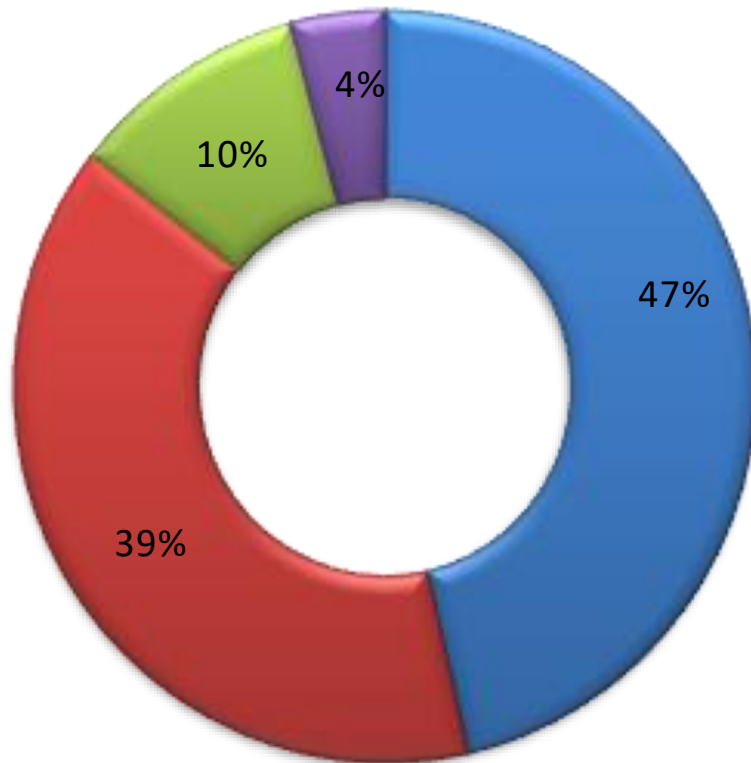


# End use profile



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## Castings



Commercial Vehicles

Tractor

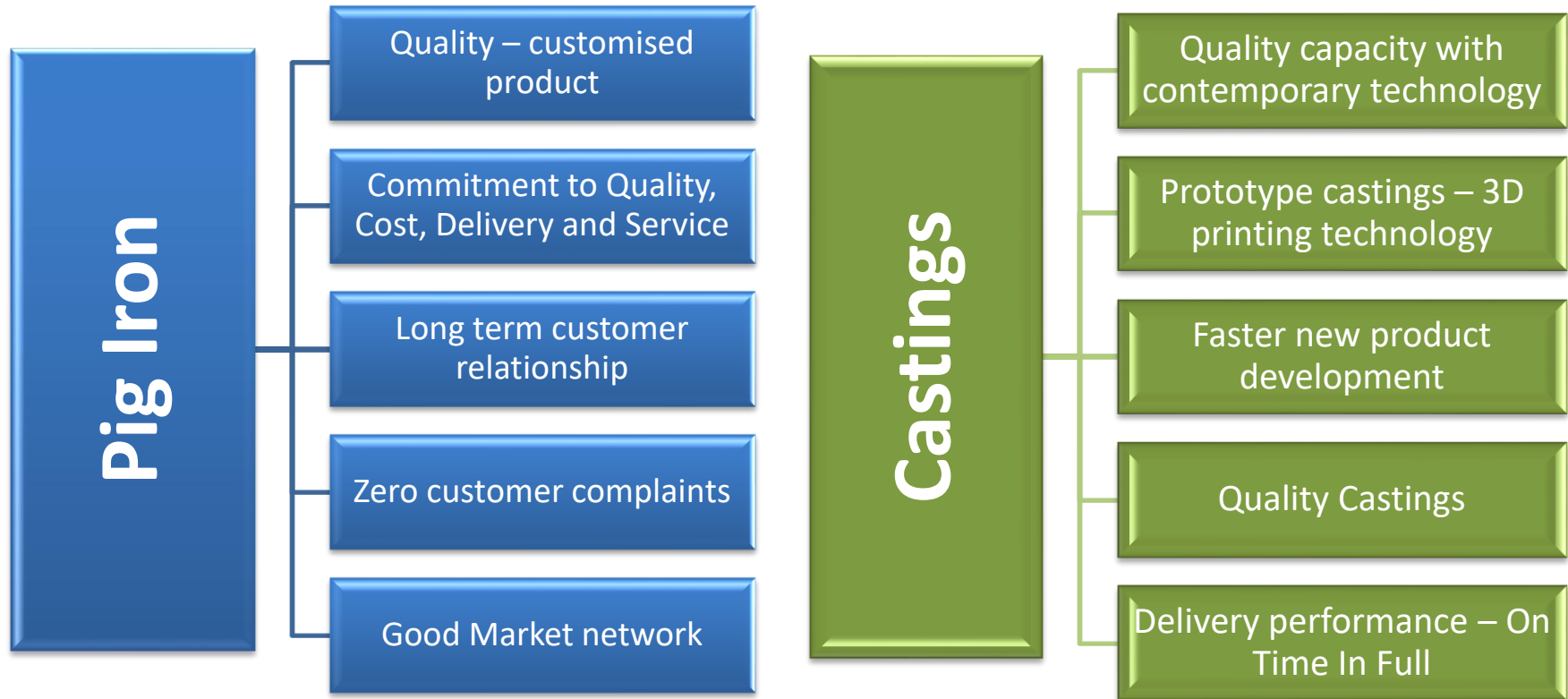
Diesel Engine

Others

# Competitive edge



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- Market share of KFIL for Foundry grade Pig iron - 40%  
- Rating of AC Nielsen – Customer Satisfaction Survey report for Pig Iron business shows Eq Index of 85

- Market share – 20% for KFIL castings  
- Rating of AC Nielsen – Customer Satisfaction Survey report for Casting business shows Eq Index of 88



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# Financials



# Financials



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(Rs. Lakhs)

| Particulars   | Quarter ended |               |               | Period ended    |                 | Year ended      |
|---|---------------|---------------|---------------|-----------------|-----------------|-----------------|
|   | 31-Dec-19     | 30-Sep-19     | 31-Dec-18     | 31-Dec-19       | 31-Dec-18       | 31-Mar-19       |
| Revenue from Operations   | 45,525        | 46,424        | 58,252        | 1,40,148        | 1,61,911        | 2,15,915        |
| Other Income  | 46            | 53            | 44            | 137             | 162             | 553             |
| <b>Total income</b>   | <b>45,571</b> | <b>46,477</b> | <b>58,296</b> | <b>1,40,285</b> | <b>1,62,073</b> | <b>2,16,468</b> |
