



**Ref:Sec/Sto/17/17**

November 14,2016

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

Dear Sirs,

Subject        51<sup>st</sup> Annual General Meeting  
                 Disclosure under Regulation 30 of the SEBI (Listing Obligations and  
                 Disclosure Requirements) Regulations, 2015  
Ref:            [Scrip Code: 505890] - Kennametal India Limited

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As part of the briefing the Shareholders at the 51<sup>st</sup> Annual General Meeting to be held today, Managing Director will make presentation covering the gist of the business related aspects of the Company.

We are sending herewith the said presentation being made for your records.

Kindly treat this as compliance with the SEBI (LODR) Regulations, 2015.

Thanking You,

Yours faithfully,

For Kennametal India Limited

  
K.V. Suresh Reddy  
Compliance Officer & CFO

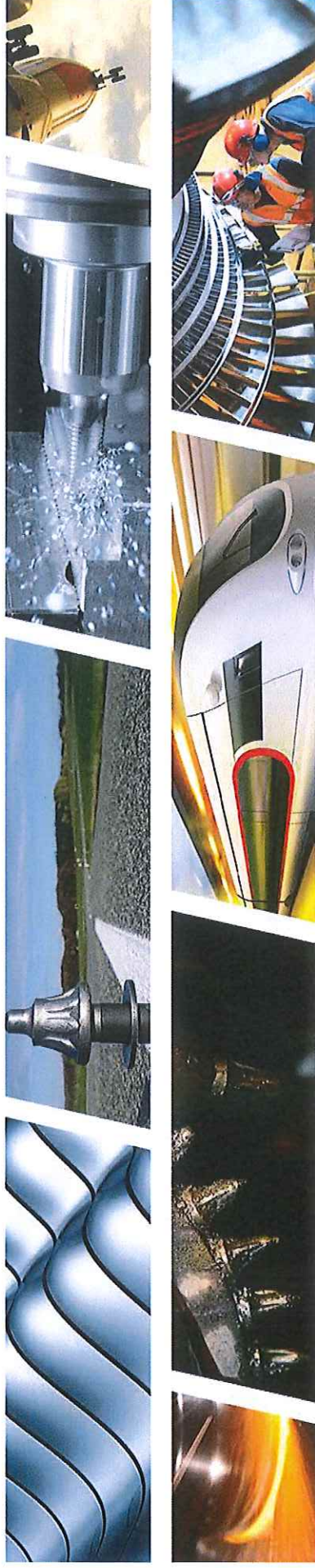


Enc: As above



# 51<sup>st</sup> AGM Kennametal India Limited Bangalore

November 14, 2016





# Content

- FY 16 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.

The information contained in these materials have not been independently verified. None of the Company, its Directors, Promoter or affiliates, nor any of its or their respective employees, advisers or representatives or any other person accepts any responsibility or liability whatsoever, whether arising in tort, contract or otherwise, for any errors, omissions or inaccuracies in such information or opinions or for any loss, cost or damage suffered or incurred howsoever arising, directly or indirectly, from any use of this document or its contents or omission or otherwise whatsoever in connection with this document, and makes no representation or warranty, express or implied, for the contents of this document including its accuracy, fairness, completeness or verification or for any other statement made or purported to be made by any of them, or on behalf of them, and nothing in this document or at this presentation shall be relied upon as a promise or representation in this respect, whether as to the past or the future. The information and opinions contained in this presentation are current, and if not stated otherwise, as of the date of this presentation. The Company relies on information obtained from sources believed to be reliable but does not guarantee its accuracy or completeness. The Company undertake no obligation to update or revise any information or the opinions expressed in this presentation as a result of new information, future events, developments or otherwise. Any opinions or information expressed in this presentation are subject to change without notice.



