Kirloskar Ferrous Industries Limited
A Kirloskar Group Company

kirloskar
Ferrous

ANNUAL REPORT 2021-22

LIMITLESS

Contents

02-49

Corporate Overview

50-115

Statutory Reports

116-239

Financial Statements

For more information, please, visit our **website:**

Performance* FY 2022

Revenue

₹ 3,615 Crore

EBITDA

₹ 658 Crore

PBT

₹ 543 Crore

PAT

₹ 406 Crore

*Standalone performance - the numbers are rounded off to the nearest decimal.

About the report

We are pleased to present our Annual Report, which includes voluntary information to the extent possible, in accordance with the reporting framework developed and designed by the International Integrated Reporting Council (IIRC) .

This report is primarily intended to address the information requirements of stakeholders. Our endeavor is to present this information in a manner that is also relevant to key stakeholders.

This report also aligns with following :

- The Companies Act, 2013
- Indian Accounting Standards
- The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Scope and boundary

This report covers information on business operations of Kirloskar Ferrous Industries Limited, including disclosures through six capitals as defined by the International Integrated Reporting Council (IIRC). This report describes our business model, significant risk, opportunities and overall performance and related outcomes.

The parameters for the financial capital covered in this report are in relation to “Kirloskar Ferrous Industries Limited” on standalone basis.

Reporting period

The major reporting period for the Annual Report is from 1 April 2021 to 31 March 2022. However, certain portions of the report provide facts and numbers from prior years in order to give readers a complete picture.

Auditor’s Report

To ensure the integrity of facts and information, the financial statements are audited by Kirtane & Pandit LLP, Chartered Accountants and the ‘Independent Auditor’s Report’ has been duly incorporated as part of this report.

Stakeholder feedback

Stakeholders' constructive participation and feedback are welcomed and appreciated.

Email: kfilinvestor@kirloskar.com

Website: www.kirloskarferrous.com

Our capitals

- Financial Capital
- Manufactured Capital
- Intellectual Capital
- Human Capital
- Social & Relationship Capital
- Natural Capital

Our stakeholders

- Employees
- Shareholders & investors
- Customers
- Suppliers
- Communities
- Regulatory bodies and government

Forward-looking statements

This report contains forward looking statements that describe our expectations, based on reasonable assumptions and past performance.

These are subject to change in light of developments in the industry, geographical market conditions, government regulations, laws and other incidental factors. These statements must not be used as a guarantee of our future performance, as the underlying assumptions could change materially.

Financial Capital

Manufacturing Capital

Intellectual Capital

Human Capital

Social and Relationship Capital

Natural Capital

Corporate Information

BOARD OF DIRECTORS

Mr. Atul Kirloskar
Chairman
DIN - 00007387

Mr. Rahul Kirloskar
Vice Chairman
DIN - 00007319

Mr. R. V. Gumaste
Managing Director
DIN - 00082829

Mr. A. N. Alawani
Non Independent Director
Din - 00036153

Mr. R. Sampathkumar
Independent Director
DIN - 06894180

Mrs. Nalini Venkatesh
Independent Director
DIN - 06891397

Mr. Y. S. Bhave
Independent Director
DIN - 00057170

Mr. M. R. Chhabria
Non Independent Director
DIN - 00166049

Mr. V. M. Varma
Independent Director
DIN - 00011352

Mr. M. V. Kotwal
Independent Director
DIN - 00001744

Mr. Venkataramani S.
Independent Director
DIN - 00229998

Mr. R. S. Srivatsan
Executive Director (Finance) [with effect from 17 May, 2022] and Chief Financial Officer
DIN - 0009607651

COMPANY SECRETARY

Mr. Mayuresh Gharpure

STATUTORY AUDITOR

Kirtane & Pandit LLP, Chartered Accountants

SECRETARIAL AUDITOR

Mr. Mahesh J. Risbud, Practicing Company Secretary

COST AUDITOR

Parkhi Limaye & Co, Cost Accountants

DEBENTURE TRUSTEE

Catalyst Trusteeship Limited

SECURITY TRUSTEE FOR THE CONSORTIUM OF BANKS

IDBI Trusteeship Services Limited

BANKERS

Bank of Maharashtra

Kotak Mahindra Bank Limited

Axis Bank Limited

The Hongkong and Shanghai Banking Corporation Limited (HSBC)

ICICI Bank Limited

Canara Bank

HDFC Bank Limited

Citibank N.A.

DBS Bank India Limited

BNP Paribas

IDBI Bank Limited

REGISTERED OFFICE

13, Laxmanrao Kirloskar Road, Khadki, Pune 411003, Maharashtra

WORKS

1. Bevinahalli Village, P. O. Hitnal, Taluka & District Koppal 583234, Karnataka
2. Hotgi Road, Shivashahi, Solapur 413224, Maharashtra
3. Paramenahally Village, Taluka Hiriyur, District Chitradurga 577598, Karnataka

REGISTRAR AND SHARE TRANSFER AGENT (RTA)

Link Intime India Private Limited

Akshay Complex, Block No 202, 2nd Floor, Off Dhole Patil Road, Near Ganesh Temple, Pune 411001, Maharashtra

INFORMATION FOR THE MEMBERS OF THE COMPANY

31st Annual General Meeting on Monday, 1 August, 2022 at 11:00 a.m. (IST) through Video Conferencing or Other Audio Visual Means

DATE OF BOOKS CLOSURE

23 July, 2022 to 1 August, 2022 (both days inclusive)

Our Financial Performance

₹ in Crore

Particulars	Ind AS						Indian GAAP			
	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
Net sales / revenue from operations	3,614.97	2,038.08	1,849.66	2,159.15	1,765.19	1,276.76	1,113.93	1,365.09	1,232.16	1,198.11
Other income	11.29	2.83	15.64	5.53	5.16	5.34	2.25	3.11	3.08	2.49
Profit Before Tax	542.69	363.19	156.18	146.71	54.42	121.09	85.23	71.85	57.99	62.42
Tax provisions	136.59	61.08	43.81	48.60	16.42	33.26	27.49	22.57	18.15	23.33
Profit After Tax	406.10	302.11	112.37	98.11	38.00	87.83	57.74	49.28	39.84	39.09
Dividend (%)	110	100	40	40	25	35	25	25	25	25
Dividend per equity share (₹)	5.50	5.00	2.00	2.00	1.25	1.75	1.25	1.25	1.25	1.25
Dividend amount	76.30	69.17	27.56	27.53	17.16	24.03	17.16	17.16	17.16	17.16
Earnings per share (₹)	29.32	21.89	8.16	7.14	2.77	6.40	4.20	3.59	2.90	2.85
Book Value per share (₹)	95.89	72.02	52.09	47.59	43.05	42.43	35.83	33.14	31.06	29.62
Equity Share Capital	69.36	69.17	68.91	68.82	68.65	68.65	68.65	68.65	68.65	68.65
Reserves and Surplus	1,260.74	927.20	649.02	586.28	522.39	513.92	423.38	386.38	357.78	338.02
Shareholders' Funds	1,330.10	996.37	717.93	655.10	591.04	582.57	492.03	455.03	426.44	406.68
Long-term Loans	515.59	206.77	228.24	53.00	-	-	-	10.00	60.23	80.46
Capital Employed	1,395.00	1,219.64	996.34	795.61	676.76	664.39	572.21	538.09	550.84	538.62

It takes inner strength and an unbending will of iron to build a future that is Limitless. A future that encompasses our customers, employees, partners, investors, community members and all other stakeholders through collabation and harnesses their inner capabilities to grow in a sustainable ecosystem. Our overarching business outlook is shaped by this Limitless vision.

FY 2022 presented an avalanche of challenges, with repeated waves of the pandemic, geopolitical concerns, surge in commodity prices, matched by elevated inflation. Notwithstanding the adversity, we strengthened our operations, engaged with all our stakeholders. It is the inherent resilience of our employees, which has helped us focus on business continuity and our long-term growth ambitions.

LIMIT

We are witnessing strong demand for our products, as economies are gradually shrugging off the pandemic-induced inertia. To leverage opportunities and strengthen our margins, we are enhancing capacities, reducing our dependence on imported coke, improving productivity and optimising other operational costs. Our projects are advancing as per schedule, and we are committed to amplify value for all stakeholders.

LESS

About Kirloskar Group

Innovators for tomor

For over 133 years, the Kirloskar Group has nurtured a legacy of excellence and innovation. In 1888, when others looked to the past, one man looked to the future. From a bicycle shop to India's first iron plough, he set in motion the nation's industrial revolution. Today, we are known as the leader of castings, diesel engine manufacturing, backup power solutions, pneumatic packages and cooling solutions, forming the backbone of several industries. With many firsts to our name, we innovate solutions that challenge convention and create a limitless future.

The Group companies are actively present across diverse sectors of agriculture, manufacturing, food and beverage, oil and gas, infrastructure and real estate. The sustainability and profitability of these businesses can largely be attributed to a sense of values woven into their foundation.

Our Group has always worked towards the progress of society, and interestingly the entire story began with an iron plough. Shri Laxmanrao Kirloskar, our founder began his journey by setting up a small bicycle repair shop at Belgaum, Karnataka, India, a hundred years ago. He later developed it into a small-scale machine tool workshop to manufacture iron plough and chaff cutters - one of the many engineering innovations that the Group would pioneer, going forward.

Our founder is recognised today as one of the doyens of Indian industry, and a notable social reformer. At the core, he was an entrepreneur with a passion for innovation that made the lives of people better. His legacy today provides employment to thousands of people in India, and positively impacts the lives of millions of people in India and around the world.

133+ Years
Of engineering excellence

05
Listed companies

₹ 10,533 Crore
Combined* market cap

row

Embracing transformation

As a Group, our transformation has been marked by the introduction of Industry 4.0 and extraordinary technological advances like the Internet of Things (IoT), artificial intelligence, 3D printing, robotics and nanotechnology, among others.

The Group, with a firm focus on the future, is evolving to deliver solutions that are driven by innovation and create new growth avenues. Being at the forefront of building products and solutions that bring engineering excellence to our customers, the Group is aware of its responsibility to conserve non-renewable resources and implement more sustainable business practices.

₹ 7,158 Crore
Combined net worth of the Group*

6,500+
Employees across the group companies

*Market cap based on closing market price as on 31 March 2022.

*Listed companies include Kirloskar Ferrous Industries Ltd., Kirloskar Industries Ltd., Kirloskar Oil Engines Ltd., Kirloskar Pneumatic Company Ltd. and Indian Seamless Tubes Ltd. (ISMT Limited).

*ISMT effective acquisition date 10 March 2022.

About Kirloskar Ferrous

Performing with an unbending iron will

Kirloskar Ferrous Industries Limited (KFIL) is a market leader in India for manufacturing critical and intricate grey iron castings and quality pig iron. We are the only company in Asia with an integrated business model of mines to machined castings.

With three manufacturing facilities in Koppal, Hiriyur (in Karnataka) and Solapur (in Maharashtra), we are pioneering in manufacturing products that serve a discerning customer base.

Some of the world's major automobile manufacturers use our cylinder block, head castings, and housing in a wide range of engines, including construction machines, farm equipment, and utility vehicles. Our pig iron is used to create a wide range of cast iron products that are vital in a variety of sectors. Our technical capability in manufacturing positions us as category leaders in key products.

Our Values

EXCELLENCE
In everything we do, quality without compromise

EMPATHY
We always listen, and learn

INTEGRITY
Say what we do, and do what we say

VALUE CREATION
Towards all stakeholders. We're building for a shared prosperous future

COLLABORATION
We grow with people and partners

INNOVATIVE THINKING
Be bold and brave, & stay relevant

Our Vision

Be a sustainable growing organisation creating value to all stakeholders

Our Mission

To become a 1 Billion USD company by 2030

Largest

Market share for manufacturing critical castings through foundry business

Top 3

In India to make Euro VI cylindrical blocks and heads

120k

MT of castings produced in a year

1st

In India to make Euro VI Cyl Blocks and Heads

100%

Power generated and utilised from captive coke oven plant

Our Milestones

Our journey of transformation

1991
Year of Inception

1994
Commercial production of Pig Iron from Mini Blast Furnance-I

Commissioning of Turbine Generator-I

1995
Commercial production from Mini Blast Furnance-II

Commercial production of Grey Iron castings

1997
Commissioning of Turbine Generator-II

2007
Acquired Solapur foundry from Kirloskar Oil Engines Ltd.

Commissioning of Hot Blast Stove-I

2008
Commissioning of HPML Plant Solapur

2010
Commissioning of Hot Blast Stove-II

Commissioning of Power Plant-III

2011
Commissioning of Sinter Plant

2013
Commissioning of Line-II at Koppal Plant

2016
Upgradation of MBF-I

2018
Commissioning of Solar Plant in Solapur

Commissioning of 3D Printing Facility

2020
Commissioning of 2 Lakh Ton Coke Oven

Started Production of Captive Iron Ore Mines

2022
Sinter plant commissioning in Hiriyur

Acquired Indian Seamless Metal Tubes Limited (ISMT)

2014
Set up of an Administrative Building at Koppal

2017
Commissioning of Machine shop at Koppal

2019
Commissioning of Railway Siding at Koppal

2021
Acquisition and commissioning of Hiriyur Pig Iron Unit

HPML - High Pressure Molding Lines

Our Business

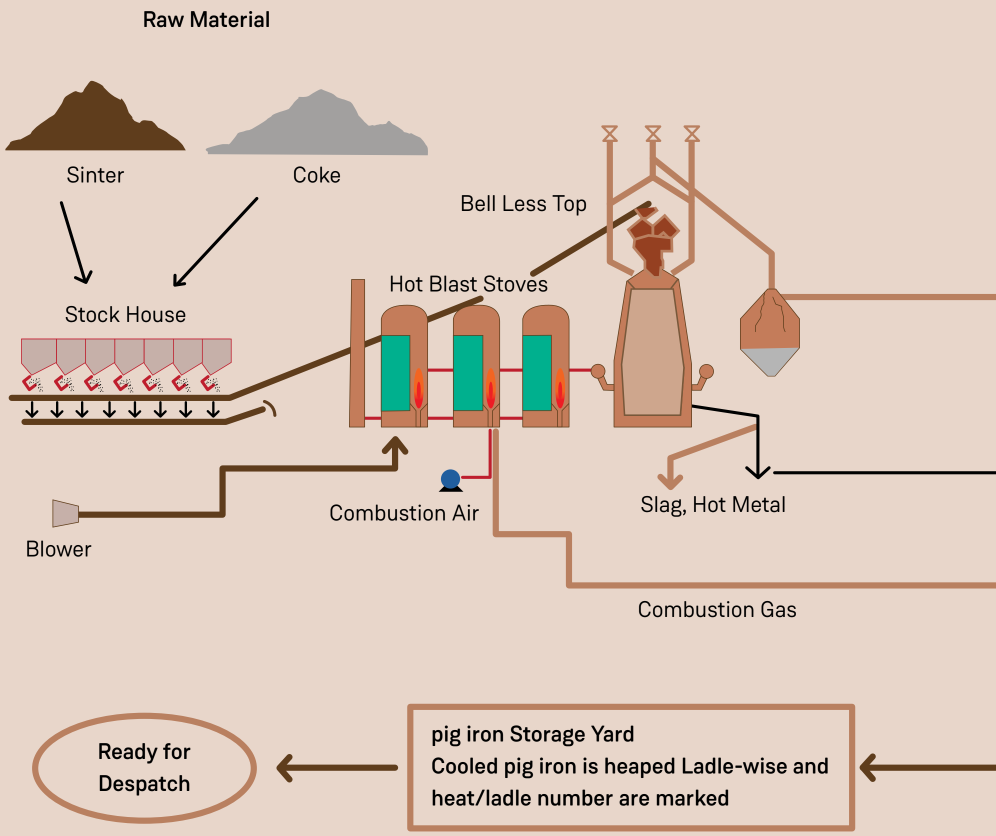
Quality manufacturing and services

PIG IRON

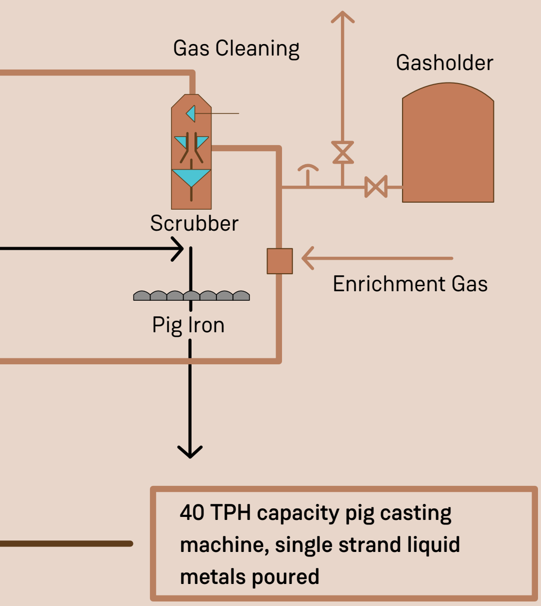
Our mission is to exceed expectations of the customers in everything we do. Pig iron is created to customer specifications in terms of weight, size, and chemical composition, and the chemistry of each dispatch is delivered to customers, reducing redundant sampling and maximising resource use.

Our product's distribution is just as vital as its production to deliver the product on time to the customers. As a result, we adequately meet our customer's needs by stacking and loading material based on heat sensitivity.

PIG IRON FLOW RAW MATERIAL TO FINISH PIG IRON



We have established a reputation as a prominent and quality producer of Pig Iron in India.



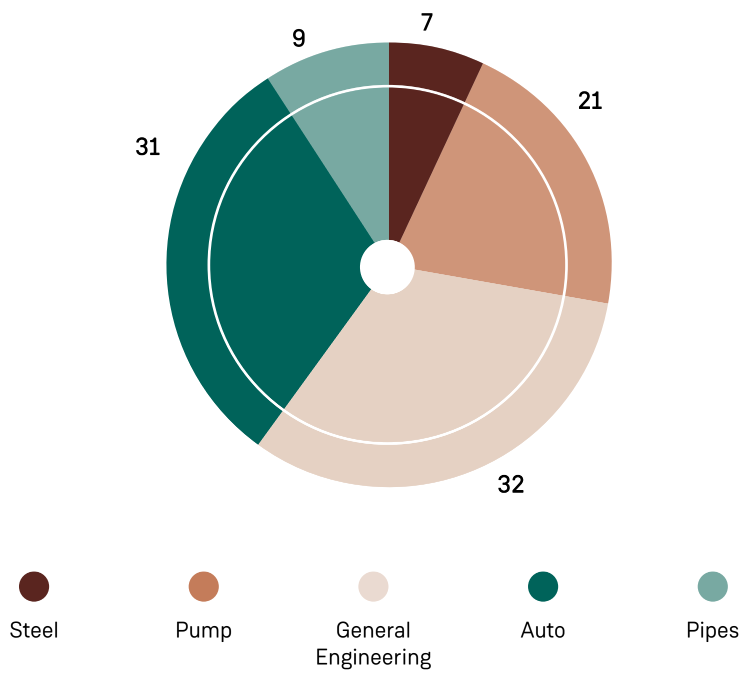
Key highlights for FY 2022

₹ 2,202 Crore
Revenue

61%
Share in total revenue mix

End user profile

(%)



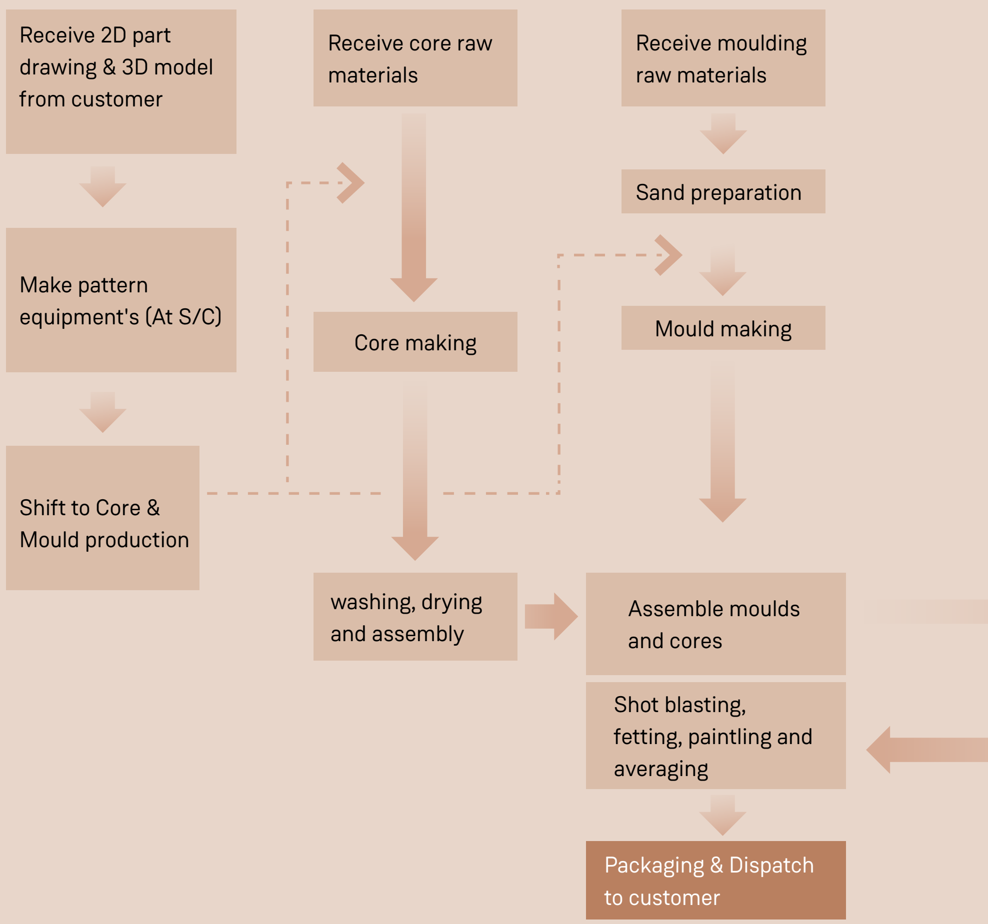
IRON CASTINGS

We offer our Grey Iron Castings to Original Equipment Manufacturers (OEM) and Tier-I suppliers. Castings are made to customisation, in accordance with design and specifications provided by our customers. The business development and new product development teams work in collaboration with customers to meet the requirement of faster development of new products and productionisation of the same.

