

KIRLOSKAR FERROUS INDUSTRIES LIMITED

Company Profile

Grey Iron Castings & Quality Pig Iron Supplier

Kirloskar Ferrous Industries Limited (KFIL) is a leading manufacturer and supplier of complex and critical grey iron castings and quality pig iron. KFIL has manufacturing facilities in Koppal and Hiriyur in Karnataka; Solapur, Maharashtra. The company has set a mission of becoming a 2 billion dollar company by 2030.



R V Gumaste
Managing Director, *KFIL*

IFJ: Please provide a brief about your company- brief history, present products and production, technologies and future expansion plans.

R V Gmaste: Kirloskar Ferrous Industries Limited (KFIL) is an acknowledged market leader in India for manufacturing and supply of complex and critical Grey iron Castings and Quality Pig Iron. KFIL, a part of Kirloskar Group (K-Group) of companies, one of the leading engineering conglomerates in India was founded by Late Laxmanrao Kirloskar in the year 1888. KFIL has been built on a solid foundation of innovation and customer-centricity. In 2021 Kirloskar rebranded itself with a customer-centric vision unveiling the brand platform "Limitless" to embody





its commitment to exceeding boundaries and prioritising customer satisfaction. Limitless is the ethos of how we function at Kirloskar – striving relentlessly to bring delight beyond boundaries to our customers.

KFIL was incorporated in the year 1991 and started commencing its operations from 1994. KFIL stands out as the sole company in Asia with seamless integration bridging from mining to production of machined castings.

KFIL operates manufacturing facilities in Koppal and Hiriyur in Karnataka, as well as Solapur, Maharashtra. In 2022-23, KFIL expanded its portfolio by acquiring ISMT. The company is structured into four distinct business verticals: Pig Iron, Casting, Alloy Steels and Seamless Metal Tubes.

In 2017, with a turnover of 1681 Cr. (equivalent to 0.2 Billion USD), KFIL set a bold mission to become a Billion-dollar company by 2030. Through strategic planning and efficient execution of both organic and inorganic growth initiatives, KFIL surpassed expectations by achieving a turnover of 0.8 Billion USD (6480 Cr.) in 2022-23. This remarkable success, achieved seven years ahead of Target, underscores the efficacy of past endeavours and instils confidence in KFIL's ability to exceed its aspirational goals "To become a 2 Billion $ company by 2030".

During our journey, we successfully acquired and integrated VSL Steels Ltd in Hiriyur in February 2021. Subsequently, we gained Management control of ISMT in March 2022, which includes plants situated in Ahmednagar, Baramati, and Jejuri. Most recently, we expanded our portfolio by acquiring a majority stake in Oliver Engineering Private Limited (OEPL) and appointing Directors to its Board.

KFIL's strong and stable leadership has charted a clear roadmap for its growth by aligning the stakeholders' requirements and strategic priorities. Coupled with rich experience and by conducting periodic reviews, it is able to steer the organisation in the designed path of growth.

IFJ: What are the biggest challenges that your company is facing today and how do you plan to overcome them? Are there any future challenges anticipated?

RVG: For the foundry industry, multiple challenges have crippled volume growth this year and in value terms too, the growth is minimum. The average capacity utilisation in the Indian foundries this year (2023) was expected to be 60% -70%. "Overall, the Indian foundry industry may not see growth in volume terms in 2023. In value terms, it is expected to be 2% to 3%. Next year can see about 4% growth in volume, though it will depend on the market demand."

In most sectors, quarterly demand saw a contraction across major global markets. While the Automotive Sector remained a key contributor to casting demand, excessive production and elevated stock levels at dealer locations led to reduced demand and impacted capacity utilisation.

Whereas, the Indian Pig Iron industry grapples with low demand and rising Coal & Coke Prices. Dull demand, postponed purchases, and price corrections in October 2023 have led to challenges.

Supply cutbacks may stabilise prices, but the industry must adapt to navigate this adversity.

KFIL underwent a substantial transformation, utilising technology to refine its operations and embracing automation to elevate its brand. With the industry transitioning towards Euro 6 standards, marked by the demand for thinner castings and complicated parts integrating auto components, KFIL must enhance its capacity and expertise proactively get ease with evolving casting technologies.



IFJ: How do you see the Indian economy today and for future growth - what suggestions would you give to the Government? Do you wish to seek any changes in any of the Policy matters?