# At Global level : Three well defined Business Segments

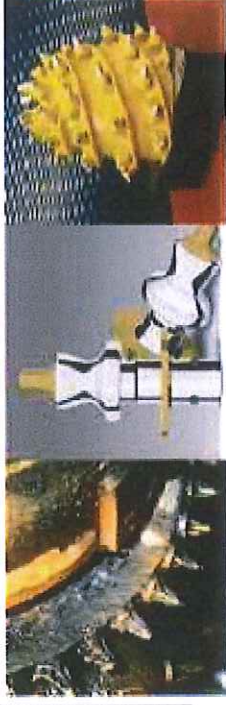
## INDUSTRIAL

Kennametal Tooling and Metalworking Services



## INFRASTRUCTURE

Engineered Products, Precision Surface Management and Life Extension Solutions



## WIDIA

WIDIA Products Group



## Specific to India : Machine Tools Business



## **FY 16 Review : Economic Environment**

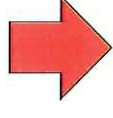
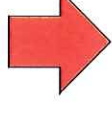
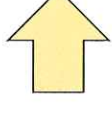
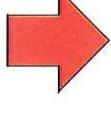
- **Business Confidence**
  - Cautiously optimistic with short term challenges
- **Government Reform Initiatives**
  - Key Legislations continued to be on hold
  - Infrastructure investments taking time to see at ground level
- **Exchange rate**
  - Rupee stable at around 66 level
- **Input Cost**
  - 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

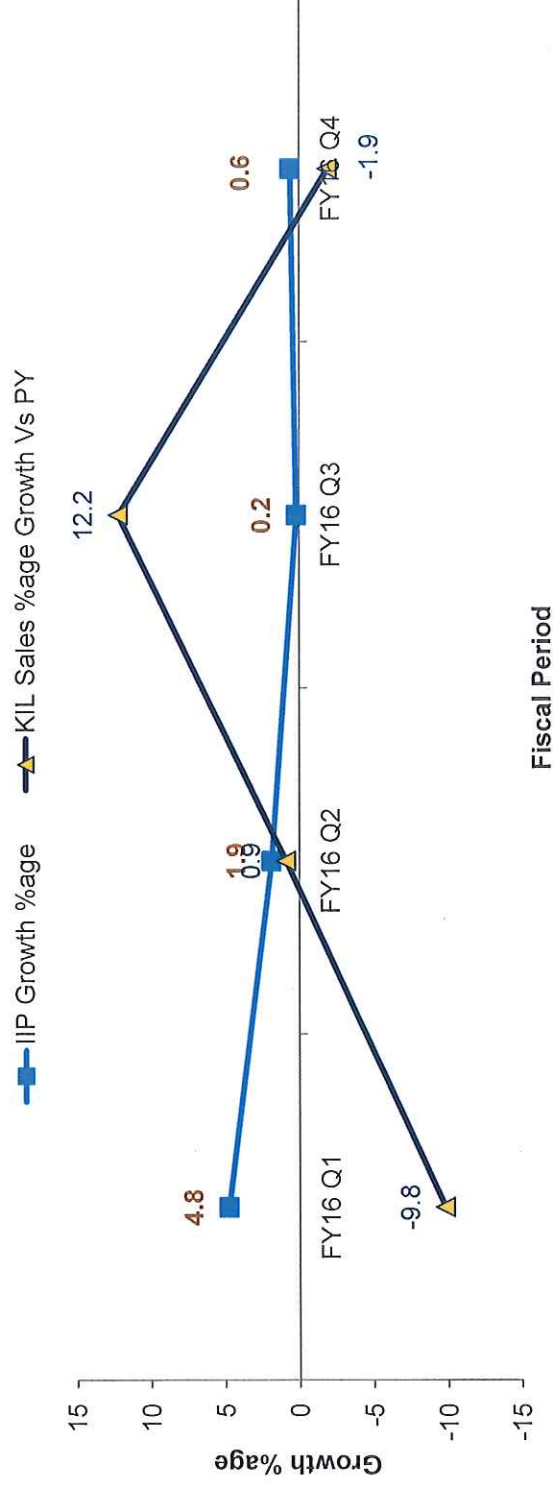
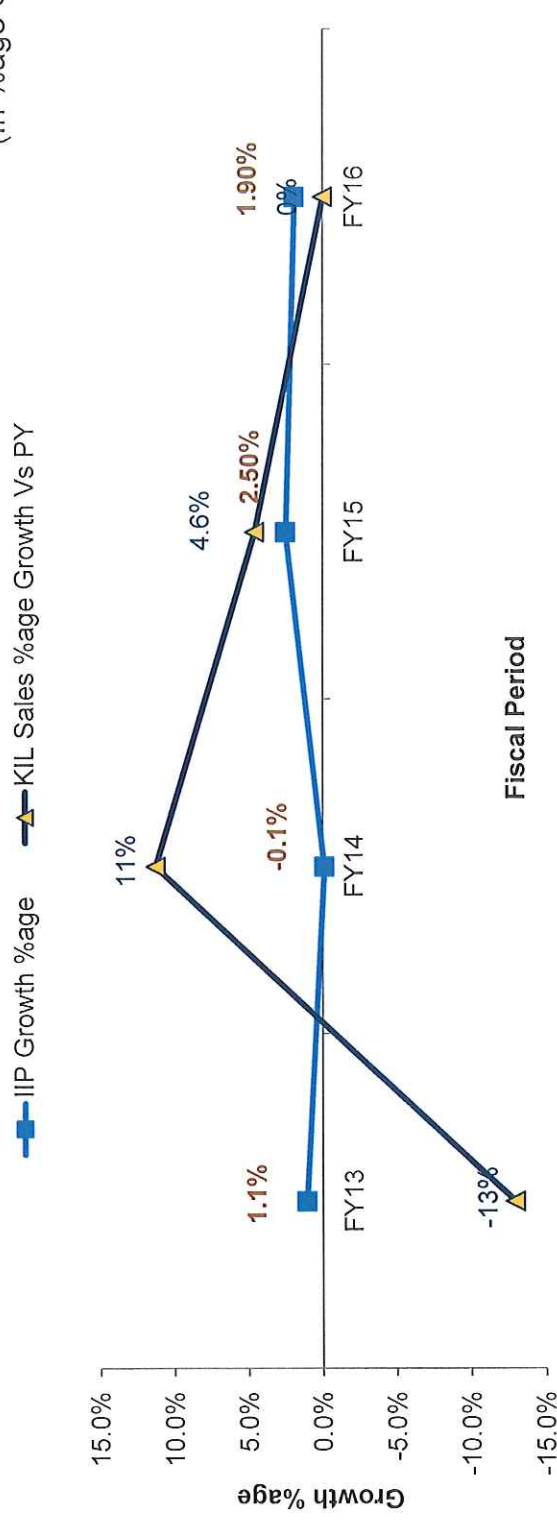
- Automotive production
  - In specific 2W, PV, LCV
- MHCV
- Tractors production
- Steel Production
  - Extremely challenging with dumping from China
- Capital Investments in Manufacturing including Greenfield facilities
- Aerospace, Defense & Railways
- Oil & Gas, Energy & Mining



