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Corporate Relationship Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400001

13th November 2019

Dear Sirs,

Subject: Copy of Managing Director's Presentation – 54th Annual General Meeting - Kennametal India Limited, Scrip Code: 505890

Reference: Disclosure under regulation (30) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Please find enclosed herewith the presentation made by Managing Director at the 54th Annual General Meeting held on 13th November 2019 at the Registered Office of the Company.

Kindly take the same on record and oblige

Thanking you,

Yours faithfully,

for **Kennametal India Limited**

Naveen Chandra P
General Manager – Legal & Company Secretary

54th AGM Kennametal India Limited Bangalore

BC Rao

November 13, 2019



Content

- FY 19 Review
- Outlook

An overview of our business of last year and the outlook

Disclaimer

This presentation may include statements which may constitute forward-looking statements. All statements that address expectations or projections about the future, including, but not limited to, statements about the strategy for growth, business development, market position, expenditures, and financial results, are forward looking statements. Forward looking statements are based on certain assumptions and expectations of future events and involves known and unknown risks, uncertainties and other factors. Kennametal India Limited (The “Company”) cannot guarantee that these assumptions and expectations are accurate or exhaustive or will be realized. The actual results, performance or achievements, could thus differ materially from those projected in any such forward-looking statements. No obligation is assumed by the Company to update the forward-looking statements contained herein.

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Your Company's Hardmetal Business

INDUSTRIAL

Kennametal Tooling and Metalworking Services



INFRASTRUCTURE

Engineered Products, Precision Surface Management and Life Extension Solutions



WIDIA

WIDIA Products Group



Specific to India : Machining Solutions Group



FY 19 Review : Economic Environment

- **Government Reform Initiatives**

- Emission norms , EV & other regulatory compliance policy initiatives in Auto .
- Private players investment picked up slowly in Aero, Railway and Defense sectors.
- GST getting stabilized & Government willing to discuss further simplification.
- Investments in Infrastructure.

- **Business Confidence**

- Started with positive and then became cautiously optimistic to declining mode in few of the end markets
- **Exchange rate**
- Rupee value around Rs 69.00/70.00

- **Input Cost**

- Raw material showed softening trend. Input costs on Energy, employment etc., continued to go up.

- **Competition**

- Quite intense, some more consolidation and continued price pressures from Asian Players .

Served Markets Impacting our Business

- Automotive production
 - In specific 2W, PV, LCV



- MHCV



- Tractors production



- Steel Production



- Aerospace, Defense & Railways



- Capital Investments in Manufacturing including Greenfield facilities(Due to BSVI upgradation and new models)



- Oil & Gas, Energy & Mining



Financial Performance

Highlights of the year FY 19

Growth in Revenue (Consolidated) : + 19.2% 

Growth in EBT before exceptional items(Consolidated) : + 57.6% 

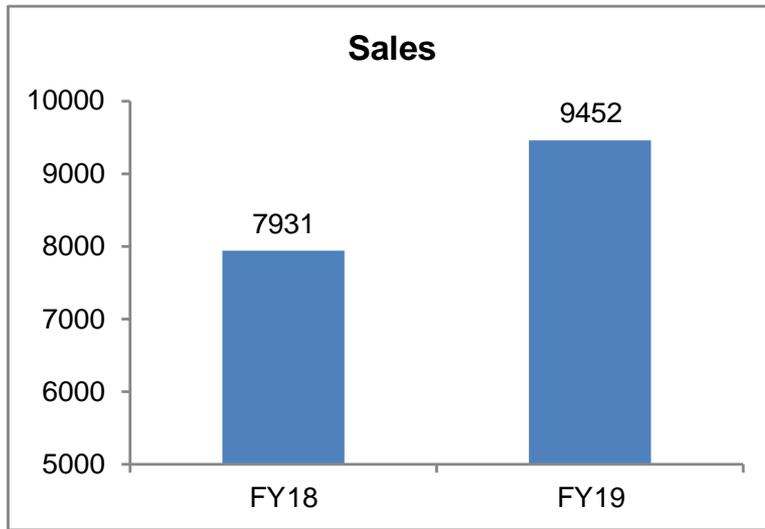
EPS increased from Rs 23.78 per share (FY18) to Rs 41.13 (FY19) 

Invested Rs 112 crore in the Manufacturing to modernize, add capacity as well as capability upgrades. 