Our iron casting business is divided into 3 categories of products, namely:

- Cylinder Blocks
- Cylinder Head
- Housings

FOUNDRY PROCESS FLOW DIAGRAM



The Iron Casting segment is further divided into two businesses:

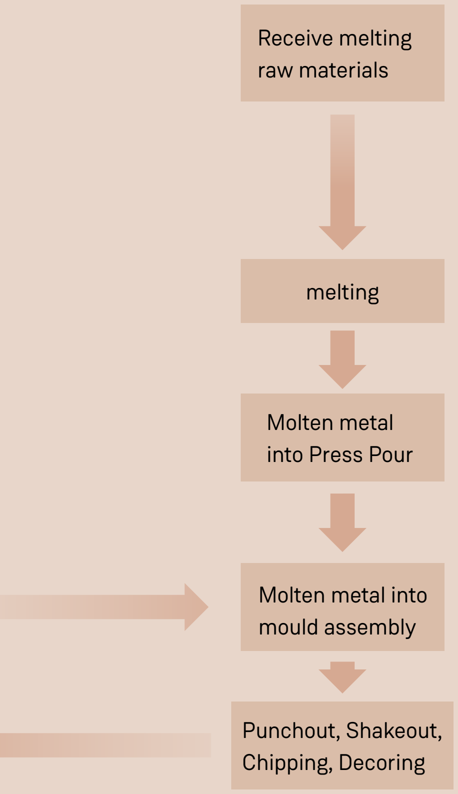
Proto Casting Business:

We have set up a 3D Core/Mold printing facility in Koppal plant for core and mould printing to meet client demand for making quick prototype castings.

In Proto Casting, we aim to provide a one stop solution to customers, from 3D models to Machined casting. Our objective is to produce and supply the best quality Cylinder Blocks, Heads and Housings while reducing the product development time to half with this model.

Machining Business:

The integrated business with proximity of plants and foundry gives us the edge to expand our offerings to make critical and complicated products. The machining setup at Koppal & Solapur facilities with modern equipment equips the team to produce castings of varied dimensions for domestic and global customers.



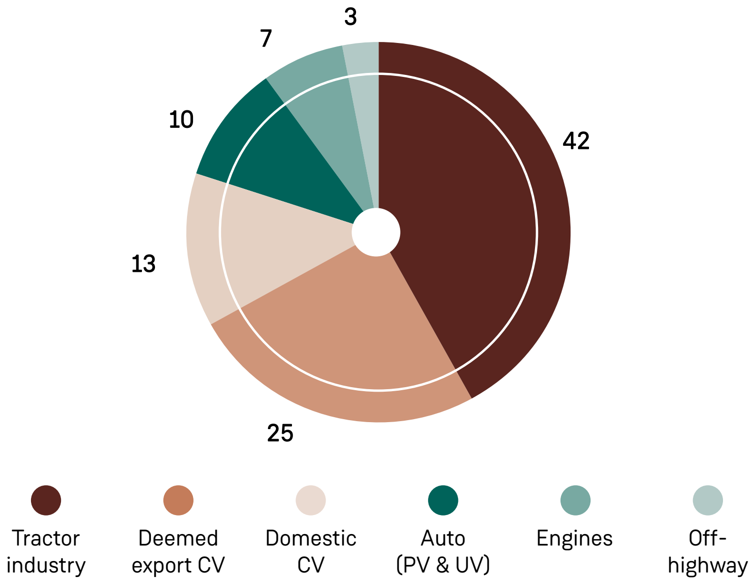
Key highlights for FY 2022

₹1,290 Crore
Revenue

36%
Share in total revenue mix

End user profile

(%)



Chairman's Insight

The fiscal year saw a rapid hike in raw material costs. We optimised our input costs by adopting leaner measures and passing on our learnings to our partners. Further on the raw material price hikes were passed on to the customers in a phased manner. This helped us retain our margins and profitability levels.

kirloskar Ferrous

Dear Shareholders,

The year gone by saw us sailing through repeated Covid-19 waves, geopolitical concerns, high input costs and elevated inflation. We sailed through these headwinds, because of the resilience of our employees and our strong relationships with customers. During the year, the Kirlosar Group undertook a refresh exercise for our brand and adopted a new business vision of Limitless, which will inspire us to push our limits farther to create exceptional value for all.

Seeking opportunities amid challenges

The fiscal year saw a rapid hike in raw material costs. We optimised our input costs by adopting leaner measures and passing on our learnings to our partners. Further on the raw material price hikes were passed on to the customers in a phased manner. This helped us retain our margins and profitability levels.

Another challenge of mounting coal and power costs was tackled through our recently commissioned coke oven plant. This plant takes care of most of our coke and energy requirements.

Enhancing capacities and capabilities

In spite of the pandemic, we have been consistently maintaining our growth trajectory. All the expansion projects are moving as planned. These projects are mainly focused on capacity expansion and cost optimization in the existing manufacturing plants.

During the year KFIL acquired around 51% stake in Indian Seamless Metal Tube (ISMT) Ltd thereby taking the management control of the same. This acquisition is a strategic addition to KFIL's current product portfolio. The ISMT products, seamless pipes and value-added steel products have diversified our existing product mix. We are very positive about the prospects this business will bring for us.

> In spite of the pandemic, we have been consistently maintaining our growth trajectory. We are on schedule for the expansion projects planned so far. These projects are mainly focused on capacity increase and cost optimization in the existing manufacturing plants.

Financial performance

We delivered robust financial performance in this fiscal year, near-term pressures notwithstanding, the company has maintained a 15% CAGR on the top line and bottom line. Our revenues for the standalone business grew by 77% with 42% growth in EBITDA. The net profit stood at ₹ 406 Crore for the year FY 2022.

Fuelling our growth aspirations

Going forward, we will continue our focus on collaborating with our customers in producing premium engine, vehicle and tractor parts that are on par with international standards. Our goal is to become a billion-US dollar company and we are advancing towards our goals with renewed vigour.

The growth of an organisation can only be achieved through the growth of its people. To that end, we aspire to keep motivating our people and developing in-house competencies through diligent training programs. I also want to take this opportunity to thank our team for their dedication and commitment to create value for our customers and other stakeholders.

Before I conclude, I must extend my gratitude to our customers, partners, community and shareholders for being a critical part of our invigorating journey.

Regards,

Atul Kirloskar

Business Model

Co-creating value for all stakeholders

INPUT

Financial Capital
- ₹ **1,336** Crore Net worth
- ₹ **516** Crore Long-term debt

Manufactured Capital
- **3** Manufacturing units
- **36** MW Captive power plant
- **9.7** lakhs MT Installed capacity of linear sinter plant
- **2** lakhs MT Installed capacity of coke oven plant

Intellectual Capital
- ₹ **4.37** Crore Spent on Research and Development
- **61** Employees in R&D Team

Human Capital
- **1,394** Employees on roll
- **17,863** Number of training hours (learning and safety)
- ₹ **0.60** Crore Invested in training

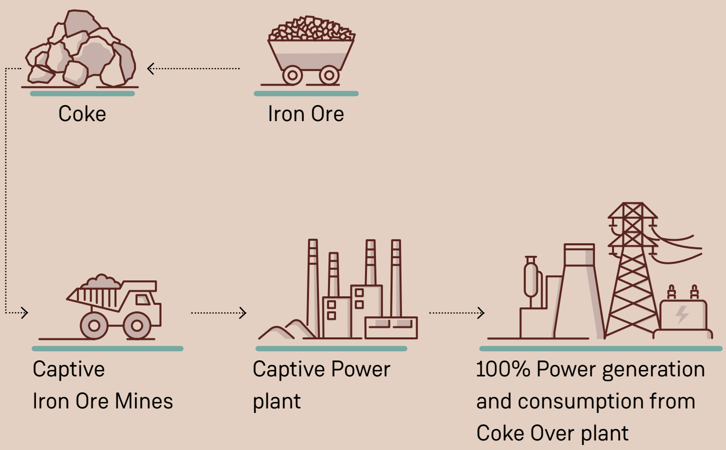
Social and Relationship Capital
- ₹ **4.53** Crore Spent on CSR
- **42** Employees Volunteered

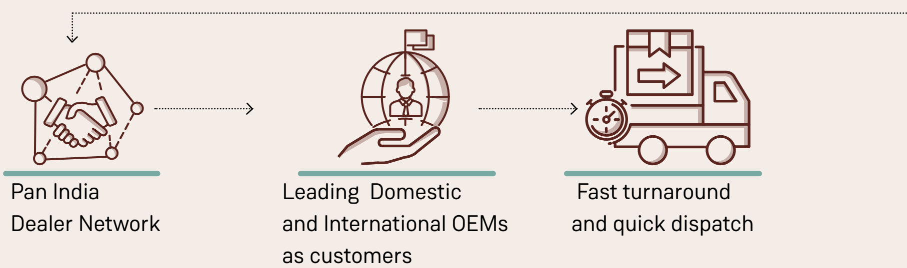
Natural Capital

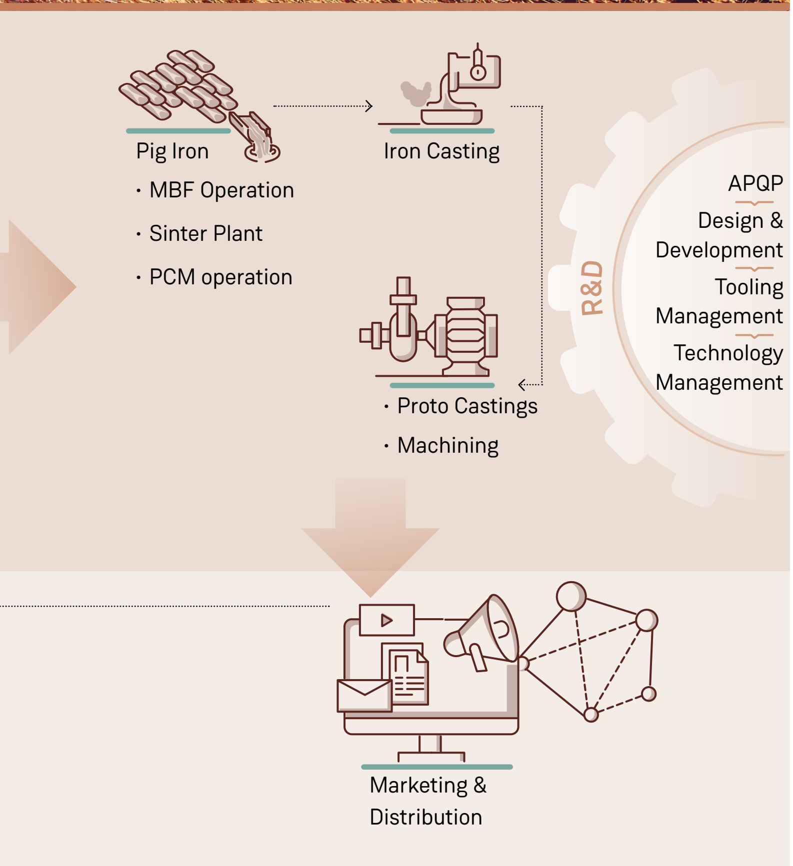
Specific Energy Consumption (KWh/MT)
- Pig Iron (Koppal) - **161**
- Foundry (Koppal) - **1,307**
- Foundry (Solapur) - **1,682**
- Pig Iron Plant (Hiriyur) – **162**

Specific Water Consumption (cubic metre / MT)
- Koppal plant - **3.08**
- Foundry (Solapur) - **0.75**
- Pig Iron Plant (Hiriyur) - **1.44**

VALUE CREATION PROCESS







OUTPUT

Financial Capital

- ₹ **3,615** Crore Turnover
- ₹ **658** Crore EBITDA
- ₹ **406** Crore PAT
- **30%** ROCE
- ₹ **5.50** Dividend per share
- ₹ **2,980** Crore Market capitalisation as on 31 March 2022

Manufactured Capital

Revenue by Business Segment -

- Pig Iron - ₹ **2,202** Crore
- Castings ₹ **1,290** Crore
- By-products - ₹ **123** Crore

Intellectual Capital

- Customer appreciation for quick development of castings under challenging situation
- Reduced development time for products
- Reduced casting weight and better value for customers.
- Reduced cost for Proto casting production.
- **14** New products introduced

Human Capital

- **1.12** Lost time injury rate (LTIR)

Social and Relationship Capital

- **19,530** People benefited through CSR activities
- **6** Schools Covered
- **1,927** Students Benefitted
- **93%** Customer satisfaction score

Natural Capital

- **124 Ton** Hazardous waste disposed
- **210,059 k litre** rain / storm water collected & reused
- **3%** Reduction in Carbon Footprint

Governance

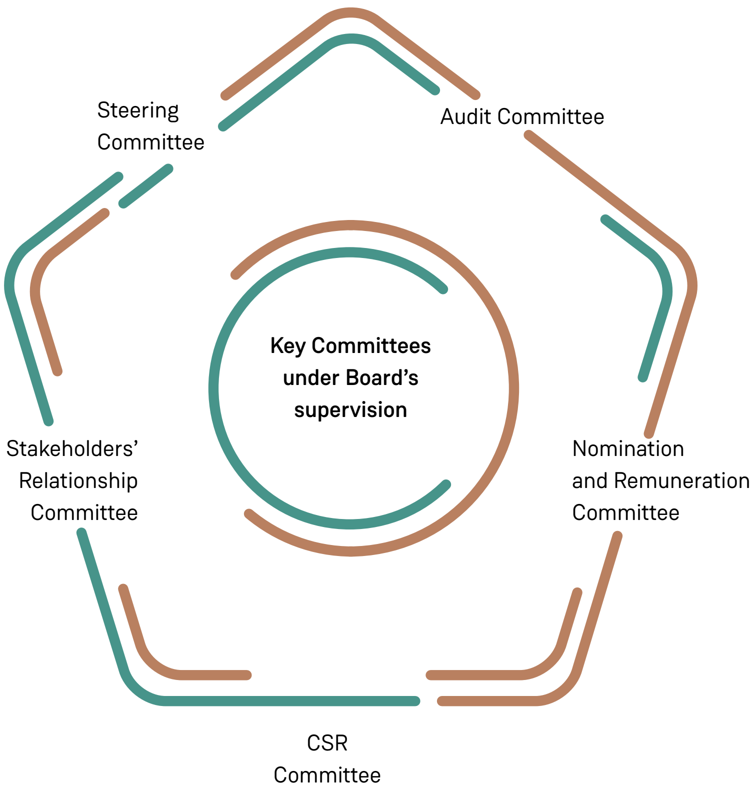
Progressing with a strong vision

Our leaders serve as role models for a culture of excellence with their actions and by demonstrating values. Our Board of Directors is made up of visionaries and capable leaders with experience they possess across different industries.

Culture of Excellence

We make every effort to maintain the interests of all stakeholders at the forefront of all operations and business decisions. KFIL practises corporate governance through a set of principles, processes, and systems that are followed by all directors and employees. All our transactions with stakeholders, are in accordance with integrity, responsibility, transparency, and legal compliance.

Board meetings are held on a quarterly basis and as needed to assess the company's performance and frame strategic plans. In addition, dedicated committees are responsible for reviewing the effectiveness for several disciplines within the company to ensure continued business momentum.



Code of Conduct

For ethical business operations, we have adopted the Kirloskar Group Code of Conduct. All senior management sign a declaration agreeing to follow the code, and a Compliance Officer has been appointed to ensure that the code is followed. We ensure maximum transparency with all Business Stakeholders through Board of Directors meetings, approvals of Annual Operating Plan (AOP) and Long-Range Planning (LRP), and updates on strategic plans as part of K Group's Corporate Culture and best practices. At key factory locations and websites, we display our compliance certificates. We make sure that information is communicated efficiently to lenders and investors at all times.

Our employees support the operation of the internal control system by demonstrating the importance of integrity and ethical ideals by their actions, directives, and behaviour. Our Code of Conduct emphasises the critical role that employees may play in establishing a values-based organisation by driving and supporting organisational ethics.

Gauging our ethical behaviour

Our ethical behaviour guides the decisions taken by the Steering Committee and policies are formulated and communicated as appropriate. Customer satisfaction index (CSI), Dealer satisfaction surveys, Supplier's satisfaction surveys and Investors' satisfaction surveys are used to maintain external perceptions of our ethical procedures. Employee satisfaction surveys reveal the outcomes of processes, policies, and contract compliance.

Ensuring integrity

Along with the Code of Conduct Policy, our top management has formulated the Whistleblower Policy and Anti-bribery Policy at the workplace. These policies are communicated to our employees through a circular as well through the intranet.

Supplier Code of Conduct

All of our suppliers are fully cognizant of our Supplier Code of Conduct policy. According to our Supplier's Quality Manual, all business interactions with suppliers, partners, and sub-contractors are entirely transparent and system driven. The manual's goal is to foster shared value, promote a culture of trust and transparency with ethics and integrity.

We collaborate with suppliers and partners to meet the needs of customers who are involved in the development process from the conceptual stage. We have developed long-term relationships with customers, vendors, suppliers, and contractors as a result of our trust, openness, partnership, and relationship-building approach.

Stakeholder Engagement

Enhancing value with all stakeholders

We believe in interacting with a variety of stakeholders at various levels in order to better understand their expectations and needs, and to turn them into partners in the company's quest for great business success.

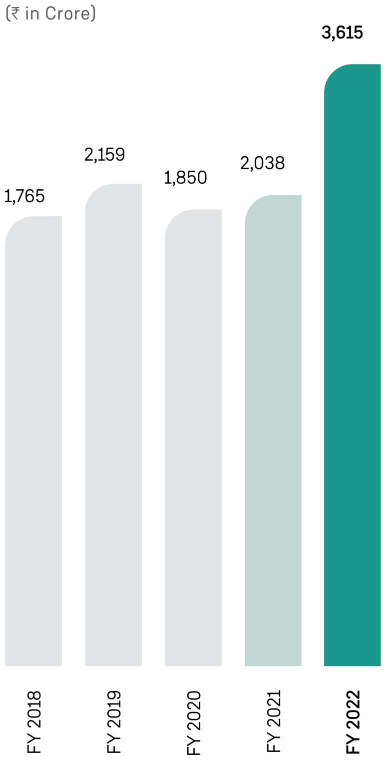
Stakeholders	Expectations	Mode of engagement
Customers	· Quality of product · New Part Development (NPD) time · Timely delivery · Competitive Pricing · After sales service · Surface finish	Engagements with customers are carried out throughout the year. The different engagement approaches are Customer visit to our facilities, visit to customer sites, feedback survey, quality audits, customer's suppliers meets.
Dealers	· Product Quality, timely delivery · Long term business · Timely payments · Ethical practices	Engagement is carried out annually through annual dealers' meets.
Shareholders / Investors	· Future business plans · Sustainable topline and profitable bottomline growth · Financial stability	Engagement is undertaken on need basis through annual general meeting, investors meet, earnings calls and shareholders grievances.
Supplier / sub-contractors	· Sustainable business growth · Supply chain management · Sharing business plan · Ethical practices · Timely payments	Engagement on timely basis through supplier/vendor meet, Fettlers & contractors meet and Suppliers/Vendors Audits.
Employees	· Career growth opportunities · Favourable working conditions · Fair practice and wages · Skill development and training programmes · Health and safety · Reward and recognition	Engagement on regular basis is carried out with employees. The various ways of communication are Annual AOP/LRP communications, Republic Day, Independence day & Kannada Rajyotsav, Sankalp Day celebrations @Solapur, Monthly and Employee Engagement Survey, Brown paper exercise.