| <b>Expenses</b>   |               |               |               |                 |                 |                 |
| (a) Cost of Materials consumed  | 27,186        | 28,962        | 36,236        | 88,010          | 99,864          | 1,34,478        |
| (b) Purchase of stock-in-trade  | -             | -             | -             | -               | 1,397           | 1,397           |
| (c) Changes in inventories of finished goods,<br>Stock-in -Trade and work-in-progress | 627           | 1,604         | 764           | 1,329           | (479)           | (859)           |
| (d) Employee benefits expense   | 2,281         | 2,545         | 2,290         | 7,207           | 6,895           | 9,374           |
| (e) Finance costs   | 407           | 505           | 461           | 1,402           | 1,211           | 1,647           |
| (f) Depreciation and amortisation expense   | 1,477         | 1,400         | 1,401         | 4,283           | 3,991           | 5,420           |
| (g) Other expenses  | 10,157        | 9,037         | 11,916        | 29,565          | 37,871          | 50,340          |
| <b>Total Expenses</b>   | <b>42,135</b> | <b>44,053</b> | <b>53,068</b> | <b>1,31,796</b> | <b>1,50,750</b> | <b>2,01,797</b> |
|   |               |               |               |                 |                 |                 |
| <b>Profit before tax</b>  | <b>3,436</b>  | <b>2,424</b>  | <b>5,228</b>  | <b>8,489</b>    | <b>11,323</b>   | <b>14,671</b>   |