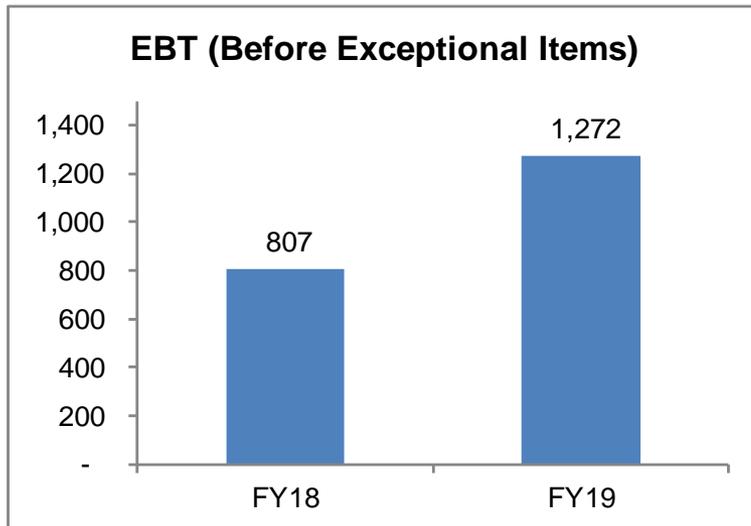
Incorporated wholly owned subsidiary Widia India Tooling Pvt.Ltd.

Cost reduction Initiatives are continued.

Key Performance Indicators – FY19 (INR Mn)



| | FY18 | FY19 | Gr % |
|--------------------------------|------|------|-------|
| Sales | 7931 | 9452 | 19.2% |
| EBT (Before exceptional items) | 807 | 1272 | 57.6% |



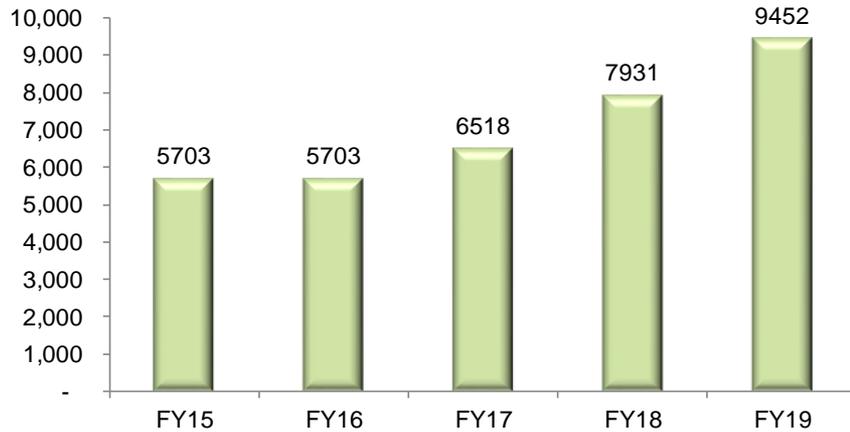
Securing the future :

Invested Rs.50 + 60 + 112 = Rs 222
Crore during past 3 years to be future
ready

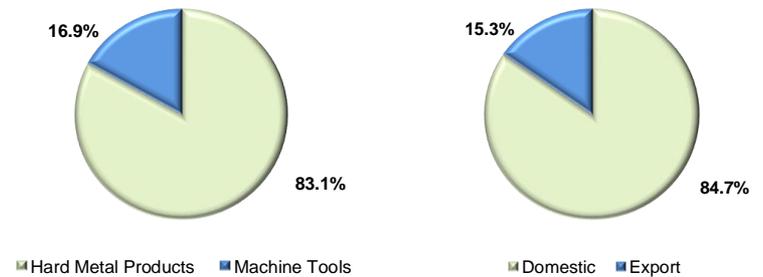
Much of the funding coming through
internal accrual

Financial Results & Trends

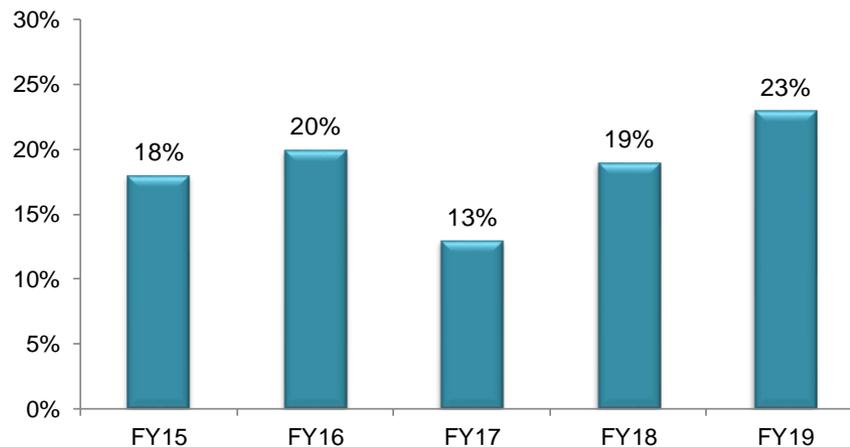
Sales (₹ Mn)