Stakeholders	Expectations	Mode of engagement
Government Agencies and Regulatory bodies	• Compliance with rule and regulations • Proper reporting	Engagement is carried out periodically to comply with rules and regulations as well as applicable laws.
Society	• Environment, health and safety • Livelihood generation • Infrastructure development • Education	Engagement is carried out on need basis via society perception survey, informal interaction and CSR program.

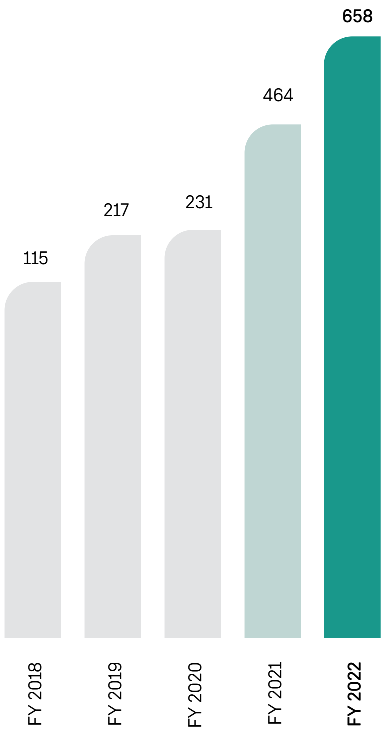
Financial Capital

We focus on maximising returns for the financial resources that we deploy for the business. Our investments are supervised to enhance long-term value. Our balance sheet remains strong with sizable cashflow that can fund our capex and limitless growth ambitions.

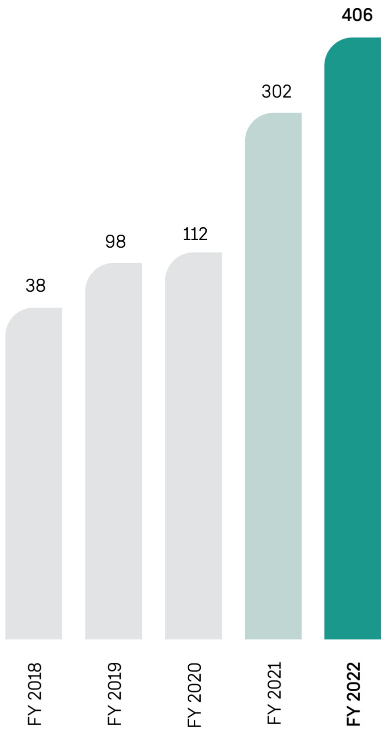
Revenue
(₹ in Crore)



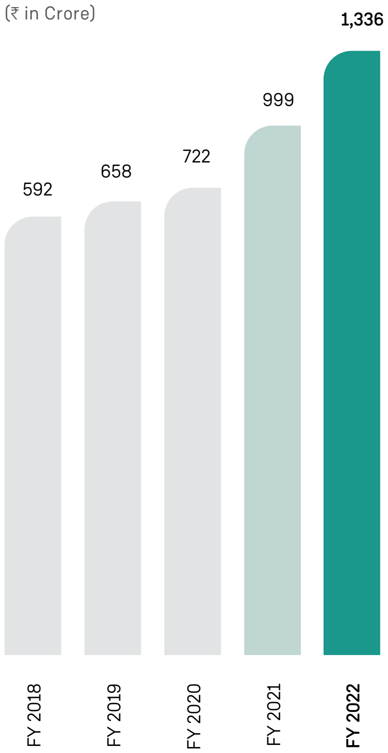
EBITDA
(₹ in Crore)



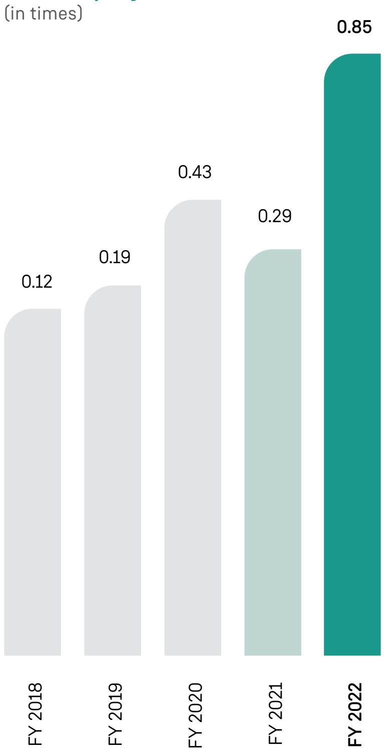
PAT
(₹ in Crore)



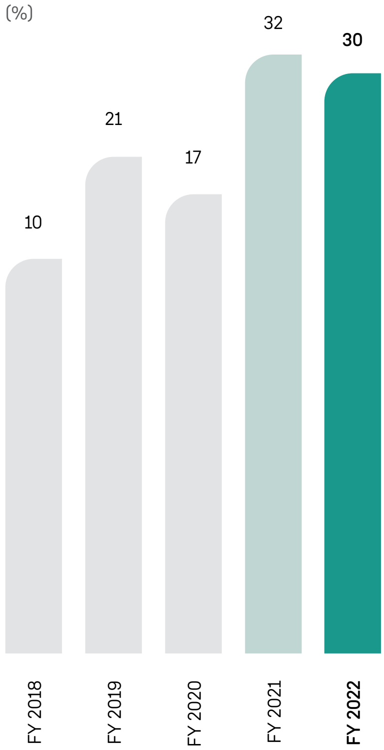
Net worth
(₹ in Crore)



Debt/Equity ratio
(in times)

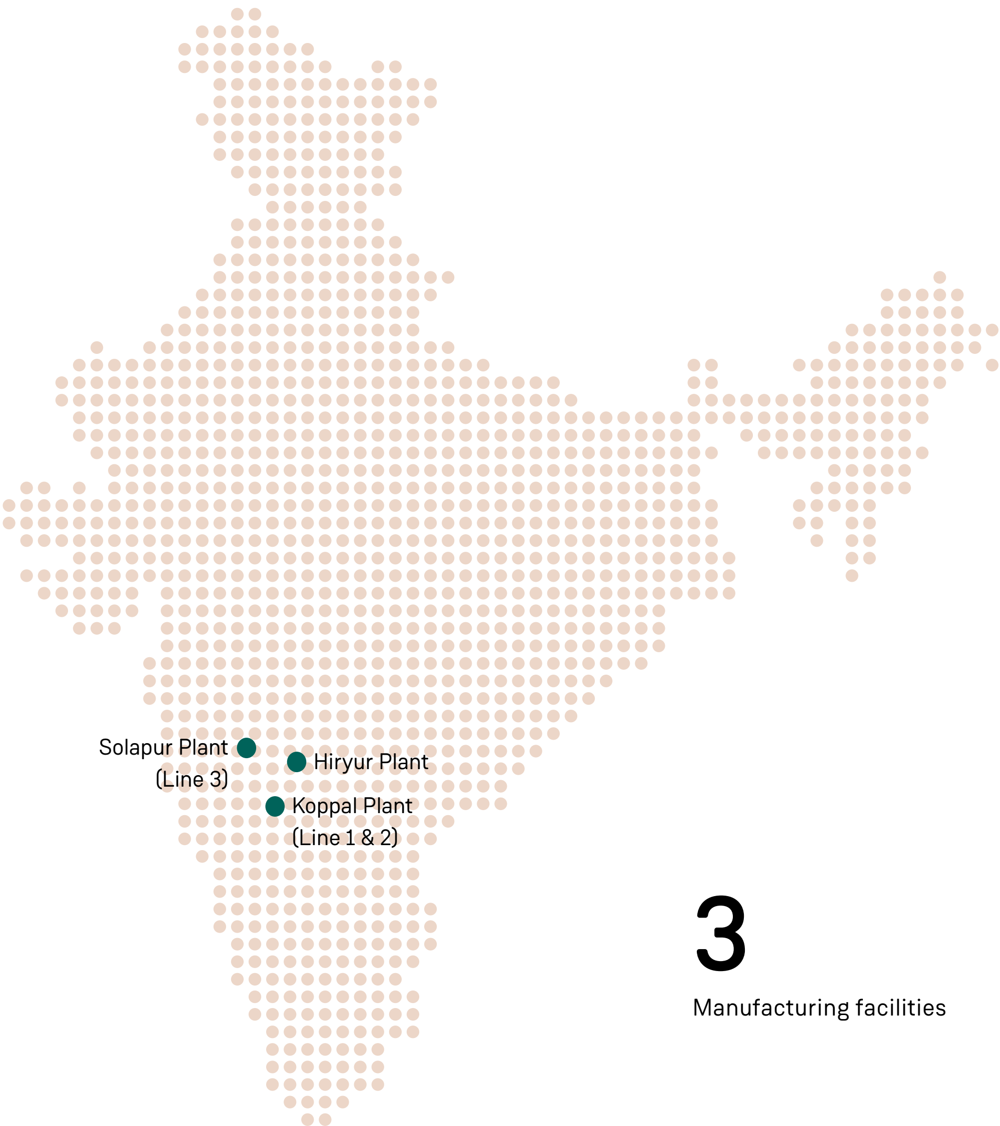


ROCE
(%)



Manufactured Capital

Our state-of-the-art manufacturing facilities, advanced processes and robust systems together represent our manufactured capital. Our manufacturing facilities are built close to iron ore deposits to create maximum manufacturing efficiencies and are well connected by rail and road to reach across India. These facilities help us enhance our value proposition for our global customers and empower our limitless vision.



3
Manufacturing facilities

Note: Map not to scale. Only for representation purpose

With the ability to continuously produce intricate castings with high quality in bulk quantities, we have built a competitive advantage over our competitors. Today, we lead the industry in quality capacity, quality performance, on-time delivery, fastest new product development time, surface finish, and machinability.

We have well maintained plant and equipment, captive coke oven plant, captive power plant, sinter plant for iron ore fines, captive iron ore mines, liquid pig iron availability to foundry, proximity to major raw materials, our own railway siding for logistics , long-term tie-ups for critical materials, Oracle ERP system, Radio Frequency Identification (RFID) control system for vehicle and asset tracking, and a strong dealer network that augments our manufacturing capabilities.

9.7 Lakh MT capacity
Linear sinter plant

2 Lakh MT capacity
Coke oven plant

36MW
captive power generation energy unit

4 Lakh cubic metre
Water storage facility

>95%
Yield in Pig Iron plant

New Product Development

Dynamic new product development is a critical aspect for all OEMs seeking to expand their new product portfolios and improvements in the regular products. We have formed a project management team and Critical Chain Project Manageent (CCPM) system to oversee project progress, quality, delivery performance, and compliance with customer standards. This project management system and internal R&D capabilities enabled us to establish new benchmarks in new product development.

Reducing our research and Development cycle time

We are the only foundry in India having a 3D Printing machine for making sand Cores, where the proto type castings are produced with the actual moulding practises similar to regular casting. This development technique has a significant advantage in that it can shorten the product's entire Research and Development cycle.

Our Machining business has developed its products through rapid prototyping and subsequently grab additional business for regular supplies. Rapid prototyping process has enabled us to understand product parameters, cost and features, weight analysis, technical specification of product at Proto Stage.

Developing our offerings according to customer demands

We have expanded our customer base into the large volume auto sector over the years, being primarily a tractor casting supplier with 97% market share in India.

We are also establishing new moulding lines depending on indicated demand from existing customers, volumes coming in from new business acquired, and potential opportunities.

Diversifying with acquisition

We acquired Indian Seamless Metal Tubes (ISMT), India's largest integrated specialist seamless tube producer, to consolidate and integrate the iron ore to seamless tubes. This empowers us to diversify the current product portfolio across steel and seamless tubes too. ISMT is one of the world's most diverse makers of specialist seamless tubes, with tubes ranging in diameter from 6mm to 273 mm. The company has an alloy steel making facility in India that manufactures a wide range of alloy steels with diameters ranging from 20mm to 225 mm.

Their industry-specific teams deliver end-to-end solutions to their customers. We are also looking forward to leverage our existing customer base while also adding ISMT's customers.

Future strategy for expansion

We are currently concentrating our efforts on expanding our casting business to areas such as off-highway vehicle engines and direct exports. At our Solapur plant, we are now making products that are beyond the grey iron casting segment. This large manufacturing sector assures sustained growth in casting business, withstanding market volatility and risks in the near short-term.

Performance improvement

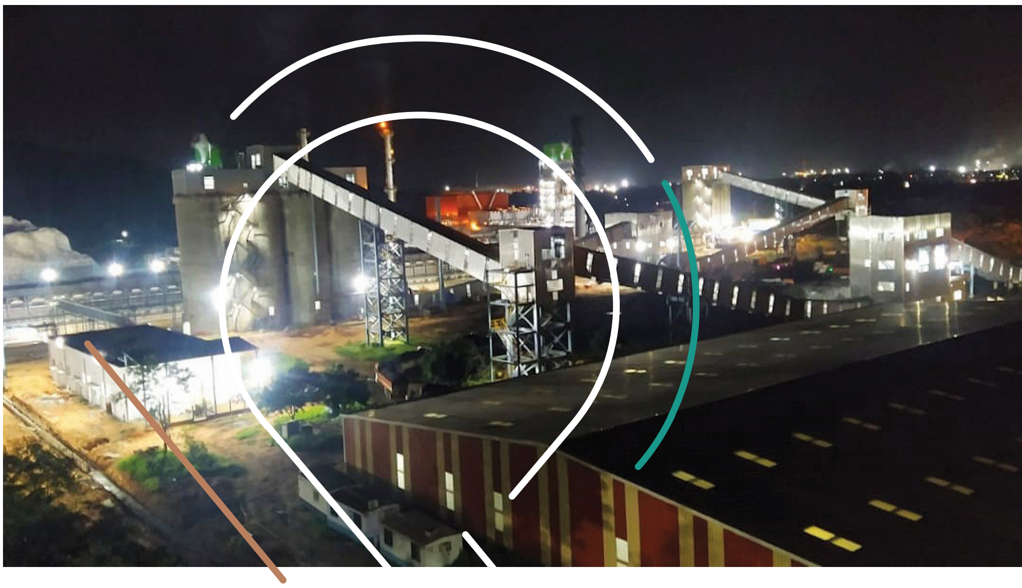
On a daily basis, we examine our processes, performance, and ensure improvement through integrated digital tools. Daily work management, Gemba Walks, shift-by-shift toolbox talks on Know Your Targets, reviews on agenda of Team, Quality, Production and Morale ensures process control and safety protocols is structured. Structured reviews of process measurable with defined frequency ensure continual improvement of the performance.

Preventive and periodic maintenance activities, such as robo-gunning and relining of furnaces, anti-corrosion measures for equipment, painting of equipment, are performed at regular intervals. We have implemented 5S, Kaizen systems, and Total Productive Maintenance (TPM) efforts that have resulted in higher efficiency and improved life of assets.

KFIL was ranked 1st and awarded with 'IIF Kaizen Trophy' in South India at the IIF Kaizen Competition 2021.

Innovative and sustainable solutions at operations

Our ability to produce critical products rests on the innovative processes in our value-chain. We have casting simulation software, high-throughput auto core cells with quick-change tooling, a cold box process for essential water jacketed cores, solar power generation, and a Camera Pour (Auto pour) system as some of innovative processes at our foundry unit that brings value in our products and in-turn enriches our customer proposition.



9 MW

Power Generation from waste gases from blast furnaces

20 MW

Power Plant with waste heat non-recovery type coke batteries

We have also replaced human core drilling process with robotic core drilling; upgraded our fettling and machine shops; implemented a core sand reclamation process to recycle and reuse in order to optimise use of natural resources .

Installation of bell-less top technology for both Mini Blast Furnaces (MBFs) is underway to boost productivity, campaign life, reduce coke consumption and Carbon Monoxide (CO) gas leakages into the environment. Our internal team completed a ground-breaking effort to refine the granular size of MBF slag, allowing it to be converted into useful slag for sale to cement manufacturers, generating additional revenue.

Optimising operations

Introduction of Casting Simulation technology, a virtual platform is helping the team analyze decision in design modifications, enhance the quality of casting and reduce lead time, tooling and manufacturing costs too.

Introduction of Laser Scanning Technology to reduce casting weight, will aid in lowering emissions and as a result reduce our carbon footprint. We built a Sand Reclamation Plant to recycle all rejected core sand, as well as a Cupola furnace to reuse all rejected castings, runner risers, and other debris reclaimed by melting.

Quality Management System

Robust IATF: 16949: 2019 Quality Management System implementations enabling continual improvement in performance. At each stage, quality controls are established to ensure that the final product meets the targeted value proposition. 8D technique is used to analyse all issues and Corrective and Preventive measures taken to prevent the reoccurrence of the defects. Statistical process control (SPC) and other statistical tools are used for effective process control and efficient monitoring of special characters.

CII-EXIM Bank Business Excellence Award winning showcases our holistic systematic approach across all the business processes.

Certified vendor

At various levels of production inspection, SPC is deployed at essential processes, and end results are measured. No product is loaded for dispatch unless it conforms to the final inspection and testing parameters. After regularly offering quality products, we are now a self-certified vendor to many of our key customers.

Continuous improvement

Our value creation processes are audited on a regular basis by internal and external agencies for compliance and improvements in accordance with multiple standards like the IATF -16949 and ISO -14001 systems and ISO 45001. These recommendations form as part of our continual improvement of the Quality Management System.

Theory of Constraints

We have implemented a 'Theory of Constraints (ToC) – Replenishment solution,' which is based on a pull or demand-driven method that is based on the continuous regeneration of consumed stock. It guarantees that material is available when needed, minimises inventory at the customer's end, and thus helps maintain optimum working capital. We use a buffer replenishment solution through a business process reengineering (BPR) system to ensurecasting availability at the customer end.

On Time in Full (OTIF) delivery performance Achieved through TOC

Building sustainable solutions

Partnering with sustainability

We support and collaborate on sustainability initiatives with our partners. With suppliers, we collaborated with vendors to ensure environmental compliance and promoting the use of recycled / returnable packaging for the components sourced and increasing the size of containers. Optimization of transportation and logistics cost.

KFIL has also introduced eco-friendly packaging to supply castings to customers by replacing wooden pallets to returnable metallic pallets.

We will continue to employ steel and returnable plastic packaging to reduce packaging waste such as card boards, wood, and other materials. To have a beneficial impact on the environment, we use reusable returnable metallic pallets instead of wooden pallets for packages.

Fostering long-term viability

We built a railway siding to convey inbound and outbound materials, decreasing the pressure on road movements and lowering our carbon footprint. To cut transportation emissions, we are expanding the size of containers and grouping cargoes into one vehicle. We have taken a number of steps to strengthen the whole supply chain in order to ensure a smooth and long-term procurement process.

Greenhouse gas emissions by railways rake are reduced by 2/3rd compared to on-road truck movement

Intellectual Capital

Our R&D expertise for new product development and our IT infrastructure represent our intellectual capital. Our continuous innovation and robust tech-driven initiatives also constitute our intellectual capital. Sharpening our intellectual capital enables us to make confident strides towards being limitless.

Research and Development

Promoting research and innovation forms an important bedrock at KFIL's business model. Our in-house Research and Development centre that is DSIR (Department of Scientific and Industrial Research Organisation) certified comprises of highly qualified, knowledgeable, experienced, and skilled professionals that evaluate various technologies and systems to enhance our operating capabilities.

₹4.37 Crore

Research and development expenditure in FY 2022

61

Research and development employees

New Product Development

We have an established process of involvement with customers in new product development right from the design stage. At the inception stage, our executives engage with the customer's Research and Development personnel in order to develop the new product right at the first time. During end to end development cycle process, both parties collaborate with tooling manufacturers to ensure that the new product is developed rightly. The supplier development cells of customer collaborate with us on process and product quality improvements, among other areas.