RVG: The Gross domestic product in South Asia is projected to increase by 5.2% in 2023-24, driven by a robust expansion in India, which remains the fastest-growing large economy in the world. "Growth in India is projected to reach 6.2% by March 2024, slightly lower than the 6.3% estimated, amid robust domestic demand and strong growth in the manufacturing and services sectors". India's GDP is projected to increase to 6.6% in 2025. The report notes that economic growth in India is projected to remain "strong" at 6.2% this year mainly supported by resilient private consumption and strong public investment. "While manufacturing and services sectors will continue to support the economy, erratic rainfall patterns will likely dampen agricultural output".

"Overall, domestic consumption will be growing, household spending has grown, employment situation has improved quite a bit. So we are very optimistic about India's growth outlook in the near term".

Government can initiate subsidies or tax incentives to encourage foundries to invest in modernising their equipment and processes. This could include upgrading to more energy-efficient technologies, implementing automation or adopting sustainable practices.

Government can also bring training programmes or partnerships with educational institutions to address the skill gap in the foundry industry. This could involve specialised training in casting techniques, metallurgy, safety protocols and emerging technologies like 3D printing.

We need safeguard duty on the import of cheap castings from China which often gets into dumping to affect Indian Casting Industry.

IFJ: What is your Company's Core strength area and what advice / guidance would you have for the upcoming young entrepreneurs? Any past challenge that you overcame and how - share your experience if any.

RVG: Targeting businesses as their primary audience, KFIL team firmly believes in collaborative co-creation with clients, actively engaging with their designing teams to achieve optimal outcomes. This collaborative approach fosters a mutually beneficial relationship, with clients providing valuable insights into casting design suitability, while KFIL aims for a "First Time Right, Everything Right, and Every Time Right" approach, reducing product development time significantly.

"Our focus remains on meeting critical customer needs, such

as reducing cycle time for new developments. We have successfully cut down the cycle time from 200 days to 60 days, and with the integration of 3D printing technology, we can now achieve the same results in just 20-30 days. Additionally, our unwavering emphasis on delivery and quality performance continues to be a top priority."

Over the years, we have been successful at achieving our goal of being a preferred partner in their journey towards excellence. Since defining these goals eight years ago, I am proud to say that we have successfully positioned ourselves as the preferred partner for the majority of our clientele. Recognising the significance of reliable Farm Equipment in supporting the agriculture industry, KFIL plays a pivotal role in providing durable casting parts for tractors, which are essential tools for farmers. Our range of manufactured tractor castings includes axle housings, clutch housings, gearbox housings, cylinder blocks, and heads.

Advice to young entrepreneurs is that today all industries are subject to market fluctuations and technological advancements. Always stay agile and adaptable to changes in market demand, industry trends, and regulatory requirements. Be willing to pivot your business strategy as needed to stay relevant and competitive. Be the part of Technological advancements happening in the manufacturing industry especially our field of casting.

IFJ: What is your "mantra" for sustaining growth and success in the domestic/ global markets?

RVG: The mantra for sustaining growth is constantly innovate and embrace new technologies, processes, and materials to improve product quality, reduce waste, and increase productivity. Innovation can drive competitive advantage and open new opportunities for growth.

A decade ago, KFIL decided to shift their path from the normal casting solutions to meet the requirements of the international and MNC clients, who were already working with the Euro 6 standards and decided to face challenging process as it required new technology, new process, and improved competences of the people in the manufacturing area. With a lack of competency to make the castings initially, we faced many hurdles with the sheer zeal for creating the castings at par with the standards. Today, the brand is known for the Euro 6 large castings internationally. Another hurdle that the KFIL team successfully surmounted was the high investment required for technology and the question that 'Will the result be worth the investments?' The KFIL client's trust in the brand and the supportive vision of the brand for better quality solutions allowed the brand to stick on their path. Despite the capital-intensive nature of the foundry, the decision of adopting new technology was difficult to be made by the leaders, as it required altering the process and the people's skills and competencies. But KFIL met this change as it believes in mantra mentioned above.

IFJ: What are your suggestions to IIF in assisting members and in expanding its reach to Industry, Academia and other industries/ businesses that are related to the Foundry Industry?

RVG: The Institute of Indian Foundrymen (IIF) provides the Technical Services and Expertise in areas of appropriate Technologies and top quality systems to reduce costs and improve response time keeping at the same time on controlling the safety and environmental issues. This will ultimately help foundries to achieve global competitiveness.

I feel IIF can nurture partnerships between foundry industry and academic institutions to bridge the gap between theory and practice. Facilitate industry visits, internships, and joint research projects to provide students with hands-on experience and exposure to real-world challenges in the foundry sector.