

## Event Update –

Proposed Acquisition through management control of ISMT Ltd\*

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- KFIL Update
- Expansion Phase II
- Funding Plan
- Road Ahead



## Current Capacities

**5,41,400 MT**  
PIG IRON CAPACITY<sup>1</sup>

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

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

## 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
Coke oven 2 Lac TPA & 20 MW Power Plant Phase-II	Coke Oven: Reduction in imported coke dependency Power Plant: Power cost reduction & self sufficiency	FY 2022-23
Mini Blast Furnace-2 Up gradation and Bell less top for MBFs'	Capacity enhancement, reduction in coal/coke consumption	FY2021-22
Machining capacity enhancement	Ramping up machine shop capacity	Ongoing
Pulverized Coal Injection	Reduction in coke consumption	FY2022-23
Expansion of Fettling & Finishing capacity	Capacity Enhancement	Ongoing
New Foundry Line at Solapur	High pressure module; for auto sector opportunity	FY 2022-23

# LATEST FINANCIALS – Q2 FY 2022

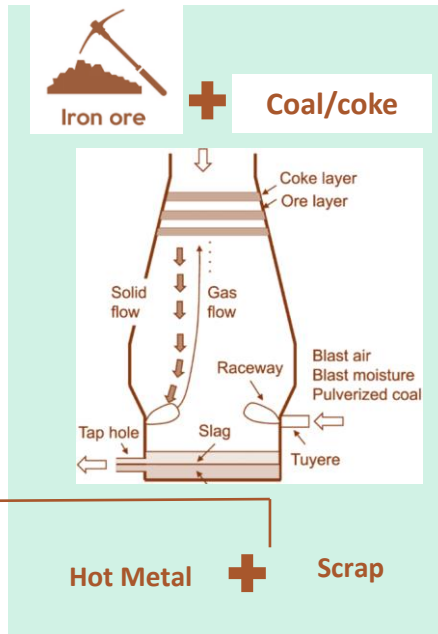
in Rs Cr.

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>
Expenses						
(a) Cost of Materials consumed	575.18	451.89	250.78	1,027.07	367.63	1,048.79
(b) Purchase of stock-in-trade	-	-	-	-	-	-
(c) Changes in inventories of finished goods, Stock-in - Trade and work-in-progress	3.04	-9.58	0.93	-6.54	10.51	3.45
(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>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>
<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>

- KFIL Update
- Expansion Phase II
  - Key Objectives
  - Why ISMT
  - Fact file
  - End user Industries
  - Financials
- Funding Plan
- Road Ahead