14

New products developed in FY 2022

Information Technology

Our IT Strategy has been able to support quantum business growth in multiple locations with enhanced technical leverage for faster decision making and continuous monitoring. The enhancement features have been carefully considered and prioritised, beginning with pain issues (RFID in Logistics) and progressing to custom-built Business Intelligence (BI) dashboards. Through a range of database-driven applications, our information systems ensure that the correct information reaches the right person, at the right time for right decision making.

We are in the process of analysing Cloud services for major ERP systems and file servers. This would increase uptime and business continuity during disasters by bringing scalability and flexibility to IT Hardware sizing and utilisation.

Business Intelligence Dashboards:

Our IT team created Business Dashboards, which have served as a vital source of data for top executives in their day-to-day operations and business decisions. It includes all of the Key Performance Indicators for each Strategic Business Unit in order to provide a comprehensive picture of the company's performance for the day and month. This gives a daily Management Information System (MIS) versus plans, which aids in better decision-making.

With the implementation of ERP, the best practices of industry have been adopted and have streamlined many transactions. Integrations for E-Way Bill and E-Invoice were created to minimise preparation time and eliminate errors. Human Capital Management application from "Darwinbox" is being implemented by HR covering the entire HR cycle of Hire to Retire in phases.

Digital Transformation Technologies

RFID Based In-plant Logistic management System

To integrate all material-related vehicle movements in the organisation, a new RFID-based In-plant Logistics Management (ILM) system has been developed, replacing the existing RFID-based VIVO system. For Purchase, Sales, and other transactions, this application has been connected with ERP. It is a one-of-a-kind solution that allows us to have complete control over all incoming and exiting logistic transactions.

The new system is being introduced with the goal of lowering total Vehicle In Vehicle Out (VIVO) turnaround time and strengthening transaction controls. The application has been configured and installed across all three factories, and the IoT and hardware have been linked with the application for total transaction control. This has resulted in a reduced total cycle time, improved controls and enhanced financial benefits.

Melt Shop Process Control Automation

The information about each heat produced by MBFs and Foundries is captured and shown in real time at Melt Shop and MBF control rooms through an intranet interface. As a result, relevant control rooms are able to take the necessary actions in a timely manner to ensure consistent product quality. During the Melt Shop digitization project, these integrations will be rebuilt using the most up-to-date technology.

Sales Order Automation

We have enhanced Dash Boards to include Line-by-Line Variable Costs and Contributions, allowing users to see how each production line is performing. We intend to develop and introduce these and a few other dashboards with an insight into minute details covering major business sectors as part of the projected BI deployment in the next few years.

The IT team has created a number of reports to aid decision-making, and some of these have been scheduled on an Auto mailer to be sent to the appropriate authorities on a daily basis.

Energy Management System (EMS)

We have a Schneider Electric EMS system that continuously monitors the performance of individual production units' power generation and energy consumption. The EMS system also continuously monitors Power Factor and Voltage Drop. Users will receive reports created by the EMS system at the end of the day.

G-Suite

Our IT team has developed a folder on Google Drive called 'KFIL Knowledge Centre' to which every managerial employee will have access to view and utilise various information posted by HR, Learning, and other departments. HR is utilising this shared folder to upload TED Talks, "Pragathi" Company Magazine and reduce the circulation size by sharing and accessing online.

G-Suite also allows team members to interact and work on shared data, as well as increase communication.

Human Resource Management System (HRMS) and Learning Management System (LMS)

Many manual procedures are being converted to digital, and an intranet is being developed to promote collaboration and information sharing across the organisation, using the new Web platform and HRMS. A new online Learning platform called "I-COG" is being implemented to digitise the learning process. This will assist in continuing to gain knowledge even when physical training is not feasible.

517

Employees utilised I-COG platform

Digital Engagement

Through Facebook, Twitter, and LinkedIn, we have created significant engagement quotients with existing customers and future customers. New posts and engaging content is posted to social media accounts on a daily basis. The content is intended at establishing a brand and convincing customers to visit the KFIL website in order to effectively capture leads.

For individualised communication, digital communication channels such as Whatsapp, e-mail, websites, and SMS are deployed. G-suite has recently added the ability to hold online meetings with customers.

IT Policy and Security

Our IT team has introduced robust IT policies to streamline processes and operations. To monitor traffic and increase IT security, the firewall, antivirus and management tools have been upgraded. IT services have been recorded using an IT service management platform. IT Asset management has been developed to track IT Assets from a central database, allowing the organisation to gain control over its complete IT assets. In 2021-22, further progress was made on IT security, IT service management, IT asset tracking, and compliance.

Assessing our IT security

K-Group has launched the Security Operation Centre (SOC) project, a task force that will monitor all cars entering or leaving campus and assist the IT team in boosting IT security. In the fiscal year 2021-22, the IT team launched a Vulnerability Assessment and Penetration Testing (VAPT) assessment to assess IT security, and we are continuously improving IT security.

Optimising IT services

The IT Service Management tool will help to optimise the IT service process and guarantee that IT Generic Controls are in compliance with IT Policies. This project includes modules for Incident Management, Service Request Management, Problem Management and Change Management, IT Asset Management, IT Asset Inventory, and IT Automation.

Human Capital

Our skilled workforce, supported by the best infrastructure in the industry, have the unique capability to produce a highly customised range of products. Our culture is people-centric. We encourage open communication and cross-pollination of ideas, where human potential can be unlocked to maximise value. The potential of our human capital and our ambitions have one thing in common. They are both limitless.

Human capital is our most valuable asset, and we strive to enrich our people's talent and competences to drive personal and professional growth. Our people strategy focuses on creating a conducive work environment and a high-performance working culture.

1,394
Permanent Employees

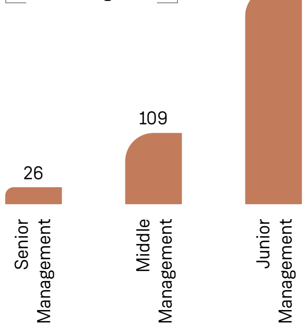
1,933
Contractual Employees

Workforce Profile

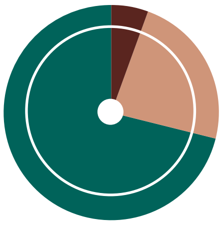
Management

Koppal
Nos.

466
Total Management



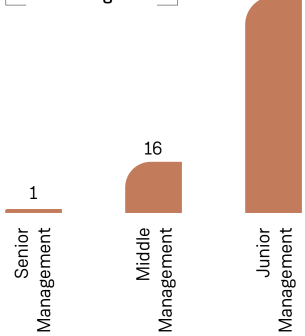
(%)



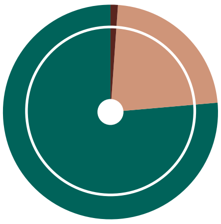
Senior Management	5.57
Middle Management	23.39
Junior Management	71.03
Management Total	**100.00**

Hiriyur
Nos.

72
Total Management



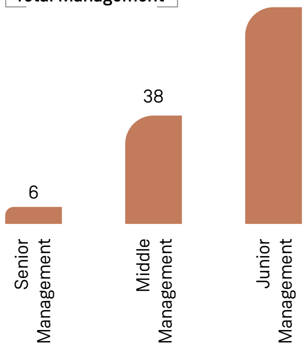
(%)



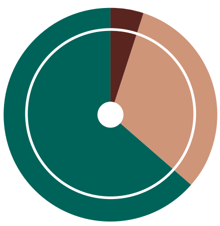
Senior Management	1.38
Middle Management	22.26
Junior Management	76.36
Management Total	**100.00**

Solapur
Nos.

120
Total Management



(%)

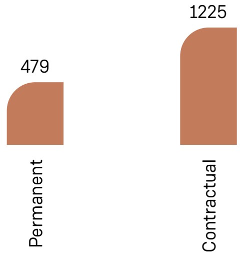


Senior Management	5.00
Middle Management	31.66
Junior Management	63.34
Management Total	**100.00**

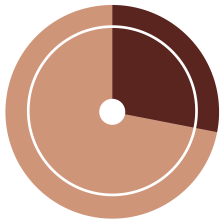
Workmen

Koppal
Nos.

1704
Total Workmen



(%)

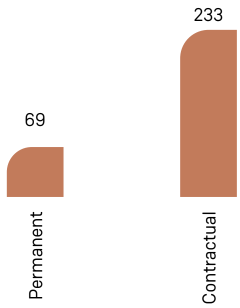


Permanent	28.11
Contractual	71.89
Total Workmen	**100.00**

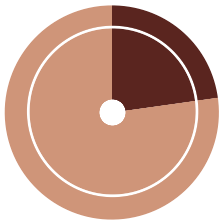
2,170
Location wise Total-Koppal

Hiriyur
Nos.

302
Total Workmen



(%)

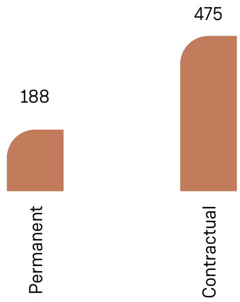


Permanent	22.84
Contractual	77.16
Total Workmen	**100.00**

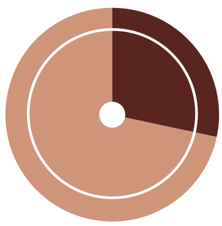
374
Location wise Total-Hiriyur

Solapur
Nos.

663
Total Workmen



(%)



Permanent	28.35
Contractual	71.65
Total Workmen	**100.00**

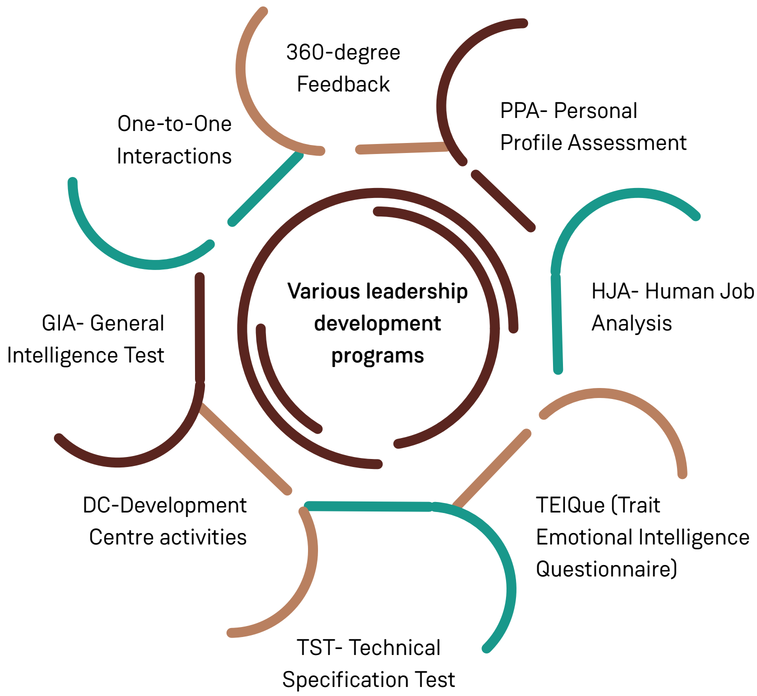
783
Location wise Total-Solapur

Employee engagement

Every year, our steering committee and senior management team assess our policies and processes based on feedback from multiple sources such as EES, People Perception Survey, HR Diagnostic Survey, and Brown Paper Exercise.

Furthermore, off-roll employees' views and concerns are taken into account, and relevant improvement measures are launched, resulting in increased employee engagement at work.

We conduct a biennial Employee Engagement Survey (EES) to measure employee perceptions and we have a 'Say, Stay and Strive' approach for employee engagement. Trends and outcomes from the EES survey are thoroughly reviewed and worked on for remedial and improvement actions.



84%

EES Score - Internal Dip-Stick survey by Corporate HR EES score FY 2022

Leadership development

We align strategy and leadership to drive a strong culture with positive organisational outcomes. We conduct Value workshops across K-Groups to evolve appropriate values for the Group. Subsequent to selection of values, we deputed 'Value Champions' to drive value across the Group. Further, evaluation reports are shared with senior leaders and training interventions are conducted as per the individual's progress.

We also organise a Management Development Program, an intensive training program, with dedicated training sessions imparted on stress management for all middle level management officers.

5

Value workshops conducted

Category	Objective	Interventions
Senior management	To develop strategic & agile approach to business	360-report & IDP, Personal Profile Assessments, Emotional Intelligence for Effective Leadership, Enhancing Customer Delight, Leadership Communication, Business sensitivity, self-awareness & enhancing interaction and agility, Managerial Development Program.
100% of Middle management team.	Enhance managerial competence	Management Development Program, Leadership skills, Problem solving approach
Junior management	To develop Supervisory skills	MDP, Supervisory Development Program, Problem solving approach.
Workmen/ Apprentice	Skill development, Life enrichment program	Skill development Program by internal faculties catering to TNI.

Career Development

As a part of the Performance Management System, more emphasis is given for individual career development, wherein the Appraiser identifies the strengths and areas of improvement plan. Assessments modules like High Potential Fast Trackers (HPFT) and General Intelligence Assessment (GIA) help identify individuals for subsequent Development Centre (DC) activities leading to Individual Development Plan (IDP). Fast trackers are groomed to take up higher responsibility in the organisation to become future leaders. In the current Leadership level, past Fast Trackers have risen to become SBU Heads, Operation and Functional Heads.

28

Fast trackers identified in last three years

Internal Mobility

We constantly encourage employees for internal movement from one function to another or between the plants. Whenever vacancy or need arises before going for lateral hiring, internal employees are given preference. The objective of this process is to provide opportunity for horizontal movement and multi-functional exposure.

Succession Planning

Succession planning is derived from the Performance Management System, in which the appraiser determines three successors who can replace the appraiser and the time frame in which they will be ready to take over the role.

The skillsets of the successor are determined, and necessary training and action plan is structured.

Rewards and recognition

We encourage our employees to participate in initiatives to improve the workplace. Employees are acknowledged and rewarded for their contributions in areas such as Breakthrough Achievement, Good Work, Exemplary Work, Highest attendance, Innovation, Safety, Environment, Cost Savings, among others. Our rewards and recognition policies are reviewed and updated on a regular basis.

Fostering a culture of innovation

We have various initiatives in place to foster a culture of creativity and innovation. Improvements, new ideas, and innovations are recognised and executed by individuals through small group weekly meetings, rejection review meetings, MSES meetings, and so on. The installation of 'Quarterly Champion' display boards at various sites, have encouraged staff to submit nominations that reflect improvements in process and technology.

Managerial grade employees are rewarded with annual performance awards based on the individual and company performance. The best performances are rewarded with additional increments toward motivation and retention during the annual increment procedure.

Motivating our employees

The reward and recognition framework encompasses specific appraisals and incentives that motivates our employees. Special incentives are offered to Senior Managers and above based on individual and department performance. Individually, top achievers are rewarded with out-of-turn promotions or pay raises.

84

Annual performance awardees

12

Special performance awardees

Talent acquisition

We have a robust five-layer recruitment and selection process covering key aspects on aptitude and technical knowledge. The recruitment is done through lateral and entry level recruitment. The requirements of vacancies are planned to be met by internal development and hiring external talent. Entry level recruits are conducted through campus placements at leading institutions.

Internal Job posting

Before going for external hire, efforts are made to explore the possibility of filling the vacancies by redeployment of internal job postings. The senior management staff is hired keeping the strategic future business perspective in mind.

Lateral recruitment

We also recruit through job portals, placement agencies, advertisements and through referrals meeting our job description. A step in the direction of gender diversity is our preferential lateral hiring of female candidates.

The lateral recruits undergo a familiarisation program for one week, which includes Safety, Quality, Environment Management Systems, HR practices and familiarisation visits to various departments. Feedback on induction and suggestions are collected and included in induction plans on a periodical basis.

Learning and development

We place a heavy emphasis on Learning and Development activities, both in-house and by nominating employees for external training programmes. The new recruits go through a two-month intensive introduction training programme that covers soft skills as well as technical issues. Following that, learners complete a 10-month on-the-job training with various departments.

Knowledge sharing

In light of the pandemic, KORE, Kirloskar Online Remote Education, boosted all employees' learning appetites by providing online learning at their convenience. We enable group learning from mutual expertise and exchange the expertise of other location plant employees through knowledge sharing meetings held on a regular basis.

We also share knowledge through tools like GEMBA, Gurukul and through offline mode like external training, audit feedback, internal training, visits to various technical conferences and exhibitions.

Employees can learn about their aspirational capabilities in addition to the competencies that have been assigned to them. Learners do more than just learn, they also create and share information in the forum, paving the road for knowledge sharing.

Employee well-being

We perceive our employees as enablers of value creation and are committed to their well-being. We have various people policies and practises that drive employee learning and development as well as health and wellness at all levels, and we aspire to provide equal opportunity to all without discrimination. These processes are driven by the company's intrinsic values and are in accordance with labour regulations, human rights laws, and other legislations that are promulgated from time to time.

113

Learning and development initiatives

12

Health and wellness initiatives

Occupational Health and Safety

We believe in the maxim 'Safety First' and are continually striving to provide a safe and enjoyable work environment for our employees through our different programmes. Subsequently, we have a well-defined (Environmental, Occupational, Health and Safety) EOHS policy applicable to all our employees.

We provide a safe workplace environment and impart training to all our employees on a regular basis as required. There are also formal agreements with the trade union covering Health and Safety topics such as responsibility of the workers for using Personal Protective Equipment, compliance with provisions of the Factories Act.

Certifications:
IATF 16949:2016
ISO 14001:2015
OHSMS 45001:2018

Kaizens, ENCON, Quality Management, Safety Management, and the WaSH Pledge are some of the programmes that have been envisioned, planned, and implemented to improve occupational health and safety.

Safety audits, daily safety line walks by safety champions and supervisors, and cross functional safety audits, among other things, are used to assure safety. Unsafe conditions and unsafe acts are recognised and closed. Near-miss accident reporting and Root Cause Analysis for all situations is in practice.

11

Safety audits conducted
(Internal and External)

1.12

LTIFR

98.56%

Unsafe conditions / acts closed
Unsafe acts closed

Other techniques of addressing safety include ongoing tool box conversations with our employees, reviewing existing manuals, and discussing safety and machine operating elements.

Natural Capital

We continually strive to minimise the environmental impact of our operations through sustainable practices and responsible use of natural resources. We have evolved our strategies for reducing, reusing, recovering, and recycling the impact of operational wastes.

We constantly monitor and track the usage of natural resources, and we take all necessary steps to optimise resource use. We are also dedicated to building and maintaining a clean environment. We have set specific goals for energy conservation, greenhouse gas (GHG) emissions reduction, and water conservation.

Various activities on energy and water conservation, waste reduction, and other issues were implemented throughout the current reporting year, minimising any adverse impact. We will consistently improve our scorecard, as a part of our limitless ambition to create holistic value.

ISO 14001:2015

Certified

Energy Management

Every year, energy audits are undertaken by a third party as well as K-Group ENCON (Energy Conservation Initiative), and efforts are taken to improve energy consumption. The iron and steel that is generated during dismantling is either recycled or disposed of. We have been investing in solar power generation in our efforts to have green energy adopting renewable resources.

10MW

Solar power plant at Solapur

50KW

Rooftop solar PV unit at Koppal

We are an energy efficient manufacturing unit and have over achieved the target set by the Bureau of energy efficiency under PAT Cycle 3. We are also constantly optimising plants' specific energy consumption.

0.481 TOE*/Ton

Specific Energy Consumption (SEC) in FY 2022

40%

of energy imported from Grid is renewable power and the rest is internally generated energy from waste heat recovery power plants and blast furnace gas

Following Energy Conservation measures taken during FY 2022:

- Installation of variable frequency drives for Sand Cooler drive at Koppal foundry and cooler blower and tail ESP fan at Sinter plant Hiriyur to reduce power consumption.
- Installation of Load manager for induction furnaces for better utilisation of in house power and to reduce Grid Import at Koppal plant.
- Replacement of old motors with energy efficient motors
- All conveyor belts idle running eliminated by providing proper interlocks to reduce power consumption.
- Replacement of conventional Lights with LED light fittings

Our plant has waste heat available in the Coke oven plant as Coke oven gas and Blast Furnace Gas in the MBF plant. The waste gas is utilised in steam generation in the boilers and the steam is further used for power generation.

With the help of Waste gases we are generating

92%

of our electricity consumption

New technologies are continuously investigated by the team. We have worked on further Automation of Induction Furnace as well as increasing the scope of further power generation by Solar PV on the rooftops. Also we are working with IOT to have a single window energy management across the plant.

*Ton of Oil Equivalent

Air Emissions Management

We have installed pollution control equipment wherever required by commissioning dust extraction systems and installed porous mesh and long growing plants all along the perimeter to avoid dust emissions outside the company premises.

