

# Presentation- Extra Ordinary General Meeting

Proposed Acquisition through management control of ISMT Ltd\*

Mr. R.V. Gumaste  
Managing Director  
21<sup>st</sup> December 2021

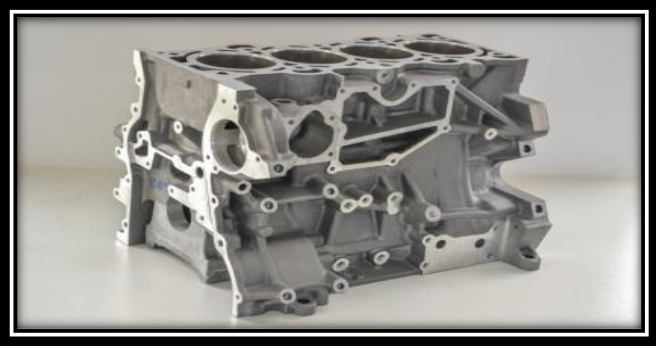
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# KFIL – UPDATE



## Current Capacities

**5,41,000MT**  
PIG IRON CAPACITY<sup>1</sup>

**1,44,000 MT**  
CASTINGS CAPACITY<sup>1</sup>

## Expected Capacity post Phase I Expansion

**~7,00,000 MT**  
PIG IRON CAPACITY

**~2,00,000 MT**  
CASTINGS CAPACITY

## Key Projects – Phase I

Project	Key Objective	Projected timeline for completion
Phase II Coke Oven and Power Plant - 2 Lac TPA & 20 MW	Coke Oven: To Cover KFIL full requirement of coke and Additional 20 MW Power	FY 2022-23
MBF <sup>2</sup> II Upgrade	Capacity enhancement, Coke Consumption	FY2021-22
Machining capacity enhancement	Ramping up machine shop capacity	Ongoing
Pulverized Coal Injection & Oxygen Enrichment	Reduction in coke consumption	FY2022-23
Expansion of Fettling & Finishing capacity	Fettling Capacity Enhancement	Ongoing
New Foundry at Solapur	Capacity Enhancement	FY 2022-23



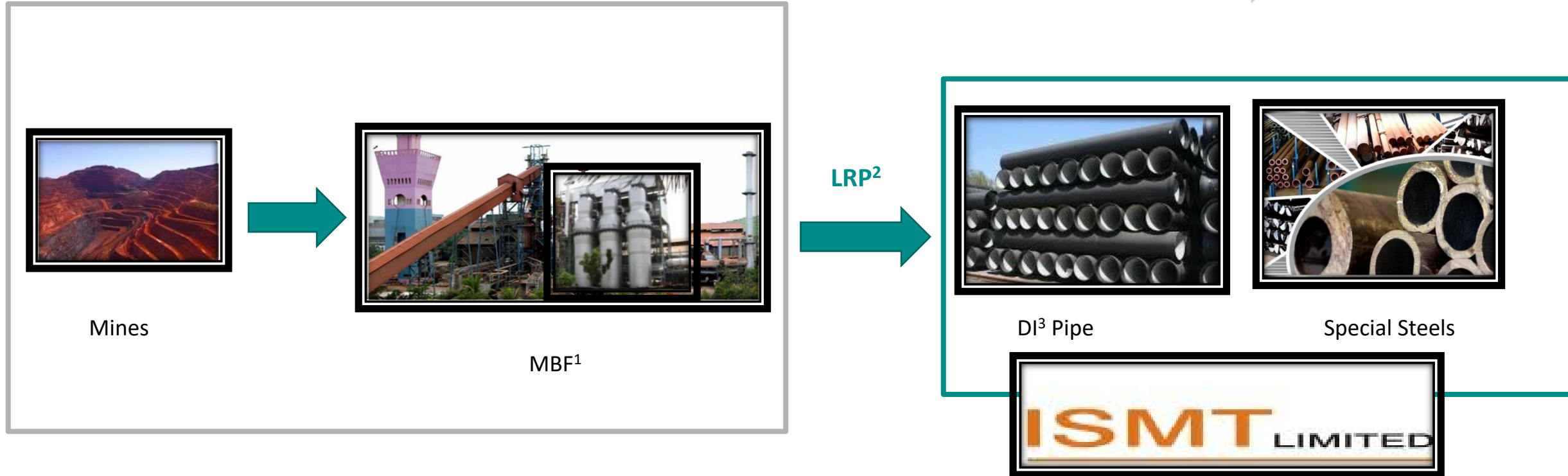
<sup>1</sup> As on March 2021.

<sup>2</sup> Mini Blast Furnace..