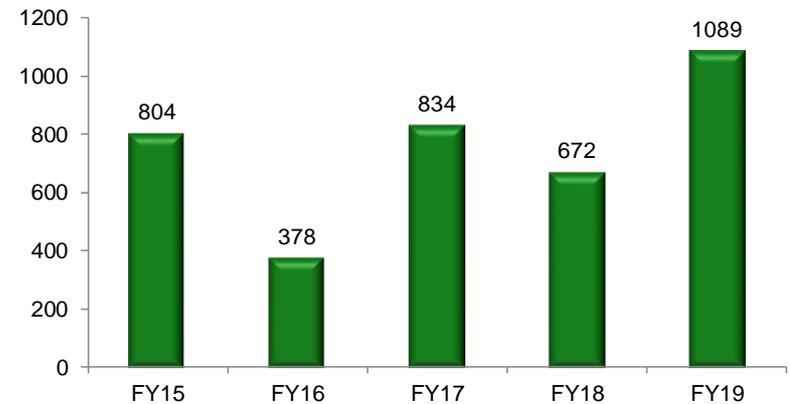
Revenue Break-up – FY19



Working Capital % to Sales



Operating Cash Flow (₹ Mn)



KIL Awarded as Greenco GOLD rated on July 5, 2019, 255th Organization in India



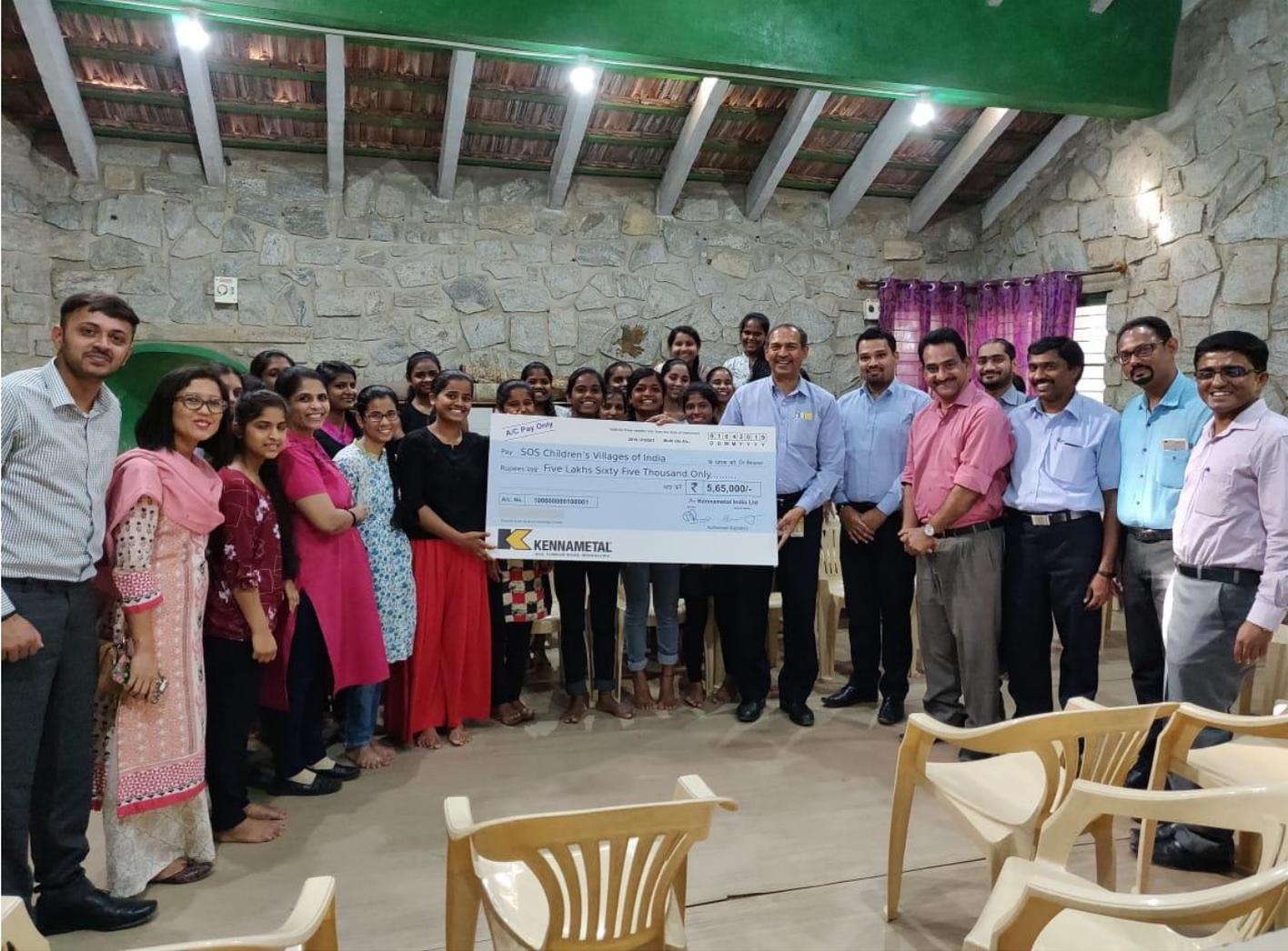
Corporate Social Responsibility

Corporate Social Responsibility

Rs.98.80 lacs worth contribution to the ongoing initiatives in the areas of :

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

Kennametal CSR Team handing over cheque of Rs.5,65,000/- at SOS Children's Village, Bannerghatta in support of education expenses of 25 Girl children of SOS Children's Villages of India



Kennametal together with NGO-`Aviratha' distributed Note Books to the children in 6 Government Schools

- ❖ 2,046 Students provided with note books for academic year 2019-2020.
- ❖ 15,382 books distributed.
- ❖ 23 Volunteers from Kennametal to distribution activity.



| Schools | Number of Students |
|----------------------------------|--------------------|
| Sparsh Trust | 220 |
| Bagalgunte High School | 531 |
| Bagalgunte Higher Primary School | 289 |
| Thotagere Government School | 150 |
| tanjunath Nagara Government Scho | 285 |
| Chikkasandara Government School | 269 |
| Hessaragatta School | 302 |
| Total Students | 2046 |



Kennametal contributed to the Relief fund for the Flood victims of Kerala & Kodagu



Kennametal supported adjacent Govt High School, Bagalagunte by providing RO Plant for drinking water & Upgradation of sanitation facilities for Boys & Girls at the school.



CSR activity in association with Rotary Bangalore - Inauguration of RO Plant for safe Drinking water at the adjacent Govt.High School, Bagalagunte.



Upgradation of sanitation units for Boys & Girls at the adjacent Govt.High School, Bagalagunte.



Kennametal sponsored Health check up for the children in 6 Govt schools covering around 1830 students – Eyes (provided spectacles in identified cases), Dental & over all General health check up