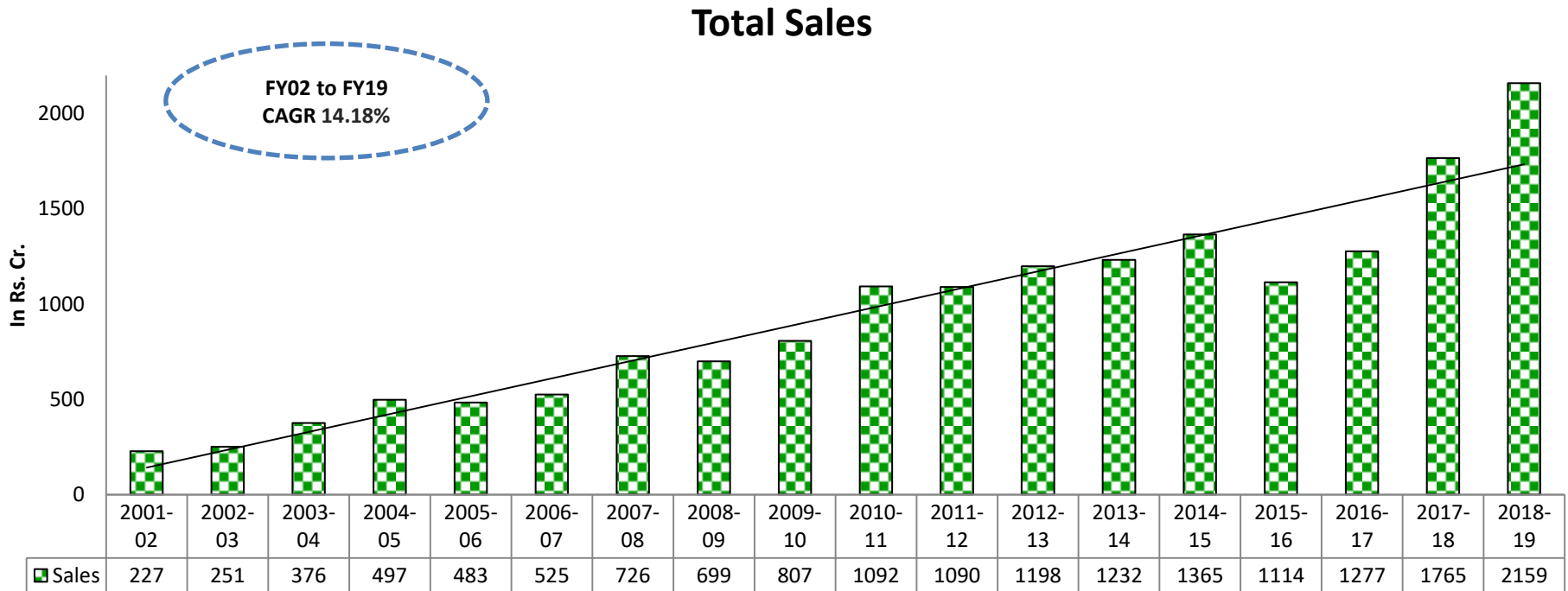
# Financials



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(% to Sales)