# LATEST FINANCIALS – Q2 FY 2022

Particulars	Quarter Ended			Half Year Ended		Year Ended
	30-Sep-21	30-Jun-21	30-Sep-20	30-Sep-21	30-Sep-20	31-Mar-21
	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Audited
<b>Revenue from Operations</b>	<b>958.38</b>	<b>822.83</b>	<b>486.24</b>	<b>1,781.21</b>	<b>699.28</b>	<b>2,038.08</b>
Other Income	0.73	1.01	0.67	1.74	1.28	2.83
<b>Total income (1+2)</b>	<b>959.11</b>	<b>823.84</b>	<b>486.91</b>	<b>1,782.95</b>	<b>700.56</b>	<b>2,040.91</b>
<b>Expenses</b>						
(a) Cost of Materials consumed	575.18	451.89	250.78	1,027.07	367.63	1,048.79
(d) Employee benefits expense	32.25	29.34	24.16	61.59	43.71	106.62
(e) Finance costs	5.05	5.34	6.43	10.39	13.25	25.16
(f) Depreciation and amortisation	21.27	20.84	19.02	42.11	36.67	75.98
(g) Other expenses	161.74	139.66	100.84	301.40	156.35	417.72
<b>Total Expenses</b>	<b>798.53</b>	<b>637.49</b>	<b>402.16</b>	<b>1,436.02</b>	<b>628.12</b>	<b>1,677.72</b>
<b>EBITDA</b>	<b>186.90</b>	<b>212.53</b>	<b>110.20</b>	<b>399.43</b>	<b>122.36</b>	<b>464.33</b>
<b>Profit Before tax</b>	<b>160.58</b>	<b>186.35</b>	<b>84.75</b>	<b>346.93</b>	<b>72.44</b>	<b>363.19</b>
<b>Profit After tax</b>	<b>119.91</b>	<b>139.50</b>	<b>65.55</b>	<b>259.41</b>	<b>48.46</b>	<b>302.11</b>

## Mines – Pig Iron – Special Steels – Value addition



- The largest integrated & specialized Steel and Seamless tube manufacturer in India<sup>4</sup>
- The Right value addition to Pig Iron

1 Mini Blast Furnace.  
2 Long Range Plan.  
3 Ductile Iron Pipe.  
4 Source: ISMT Website.

# WHY ISMT



## The Right fit

- One of the most diversified manufacturers of specialized seamless tubes in the world, producing tubes in the range of 6 to 273 mm OD<sup>#</sup>
- One of the most modern alloy Steel plants in India that produces a wide range of alloy steels from 20 to 225 mm diameter<sup>#</sup>

**ISMT is the right choice for getting into Special steels, downstream value addition in steel – Seamless tubes, Bearing , Wire ropes and Fasteners**



**Strategic addition to product portfolio**



**Diversifying the existing product mix**



**Broader customer base**



**Operational efficiencies**

## Board of Directors

Sr. No.	Name	Age	Educational Qualifications	Experience
1	Mr. Om Prakash Kakkar	78	Mechanical Engineer, PGDBM	50
2	Mr. Baldev Raj Taneja	85	B E (Mech), PGDBM	61
3	Mr. Rajiv Goel	68	B.Com (Hons.), FCA, FCS	40
4	Ms. Deepa Mathur	56	CA, CS, CMA	20
5	Mr. R Poornalingam	75	B.E., M.A. Economics, LLB,	40
6	Mr. Kanakraj M	65	B.E. (Mech.)and MBA (Marketing)	40