Going Forward

Economic Outlook FY20

- Policy Changes & reform Initiatives from the Govt. expected to stay the Reforms course (Corporate tax rate cut can boost growth)
- Raw material may remain stable
- With reasonably good monsoon, GDP forecast expected is at 6.1% in 2019 as per IMF, lower than last year

** (Sources : - CRISIL Research India Economy Forecast
- International Monetary Fund
- World Bank projection)

- The Indian economy is battling a severe demand slowdown and liquidity crunch that resulted in growth rate slowing to 5% GDP growth in the three months ended June
- Rising costs. Intense & growing competition & Pricing challenges to secure margins
- Liquidity crunch, stressed balance sheets & NPA of banks (NBFC NPA increased from 5.3% to 6.6% between FY18 and FY19)
- Oil prices & depreciating rupee

Actions to grow Topline

- Stay focused on the Strategies to drive growth in end markets of Aero, Gen Engg & Energy
- Focus on Channel partner development initiatives with digitally enabled support system
- Execute ongoing investments to support modernization & simplification
- Explore opportunities for Ecogrind machines in China
- Focus on Hardmetals Export -Tools

Our Continued Focus to secure the Bottom line

- Operational Excellence Initiatives focused around productivity improvement, flexibility & speed to market.
- Explore more opportunities on energy & other resources for cost savings.
- Efficient procurement of raw material with options on suppliers.
- Continue with other Cost reduction initiatives.

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

Management Team

Stable and experienced Senior Management Team with considerable industry experience.

- BC Rao, MD
- Suresh Reddy, CFO
- Chandrashekar Sharma, Industrial Business Head
- Prashant Shetty, WIDIA Business Head
- M.T.Swamy, Infrastructure Business Head
- M.N.Bhaskara Rao, Manufacturing Head
- Manu Kidave – HR Head
- Naveen Chandra – Legal Head & Company Secretary

Thank You