We have added pollution control equipment to minimise and to collect emissions, which can be reused in the manufacturing process by installing Dust Extraction / Fume extraction system (collectors) at various emission points which has the effect on specific energy consumption.

Monitoring our emissions

We monitor our greenhouse Gas (GHG) emissions, and related Key Performance Indicators as part of our EMS. We monitor SOx and NOX emissions, especially from power plants, through an online monitoring system. Apart from online monitoring, Chimney emission and ambient air monitoring is being done. The data collected are recorded and uploaded to the CPCB and KSPCB server in real-time.

3%

Reduction in Carbon Footprint

37%

of area at the Koppal factory is covered with Green Belt

We have installed Waste Heat Recovery Boiler (WHRB) based power plants towards the reduction of CO_2' emissions and are taking actions on optimization of consumption of coke, coal and other natural resources.

We also ensure that the high noise sources are equipped with silencer and acoustic enclosures. Along with this, we also ensure light and vibrations are within the permissible levels.

Water Management

Water consumption

We monitor water continuously by flow metres installed at drawl points. Water is supplied to all the consumption units through an individual flow metre. Water consumption is being monitored on a daily basis unit wise, process wise. Specific water consumption targets are also fixed for every product and are monitored.

Zero discharge policy

We have adopted a zero liquid discharge policy where through reuse and recycling techniques, waste water generated from one process is used in another process. The wastewater generated in plants during regeneration, back wash processes is being collected in a neutralising pit and the same is reused in MBF for slag granulation and coke oven.

Coke quenching is done though

100%

waste water

Bore well recharge system

We practise water conservation by rain water harvesting, bore wells that are provided with rain water filtration and recharge system through filtration media and recharge techniques. We have a system in place where rain water from the building roof top is made to channelize to the bore well recharge pits.

STP - treated water reuse and recycle

Most of the water is lost through the evaporation process and no waste water generation from the manufacturing process. Only domestic wastewater is treated at Sewage Treatment Plant (STP) and the treated water is used for gardening and plantation development.

250 KLD

STP Installed at Koppal

32 KLD

STP Installed at Hiriyur

80 KLD

STP Installed at Solapur

Installation of ACC for our power plant

We are aiming to be self -sustainable on water resources. As a primary step, we have installed Air cooled condensers (ACC) for our power plants to save water from evaporation loss.

Storm water collection and reuse

Our plant is constructed with a good drainage system to handle the storm water effectively. All the storm water is channelized to the lowest elevation point and provided by a huge water collection pond called Lake-A. The rain water collected in this pond is being reused for processing which has made us less dependent on freshwater.

210,059 KL

Storm water collected & reused

KLD- Kilo Litre per Day

Waste Management

We have an EMS policy, to adopt the 3R concept that is to reuse, reduce and recycle all our wastes. We have also conducted impact assessments of our waste generation. All possible actions are taken to reduce the waste generation from our processes.

Adopting scientific methods of waste management

Bulk wastes such as Blast Furnace slag, Black sand are being sold to reuse in cement making, tile making, induction furnaces. Runner and Risers are reused in induction furnace for melting to produce castings.

Process improvements are done to increase the slag density, to make it saleable. Metal scrap generated in the plant is also reused in an induction furnace to produce castings. The rejected cores are being reused through a processing at sand reclamation plant.

Hazardous Waste Disposal

We monitor the amount of generation of all hazardous waste and non hazardous wastes. Hazardous waste is being disposed of to SPCB authorised recyclers and related forms and records are maintained on an online portal and disclosed accordingly. We also ensure hazardous waste, e-waste and Bio medical wastes are being disposed of as per the Hazardous Waste Management rules.

124 Ton

Hazardous waste disposed to SPCB authorised re-processors

More than

500 Kg

E-waste disposed to authorised recyclers

Circular economy

We have a product life cycle sustainability management policy in line with circular economy principles in place. Our goal is to ensure that the resources are used which have minimal impact on the environment, by optimizing the impact of operations wastes.

We invest time and resources to provide products and services that are safe and contribute to sustainability throughout their life cycle, including product development, plant operations and supply chain management while also focusing on energy conservation and renewable energy.

We manufacture products as per the customer's design and disposal at the end of the life cycle is as per the OEM. We continuously strive to minimize waste in materials and processing requirements by initiatives such as yield improvement through casting simulation technology and casting weight reduction using laser scanning technology.

We make continuous efforts to reduce the quantum of wastes being generated in our operations. We use quality raw material to operate efficiently with environmental consciousness. Chemistry of each dispatch is provided to our customers eliminating duplicate sampling and optimizing resource utilization.

Zero Land Fill

Following initiatives are taken to reduce waste generation and recycle all waste with a target of zero land fill:

- Entire Iron fines, coke fines, Gas Cleaning Plant (GCP) dust, GCP sludge generated from MBF operations is reused in sinter making.
- Granulated Slag generated is being sold to cement plants.
- Un-granulated slag and skull is processed and sold to approved buyers.

Social and Relationship Capital

Nurturing relationships and providing value to our stakeholders is integral to our business sustainability initiatives. We regularly engage with our supply chain partners to maintain smooth operations across our value chain. Also, we engage with our customers and receive feedback to improve our offerings. We also strive to serve the communities where we operate through our CSR initiatives. Because, we strongly believe together we are limitless.

Sales and Channel Partners

Our products are marketed and sold through our KFIL dealer network, which has been created across India. To be closer to the consumer and better service their needs, we have constructed and established a large network of channels such as distributors, dealers, and consignment agents in addition to our branch offices. The network is able to interpret the demands of the consumers and deliver on their expectations, which has resulted in the addition of more clients to the KFIL fold, resulting in the business's growth.

These dealers are strategic business partners with whom we communicate with on a regular basis in order to analyse industry trends, competition, and opportunities. To fulfil on-time delivery, we provide our dealers and clients with exclusive logistics agreements via road and rail. A dealers' meeting is held each year to evaluate previous year performance and to build and convey strategy and objectives for the current year. Proactive interaction with all of our dealers and customers ensures a continuous flow of information to management, allowing for timely actions to maximise sales revenue, strengthen consumer loyalty, and increase market share.

Suppliers and Partners

We have a strong supplier and partner network that has been built through long-term relationships with providers of strategic commodities, capital goods, and tooling. We have been successful in establishing new projects on time and with zero disruptions due to material availability and good plant and machinery uptime due to our open, transparent, and mutual trust-based strategy. We successfully cater to changing customer needs and produce new products at both Solapur and Koppal with the partnership of tool designers and manufacturers.

Interacting with our suppliers

On product specifications and quality criteria, we have a two-way communication process with our suppliers and partners. These requirements are reviewed with them on a regular basis. Through our supervisors that visit their location, we offer our knowledge for improvement. Any request from our partners that helps them improve their performance is well received, and we respond accordingly.

Suppliers are trained to understand the requirements for product quality, cost, and delivery, as well as how to conduct themselves on the job. We gather the dealer's perception during annual dealers' meetings and monthly interaction. Supplier perspective is also gathered at bi-annual supplier meetings, as well as through supplier input during visits and on-site audits. We have created a number of structured forums, such as supplier meetings, fettler meetings, and dealer meetings, to convey the company's expectations and business strategies.

Customers

By maintaining positive customer connections, we have earned the status of strategic business partner with the majority of our domestic and worldwide OEMs. We have identified several touch points, and our Customer Relationship Management is backed up with methodologies and processes for relationship management.

Communicating with our customers

We actively participate in on-line and off-line networking platforms, uploading information about the organisation's differentiators, value proposition, branding, and accomplishments via on-line networking platforms linked with customers. We keep a database of all existing and future customers' contacts in order to greet and meet them both online and offline. We have a multimedia presence on numerous social media platforms for communicating with our customers.

We have an established procedure for dealing with customer complaints.

Customer complaints are tracked, analysed, and action is taken by Quality Assurance using applicable functions in standard format, with effectiveness monitoring carried out to avoid recurrence. We capture customer needs and expectations by conducting a Customer Satisfaction Survey every alternate year through a third party, interacting with customers on a regular basis, attending annual supplier meetings, and receiving quarterly score cards.

CII- Exim Bank Award For Business Excellence

Customers Awards- Market Growth And Customer Experience, Escorts

Customers Awards- Market Growth And Customer Experience, Escorts

Partnership Award- M/s Daimler India Commercial Vehicles

Delivering NPIP Performance Award- M/s JCB India

Agri Machinery- Best Supplier Award (Supply Chain Management Casting & Machining), M/s VE Commercial Vehicles

NPIP - New Product Introduction Programme

Communities

Through our CSR initiatives in the fields of education, health, infrastructure development, and community development, we are working with our neighbours to uplift society through CSR activities in terms of economic, social, and environmental principles. Every year, through SIRDS-Foundation Koppal, we undertake society perception surveys, which assist us in planning and addressing society's actual needs.

₹ 4.53 Crore

Spent on CSR in FY 2022

Our CSR representatives hold quarterly meetings with community members to discuss recent developments, the progress of ongoing programmes, and the impact of the efforts. Our representatives integrate into society and engage with people on a regular basis to track the progress of our initiatives.

Health

We have numerous health awareness initiatives such as eradicating open defecation, providing safe drinking water, establishing RO plants, Special Medical camps, Yoga classes, and Blood donation camps to improve health and sanitation in the society. We also promote cross-sectional women's equality by giving nutrition support for lactating mothers, holding awareness camps for cervical, pepsimia, and uterus disorders, and offering menstrual hygiene education and hygiene pads. We also have the WaSH project, which stands for Water, Sanitation, and Hygiene, that promotes ideals of cleanliness, discipline, and hygiene among school students at a young age, so that habits get imprinted in them and become an innate part of their nature.

54 Schools

Covered under WaSH Project

14,200 Students

Covered under WaSH Project

Education

We also provide suitable jobs for unemployed youths based on their educational qualifications by imparting understanding of industrial culture through orientation programmes that include both classroom and "on the job" training. Furthermore, a long-term plan has been developed to improve the skill levels of unemployed youths by building a "Centre of Excellence" in collaboration with the Department of Industries and Commerce, Government of Karnataka.

We are helping to build school buildings and restrooms, as well as supplying extra school bags, note books, and utensils for mid-day meals. We also provide financial support for excursions, emerging talents, higher education, management fests in colleges, internships and project planning for rural educated youths, and scholarships for professional and postgraduate studies.

6 Schools

Covered

1,927 Students

Benefitted

₹ 0.7 Crore

Provided financial support

Sports and Cultural activities

We are assisting the district youth services and empowerment department with infrastructural support, including the construction of a compound wall and an internal road at the Koppal stadium. In addition, we are organising various sports events between three village panchayats and giving aid to district level cricket tournaments.

Every year, we also hold 'Kirloskar Ferrous Haadu-Kogile' (meaning 'Singing Cuckoo,' an event sponsored by KFIL in partnership with All India Radio (AIR), Hospet to identify aspiring classical singers in the region.

Since 2009, we have co-organized the 'Kirloskar Vasundhara International Film Festival' (KVIFF) at Koppal, Hospet, and Solapur with Club Vasundhara. KVIFF provides an opportunity to develop a shared platform for working toward effective and meaningful communication in order to preserve our wonderful natural heritage for future generations. KVIFF features award-winning, acclaimed films, as well as a variety of ancillary activities. Through K-Group firms, the festival travels to over 30 locations in India. It has been our goal to educate people about our priceless natural heritage. Year after year, new and inventive activities are offered, and everyone from senior people to schoolchildren participates. During the fiscal 2021-22 the festival was organised across the globe virtually, with the theme 'Nutritious Food, Flourishing Nature and Healthy Society'.

Community Development

We are firm believers in delivering on promises through networking and connectivity, resulting in increased community trust. In the field of community development, the villages in and around the plant area have demonstrated substantial improvement and development.

Contributing to infrastructural development

We contribute to community development by building roads, drainage systems, temples, and community buildings. We also provide financial aid to numerous organisations for mass marriages, cultural programmes, car festivals, and other events. We also have women's empowerment initiatives where they receive vocational training organised by women's self-help groups.

Our dedicated CSR team

In both the Koppal and Solapur facilities, we have a dedicated wing for CSR activities managed by professionals who care about society. The CSR team, in collaboration with volunteers, routinely interacts with neighbouring communities to better understand their needs and aspirations. Our senior officials attend and sponsor local community gatherings and events like Independence Day celebrations, sporting events, mass marriages, and Jathras, among others. Around 70 Management Development Program participants took on the onerous task of organising a 'Personality Development Program' at several schools and institutions in the Hospet and Koppal Region. Spreading Environmental Awareness

3,000+

Students trained in Personality Development

Spreading Environmental Awareness

We organise 'Kirloskar Vasundhara Eco Rangers' (KVER) annually since 2018. During KVER activities at Koppal, Hospet and Solapur, officers visit schools and colleges to aware students about environment sustainability. The main objective of this initiative is to create awareness in exploring nature and analyse issues related to environment, wildlife, energy, air and water among general public, school children and college students.

We conduct cycle rally, nature walks, quiz and painting competitions. As a K-Group initiative, activities are taken up for Ecological restoration of Ram Nadhi – Pune. We are involved in tree plantation and distribution of saplings in and around the company.

Board of Directors

Mr. Atul Kirloskar
Chairman

Mr. Rahul Kirloskar
Vice Chairman

Mr. R. V. Gumaste
Managing Director

Mr. A. N. Alawani
Non Independent Non Executive Director

Mr. R. Sampath Kumar
Independent Non Executive Director

Ms. Nalini Venkatesh
Independent Non Executive Director

Mr. Y. S. Bhave
Independent Non Executive Director

Mr. M. R. Chhabria
Non Independent Non Executive Director

Mr. M. V. Kotwal
Independent Non Executive Director

Mr. V. M. Varma
Independent Non Executive Director

Mr. Venkataramani S.
Independent Non Executive Director

Mr. R. S. Srivatsan
Executive Director (Finance) and
Chief Financial Officer

NOTICE

Notice is hereby given that the 31st Annual General Meeting ('AGM') of the Members of **Kirloskar Ferrous Industries Limited** ('the Company') will be held on **Monday, 1 August 2022 at 11:00 a.m. (IST)** through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM') facility, in compliance with provisions of the Companies Act, 2013 ('the Act') and rules thereof read with the General Circular No. 14/2020 dated 8 April 2020, the General Circular No. 17/2020 dated 13 April 2020, the General Circular No. 20/2020 dated 5 May 2020 and the General Circular No. 2/2022 dated 5 May 2022 issued by the Ministry of Corporate Affairs [collectively referred to as 'MCA Circulars'] and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, read with the Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020 and No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13 May 2022 issued by the SEBI [collectively referred to as 'SEBI Circulars'] to transact the following business :

Ordinary Business :

Item No. 1

To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended 31 March 2022 together with the Reports of the Board of Directors and the Auditors thereon.

Item No. 2

To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the financial year ended 31 March 2022 together with the Report of Auditors thereon.

Item No. 3

To confirm the payment of Interim Dividend on equity shares and to declare Final Dividend on equity shares for the financial year ended 31 March 2022.

Item No. 4

To appoint a Director in the place of Mr. Mahesh Ramchand Chhabria (DIN : 00166049), who retires by rotation and being eligible, offers himself for reappointment.

Special Business :

Item No. 5

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"**RESOLVED THAT** pursuant to provisions of Section 148 and other applicable provisions of the Companies Act, 2013 and rules thereof [including any statutory modification(s) or re-enactment thereof for the time being in force]; the Members of the Company hereby ratify the remuneration by way of fees the sum ₹ 300,000 plus applicable taxes thereon and reimbursement of out-of-pocket expenses payable to 'Dhananjay V. Joshi & Associates, Cost Accountants', who have been appointed by the Board of Directors as the Cost Auditor of the Company to conduct the audit of cost accounting records for the financial year ending 31 March 2023."

Item No. 6

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions read with Schedule IV of the Companies Act, 2013; the rules thereof and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and the Articles of Association of the Company and based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors; Mr. Yashwant Sripad Bhave (DIN : 00057170), who holds office as an Independent Director upto 2 August 2022 and in respect of whom a notice in writing has been received from a Member pursuant to Section 160 of the Companies Act, 2013 proposing his candidature for the office of a director, be and is hereby reappointed as an Independent Director of the Company to hold office for another term upto 15 July 2024."

Item No. 7

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 161 and other applicable provisions of the Companies Act, 2013; the rules thereof and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and the Articles of Association of the Company and based on the recommendation of the Nomination and Remuneration Committee and the approval of the Board of Directors; Mr. Raviprakasha Srinivasa Srivatsan (DIN : 0009607651), who is the Chief Financial Officer of the Company and was appointed as an Additional Director and the Executive Director (Finance) by the Board of Directors with effect from 17 May 2022 and who holds the office as an Additional Director upto the date of this annual general meeting and in respect of whom a notice in writing has been received from a Member pursuant to Section 160 of the Companies Act, 2013 proposing his candidature for the office of a director, be and is hereby appointed as a Director of the Company."

Item No. 8

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

"**RESOLVED THAT**, pursuant to the provisions of Sections 196, 197, 203, Schedule V and other applicable provisions of the Companies Act, 2013 and the rules thereof and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and the Articles of Association of the Company and based on the recommendation of the Nomination and Remuneration Committee and the approval of the Board of Directors; and subject to such other approvals as may be necessary; Mr. Raviprakasha Srinivasa Srivatsan, Chief Financial Officer (DIN : 0009607651) be and is hereby appointed as the Executive Director (Finance) for a term of five years with effect from 17 May 2022, on such terms and conditions (including terms of remuneration as given below) as set out in the agreement to be entered into between the Company and him :

(A) Salary

Basic Salary ₹ 8,00,000 per month, with the increment as may be determined by the Board of Directors of the Company from time to time.

(B) Perquisites

In addition to the aforesaid salary, he shall be entitled to the perquisites as given below :

- Fully furnished residential accommodation, perquisite valuation of which shall not exceed ₹ 1,00,000 per month. Where no accommodation is provided by the Company, the Company shall pay House Rent Allowance at the rate of ₹ 1,00,000 per month.
- Expenses on soft furnishings not exceeding ₹ 15,000 per month and hard furnishings not exceeding ₹ 15,000 per month shall be borne by the Company. At the end of financial year, any unutilized balance shall be paid subject to deduction of income tax at applicable rates.
- Expenses on gas, electricity, water and other utilities shall be borne by the Company.
- Family Medicare Policy premium under mediclaim insurance policy not exceeding ₹ 15,000 per annum.
- Reimbursement of all medical expenses, including hospitalisation expenses, incurred for self and family, other than expenses claimed under the Family Medicare Policy.
- Leave travel assistance for self and family once in a year not exceeding ₹ 1,20,000 per annum in accordance with the rules of the Company.
- Fees of clubs, subject to a maximum of two clubs, which will include admission fee but will not include life membership fees.
- Personal accident insurance, premium whereof does not exceed ₹ 25,000 per annum.
- A car with driver for official and personal purpose.
- Telephone and Internet facilities at residence and a mobile phone facility for official use.
- Contribution to provident fund, superannuation fund, or annuity fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.
- Gratuity at the rate not exceeding one month's salary for each completed year of service or part thereof (on pro-rata basis) or as per company policy; and
- Leave at the rate of 30 days per calendar year of service. Leave calculation for a part of the calendar year at the date of appointment as Executive Director or on ceasing to be Executive Director shall be made on a pro-rata basis at the rate of two and a half days leave for every completed month of service. Leave accumulated and not availed of may be encashed at the end of the tenure as per the rules of the Company.

"Family" for the above purpose means wife, dependent children and dependent parents of the Executive Director.

Perquisites shall be evaluated as per the provisions of the Income tax Rules.

(C) Commission

Commission shall be decided by the Nomination and Remuneration Committee and approved by the Board of Directors based on the net profits of the Company for any financial year, subject to the condition that the aggregate remuneration of the Executive Director shall not exceed the limit as laid down under Sections 197, 198 and Schedule V of the Companies Act, 2013, as amended.

(D) Minimum Remuneration

In the event of loss or inadequacy of profits in any financial year during the currency of his tenure as the Executive Director, the payment of remuneration shall be in accordance with the ceiling prescribed in Schedule V to the Companies Act, 2013 or any statutory modification thereof.

(E) The Executive Director shall not be paid any sitting fees for attending any meeting of the Board of Directors or Committee(s) thereof.

(F) The Executive Director shall be eligible to receive stock options of the Company as may be decided by the Board of Directors or its Committee from time to time.