## Plant Capacities

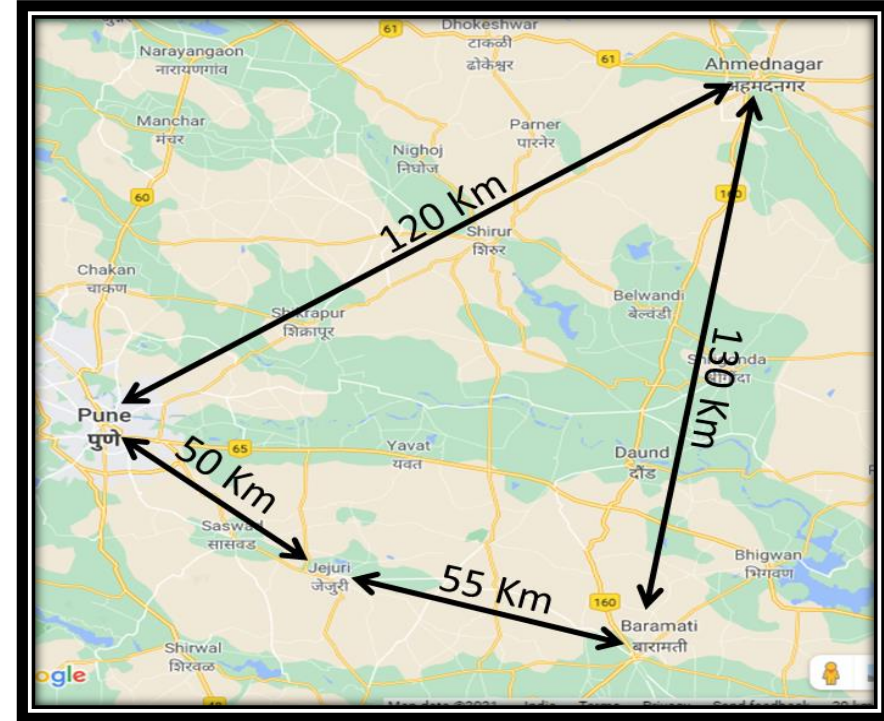
in Lakh MT/annum

Plant	Jejuri		Baramati	Nagar
	As Cast	Rolled	Tubes	Tubes
Installed Capacity	3.50	1.80	3.06	0.65
Sales in FY2021	1.06	0.96	0.84	0.30
Capacity Utilisation <sup>1</sup>	35%	53%	56%	60%

<sup>1</sup> Utilization against Producible capacity.

Source: ISMT Website.

## Locations



Plant	Location
Pune	Head office
Jejuri	Steel Plant
Ahmed Nagar	Seamless – Plant A
Baramati	Seamless - Plant B

# ISMT – END USER INDUSTRIES & MANUFACTURING PLANTS

**AUTOMOBILE**



**POWER**



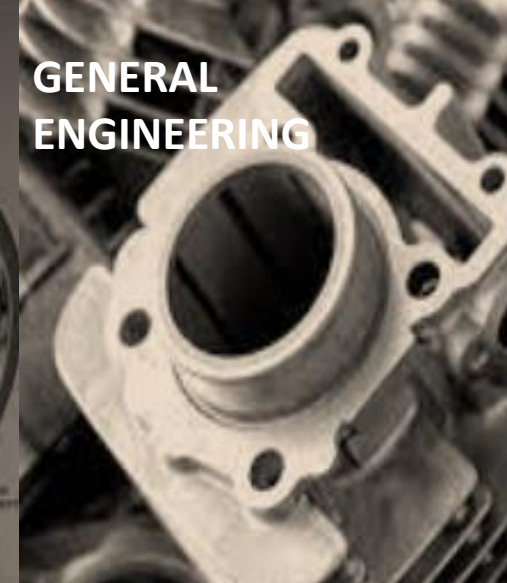
**OIL & GAS**



**BEARINGS**



**GENERAL  
ENGINEERING**



**JEJURI  
PLANT**



**BARAMATI  
PLANT**



**NAGAR  
PLANT**





# ISMT - FINANCIALS

in Rs Cr.

ISMT Financials	2020-21					2021-22	2021-22
	Q I	QII	QIII	QIV	Total	Q1 FY22	Q2 FY22
<b>NET SALES*</b>	<b>98.36</b>	<b>297.28</b>	<b>384.78</b>	<b>454.25</b>	<b>1234.67</b>	<b>452.72</b>	<b>555.96</b>
Other Income	1.97	8.26	5.94	5.9	22.07	5.49	<b>8.44</b>
<b>Value Addition</b>	<b>9.19</b>	<b>31.8</b>	<b>52.73</b>	<b>53.42</b>	<b>169.14</b>	<b>76.65</b>	<b>71.7</b>
<i>% to Sales</i>	<b>9%</b>	<b>11%</b>	<b>14%</b>	<b>12%</b>	<b>14%</b>	<b>17%</b>	<b>13%</b>
ERE	29.24	27.77	32.61	34.32	123.94	37.54	<b>37.24</b>
<i>% to Sales</i>	30%	9%	8%	8%	10%	8%	<b>7%</b>
Other Fixed Expenses	5	5	5	5	20	12.66	<b>12.37</b>
<b>EBITDA</b>	<b>-23.08</b>	<b>7.29</b>	<b>21.06</b>	<b>20</b>	<b>25.27</b>	<b>27.77</b>	<b>28.5</b>
<i>% to Sales</i>	<b>-23%</b>	<b>2%</b>	<b>5%</b>	<b>4%</b>	<b>2%</b>	<b>6%</b>	<b>5%</b>
Depreciation	15.55	15.46	15.5	14.77	61.28	14.79	<b>15.01</b>
Interest	65.54	65.39	65.88	65.4	262.21	67.85	<b>65.77</b>
<b>PBT</b>	<b>-104.17</b>	<b>-73.56</b>	<b>-60.32</b>	<b>-60.17</b>	<b>-298.22</b>	<b>-54.88</b>	<b>-52.88</b>
<i>% to Sales</i>	<b>-106%</b>	<b>-25%</b>	<b>-16%</b>	<b>-13%</b>	<b>-24%</b>	<b>-12%</b>	<b>-10%</b>