| Particulars               | Quarter ended |           |           | Period ended |           | Year ended |
|---------------------------|---------------|-----------|-----------|--------------|-----------|------------|
|                           | 31-Dec-19     | 30-Sep-19 | 31-Dec-18 | 31-Dec-19    | 31-Dec-18 | 31-Mar-19  |
| Material Cost             | 61.1          | 65.8      | 63.5      | 63.7         | 62.2      | 62.5       |
| Power Cost                | 5.9           | 5.6       | 6.0       | 5.7          | 7.1       | 6.8        |
| Employee benefits expense | 5.0           | 5.5       | 3.9       | 5.1          | 4.3       | 4.3        |
| Finance Cost              | 0.9           | 1.1       | 0.8       | 1.0          | 0.7       | 0.8        |
| Profit before tax         | 7.5           | 5.2       | 9.0       | 6.1          | 7.0       | 6.8        |
| Profit after tax          | 5.1           | 2.8       | 5.9       | 3.9          | 4.4       | 4.5        |
| EBITDA                    | 11.7          | 9.3       | 12.2      | 10.1         | 10.2      | 10.1       |

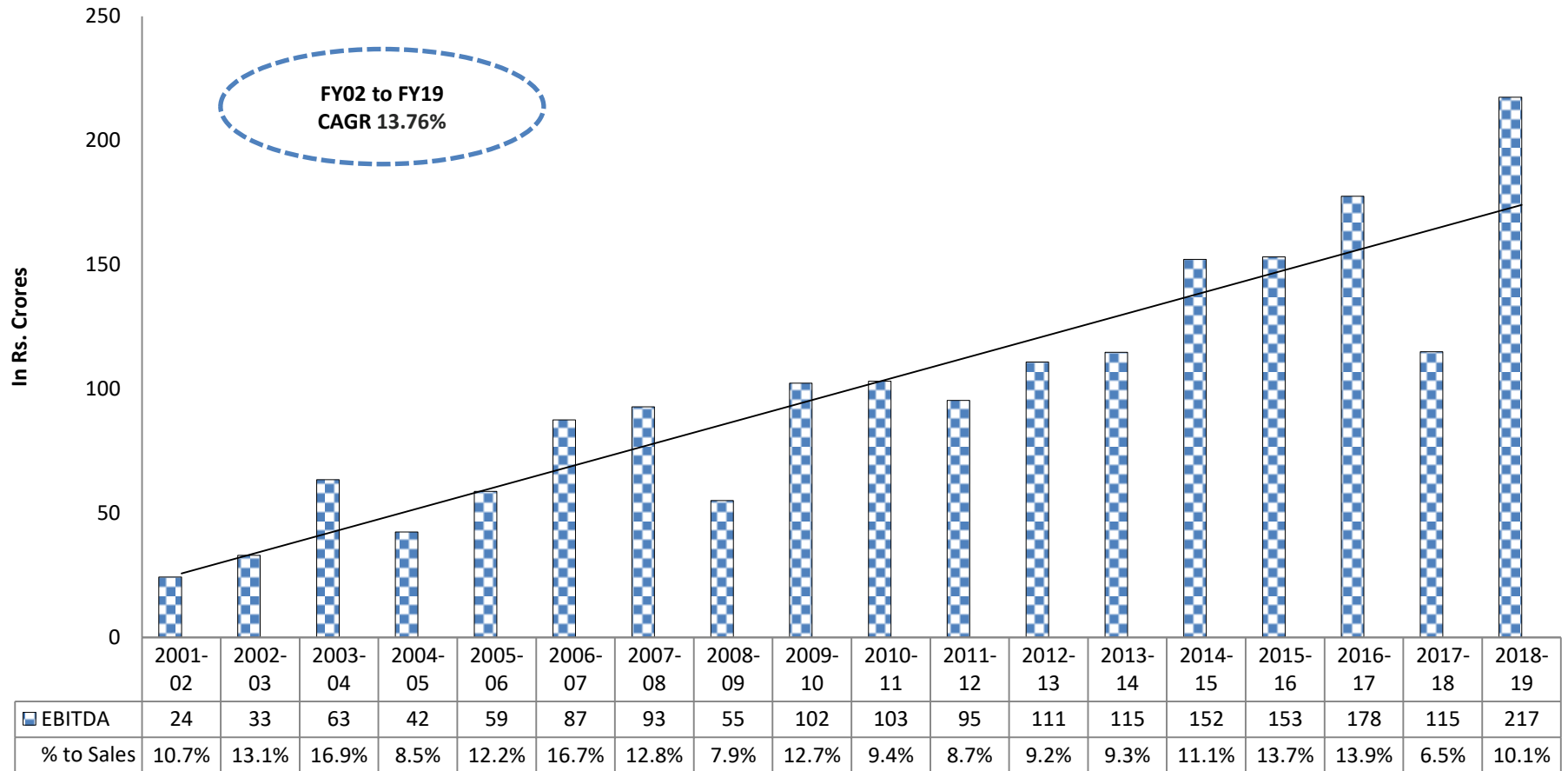


**“KFIL has grown from Rs.227 Cr to Rs.2159 Cr business in last 18 years”**

# Financials



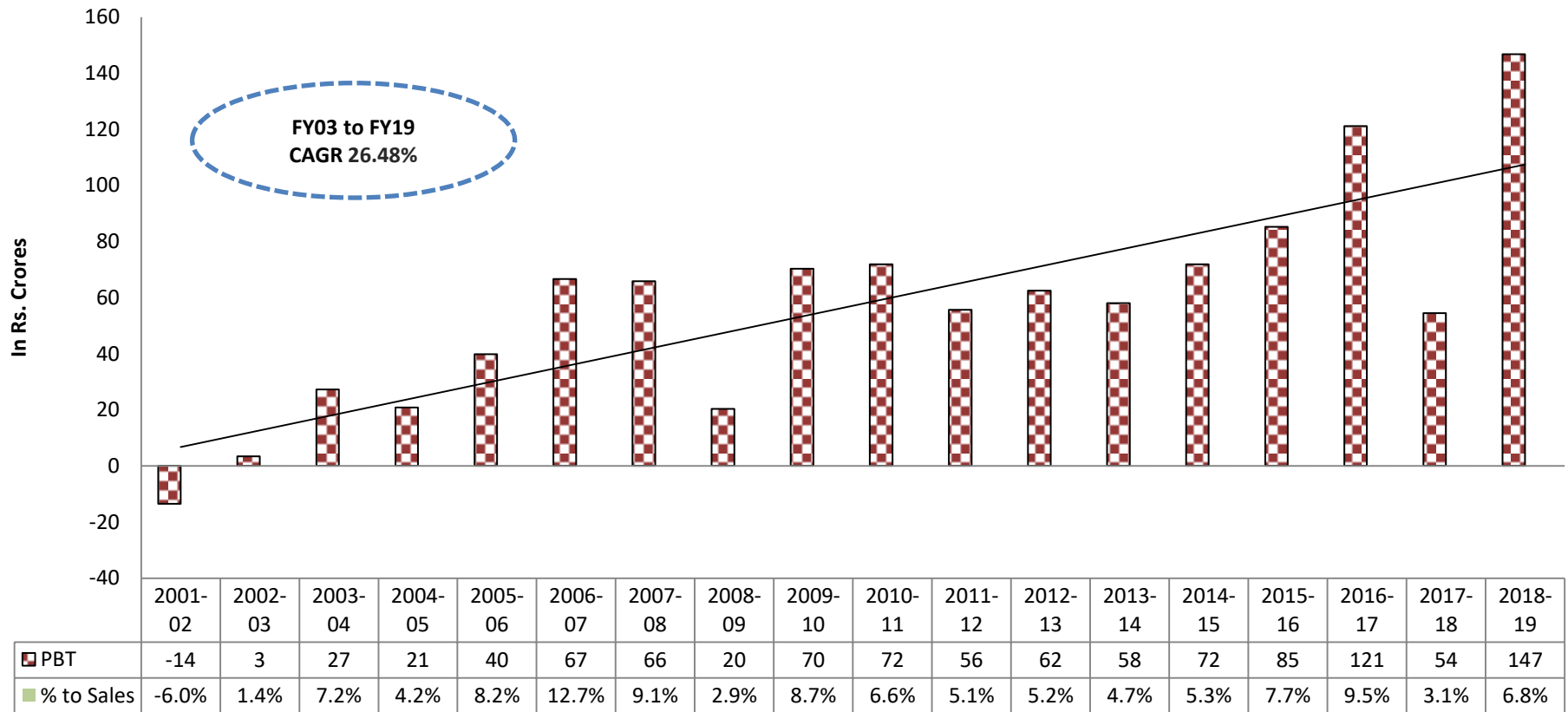
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# Financials