RESOLVED FURTHER THAT Mr. R. S. Srivatsan shall not be liable to retire by rotation till he continues as the Executive Director of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to the resolution, the Board of Directors [including any committee(s) thereof] be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things and also to revise during the tenure the terms of remuneration from time to time within the limits prescribed and permitted under Sections 197, 198 and Schedule V of the Companies Act, 2013, the rules thereof and as amended from time to time, without being required to seek any fresh approval of the Members of the Company, but with such other approvals, sanctions or permissions, if any, as may be required for such revision in the remuneration and that the decision of the Board of Directors shall be final and conclusive in this regard."

Item No. 9

To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"**RESOLVED THAT** pursuant to Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; applicable provisions of the Companies Act, 2013 and rules thereof [including any statutory modification(s) or re-enactment(s) thereof for time being in force]; the approval of the Members of the Company be and is hereby accorded to the Board of Directors of the Company [including any committee(s) thereof and/or any person authorised by the Board of Directors to exercise its powers including the powers conferred by this resolution] to enter into following contract(s)/ transaction(s)/ arrangement(s) with ISMT Limited, which is a subsidiary company and a related party within the meaning of Section 2(76) of the Companies Act, 2013, upto a sum not exceeding ₹ 1,500 Crores in any financial year commencing from the financial year 2022–2023, on such terms and conditions as may be decided by the Board of Directors of the Company from time to time :

- Sale of pig iron, castings and other products
- Purchase of tubes and other products
- Purchase and/or sale of other products and services
- Grant of unsecured loan(s)
- Issue of corporate guarantee(s) and/or support for financial obligations
- Any other transaction as may be decided by the Audit Committee and/or the Board of Directors from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to the resolution, the Board of Directors be and is hereby authorised to do and perform all such acts, deeds, matters and things, as may be necessary, including finalising terms and conditions, methods and modes in respect thereof and to finalise and execute contracts, agreements and necessary documents and to deal with any matters, to take necessary steps as the Board of Directors may in its absolute discretion deem necessary, desirable or expedient and to settle any question, difficulty or doubt that may arise in this regard."

By order of the Board of Directors of
Kirloskar Ferrous Industries Limited

Registered Office :
13, Laxmanrao Kirloskar Road,
Khadki, Pune 411003
CIN: L27101PN1991PLC063223
Email: kfilinvestor@kirloskar.com

Date : 17 May 2022
Place : Pune

Mayuresh Gharpure
Company Secretary

Notes :

1. Pursuant to provisions of Section 102(1) of the Companies Act, 2013; the statement setting out material facts with respect to the special business to be transacted at the AGM is annexed hereto.

2. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, 23 July 2022 to Monday, 1 August 2022 (both days inclusive).

3. Subject to declaration of the Final Dividend at the annual general meeting, it will be paid to those members :

   a) whose names appear as Beneficial Owners as at the end of the business hours on 22 July 2022 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of equity shares held in electronic form and

   b) whose names appear as Members in the Register of Members of the Company after giving effect to valid applications for permissible transfer of equity shares in physical form lodged with the Company / its Registrar and Share Transfer Agent on or before 22 July 2022.

4. Pursuant to the provisions of the Companies Act, 2013; a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a Member of the Company.

   Since the AGM is being held through VC/OAVM facility pursuant to provisions of the MCA Circulars and the SEBI Circulars, the facility for appointment of a proxy will not be available for the AGM. Accordingly, proxy form and attendance slip are not annexed to the Notice of AGM.

5. Dividend related information :

   - The SEBI vide its Circulars dated 3 November 2021 and 14 December 2021 has mandated furnishing of Income Tax PAN, Address with PIN code, Email address, Mobile Number, details of Bank Account, Specimen Signature and Nomination by holders of the securities in physical form. With effect from 1 January 2022, the RTA shall not process any service request or complaint from the shareholder(s) or the claimant(s) till receipt of aforesaid details.

   - Members are requested to refer detailsat https://linkintime.co.in/home-KYC.html and send duly filled and signed hard copies of Form ISR-1 alongwith other applicable forms and supporting documents to the Registrar and Share Transfer Agent (RTA) viz. Link Intime India Private Limited, Akshay Complex, Block No. 202, Second Floor, Off Dhole Patil Road, Near Ganesh Temple, Pune 411001.

   - Members holding shares in electronic form are informed that particulars of bank account registered with their respective Depository Participants will be used for the payment of dividend.

   - The Members may note that in terms of the provisions of the Income-tax Act, 1961 as amended by the Finance Act, 2020; dividend paid or distributed by a Company on or after 1 April 2020 shall be taxable in the hands of the shareholders. Therefore, the Company shall be required to deduct Tax at Source ('TDS') at the time of payment of dividend.

   - In order to enable the Company to determine the appropriate TDS rate as applicable, the Members are requested to upload necessary documents at https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html

6. Procedure for attending the AGM through VC/OAVM facility :

   - The AGM will be held without physical presence of the Members at a common venue pursuant to provisions of the MCA Circulars and the SEBI Circulars. Hence, the Members can attend and participate at the AGM through VC/OAVM facility.

   - Members are requested to follow detailed instructions provided below in the section 'Instructions for e-voting and procedure for attending the AGM through VC/OAVM facility'.

   - A Member attending the AGM through VC/OAVM facility shall be counted for the purpose of reckoning the quorum pursuant to provisions of Section 103 of the Companies Act, 2013.

   - VC/OAVM facility for the AGM will be made available on the date of AGM from 15 minutes before the scheduled time till the end of 15 minutes after the scheduled time for 1,000 Members on first-come-first-served basis.

   This restriction will not apply to a Member holding more than two percent or more shareholding, Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. who are allowed to attend the AGM.

   - Members are encouraged to join the AGM through Laptop / desktop for better experience and use internet with a good speed to avoid any disturbance. Participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio /video loss due to fluctuation in their respective network. It is, therefore, recommended to use stable Wi-Fi or LAN connection to mitigate any kind of glitches.

7. Corporate Authorisation :

   Corporate / Institutional Members intending to attend the AGM through their Authorised Representatives are requested to send scanned copy of the relevant Board Resolution / Authority Letter together with attested specimen signature of duly authorised representative(s) to the Scrutiniser by email to csmsp.office@gmail.com with a copy marked to evoting@nsdl.co.in from the registered email address.

8. Inspection Documents :

   - Electronic copy of relevant documents referred to in the Notice of AGM will be made available for inspection through email on the basis of a request for inspection being sent to email ID kfilinvestor@kirloskar.com

   - Electronic copies of necessary statutory registers and auditors' reports / certificates will be available for inspection by the Members at the time of AGM.

9. Members' Queries :

   For smooth conduct of proceedings of the AGM; a Member, who wishes to receive information regarding financial statements or matters to be considered at the AGM, is requested to send an email to kfilinvestor@kirloskar.com mentioning full name, DP ID and Client ID / Folio Number and contact number at least seven days in advance so as to enable the Management of the Company to keep the information ready.

10. Speaker Registration for the AGM :

    A Member, who wishes to ask questions or express views at the AGM, may register with the Company as a 'Speaker' by sending an email to kfilinvestor@kirloskar.com mentioning full name, DP ID and Client ID / Folio Number and contact number from the registered e-mail ID at least seven days in advance. A Member, who has registered with the Company as a speaker, will be allowed to ask questions or express views at the AGM.

    For smooth conduct of proceedings of the AGM, Members may note that the Company reserves the right to restrict number of questions and speakers during the AGM depending upon availability of time.

11. A Member, who intends to claim any unclaimed or unpaid dividend(s), may send a written request to the Company or the Registrar and Share Transfer Agent. Details of unclaimed or unpaid dividends are available on the website of the Company, viz. www.kirloskarferrous.com

12. Since the AGM will be conducted through VC/OAVM facility, the Route Map is not annexed to the Notice of AGM.

Instructions for E-Voting and procedure for attending the AGM through VC/OAVM facility

Pursuant to provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014; Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings ('SS2') issued by the Institute of Company Secretaries of India, as amended; the Company is pleased to provide to the Members the facility to exercise the right to vote by electronic means through National Securities Depository Limited ('NSDL') in respect of the business to be transacted at the AGM.

The Remote e-voting period commences on Friday, 29 July 2022 at 9:00 a.m. (IST) and ends on Sunday, 31 July 2022 at 5:00 p.m. (IST) During this period, the Members of the Company holding shares either in physical form or in electronic form as on the Cut-off date i.e. Monday, 25 July 2022 may cast the vote electronically through remote e-voting. The remote e-voting facility shall be disabled by NSDL for voting after 5:00 p.m. (IST) on Sunday, 31 July 2022.

Voting rights shall be reckoned on the number of shares registered in the name of the Member as on the Cut-off date, i.e. Monday, 25 July 2022.

A Member attending the AGM, who has not caste the vote by means of remote e-voting, shall be able to cast the vote at the AGM through e-voting.

Members are requested to follow the instructions given below for casting the votes through e-voting and for attending the meeting through VC/OAVM facility :

Step 1 : Access to NSDL e-voting system

A. **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in electronic form**

   Pursuant to the Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9 December 2020 issued by the SEBI on e-Voting facility provided by Listed Companies, e-voting process has been enabled for all the individual demat account holders, by way of single login credential, through their demat accounts / websites of Depositories / Depository Participants in order to increase the efficiency of the voting process.

   Individual demat accountholders would be able to cast the vote without having to register again with the e-voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-voting process.

   Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in electronic form is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in electronic form with NSDL	1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under "IDeAS" section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services.

Type of shareholders	Login Method
	Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting and voting during the meeting. 4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. **NSDL Mobile App is available on** App Store Google Play
Individual Shareholders holding securities in electronic form with CDSL	1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and Income Tax PAN from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered mobile number and Email ID as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
Individual Shareholders (holding securities in electronic form) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting and voting during the meeting.

Note : Members, who are unable to retrieve User ID/ Password, are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in electronic form for any technical issues related to login through Depository i.e. NSDL and CDSL

Login type	Helpdesk details
Individual Shareholders holding securities in electronic form with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in electronic form with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542/43

B. Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in electronic form and shareholders holding securities in physical form

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.

3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in electronic form with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in electronic form with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 120369 then user ID is 120369001***

5. Password details for shareholders other than Individual shareholders are given below:

   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c) How to retrieve your 'initial password'?

      - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

      - If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

   a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com

b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com

c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your Income Tax PAN, your name and your registered address etc.

d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".

3. Now you are ready for e-Voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

Process for those shareholders, whose email ids are not registered with the Depository Participants / the Company / the R & T Agent for procuring user id and password and registration of email ids for e-voting for the resolutions set out in the Notice :

- Members, whose shares are held in physical form, are requested to provide Folio Number, Name of shareholder, scanned copy of the share certificate (front and back), Income Tax PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to kfilinvestor@kirloskar.com

- Members, whose shares are held in electronic form, are requested to provide DPID-CLID (16 digit DPID + CLID or 16 digit Beneficiary ID), Name, client master or copy of Consolidated Account Statement, Income Tax PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to kfilinvestor@kirloskar.com If you are an Individual shareholder holding securities in electronic form, you are requested to refer to the login method explained at step 1(A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in electronic form.

- Alternatively, a member may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.

- In terms of Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9 December 2020 issued by the SEBI on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in electronic form are allowed to vote through their demat accounts maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

Instructions for e-voting on the date of AGM are as given below :

- Procedure for e-voting on the date of the AGM is same as per instructions mentioned above for the remote e-voting.

- Only those Members, who will be present at the AGM through VC/OAVM facility and have not caste their votes on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system at the AGM.

- A Member, who has caste the vote by remote e-voting, may also attend the AGM but shall not be entitled to cast the vote again.

General Instructions for e-voting :

- Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authority letter etc. with attested specimen signature of duly authorized signatory(ies), who are authorized to vote, to the Scrutinizer by e-mail to csmsp.office@gmail.com with a copy marked to evoting@nsdl.co.in

- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password.

- In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

- Once a Member casts the vote on a resolution, the Member shall not be allowed to change it subsequently.

- In case of any query, you may refer the Frequently Asked Questions (FAQs) and e-voting user manual for members available at the 'Downloads section' of www.evoting.nsdl.com

  You can also contact Ms. Pallavi Mhatre, Assistant Manager via e-mail at evoting@nsdl.co.in or call Toll Free Number 1800 1020 990 and 1800 22 44 30.

- You can also update your mobile number and e-mail id in the user profile details of the folio, which may be used for sending future communication(s).

- Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes Member of the Company after dispatch of the Notice and holds shares as of the Cut-off Date may obtain the login ID and password by sending a request from the registered email ID to evoting@nsdl.co.in

  However, if you are registered earlier with the NSDL for e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details / Password" or Physical User Reset Password" option available on www.evoting.nsdl.com or call Toll Free Number 1800 1020 990 and 1800 22 44 30.

- In case of Individual Shareholders holding securities in electronic form, who acquire shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the Cut-off date may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system".

- At the AGM, the Chairman shall, after discussion on the business to be transacted at the AGM, allow voting by use of e-voting facility to all those members, who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

- Ms. Manasi Paradkar, Practicing Company Secretary (Membership No. FCS-5447 and CP No. 4385) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

- After the conclusion of e-voting at the AGM, the Scrutinizer will unblock the votes cast through remote e-voting / e-voting at the AGM and make, not later than forty eight hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or any other Director, who shall countersign the same and declare the result of the voting forthwith.

- The Results declared alongwith the report of the Scrutinizer will be filed with the BSE Limited within stipulated time and will be placed thereafter on the website of the Company viz. www.kirloskarferrous.com and on the website of NSDL after declaration of results by the Chairman or any other Director.

Statement setting out material facts pursuant to Section 102 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Item No. 4 of the Notice

Mr. Mahesh Ramchand Chhabria, aged 58 years, is a Chartered Accountant by profession and is a dedicated, focused and accomplished professional with over 30 years of experience in the financial services industry. In these 30 years, he worked with investment banks, private equity funds and also has been an independent director of several companies.

He has been the Managing Director of Kirloskar Industries Limited since July 2017. Prior to this, he worked as a partner with Actis, where he was responsible for advising Actis Global LLP, a leading private equity fund in the emerging market space, to invest their money in growth capital and buy out businesses in India. He previously worked at 3i India, where he was a partner in the firm's Growth Capital Group and the lead partner globally for the Healthcare sector, heading up and contributing to 3i investments in India and international markets. Before moving to private equity in 2006, he was co-head of investment banking at Enam, one of the leading domestic investment banks in India.

He is a regular speaker at various industry forums and occasionally contributes to some Indian business publications. He is a relationship builder with strong communication and interpersonal skills, with an extensive network of contacts, associates and friends at all levels in the financial services sectors, corporates, professional, legal and accounting firms, media and select regulatory bodies.

He was appointed as a Director of the Company on 3 November 2017. He is a Member of the Investments Committee of the Company.

Other Directorships :

Kirloskar Industries Limited	Kirloskar Oil Engines Limited
Kirloskar Pneumatic Company Limited	Arka Fincap Limited
Kirloskar Proprietary Limited	Arka Financial Holdings Private Limited
ZF Commercial Vehicle Control Systems India Limited	

Other Committee Positions :

Name of the Company	Name of committee and position held
Kirloskar Oil Engines Limited	Audit Committee – Member
	Nomination and Remuneration Committee – Member
Kirloskar Industries Limited	Risk Management Committee - Member
Kirloskar Pneumatic Company Limited	Nomination and Remuneration Committee – Member
Kirloskar Proprietary Limited	Remuneration Committee – Member

Name of the Company	Name of committee and position held
ZF Commercial Vehicle Control Systems India Limited	Audit Committee – Chairman
	Risk Management Committee – Member
Arka Fincap Limited	Audit Committee – Chairman
	Nomination and Remuneration Committee – Member
	Risk Management Committee - Member
	Allotment Committee – Chairman
	IT Strategy Committee - Member
Arka Financial Holdings Private Limited	Audit Committee – Chairman
	Nomination and Remuneration Committee – Member
	Risk Management Committee - Member
	Committee of Director Committee - Member

He is not related to any other Director or Key Managerial Person of the Company.

He does not hold any equity share in the Company

He attended all meetings of the Board of Directors held during the financial year 2021-2022.

Mr. Mahesh Chhabria and his relatives may be deemed to be concerned or interested, financially or otherwise, in the resolution.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board recommends the ordinary resolution set out at Item No. 4 of the Notice for approval of the Members.

Item No. 5 of the Notice

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time; the Company is required to include in the books of accounts, the cost records relating to utilization of materials, labour and other items of cost and the audit of cost records is to be conducted by a Cost Accountant in practice.

Upon recommendation of the Audit Committee, the Board of Directors at its meeting held on 17 May 2022 has appointed 'Dhananjay V. Joshi & Associates', Cost Accountants as the Cost Auditor of the Company to conduct the audit of cost accounting records for the financial year ending 31 March 2023 and approved the remuneration subject to the ratification of the Members at the ensuing annual general meeting.

Pursuant to provisions of Section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014; the remuneration payable to the Cost Auditor, as recommended by the Audit Committee and approved by the Board of Directors, shall be ratified by the Members of the Company. Accordingly, it is proposed to seek the ratification of the Members to the remuneration payable to the Cost Auditor.

None of the Directors or Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board recommends the ordinary resolution set out at Item No. 5 of the Notice for approval of the Members.

Item No. 6 of the Notice

Pursuant to provisions of Section 149 of the Companies Act, 2013 read with rules thereof and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; the Members of the Company at their annual general meeting held on 3 August 2017 have appointed Mr. Yashwant Sripad Bhave (DIN : 00057170) as an Independent Director of the Company to hold office for a term upto 2 August 2022.

In terms of provisions of Section 149(10) of the Companies Act, 2013 and Regulations 17(1A) and 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; Mr. Y. S. Bhave is eligible for reappointment subject to approval of the Members of the Company by way of a special resolution and disclosure of such appointment in Board's Report.

The Company has received a notice in writing from a Member pursuant to provisions of Section 160 of the Companies Act, 2013 proposing his candidature for the office of a Director.

He is not disqualified from continuing to act as a Director in terms of Section 164 of the Companies Act, 2013. Further, the Company has received declarations from him stating that he meets the criteria of independence as prescribed in Section 149(6) of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that he has not been debarred or disqualified from holding the office as a Director by the Securities and Exchange Board of India (SEBI) or the Ministry of Corporate Affairs or any such statutory / regulatory authority. He holds valid registration certificate with the Databank of Independent Directors.

In the opinion of the Board of Directors; he possesses integrity, expertise, experience and knowledge so as to enable the Board to discharge its functions and duties effectively. He also fulfills the conditions specified in the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and he is independent of the management of the Company.

The Board considers that his experience and expertise would be of immense benefit to the Company and it is desirable to avail his service as an Independent Director for another term.

Upon recommendation of the Nomination and Remuneration Committee and the Board of Directors, the approval of the Members has been sought for reappointment of Mr. Y. S. Bhave as an Independent Director to hold office for another term upto 15 July 2024.

A draft copy of letter of appointment as an Independent Director of the Company setting out terms and conditions of appointment, including remuneration, is available for inspection by the Members at the website of the Company viz. www.kirloskarferrous.com

Brief Profile of Mr. Y. S. Bhave is as given below :

Mr. Y. S. Bhave, aged 72 years, has completed B. Sc. and M. Sc. from Nagpur University and a Master's degree in Public Administration from Harvard University, USA. He was the Chairperson of Airports Economic Regulatory Authority of India (AERA) and the Secretary to the Government of India, the Ministry of Consumer Affairs, New Delhi. He has more than 44 years of experience in areas of Finance, Industry, Personnel, Infrastructure Development and Integrated Development Cooperation.

He is a Member of the Nomination and Remuneration Committee.

He does not hold any equity share in the Company.

Other Directorships :

Gharda Chemicals Limited	Pimpri Chinchwad Smart City Limited
Pune Smart City Development Corporation Limited	Association of Adolescents and Childcare in India

Other Committee Positions :

Name of the Company	Name of committee and position held
Gharda Chemicals Limited	Audit Committee – Member
	Nomination and Remuneration Committee – Member
	Corporate Social Responsibility Committee – Member
Pune Smart City Development Corporation Limited	Audit Committee – Member
	Nomination and Remuneration Committee – Member
Pimpri Chinchwad Smart City Limited	Audit Committee – Member
	Nomination and Remuneration Committee – Member

He is not related to any other Director on the Board of Directors of the Company.

He does not hold any equity share in the Company.

He attended all meetings of the Board of Directors held during the financial year 2021-2022.

Mr. Y. S. Bhave and his relatives may be deemed to be concerned or interested, financially or otherwise, in the resolution.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution as set out in Item No. 6 of the Notice.

The Board recommends the special resolution set out at Item No. 6 of the Notice for approval of the Members.