# Indian IIP and KIL Sales Development trend

Source : MOSPI

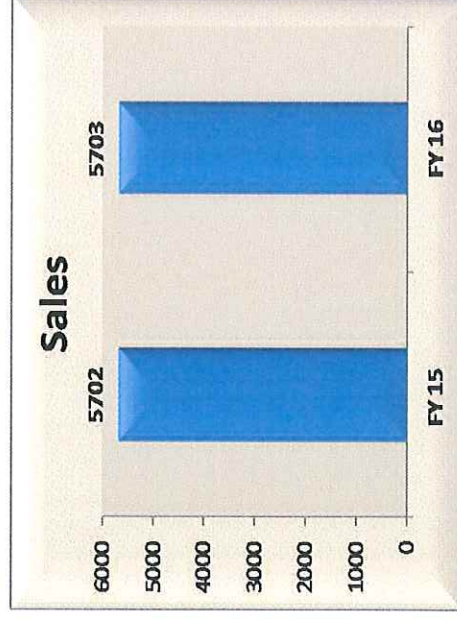
(In %age Growth)



# Financial Performance

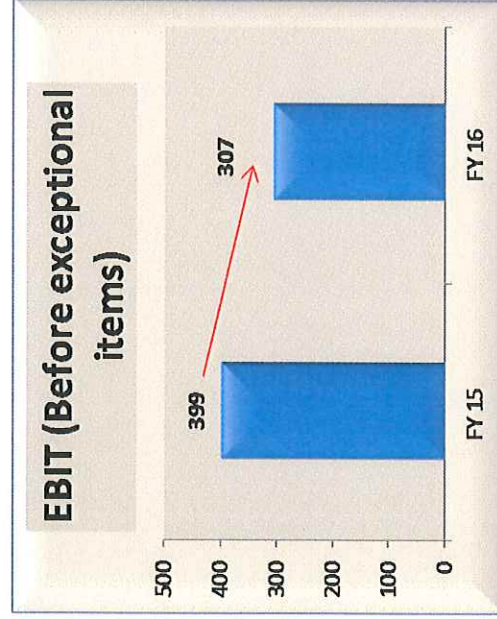


# Key Performance Indicators – FY16



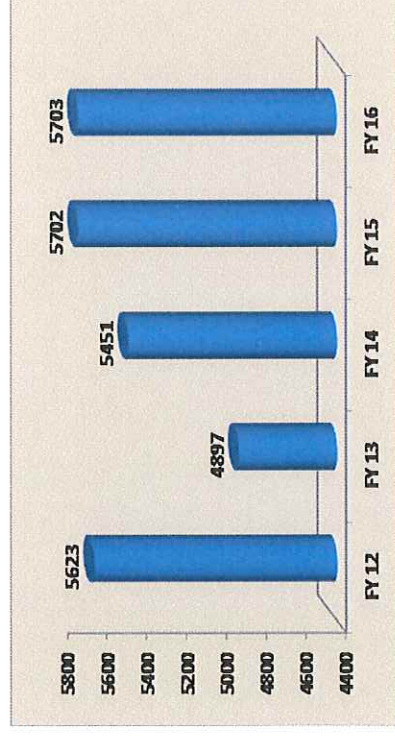
|                                 | FY 15 | FY 16 |
|---------------------------------|-------|-------|
| Sales                           | 5702  | 5703  |
| EBIT (Before exceptional items) | 399   | 307   |

- YoY sales remains flat. Growth in Hard Metals/ consumables business but drop in Capital goods MSG business .
- Continuing to invest in Manufacturing
- Profitability impacted due to :
  - Lower demand in Capital goods sector
  - .Adverse product Mix.
  - Pricing pressure due to new entrants.
  - Increase in Employee cost-Merit increase and Wage settlement
  - Loss on divestiture of Extrude Hone business

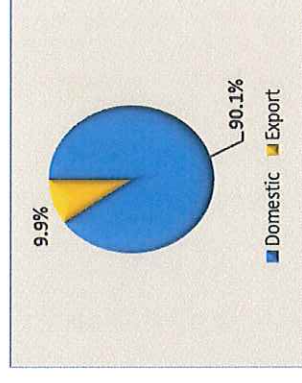
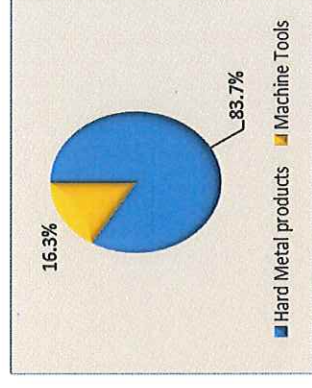


# Financial Results & Trends

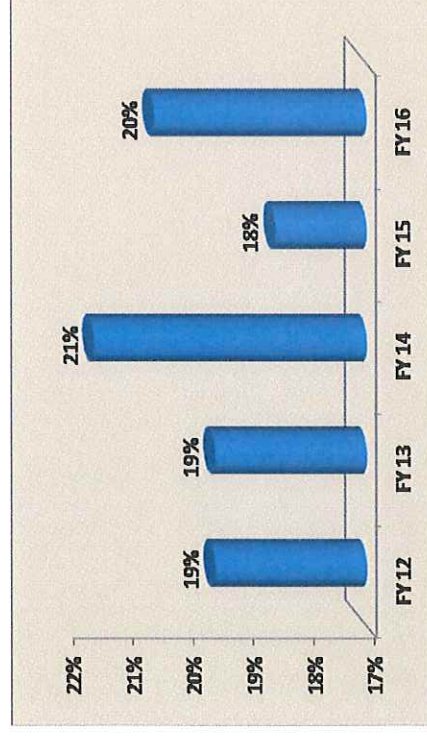
Sales (₹ Mn)