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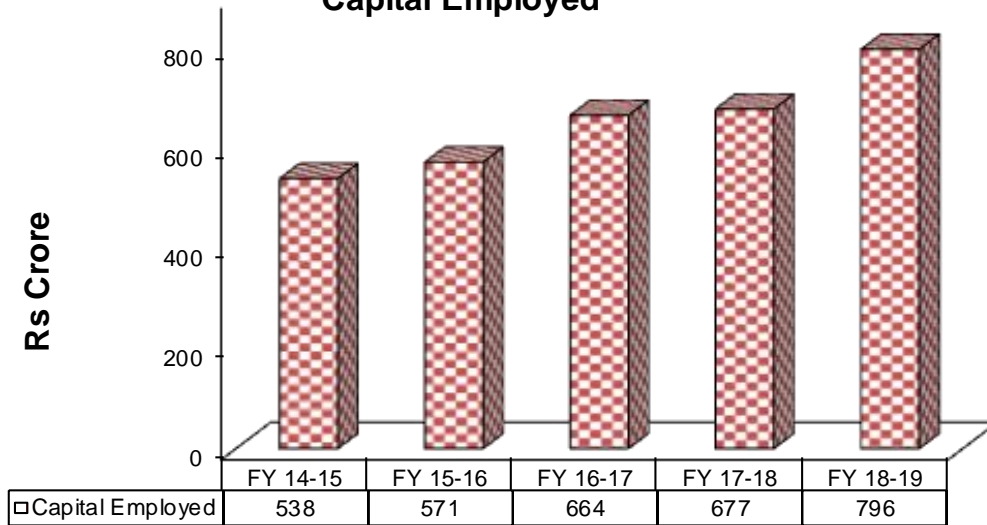


# Financials

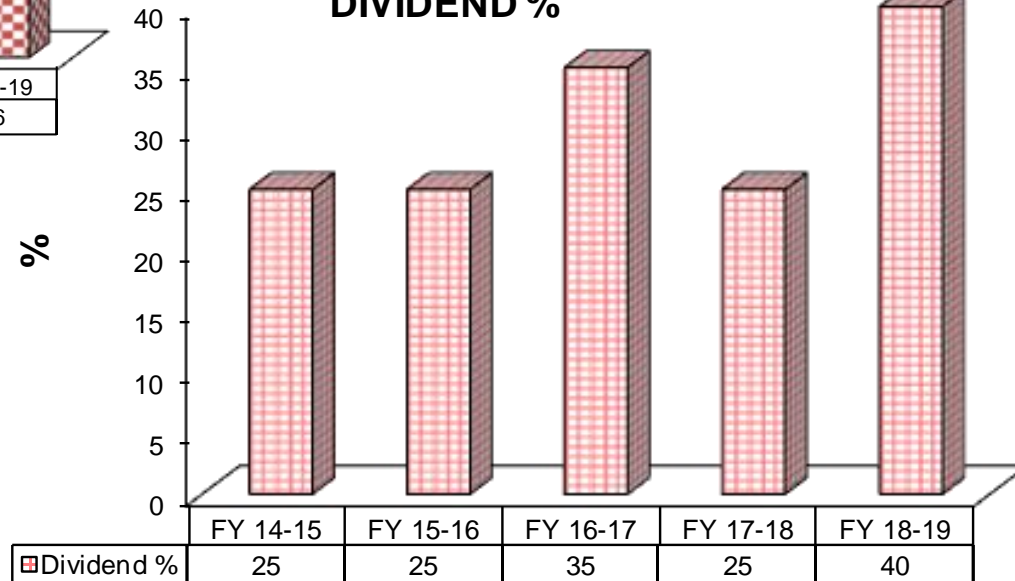


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### Capital Employed



### DIVIDEND %



# Top 20 Investors and their holdings

(As on 31-Dec-2019)