Item No. 7 and 8 of the Notice

Pursuant to provisions of Section 161 of the Companies Act, 2013, rules thereof and the Articles of Association of the Company and upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 17 May 2022 has co-opted Mr. Raviprakasha Srinivasa Srivatsan, Chief Financial Officer (DIN : 0009607651) as an Additional Director and also appointed him as the Executive Director (Finance) with effect from 17 May 2022 for a term of five years and fixed the terms of remuneration payable to him, subject to approval of the Members at the ensuing annual general meeting.

Pursuant to provisions of Regulation 17(1C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from 1 January 2022; the listed entity shall ensure that approval of shareholders for appointment of a person on the Board of Directors is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier.

The Company has received a notice in writing from a Member pursuant to provisions of Section 160 of the Companies Act, 2013 proposing his candidature for the office of a Director of the Company at its ensuing annual general meeting.

Mr. R. S. Srivatsan is not disqualified from being appointed as a Director in terms of Section 164 and Schedule V of the Companies Act, 2013 and has given his consent to act as a Director. Further, he has submitted the declaration stating that he has not been debarred or disqualified from holding the office as a Director by the Securities and Exchange Board of India (SEBI) or the Ministry of Corporate Affairs or any such statutory / regulatory authority.

Brief Profile of Mr. R. S. Srivatsan is as given below :

Mr. R. S. Srivatsan, aged 59 years, is a commerce graduate and a Chartered Accountant by profession. He has more than 37 years of experience in the fields of accounting, taxation, corporate finance and information technology. He has been employed with the Company since 12 January 1998 and was appointed as the Chief Financial Officer with effect from 1 April 2014.

Prior to his employment with the Company, he worked as a Senior Manager, Finance, at Vasavadatta Cement (Unit of Kesoram Industries Limited). He has been awarded the Best CFO Award twice in the 'Auto in Small Cap' category during the year 2019 and 2021 by the Dalal Street Investment Journal and once by Yes Bank and BW Businessworld in the year 2017.

He is not liable to retire by rotation till he continues as the Executive Director (Finance).

He is not a relative of any director on the Board of the Company.

He does not hold any directorship in any other company.

He holds 107,000 equity shares (0.08 percent) in the Company.

Mr. R. S. Srivatsan and his relatives may be deemed to be concerned or interested, financially or otherwise, in the resolution.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolutions as set out in Item Nos. 7 and 8 of the Notice.

The Board recommends ordinary resolutions set out at Item Nos. 7 and 8 of the Notice for approval of the Members.

Item No. 9 of the Notice

Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and effective from 1 April 2022, states that, inter-alia :

- the transactions with a related party shall be considered as material, if the aggregate value of all transactions during a financial year exceeds rupees one thousand crores or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.
- All material related party transactions shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

Pursuant to the SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated 22 November 2021; details of proposed transactions to be entered into with ISMT Limited, a subsidiary and a related party within the meaning of Section 2(76) of the Companies Act, 2013 are as given below :

Sr. No.	Particulars	Details
1	Name of Related Party	ISMT Limited
2	Nature of relationship	Subsidiary company
3	Particulars, tenure and value of proposed transactions	Proposed contract(s) / transaction(s) / arrangement(s) to be entered into on annual basis are as given below : • Sale of pig iron, castings and other products. • Purchase of tubes and other products. • Purchase and/or sale of other products and services. • Grant of unsecured loan(s). • Issue of corporate guarantee(s) and/or support for financial obligations. • Any other transaction as may be decided by the Audit Committee and/or the Board of Directors from time to time. Aggregate value of proposed transactions shall not exceed the sum of ₹ 1,500 Crores in any financial year.
	Whether the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company.	Terms and conditions relating to the grant of unsecured loan(s), issue of corporate guarantee(s) and/or support for financial obligations; repayment of loans and purposes for utilization of funds or guarantee(s) by the subsidiary will be decided at the time of grant of loan(s) or issue of corporate guarantee(s) or financial arrangement(s), whenever required. Aforesaid arrangements will be financed by the Company by way of internal accruals and/or borrowing by issue of securities.
4	Percentage of annual consolidated turnover of the Company for the financial year 2021-2022 represented by value of proposed transactions	40.02 percent
5	Percentage of annual standalone turnover of the subsidiary for the financial year 2021-2022 represented by value of proposed transactions	70.64 percent

Sr. No.	Particulars	Details
6	Percentage of annual consolidated turnover of the subsidiary for the financial year 2021–2022 represented by value of proposed transactions	70.39 percent
7	A summary of information provided by management of the Company to Audit Committee	Details, tenure and value of proposed transactions to be entered with the subsidiary on annual basis have been reviewed by the Audit Committee of the Company at its meeting held on 16 May 2022. The Audit Committee has noted that aforesaid transactions will be on an arm's length basis and in the ordinary course of business of the Company.
8	Justification for why the proposed transaction is in the interest of the listed entity	The Company is engaged in the business of manufacture of pig iron and iron castings. ISMT Limited is engaged in the business of manufacturing of seamless tubes, pipes and engineering steels. Pig iron is one of the raw materials for manufacture of steel. Corporate Guarantee(s) and/or support for financial obligations will be provided to the subsidiary to enable participation in the tender process for supply of products and/or services and/or for operational requirements of the subsidiary. Proposed transactions between the Company and ISMT Limited will not only smoothen business operations for both companies, but also ensure consistent flow of desired quality and quantity of products and/or services without interruptions and generation of revenue and business for both companies to cater to their business requirements.
9	Valuation / external party report, if any, has been relied upon	None

Mr. Rahul Kirloskar, Mr. R. V. Gumaste and Mr. Venkataramani S., being Directors in the subsidiary, may be deemed to be concerned or interested in the resolution. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution as set out in Item No. 9 of the Notice.

The Board recommends the ordinary resolution set out at Item No. 9 of the Notice for approval of the Members.

By order of the Board of Directors of
Kirloskar Ferrous Industries Limited

Registered Office :
13, Laxmanrao Kirloskar Road,
Khadki, Pune 411003
CIN: L27101PN1991PLC063223
Email : kfilinvestor@kirloskar.com

Date : 17 May 2022
Place : Pune

Mayuresh Gharpure
Company Secretary

Directors' Report

To The Members

The Directors are pleased to present the 31st Annual Report together with the Audited Financial Statements for the year ended 31 March 2022 of Kirloskar Ferrous Industries Limited ('the Company').

Financial Summary (Standalone)

(₹ in Crores)

Particulars	2021-2022	2020-2021
Total Income	3,626.26	2,040.91
Profit before tax	542.69	363.19
Tax Expenses	136.59	61.08
Profit for the year	406.10	302.11
Other Comprehensive Income for the year	3.41	(0.82)
Total Comprehensive Income for the period	409.51	301.29
Profit brought forward from previous year	659.65	390.92
Final Dividend paid on equity shares	(41.53)	Nil
Interim Dividend paid on equity shares	(34.67)	(27.67)
Transfer to General Reserves	(5.00)	(5.00)
Balance carried to Surplus in Statement of Profit and Loss	985.09	659.65

Dividend

The Board of Directors at its meeting held on 24 January 2022 declared an Interim Dividend of ₹ 2.50 per equity share of ₹ 5 each (i.e. 50 percent) and the Interim Dividend has been paid to the eligible Members on 18 February 2022.

The Board of Directors at its meeting held on 17 May 2022 has also recommended a Final Dividend of ₹ 3 per equity share of ₹ 5 each (i.e. 60 percent) for approval of the Members at the ensuing annual general meeting.

Accordingly, total dividend payout for the financial year 2021-2022 aggregates to ₹ 5.50 per equity share of ₹ 5 each (i.e. 110 percent).

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted the Dividend Distribution Policy. Copy of the same is available at the website of the Company, viz. www.kirloskarferrous.com

Company Performance

The Company achieved Net Sales of ₹ 3,614.97 Crores as compared to ₹ 2,038.08 Crores in the previous year.

The Profit Before Tax for the year under review stood at ₹ 542.69 Crores as compared to ₹ 363.19 Crores of the previous year after providing for depreciation and amortisation.

During the year under review,

- The Company maintained the leadership position in the Castings business, which recorded a growth of 23.60 percent over previous year, with substantial capacity utilisation improvement in Foundry Line II at Koppal plant.
- The operations of the pig iron plant at Hiriyur stabilised and the sinter project was completed as per the timeline. The plant was operational throughout the year and contributed both in volume and value growth of the company.

Sale of products

The Company sold 4,95,555 MT of pig iron valued at ₹ 2,201.77 Crores (which includes 1,50,431 MT from its Hiriyur plant) during the financial year 2021-2022 as compared to 313,690 MT of pig iron valued at ₹ 1,067.32 Crores in the previous financial year.

The demand for all the grades of pig iron was good across the sectors throughout the year under review. The average realisation of pig iron, which was at around ₹ 34,000 per MT in the previous year went upto around ₹ 44,400 per MT during the year under review.

The Company sold 1,14,342 MT of castings aggregating to ₹ 1,289.63 Crores during the financial year 2021-2022 as compared to 92,507 MT castings aggregating to ₹ 874.40 Crores for the previous financial year.

The demand for the casting was strong led by the tractor industry in first two quarters of the financial year and later led by commercial vehicle industry and auto sector.

Operational Improvements

Pig Iron

During the year under review, your Company was successful in increasing sale prices of pig iron with the increase in the input material costs.

During the year under review, iron ore prices increased from around ₹ 6,500 per MT in April 2021 to around ₹ 8,000 per MT by

June 2021 and prices remained range bound till October 2021. However, prices started reducing from November 2021 and touched around ₹ 6,000 per MT by March 2022. The fluctuation in iron ore prices are mainly attributed to variation in steel production in China.

During the year under review, prime coking coal prices, which were around USD 135 per MT in first quarter, moved upto USD 430 per MT by January 2022 due to inclement weather and pandemic restrictions resulting in reduced production of coal in Australia. Further, the Russia- Ukraine war contributed to increased prices for prime coking coal from USD 430 per MT to around USD 625 per MT by the end of March 2022.

Your Company mitigated the risk of variation in the coking coal prices by strategic sourcing of coking coal when the prices of coking coal were economical. Further during the year, the agreement for conversion of coal to coke helped in mitigating the coke price fluctuations. Both these strategies contributed to in substantial reduction in coke costs and helped in increasing the profitability of the Company.

The Coke Oven plant and the Power Plant was operated throughout the year at rated capacity, which helped the Company to achieve substantial improvement in cost reduction and thereby contributing to the profitability.

Castings

During the year under review, the revenue from the sale of machined castings increased compared to previous year and was also successful in getting the order to supply castings in machined castings from two more customers.

The Company continuously worked on improving the casting sales volume growth and quality at both Koppal and Solapur plants. This has resulted in increase in the casting sales growth of 23.6 percent over the previous year. Total rejections were around 5.20 percent.

During the year under review, major raw material, alloys and chemicals prices have gone up substantially. The Company was successful in passing the increase in the input costs to the customers through established price adjustment mechanism.

The Company continues to focus on increasing the revenue from supply of castings in machined condition and around 12 percent of castings were sold in machined condition.

Finance costs

The Company worked on optimisation of interest rates by availing credit facilities at competitive rates and effectively managed the working capital thereby reducing the interest expenses.

The Company hedged import transactions of input materials by taking forward covers to minimize the impact of fluctuations in the forex currencies.

Updates on customers

During the year under review, the Company was successful in adding two new customers and increase in share of business, while adding new products from current customers and also increased the supply of machined castings.

Update on Projects

Following projects were completed during the financial year under review :

- The Sinter plant at Hiriyur was commissioned in November 2021 and was stabilised by January 2022. This has helped in reducing the coke consumption and dependency on iron ore lumps by replacing with iron ore fines, thereby reducing the manufacturing costs and increasing the profitability.
- The Company has undertaken various projects for debottlenecking and improving the capacity utilisation and also undertook upgradation on technology / infrastructure in foundry and machine shops both at Koppal and Solapur plants, to meet the increasing demand for castings from customers.

Following projects have been undertaken during the year under review :

- Setting up of new moulding line at Solapur plant with contemporary technology with a capacity of 40,000 MT per annum.
- Establishment of Coke Oven phase II to enhance the capacity from 2 lakhs MT per annum to 4 lakhs MT per annum and Power Plant (using waste gas generated from Coke Oven plant) phase II to enhance the power generation capacity from 20 MW to 40 MW.
- Upgradation of Mini Blast Furnace II with Bell-less top equipment.
- Installation of Pulvarised Coal Injection into Mini Blast Furnaces with Oxygen enrichment facility.
- Expanding machining capacity to add more value.

Changes in the Equity Share Capital

During the financial year; 368,363 equity shares of ₹ 5 each were allotted upon exercise of stock options pursuant to 'KFIL Employee Stock Option Scheme 2017'. As at the end of the financial year, the issued, subscribed and paid-up share capital of the Company was ₹ 693,585,220 consisting of 138,717,044 equity shares of ₹ 5 each fully paid.

Issue and allotment of Non-Convertible Debentures

2,500 rated, listed, unsecured, redeemable Non-Convertible Debentures (NCDs) of the face value of ₹ 10 lakh each aggregating to ₹ 250 Crores were issued and allotted on 10 March 2022 by way of private placement basis.

Non-Convertible Debentures have the coupon rate of 6.65 percent per annum and were issued in two series, viz. Series A redeemable after 2 years and Series B redeemable after 3 years (with a put/call option at the end of 2 years).

ICRA Limited vide its letter dated 28 February 2022 has assigned the long-term rating of 'ICRA AA with Negative Outlook' for issue of Debentures by the Company.

Proceeds from issue of Non-Convertible Debentures have been utilised for onward unsecured lending to ISMT Limited and for deposit to the escrow account in respect of Open Offer for acquisition of equity shares from public shareholders of ISMT Limited.

Directors

a) Changes in Directors and Key Managerial Personnel

Mr. Mahesh Chhabria (DIN : 00166049) retires by rotation at the ensuing annual general meeting and being eligible, offers himself for re-appointment.

Upon recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 17 May 2022 has recommended re-appointment of Mr. Y. S. Bhave, Independent Director (DIN : 00057170) for another term to hold office upto 15 July 2024, for approval of the Members at the ensuing annual general meeting.

Upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 17 May 2022 has co-opted Mr. Raviprakasha Srinivasa Srivatsan, Chief Financial Officer (DIN : 0009607651) as an Additional Director of the Company and also appointed as the Executive Director (Finance) and Chief Financial Officer ['Key Managerial Person'] with effect from 17 May 2022 for a term of five years, subject to approval of the Members at the ensuing annual general meeting.

Changes in Directors during the financial year 2021-2022

The Board of Directors at its meeting held on 22 October 2021 co-opted Mr. Venkataramani S. as an Additional Director in the category of Independent Director with effect from 22 October 2021. The Members of the Company at their Extra Ordinary General Meeting held on 21 December 2021 have appointed him as an Independent Director of the Company to hold office for a term upto 21 October 2026.

Changes in Key Managerial Personnel (KMP) during the financial year 2021-2022

There was no change in the Key Managerial Personnel during the financial year 2021-2022.

b) Statement on declarations by Independent Directors

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013, rules thereof and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and they are in compliance with the Code for Independent Directors as prescribed in Schedule IV to the Companies Act, 2013.

Pursuant to provisions of Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and as amended; all the Independent Directors have confirmed that they hold valid registration certificate with the Databank of Independent Directors.

The Company has laid down a Code for the Board of Directors and Senior Management of the Company. The said Code is available on the website of the Company viz. www.kirloskarferrous.com All the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct.

c) Board Evaluation

Pursuant to provisions of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; the Board has carried out a formal review for evaluating the performance and effectiveness of the Board, Committees of the Board and of individual directors.

Performance of the Board was evaluated on the basis of criteria such as board composition and structure, effectiveness of board processes, participation in organisation strategy, etc. Performance of various committees was evaluated by the Board based on appropriate criteria.

d) Nomination and Remuneration Policy

Upon recommendation of the Nomination and Remuneration Committee, the Board has adopted a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management Personnel and their remuneration. The policy is available on the website of the Company, viz. www.kirloskarferrous.com

e) Number of meetings of the Board

During the financial year 2021-2022, seven meetings of the Board of Directors were convened and held, details of which are provided in the Report on Corporate Governance.

f) Composition of Audit Committee and other committees of the Board

Details of composition of committees of the Board, viz. Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee are provided in the Report on Corporate Governance.

Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

During the financial year under review, the Company has acquired 154,000,000 equity shares of ₹ 5 each of ISMT Limited for an aggregate consideration of ₹ 476.63 Crores on 10 March 2022 by way of preferential allotment pursuant to terms of the Share Subscription Agreement dated 25 November 2021 executed between the Company, ISMT Limited and certain promoters forming the promoter group of ISMT Limited.

Pursuant to terms of the Unsecured Loan Agreement dated 25 November 2021 executed between the Company and ISMT Limited, the sum of ₹ 194 Crores has been granted as unsecured loan to ISMT Limited on 10 March 2022.

The Company has also granted loans to employees as per the company policy and to suppliers in the normal course of business of the Company aggregating to ₹ 2.58 Crores.

Aforesaid loans and investments by the Company are within the limit approved by the Members of the Company pursuant of provisions of Section 186(3) of the Companies Act, 2013.

The Company has not granted any guarantee within the purview of Section 186 of the Companies Act, 2013.

Transactions with related parties

During the year under review, all related party transactions entered into by the Company were approved by the Audit Committee and were at arm's length and in the ordinary course of business.

Pursuant to provisions of Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014; there was no material transaction with any related party and accordingly, the disclosure in Form AOC-2 is not applicable to the Company.

The policy on related party transactions is available on the website of the Company, viz. www.kirloskarferrous.com

General

During the financial year 2021–2022;

- Pursuant to provisions of Section 148 of the Companies Act, 2013 and rules thereof; maintenance of cost records has been mandatory for the Company and such accounts and records relating to utilisation of materials, labour and other items of cost have been prepared and maintained.
- Secretarial Standards issued by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Companies Act, 2013 have been complied with.
- The Company has not accepted any public deposit pursuant to provisions of the Companies Act, 2013 and rules thereof.
- There has been no change in the nature of business of the Company.
- To the best of our knowledge, the Company has not received any such order from Regulators, Courts or Tribunals, which may impact the going concern status or the operations of the Company in future.
- No case of fraud by any officer or employee of the Company has been reported by any auditor of the Company either to the Audit Committee or the Board pursuant to provisions of Section 143(12) of the Companies Act, 2013.
- Neither any application has been made nor any proceeding has been pending against the Company under the Insolvency and Bankruptcy Code, 2016.
- There was no incidence of settlement in respect of any loan availed from any bank or financial institution.

There is no material change or commitment occurring after the end of the financial year, which may affect the financial position of the Company.

Details of the remuneration received by the Managing Director from holding / subsidiary company

For the financial year 2021-2022, Mr. R. V. Gumaste, Managing Director has received the remuneration of ₹ 60,000 as the sitting fees from ISMT Limited (subsidiary company). He has not received any remuneration from Kirloskar Industries Limited (holding company).

Subsidiary Company and Consolidated Financial Statements

Consolidated Financial Statements for the year ended 31 March 2022 have been presented in addition to the Standalone Financial Statements of the Company.

During the financial year under review, the Company has acquired sole control over ISMT Limited on 10 March 2022 by acquiring 154,000,000 equity shares of ₹ 5 each of ISMT Limited (i.e. 51.25 percent) through preferential allotment pursuant to terms of the Share Subscription Agreement dated 25 November 2021 executed between the Company, ISMT Limited and certain promoters forming the promoter group of ISMT Limited. Consequent to the aforesaid allotment of equity shares, ISMT Limited has become a subsidiary of the Company with effect from 10 March 2022 pursuant to the provisions of Section 2(87)(ii) of Companies Act, 2013.

Further, the Company has also acquired 5,747 equity shares of ₹ 5 each of ISMT Limited for an aggregate consideration of ₹ 183,390 on 8 April 2022 through the Open Offer pursuant to provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

ISMT Limited (earlier known as The Indian Seamless Metal Tubes Limited) has been incorporated as a public limited company in the year 1977 and commenced production of seamless tubes in the year 1980. It has steel production facility at Jejuri in Maharashtra and seamless tube and pipes manufacturing units at Ahmednagar and Baramati in Maharashtra. It also has a captive power plant (presently not in operation) located at Chandrapur in Maharashtra.

The acquisition of ISMT has facilitated KFIL to enter the business segment of steel manufacturing and seamless tubes.

