



50th AGM Kennametal India Limited Bangalore

November 09, 2015



- FY 15 Review
- Outlook

An overview of our business of last year and the outlook

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Hard Metal & Hard Metal Products

INDUSTRIAL BUSINESS

Metalworking Solutions and Services

Kennametal Tooling



WIDIA Product Group



Metalworking Services



INFRASTRUCTURE BUSINESS

Engineered Products, Precision Surface Management and Life Extension Solutions

Surface Technologies



Earthworks



Engineered Components



Specific to India Machine Tools



WIDMA

Machining Solutions Group

ECOGRIND VX5- IMTEX FIE AWARD WINNER 2015



Machine Specifications:

- Spindle Power 16 / 38 Kw
- A axis Direct drive with cylindrical Grinding upto 800 rpm
- B axis Direct drive – 50 rpm
- Linear scales for X, Y & Z axes
- Auto grinding wheel changer with coolant manifold – 5 stations
- Auto tool changer - Dia. 3 to 12mm – 66nos pallet capacity
- Auto Tool Probe & Wheel probe
- Easy operator interface for data input to Wheel Magazine & Tool pallet



4th FIE AWARD for MSG

- **Business Confidence**
 - Cautiously optimistic with short term challenges

- **Government Reform Initiatives**
 - Key Legislations continued to be on hold
 - Infrastructure investments taking time to see at ground level

- **Exchange rate**
 - Rupee stable at 64 -66 level

- **Input Cost**
 - Raw material prices softened. Input costs such as Energy, employment costs etc., continued to go up.

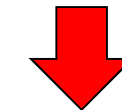
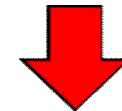
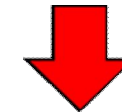
- **Competition**
 - Quite intense with new Asian players entering into Indian market.