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| SI           | Name of Shareholder                  | %            |              |              |
|--------------|--------------------------------------|--------------|--------------|--------------|
|              |                                      | 31-Dec-19    | 30-Sep-19    | 31-Dec-18    |
| 1            | Promoters and Promoters Group        | 59.38        | 59.41        | 59.56        |
| 2            | HDFC Small Cap Fund                  | 5.81         | 4.63         | 3.15         |
| 3            | DSP Blackrock Micro Cap Fund         | 3.24         | 2.55         | 2.56         |
| 4            | Arun Nahar                           | 1.97         | 1.97         | 1.98         |
| 5            | IDFC Tax Advantage (Elss) Fund       | 1.36         | 1.35         | 0.93         |
| 6            | IDFC Sterling Value Fund             | 1.11         | 1.11         | -            |
| 7            | Investor Education & Protection Fund | 1.20         | 1.08         | 1.08         |
| 8            | Jagdish Amritlal Shah                | 0.93         | 0.93         | 1.02         |
| 9            | SBI Magnum Comma Fund                | 0.69         | 0.69         | 0.69         |
| 10           | Anju Ajay Saraf                      | 0.55         | 0.55         | 0.55         |
| 11           | Shaunak Jagdish Shah                 | 0.42         | 0.42         | 0.42         |
| 12           | Beautiful Diamonds Ltd               | 0.36         | 0.36         | 0.36         |
| 13           | Zafar Ahmadullah                     | 0.30         | 0.31         | 0.31         |
| 14           | Diana Dhun Ratnagar                  | 0.30         | 0.30         | 0.30         |
| 15           | Principal Small Cap Fund             | 0.23         | 0.23         | -            |
| 16           | Ajay Gvondas Saraf                   | 0.20         | 0.20         | 0.20         |
| 17           | Ravindranath Venkatesh Gumaste       | 0.19         | 0.19         | -            |
| 18           | Ninu S Khanna                        | 0.17         | -            | 0.17         |
| 19           | Vikram Advisory Services Pvt Ltd     | 0.16         | -            | -            |
| 20           | Sundaram Mutual Fund                 | 0.16         | -            | -            |
| <b>Total</b> |                                      | <b>78.76</b> | <b>76.30</b> | <b>73.28</b> |



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# Update on Major Projects



# Capex outlay



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Proposed capex outlay for major projects from the FY 2020-21 to FY 2021-22 is estimated at around Rs.600 Crores towards backward integration for the Pig Iron & Casting, machining shop for value addition and balancing equipments in foundry to achieve capacity utilisation.

# 0.2 MTPA Coke oven with 20 MW Power Plant



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## Objective :

### 1. Coke Oven:

- To Reduce dependency on imported coke by installing coke oven plant
- Presently coke is sourced through Import & domestic coke Procurement

### 2. Power Plant

- To achieve self-sufficiency on power from installation of power plant
- To achieve power cost reduction.



Actual Site Photos

Estimated timeline for completion : FY 2019- 20

# Mini Blast Furnace-2 Up gradation and Bell less top for MBFs'



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## Objective :