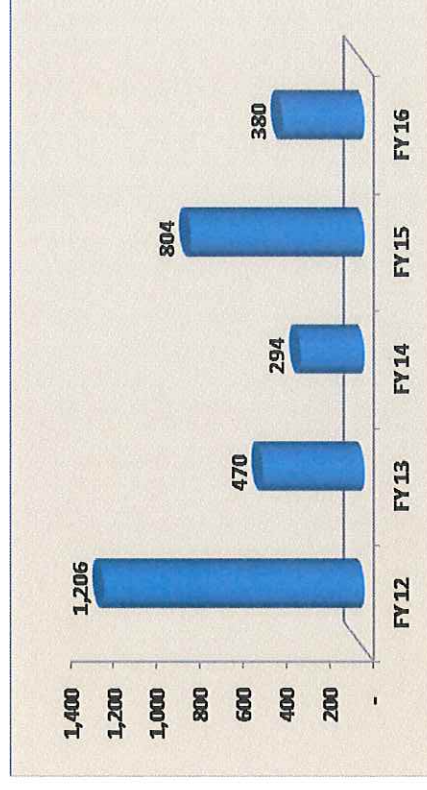
Revenue Break-up – FY16



Working Capital % to Sales



Operating Cash Flow





# Corporate Social Responsibility

**Rs.59.50 lacs worth contribution to the ongoing initiatives in the areas of :**

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

# CSR activities during FY16 – Promotion of Tech Education & Protect our Planet programs

Visit to NITK, Suratkal to handover cheque of Rs.5,13,165/- as scholarship for deserving poor students.



Visit to PSG Institute of Technology, Coimbatore to handover cheque of Rs.5,09,475/- as scholarship for deserving poor students.



Preliminary Interschool competitions on Essay writing, Debate, Posters, Colouring etc., conducted in various schools on topics related to 'Protect our Planet'. The winners from various schools participated in the final competitions at the Govt High School, Bagalakunte,



## CSR activities during FY16 – In the Community program

Bus Shelters provided on the Highway Tumkur Road.



Science Lab & Audio Visual Room donated to Government High School, Bagalkunte.



## CSR activity – In the Community Program

As part of Swachh Bharat Pakhwada in KIL from Jun 16-30, 2016, Swachh Bharat Pledge undertaken by employees in all Departments at KIL.

**'SWACHH BHARAT' PLEDGE UNDERTAKEN BY EMPLOYEES AT KENNAMETAL INDIA LIMITED, BANGALORE, INDIA**



## Swachh Bharat Voluntary activity by KIL employees

SWACHH BHARAT' CLEANING INITIATIVE UNDERTAKEN AT GOVT. HIGH SCHOOL, BAGALAKUNTE, BANGALORE BY CORPORATE VOLUNTEERS OF KENNAMETAL INDIA LIMITED AS PART OF 'SWACHH BHARAT' PAKHWADA FROM JUN 16-30, 2016.



# Going Forward





## Goal

- Focus & grow Core business
- Special initiatives to grow WIDIA business
- Enhance market reach by expanding Distribution channel
- Diversify end markets : Aero, Defence, Railways added focus
- Explore export markets for MSG products
- Continue to modernize & upgrade Manufacturing

# Economic Outlook FY17



- Policy Changes and reform Initiatives from the Govt. (GST)



- Manufacturing growth within IIP unpredictable, due to segment wise challenges.



- Enhanced focus on Manufacturing (Make in India initiative)



- Liquidity crunch



- Good monsoon (surplus demand); GDP forecast is 7.2% for FY15-16 \*\*



- Rising costs, Intense & growing competition, Pricing challenges

\*\* (Source: CRISIL Research  
India Economy Forecast)

# Our Continued Focus on Initiatives

## Topline

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

## Bottom line

- Operational Excellence Initiatives focused around productivity improvement
- Energy cost savings through higher utilization of BESCOM/GRID power supply
- Efficient procurement of raw material
- Cost reduction initiatives

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



## Management Team

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

- BC Rao, MD
- Suresh Reddy, CFO
- Recruitment in progress, GM-Legal & Company Secretary
- Chandrashekar Sharma, VP KMT Industrial
- Prashant Shetty, GM – WIDIA
- M.T.Swamy, GM – Infrastructure
- M.N.Bhaskara Rao, GM – Manufacturing
- Manu Kidave – HR Head.

**Thank You**