Challenging market situation

Served Markets Impacting our Business

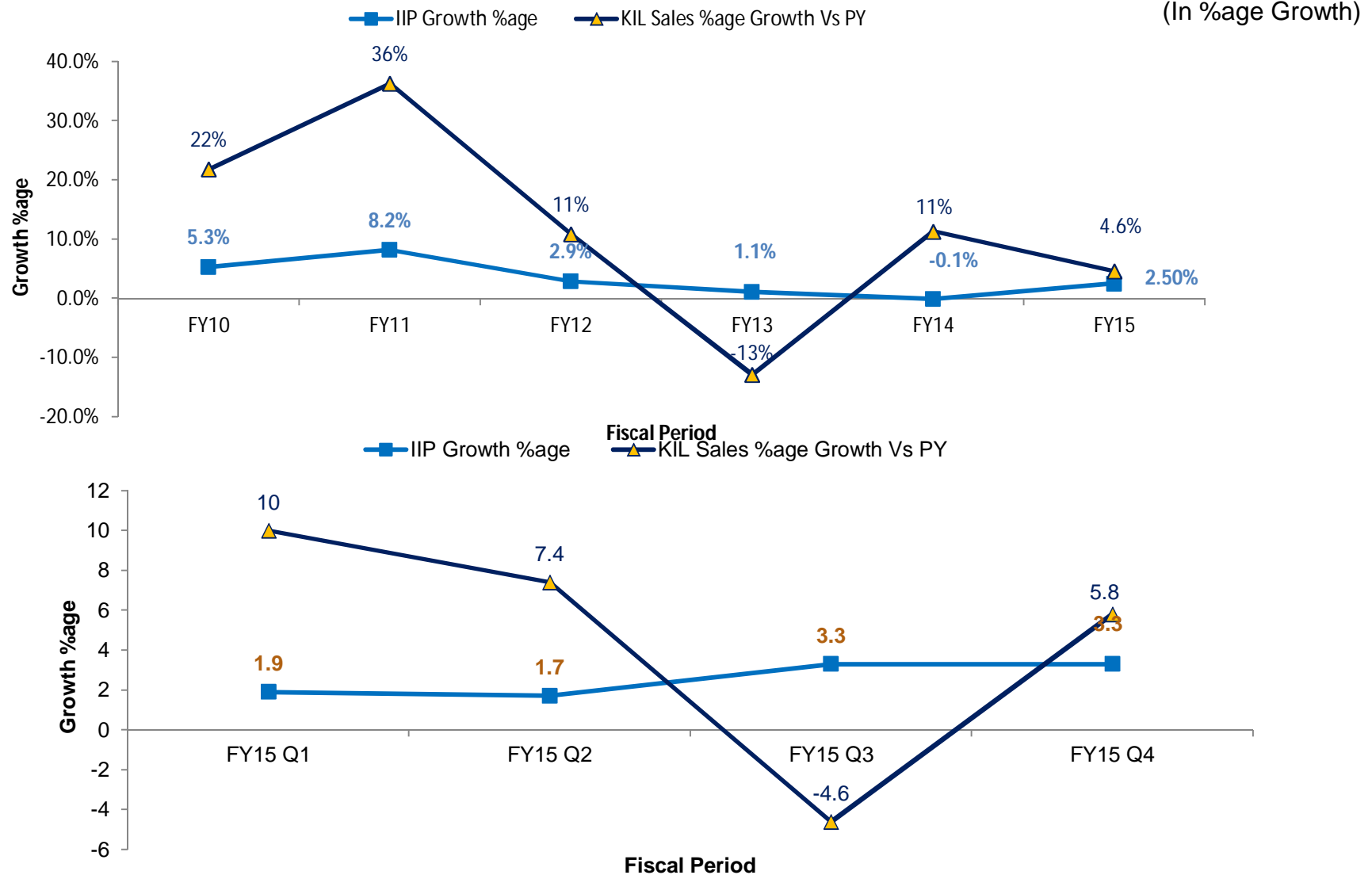


- Automotive production
 - In specific HCV/CV
- Passenger Vehicles and 2W.
- Tractors production
- Steel Production
 - Extremely challenging with dumping from China
- Capital Investments in Manufacturing including Greenfield facilities
- Aerospace, Defense & Railways



Indian IIP and KIL Sales Development trend

Source : MOSPI



Delivered 4.6 % growth on Sales, higher than Market growth

Financial Performance

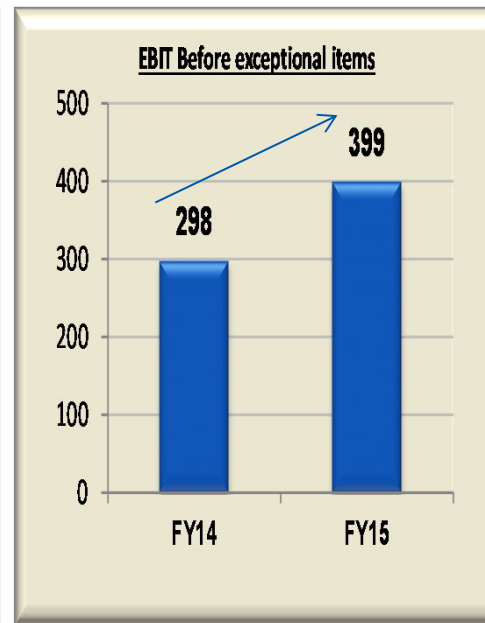
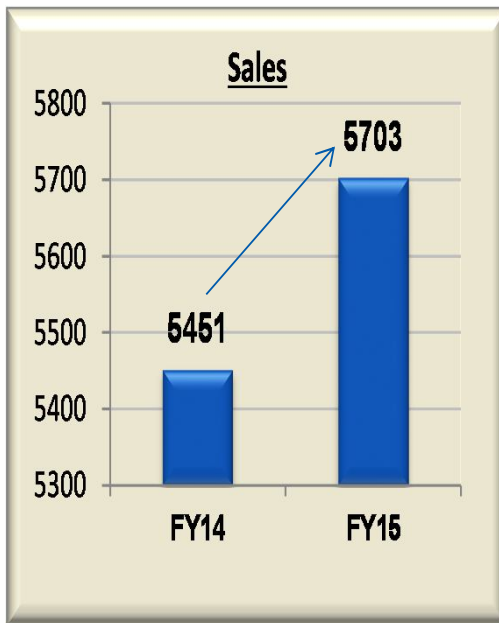
Key Performance Indicators – FY15



(₹ Mn)

	FY 15	FY 14	Growth
Sales	5,703	5,451	5%
EBIT (Before Exceptional items)	399	298	34%

- Growth driven by Hard Metals/ consumables business . Consumables up by 5.4% and MSG up by 1.3%
- Adjusted the manned capacity in line with market demand