Production capacity enhancement from 3,91,400 TPA to 4,25,000 TPA

Reduction in coal/coke consumption

Achieve better productivity

Increased life of refractory lining

**Estimated timeline for completion : FY2021-22**



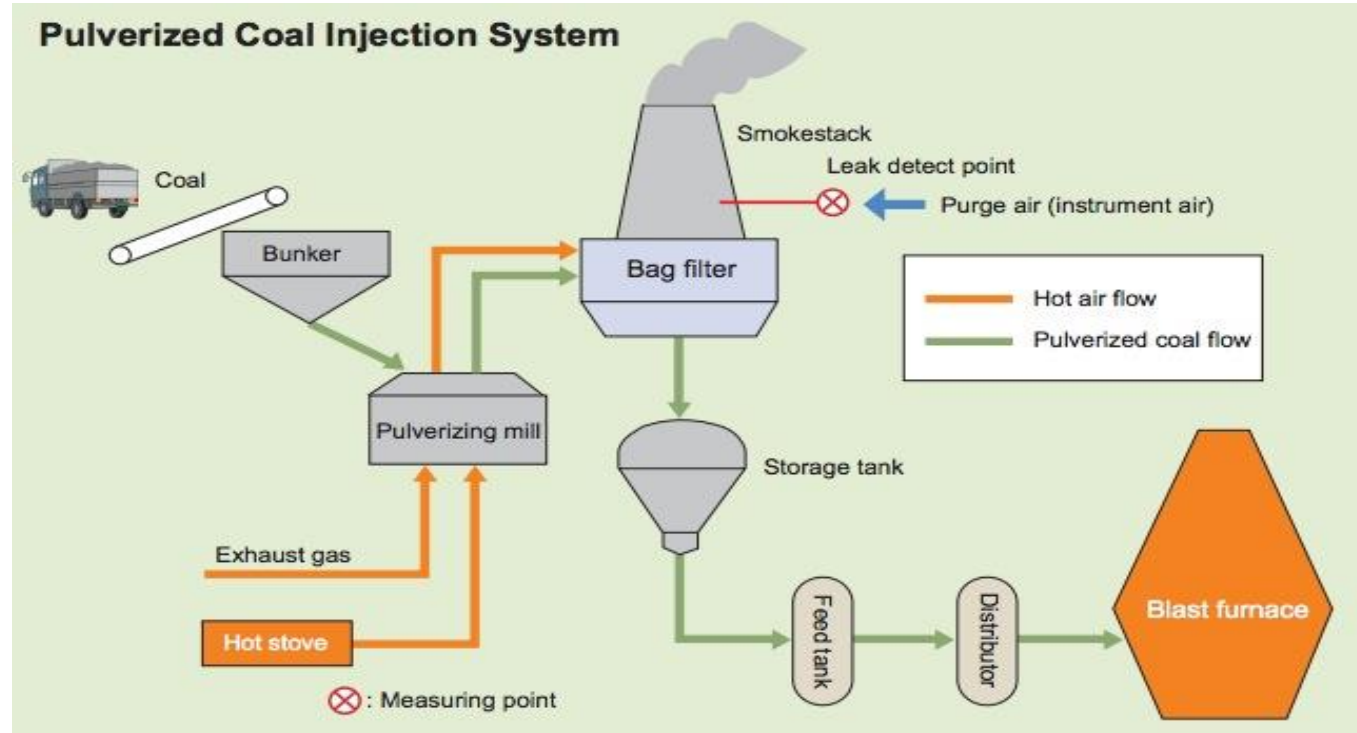
# Pulverized Coal Injection



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Objective :

Reduction in Coke Consumption



Estimated timeline for completion : FY 2021-22





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# Awards - FY2019-20



Awarded as “Fastest growing Steel Company (Small)” by “Construction World (A Largest circulated Construction Business Magazine)”



Award from VECV in New Product Development category for faster development



“SUPERIOR PERFORMANCE FY-2019” Award from Mahindra



“National Energy Conservation award” from Ministry of Power, Government of India

# Awards - FY2019-20



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**“Platinum award” from CII- EXIM Bank Award for Business Excellence**



**“Unnatha Suraksha Puraskara” from National Safety Council, Bangalore**



**KFIL awarded as “Top Organizations with Innovative HR Practices” by “Asia Pacific HRM Congress”**

# 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.



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Thank you