# EXPANSION PHASE II

## KFIL Today

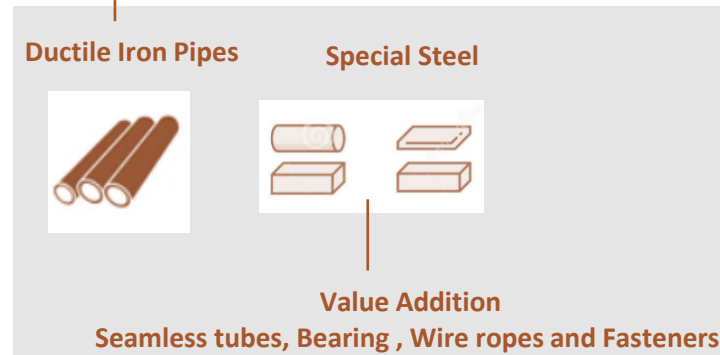
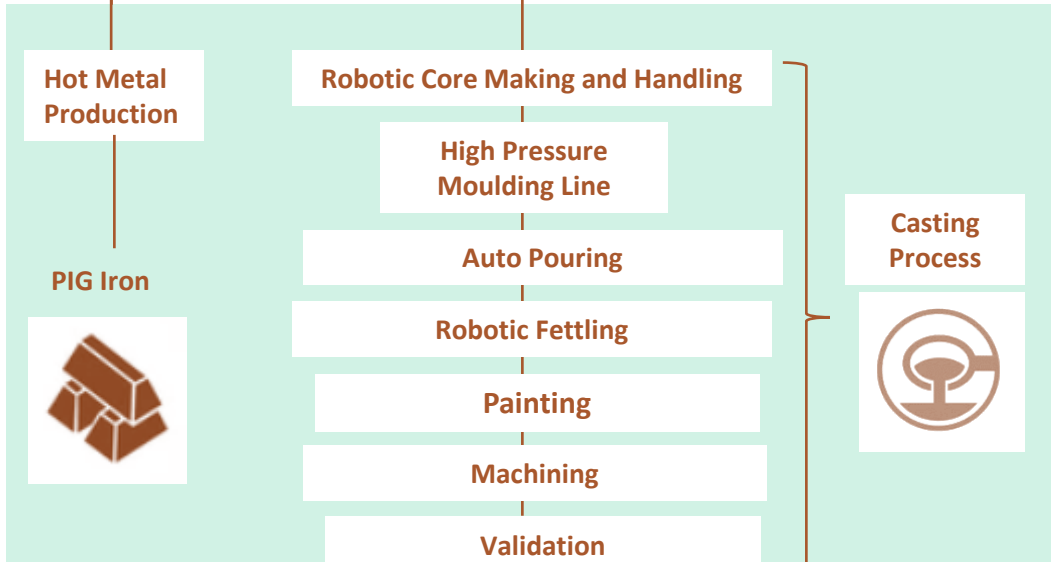


**KFIL Presence**

**Product Gap**

Hot Metal + Scrap

Molten Metal



## Phase II – Key Objectives

- Expand into new products beyond iron castings
- Expand into value added products
- Diversifying product basket to encompass wider end use applications
- Revenue growth

# WHY ISMT

## The Right fit

- The largest integrated specialized seamless tube manufacturer in India
- One of the most diversified manufacturers of specialized seamless tubes in the world, producing tubes in the range of 6 to 273 mm OD
- One of the most modern alloy Steel plants in India that produces a wide range of alloy steels from 20 to 225 mm diameter