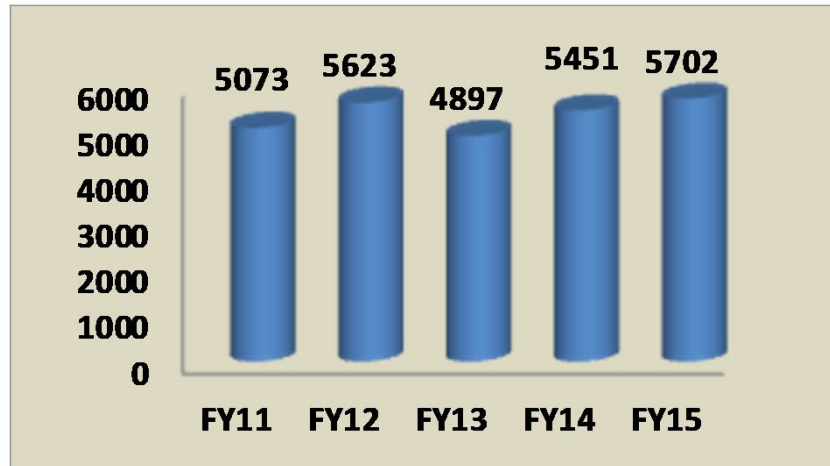
- Profitability improvement driven by :
 - Better volumes
 - Efficient RM procurement
 - Reduction of power cost
 - Cost containment measures

EBIT (before exceptional items) UP by 34%

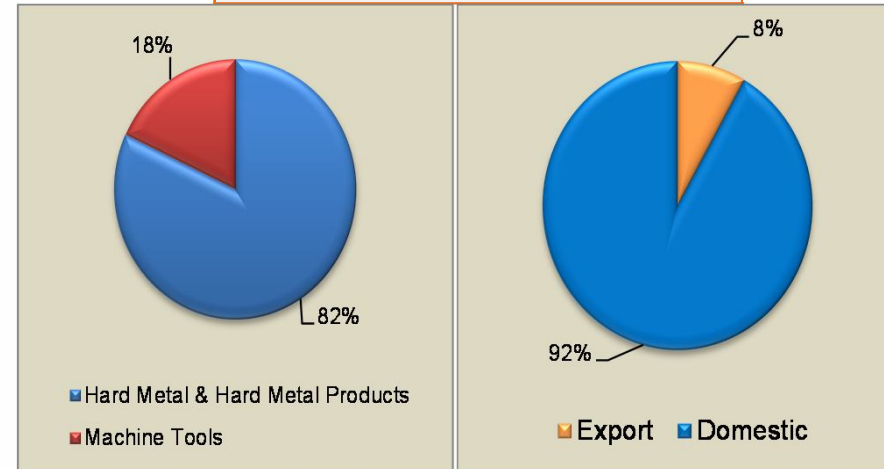
Financial Results & Trends



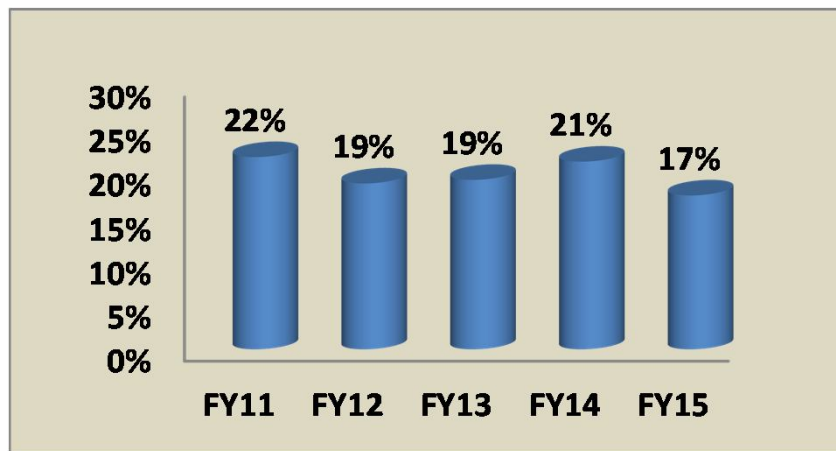
Sales (₹ Mn)