**ISMT has been EBITDA positive except pandemic affected Q1 FY 2021**

# FUNDING PLAN

## Requirement

Particulars	No of shares (in Cr.)	Rs. Cr.*
Funds required for subscription to Equity shares of ISMT	15.40	476.63
ISMT unsecured loan		194.00
<b>Total requirement</b>		<b>670.63</b>

- KFIL plans to fund this through internal accruals & long term debts
- Debts from all lenders of ISMT agreed to be settled at Rs. 670 Cr.

# PRESENT AND PROPOSED SHAREHOLDING OF ISMT

No of Shares in Crs

Present shareholding	No of shares	%
ISMT Promoters share	7.12	48.60%
Public Holding	7.53	51.40%
<b>Total paid up Equity shares of ISMT</b>	<b>14.65</b>	<b>100.00%</b>

Proposed Shareholding	No of shares	%
ISMT Promoters share	7.12	23.69%
Preferential allotment of Equity Shares (KFIL Holding) <sup>#</sup>	15.40	51.25%
Public Holding	7.53	25.06%
<b>Revised Total paid up Equity shares of ISMT</b>	<b>30.05</b>	<b>100.00%</b>

# Subject to approval from –

- shareholders of both the companies
- statutory & regulatory authorities

# TURNAROUND PLAN - ISMT

## Opportunity to improve profitability

<b>Savings in Interest expense</b>	<ul style="list-style-type: none"><li>• Present interest cost is high on account of high debt in the books</li><li>• With proposed settlement of debts, the present debt will become zero in the books</li><li>• With improved financial position, expect better credit rating, resulting into competitive cost of finance</li></ul>
<b>Capacity Utilization</b>	<ul style="list-style-type: none"><li>• Target for improved Capacity Utilization</li><li>• Focus on increasing the Net Sales Realization</li><li>• Reduction of Raw material and Finished Goods Inventory</li><li>• With positive net worth, better market reach</li></ul>
<b>Reduction in Operational costs</b>	<ul style="list-style-type: none"><li>• Present power and fuel to sale ratio is at 14~19%</li><li>• Opportunity for<ul style="list-style-type: none"><li>• Power cost reduction with renewable energy</li><li>• Optimization of Energy Consumption and Energy Cost through energy audits</li><li>• Optimization of Fuel and Gas Consumption with increased capacity utilization</li></ul></li></ul>

# IMPROVED VALUE ADDITION - DIVERSIFICATION INTO STEEL AND SEAMLESS TUBES

## PIG IRON

- Strategic partnership with customers
- Quality – customized product
- Commitment to Quality, Cost, Delivery and Service
- High customer Satisfaction
- Good Market presence

## CASTINGS

- Quality capacity with contemporary technology
- Prototype castings – 3D printing technology
- Faster new product development
- Quality Castings
- Delivery performance – On Time In Full

## SEAMLESS TUBES & SPECIAL STEELS

- Leveraging the brand position in the current product range
- One of the most diversified manufacturers of specialized seamless tubes in the world
- The combination of Assel Mills, a PQF mill, and a Steel mill helps to cater a wide range range of tube market segments

# STRATEGIC FOCUS

## VISION

Be a sustainable growing organisation creating value to all stakeholders

## MISSION

To become a Billion \$ company by 2030



### CUSTOMER FOCUS

Exceed customer expectation in Product development, Quality & Delivery



### ESG

To be a preferred Employer & responsible neighbor



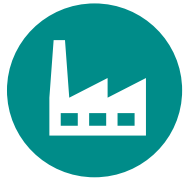
### COST EFFICIENCY

To be a lowest cost producer



### EXPANDING PRODUCT PORTFOLIO

Expand into value added products, new segments of casting and value addition by machining



### CAPACITY

To achieve 0.7 Million Tons of liquid metal by 2022; 0.2 Million Tons casting 0.3 million Tons of Special steel and 0.2 million Tons of Seamless tubes by 2025



### DIVERSIFICATION

Expand into new products beyond iron castings

# Thank You

For further Information Please Contact:

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