**Strategic addition to product portfolio**



**Diversifying the existing product mix**



**Broader customer base**



**Operational efficiencies**

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



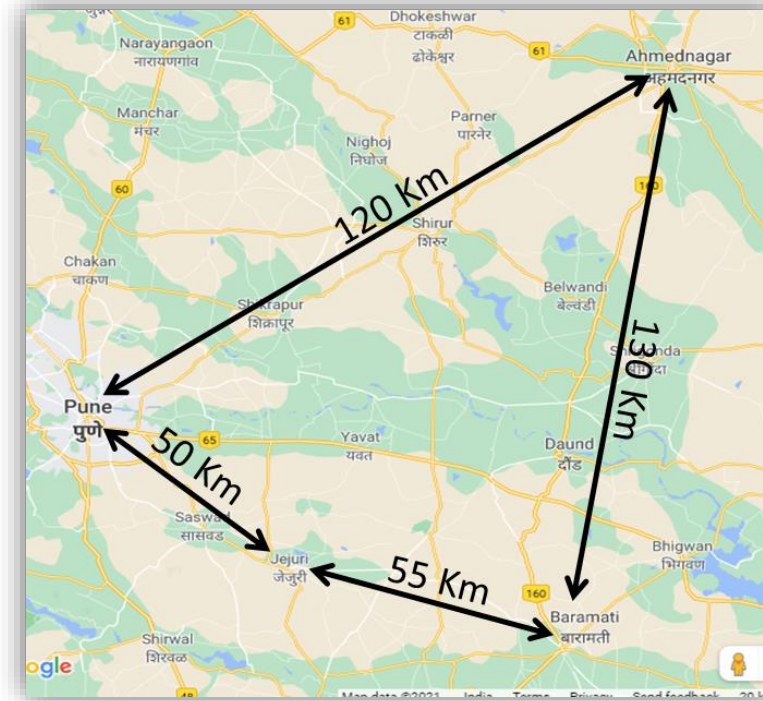
## Products

- Steel
- Tubes
  - OCTG Products
  - Hydraulic Line Pipes
  - Tubes for Mining
  - Hollow Bars
  - Powergen Tubes
- Auto Components
- Bearings
- Hydraulic Cylinders
- UHS<sup>tm</sup> Structural Tubes

## Plant Capacities

Plant	in Lakh MT/annum			
	Jejuri		Baramati	Nagar
Products	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%

## Locations



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

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

# ISMT – END USER INDUSTRIES

**AUTOMOBILE**



**POWER**



**OIL & GAS**



**BEARINGS**



**GENERAL  
ENGINEERING**



# ISMT - FINANCIALS

in Rs Cr.

ISMT Financials	2020-21					2021-22
	Q I	QII	QIII	QIV	Total	Q1 FY22
<b>NET SALES*</b>	<b>98.36</b>	<b>297.28</b>	<b>384.78</b>	<b>454.25</b>	<b>1,234.67</b>	<b>477.13</b>
Other Income	1.97	8.26	5.94	27.46	43.63	1.33
<b>Total Raw material and Other Expenses</b>	<b>123.41</b>	<b>298.25</b>	<b>369.66</b>	<b>461.71</b>	<b>1,253.03</b>	<b>450.70</b>
<b>EBITDA before exceptional items</b>	<b>-23.08</b>	<b>7.29</b>	<b>21.06</b>	<b>20.00</b>	<b>25.27</b>	<b>27.76</b>
<i>% to Sales</i>	<b>-23%</b>	<b>2%</b>	<b>5%</b>	<b>4%</b>	<b>2%</b>	<b>6%</b>
Depreciation	15.55	15.46	15.50	14.77	61.28	14.79
Interest	65.54	65.39	65.88	65.40	262.21	67.85
<b>PBT before exceptional items</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>
<i>% to Sales</i>	<b>-106%</b>	<b>-25%</b>	<b>-16%</b>	<b>-13%</b>	<b>-24%</b>	<b>-12%</b>

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

- KFIL at a glance
- Expansion Phase I
- Expansion Phase II
- Funding Plan
  - Funding Plan
  - Proposed Shareholding
- Road Ahead

## 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
- Present lenders of ISMT have agreed to settle the debts at Rs. 670 Cr.

# PROPOSED SHAREHOLDING OF ISMT

			No of Shares in Crs		
Present shareholding	No of shares	%	Proposed Shareholding	No of shares	%
ISMT Promoters share	7.12	48.6%	ISMT Promoters share	7.12	23.7%
Public Holding	7.53	51.4%	Preferential allotment of Equity Shares (KFIL Holding) <sup>#</sup>	15.40	51.2%
			Public Holding	7.53	25.1%
<b>Total paid up Equity shares of ISMT</b>	<b>14.65</b>	<b>100.0%</b>	<b>Revised Total paid up Equity shares of ISMT</b>	<b>30.05</b>	<b>100.0%</b>

# Subject to approval from –

- shareholders of both the companies
- statutory & regulatory authorities

- KFIL at a glance
- Expansion Phase I
- Expansion Phase II
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- Road Ahead
  - Turnaround plan - ISMT
  - Leveraging competitive advantage
  - Strategic focus

# 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 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>



# LEVERAGING THE COMPETITIVE ADVANTAGE

## PIG IRON

- Quality – customized product
- Commitment to Quality, Cost, Delivery and Service
- Long term customer relationship
- Zero customer complaints
- Good Market network

## 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 by 2025



### DIVERSIFICATION

Expand into new products beyond iron castings

# Thank You

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