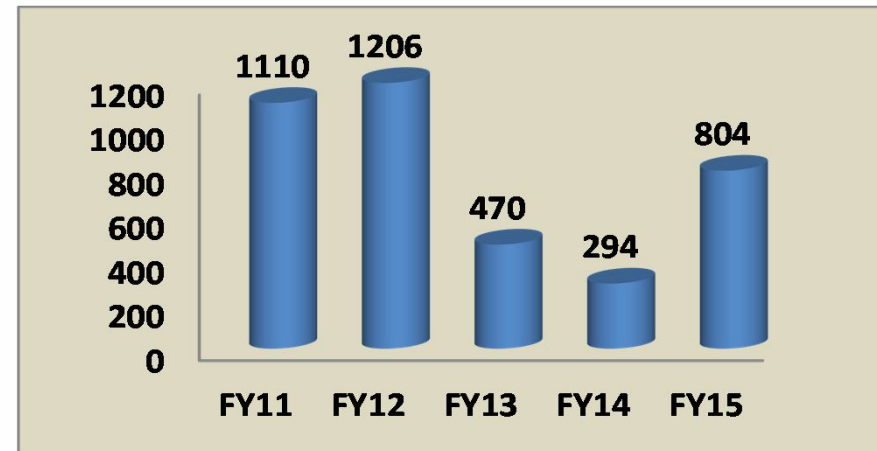
Revenue Break-up – FY15



Working Capital % to Sales



Operating Cash Flow



Significant Improvement in Financial Performance in a Challenging Environment

Corporate Social Responsibility

Rs.98.50 lacs worth contribution to the ongoing initiatives in the area of :

- Promotion of Tech Education
- Protect our Planet
- Kennametal In the Community

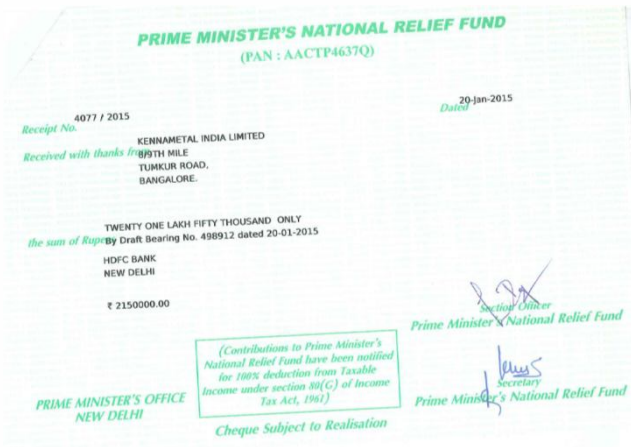
CSR activities during FY15



Visit to M/s. Prerana Resources, Home for Disabled & handed over cheque of Rs.1,80,000/- for providing food for disabled children.



PM's National Relief Fund cheque of Rs.21,50,000/- handed over at PM's Office by our Delhi Office Territory Manager.



Handed over cheque of Rs.30,00,000/- to Sparsha NGO for Building Home for underprivileged children specially girls..



Donating of Ambulance



Going Forward

Goal

- Consolidate and grow Core business
- Enhance market reach by expanding Distribution channel
- Diversify end markets : Aero, Defence, Railways added focus
- Explore exports for MSG products

- Policy Changes and reform Initiatives from the Govt.
- Enhanced focus on Manufacturing (Make in India initiative)
- GDP forecast is 7.5% for FY15-16 **
- Recovery timeline on the ground level with end customer production increase is still unclear across segments.
- Liquidity crunch
- Energy, employment and other costs raising.

** (Source : CRISIL Research
India Economy Forecast)

Optimism is expected to translate into increased manufacturing actions in served markets

Topline

- Channel Strategy & Distribution expansion
- Advance with Technology : Core Business
- Export of Eco grind machines into China
- Infrastructure product line moving up on Value Chain with Dies and wear parts focus.

Bottom line

- Sustain the benefits of Cost restructuring initiatives
- Operational Excellence Initiatives focused around productivity improvement
- Energy cost savings through higher utilization of KEB power supply
- Efficient procurement of raw material

With the growth on sales, our leverage for profitability significantly improves

Strong and experienced Senior Management Team with many around 20-25 years of industry experience.

- BC Rao, MD
- Parameshwar Reddy, CFO
- Kundan K, Lal, GM-Legal & Company Secretary
- Chandrashekar Sharma, VP KMT Industrial
- Kumud Ranjan, GM – WIDIA
- M.T.Swamy, GM – Infrastructure
- M.N.Bhaskara Rao, GM – Manufacturing
- Manu Kidave – HR Head.

Thank You