Performance Highlights for the financial year 2021-2022 :

Name and Registered Office of the Subsidiary	Percentage Holding	Particulars	Consolidated Financial Results (₹ in Crores)
ISMT Limited Panama House, Viman Nagar, Pune 411014 Maharashtra India	51.25	Total Income	2,182.03
		Total Expenses	2,176.50
		Profit before Exceptional Items and Tax	5.53
		Exceptional Items	2,511.38
		Profit before Tax	2,516.91
		Tax expenses	142.83
		Profit after Tax	2,374.08
		Other Comprehensive Income	(6.21)
		Total Comprehensive Income	2,367.87

Risk Management Framework

The Company has a Risk Management Committee consisting of Mr. V. M. Varma as the Chairman and Mr. R. V. Gumaste, Mr. A. N. Alawani and Mr. M. V. Kotwal as Members of the Committee. Based on the recommendation of the Committee, the Risk Management Policy has been amended to include ESG related risks, information and cyber security risks. The Board reviews effectiveness of risk management activities on regular basis.

The process of risk management covers risk identification and classification of risks, risk rating, risk mitigation and risk monitoring and review. Risks have been classified as strategic, operational, financial, statutory / compliance and reputational.

Based on recommendation of the Risk Management Committee, the Risk Coordinator has been appointed to work with Risk Owners to identify risks and facilitate development of risk mitigation plans.

Internal Financial Controls

The Company has deployed controls including defined code of conduct, whistle blower policy, management review and MIS mechanisms, internal audit mechanism. The process level controls have been instituted through company policies and procedures and continuous monitoring of efficiency in operations.

There is regular management oversight of the internal controls environment at the Company. The Audit Committee alongwith the Management oversees reports of the internal audit and reviews implementation on a periodic basis.

Vigil Mechanism / Whistle Blower Policy

The Board of Directors has adopted the Vigil Mechanism / Whistle Blower Policy to deal with instances of fraud, unethical behaviour, mismanagement, leakage of Unpublished Price Sensitive Information (UPSI), etc. The policy has provided a mechanism for employees and other persons dealing with the Company to report to the Chairman of the Audit Committee any such instance. No case was filed during the year.

The policy has been uploaded at the website of the Company, viz. www.kirloskarferrous.com

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place a Policy for Prevention of Sexual Harassment at workplace. This would, inter alia, provide a mechanism for the resolution, settlements or prosecution of acts or instances of sexual harassment at workplace and to ensure that all employees are treated with respect and dignity. There was no complaint / case filed / pending with the Company during the year under review.

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Annual Returns filed with the Ministry of Corporate Affairs (MCA)

Pursuant to provisions of Section 134 read with Section 92(3) of the Companies Act, 2013, as amended; copies of annual returns filed with the MCA are available at the website of the Company viz. www.kirloskarferrous.com and the Annual Return for the financial year 2021-2022 will be uploaded on the website after filing with the MCA.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Details on conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 are annexed herewith as **Annexure A**.

Corporate Social Responsibility (CSR)

The Company has always believed in working for the betterment and upliftment of the society. Corporate Social Responsibility (CSR) has been practiced over the years in the Company. Focus areas under CSR include Education, Health and Hygiene, Environment and Rural Development. The Company has been carrying out various CSR activities directly or through implementing agencies.

The composition of CSR Committee and the Report on CSR activities during the financial year is annexed herewith as **Annexure B**.

Information pursuant to Rule 5 of the Companies (appointment and remuneration of managerial personnel) Rules, 2014

Information relating to remuneration and other details as required pursuant to Rule 5 of the Companies (appointment and remuneration of managerial personnel) Rules, 2014 is annexed herewith as **Annexure C**.

Employee Stock Options Schemes (ESOS)

The Company views employee stock options as an instrument that would enable the employees to share the value they create for the Company and align individual objectives of the employees with the objectives of the Company.

The Company has two employee stock option schemes, viz. KFIL Employee Stock Option Scheme 2017 ('KFIL ESOS 2017') and KFIL Employee Stock Option Scheme 2021 ('KFIL ESOS 2021') in order to motivate, incentivize and reward employees. The Board of Directors and the Nomination and Remuneration Committee of the Company are authorised to administer both schemes.

With a view to align with provisions of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 effective from 13 August 2021, both schemes have been amended with effect from 22 October 2021 upon the recommendation of the Nomination and Remuneration Committee and the approval of the Board of Directors of the Company.

During the financial year, the Nomination and Remuneration Committee at its meeting held on 22 October 2021 has granted 3,70,000 stock options under KFIL ESOS 2017. No stock option has been granted under KFIL ESOS 2021 as of 31 March 2022.

Pursuant to Regulation 13 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; certificates from the secretarial auditor that the schemes have been implemented in accordance with these regulations and in accordance with the resolutions passed by the Members of the Company in the general meetings would be placed before the Members at the ensuing annual general meeting.

Disclosures on schemes, details of options granted, shares allotted upon exercise are enclosed herewith as Annexure D and are available on the website of the Company at www.kirloskarferrous.com

No employee has been granted stock options equal to or exceeding one percent of the issued capital of the Company.

In line with the Indian Accounting Standards ("Ind AS") 102 on 'Share Based Payments' issued by the Institute of Chartered Accountants of India ("ICAI"); the Company has computed the cost of equity-settled transactions by using the fair value of the options at the date of the grant and recognized the same as employee compensation cost over the vesting period.

Auditors

a) Statutory Auditor

The Members of the Company at their annual general meeting held on 27 July 2021 have reappointed M/s. Kirtane & Pandit LLP, Chartered Accountants as the Statutory Auditor of the Company to hold office for another term of five years from the conclusion of 30th Annual General Meeting until the conclusion of 35th Annual General Meeting of the Members of the Company.

The statutory auditor has provided a certificate confirming that requirements prescribed under provisions of Section 141 of the Companies Act, 2013 have been fulfilled.

The report given by the statutory auditor on the standalone and consolidated financial statements of the Company for the financial year 2021-2022 forms part of this Annual report. There is no qualification / reservation / adverse remark in the report given by the statutory auditor.

b) Secretarial Audit

Pursuant to provisions of Section 204 of the Companies Act, 2013 and rules thereof; Mr. Mahesh J. Risbud, Practicing Company Secretary has been appointed to conduct the Secretarial Audit of the Company for the financial year 2021-2022. The Secretarial Audit Report issued by him is annexed herewith as Annexure E. There is no qualification / reservation / adverse remark in the Secretarial Audit Report.

Pursuant to the SEBI Circular CIR/CFD/CMD1/27/2019 dated 8 February 2019; Mr. Mahesh J. Risbud, Practicing Company Secretary has also issued the Secretarial Compliance Report for the financial year 2021-2022.

c) Cost Auditor

Pursuant to provisions of Section 148 of the Companies Act, 2013 and rules thereof, the Board of Directors has appointed M/s. Parkhi Limaye and Co, Cost Accountants as the Cost Auditor to conduct the audit of cost records maintained by the Company for the financial year 2021-2022.

The Board of Directors at its meeting held on 17 May 2022 has appointed M/s. Dhananjay V. Joshi & Associates, Cost Accountants to conduct the audit of cost records to be maintained by the Company for the financial year 2022-2023.

Report on Management Discussion and Analysis

Pursuant to provisions of Regulation 34(3) of the SEBI (LODR) Regulations, 2015; the Report on Management Discussion and Analysis forms part of this Annual Report.

Report on Corporate Governance

The Company conforms to norms of the corporate governance as envisaged in the Listing Agreement executed with the stock exchange. Pursuant to provisions of Regulation 34(3) of the SEBI (LODR) Regulations, 2015; the Report on Corporate Governance forms part of this Annual Report.

A certificate from the statutory auditor, regarding compliance with conditions of corporate governance as required pursuant to provisions of the SEBI (LODR) Regulations, 2015 has been annexed to the Report on Corporate Governance.

Business Responsibility Report

Pursuant to provisions of Regulation 34(2)(f) of the SEBI (LODR) Regulations, 2015; the Business Responsibility Report forms part of this Annual Report.

Directors' Responsibility Statement

Pursuant to provisions of Section 134 of the Companies Act, 2013 in respect of Directors' Responsibility Statement; the Directors state that :

a) in the preparation of the annual accounts; the applicable accounting standards have been followed and there were no material departures;

b) accounting policies as mentioned in the Notes forming part of the Financial Statements have been selected and applied consistently. Further, judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2022 and of the profit of the Company for the year ended on that date;

c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the annual financial statements have been prepared on a going concern basis;

e) proper internal financial controls were laid down and such internal financial controls were adequate and were operating effectively and

f) proper systems were in place to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

Cautionary Statement

Statements in this report, particularly those which relate to the Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

Appreciation

The Directors wish to place on record their appreciation towards the contribution of all employees of the Company and their gratitude to the Company's valued customers, bankers, vendors and members for their continued support and confidence in the Company.

For and on behalf of the Board of Directors of
Kirloskar Ferrous Industries Limited

Atul Kirloskar
Chairman
(DIN : 00007387)

Date : 17 May 2022
Place : Pune

Annexure A

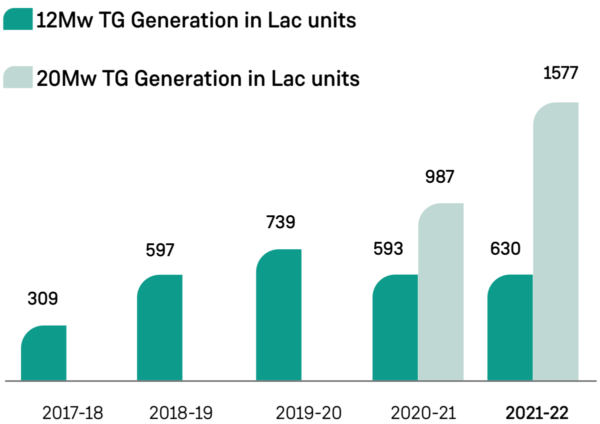
Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

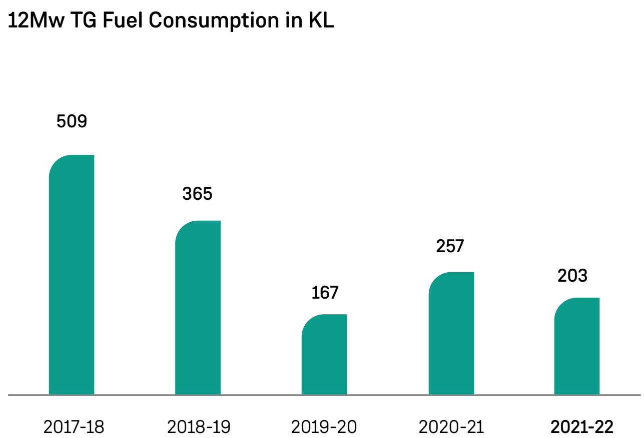
A. Conservation of energy

a) Energy conservation measures taken during the financial year 2021-2022 :

- Commissioning of Sinter plant at Hiriyur plant thereby reducing coke consumption in blast furnace.
- LT load of Sinter plant taken on TG by installing additional 2 MVA transformer which led to effective utilisation of BF gas and also reduced grid import at Hiriyur plant.
- Thermal insulation provided to MBF cold blast line to avoid loss of temperature and improve hot blast temperature at Hiriyur plant.
- Installation of variable frequency drives for Sand Cooler drive at Koppal foundry and cooler blower and tail ESP fan at Sinter plant Hiriyur to reduce power consumption.
- Installation of load manager for induction furnaces for better utilization of in house power and to reduce grid import at Koppal plant.
- Replacement of old motors with energy efficient motors at both Koppal and Solapur Plants.
- Purchase of Solar and Wind/ Hydel power through open access at Koppal and Hiriyur plants.
- All idle running conveyor belts eliminated by providing proper interlocks to reduce power consumption at Koppal plant.
- Reduction in power import from grid by doing proper redistribution of loads and thereby utilising the 20 MW Power and Turbo Generator power at Koppal plant.
- Replacement of conventional Lights with LED light fittings at Koppal, Hiriyur and Solapur Plants.

Figures of Power generation and Fuel Consumption :





b) Proposals for the financial year 2022-2023 :

- Conducting of Energy Audit by third party and taking actions on the audit findings at both Koppal and Hiriyur plants.
- Automation of induction furnaces to reduce power consumption at Koppal plant.
- Installation of air preheater for stoves to increase hot blast temperature and reduce coke consumption at Hiriyur plant.
- Installation of truck tippler for unloading of coke and other raw materials to reduce multiple handling and fines generation at Hiriyur plant.
- Power factor improvement on 66KV line at Hiriyur plant.
- Various variable frequency drives installation as per Energy audit report at both Koppal and Solapur plants.
- Purchase of RE power at both Koppal and Hiriyur plants.

c) Impact of the above measures :

- Reduction in energy consumption.
- Reduction in Coke consumption.
- Conservation of non-renewable energy resources.
- Improvement in operational efficiency and widening the scope for energy conservation.

B. Technology Absorption :

Following projects are under implementation

- Coke oven technology for coke oven (phase II)
  - o High transmission efficiency with six link arch design for effective waste heat recovery which enables higher power generation.
  - o All castable design in doors and dampers for better refractory life.
- Waste heat recovery power plant (Phase II)

Boiler placed in between coke oven batteries to reduce waste heat temperature loss and resulting in higher power generation.

- Mini blast furnace
  - o Latest embedded stave cooling technology in the blast furnaces for better refractory life and furnace operation stability.
  - o State of Art – AVRM (Automatic Vertical Roller Mill Technology) and Roto Feed Gravimetric machines for efficient injection of pulverised coal into blast furnace.
  - o VPSA (Vacuum Pressure Swing Adsorption) Technology based O2 plant for oxygen enrichment in blast furnace.
  - o Bell less top technology for furnace feeding
- Robotic fettling and finishing for Castings.

C. Foreign Exchange Earnings and Outgo :

	(₹ in Crores)
Earnings	Nil
Outgo	1,065.28

D. Research and Development (R&D) :

The Company focuses in the area of new process development and new product development in the field of Foundry. The Company is also working for development and progress in achieving improved processes for manufacture of pig iron and thereby reduce the cost of manufacture of pig iron.

1. Specific areas in which R&D carried out by the Company :
   - Joint design and development activities of CNG engine components along with OEMs
   - Joint design and development of Transmission part with reduced weight and Improved designs for different applications
   - Faster development of castings for compressors used for Oxygen plants during COVID crisis
   - Exploring possibilities for Indigenisation of 3D printing Raw materials
   - Extending tool life with new concepts in tool manufacturing
   - Study of the 3D Printing process of core for mass production
   - Study of Lost Foam Casting for new technology development
2. Benefits derived as result of the above R&D :
   - Customer appreciation for quick development of castings under crisis situation
   - Reduction of development cycle time.
   - Reduced casting weight and better value for customers.
   - Reduced cost for Proto casting production.
3. Future plans of action :
   - New Transmission parts with reduced weight.
   - Plastic printing technology for making quick changes in fixtures and tools used for development.
   - Lost Foam Casting Process feasibility study and adaptation.
   - Adopting 3D printing core making process for mass production through indigenisation of raw materials and high speed printing machines
   - Value engineering solutions to Original Equipment Manufacturers.
   - Continuous improvements to make the processes more efficient to make the processes more efficient.
4. Expenditure on R & D :

(₹ in Crores)

Particulars	2021-2022	2020-2021
Capital	0.15	0.42
Recurring	4.22	3.27
Total R & D expenditure	4.37	3.69

Annexure B

Annual Report on CSR Activities

[Pursuant to Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. Brief Outline on CSR Policy of the Company :

As per the Corporate Social Responsibility (CSR) Policy of the Company as adopted by the Board of Directors at its meeting held on 28 April 2017, eligible funds for CSR activities in each financial year will be expended in the areas of Education, Environment, Health and Hygiene and Rural Development through one or more implementing agencies. These CSR activities will be carried out through various programmes or projects as specified in the CSR Policy.

2. Composition of CSR Committee :

The CSR Committee comprises of three Directors, viz. Mr. Rahul Kirloskar as the Chairman of the CSR Committee and Mr. R. V. Gumaste, Managing Director and Mr. R. Sampathkumar, Independent Director as Members of the CSR Committee.

During the financial year 2021-2022, one meeting of the CSR Committee was held on 5 May 2021.

Details of attendance at the meetings of the CSR Committee are as given below :

Name of Director	Designation / Nature of Directorship	Number of meetings held	Number of meetings attended
Mr. Rahul Kirloskar	Non-Independent and Non-Executive	1	1
Mr. R. V. Gumaste	Managing Director	1	1
Mr. R. Sampathkumar	Independent Director	1	1

3. The composition of CSR committee and the CSR Policy of the Company are available at the website of the Company, viz. www.kirloskarferrous.com

4. Provisions of sub-rule (3) of Rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014 relating to carrying out of impact assessment of CSR projects are not applicable to the Company.

5. Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set-off for the financial year, if any

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	2018-2019	880,732	--
2	2019-2020	1,338,511	--
3	2020-2021	12,257,483	--
	Total	14,476,726	--

6. Average Net Profit of the Company as per Section 135(5) of the Companies Act, 2013 for the financial years 2018-2019, 2019-2020 and 2020-2021 is ₹ 2,220,298,956.

7.

(a)	Two percent of average net profit of the company as per Section 135(5)	₹ 44,405,979
(b)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	Nil
(c)	Amount required to be set off for the financial year, if any	Nil
(d)	Total CSR obligation for the financial year (7a+7b-7c)	₹ 44,405,979

8. (a) CSR amount spent or unspent for the financial year :

Total amount spent for the financial year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of Transfer	Name of Fund	Amount	Date of Transfer
45,296,565	Nil	--	--	Nil	--

(b) Details of CSR amount spent against ongoing projects for the financial year :

No amount has been spent against any ongoing project during the financial year 2021-2022.

(1)	(2)	(3)	(4)	(5)		(6)
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/ No)	Location of the Project		Project duration
				State	District	
--	Nil	--	--	--	--	--

(7)	(8)	(9)	(10)	(11)	
Amount allocated for the project (in ₹)	Amount spent in the current financial year (in ₹)	Amount transferred to unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of implementation – Direct (Yes / No)	Mode of Implementation - through implementation agency	
				Name	CSR Registration number
--	--	--	--	--	--

(c) Details of CSR amount spent against other than ongoing projects for the financial year :

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/ No)	Location of the Project		Amount spent for the project (₹ in Lakhs)	Mode of implementation – Direct (Yes / No)	Mode of Implementation – through implementation agency	
				State	District			Name	CSR Registration number
1	Promotion of Education	Education	No	Maharashtra	Pune	235.00	No	Kirloskar Institute of Advanced Management Studies	CSR00004586
2	Infrastructure for schools and colleges	Education	Yes	Karnataka	Koppal & Hosapete	23.85	No	Kirloskar Ferrous Rural Development Trust	CSR00007285
			No	Karnataka	Bijapur & Sirsi	26.09	No		
3	Rural education	Education	Yes	Karnataka	Koppal & Hosapete	3.60	No	Kirloskar Ferrous Rural Development Trust	CSR00007285
4	Financial assistance to school children & scholarships	Education	Yes	Karnataka	Koppal & Hosapete	5.45	No	Kirloskar Ferrous Rural Development Trust	CSR00007285
			No	Karnataka	Bijapur, Ballari &	0.95	No		
5	Community health	Health	Yes	Karnataka	Koppal & Hosapete	8.63	No	Kirloskar Ferrous Rural Development Trust	CSR00007285
			No	Karnataka	Bangalore	0.84	No		
6	Health checkup & other assistance during Covid	Health	Yes	Karnataka	Koppal	50.48	No	Kirloskar Ferrous Rural Development Trust	CSR00007285
			No	Maharashtra	Nagpur	2.00	No		
			Yes	Karnataka	Koppal	15.60	Yes	--	

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/ No)	Location of the Project		Amount spent for the project (₹ in Lakhs)	Mode of implementation – Direct (Yes / No)	Mode of Implementation – through implementation agency	
				State	District			Name	CSR Registration number
7	Clean drinking water	Health	Yes	Karnataka	Koppal	28.79	No	Kirloskar Ferrous Rural Development Trust	--
			No	Karnataka	Bijapur	12.67	No		CSR00007285
8	Construction of rural infrastructure	Rural Development	Yes	Karnataka	Koppal & Hiriyur	36.57	No	Kirloskar Ferrous Rural Development Trust	CSR00007285
9	Society welfare	Rural Development	Yes	Karnataka	Koppal, Hosapete & Hiriyur	2.14	No	Kirloskar Ferrous Rural Development Trust	CSR00007285
			No	Karnataka	Bangalore	0.30	No		
					Total	452.96			

(d) Amount spent in Administrative Overheads : Nil

(e) Amount spent on Impact Assessment, if applicable : Nil

(f) Total amount spent for the financial year (8b+8c+8d+8e) : ₹ 45,296,565

(g) Excess amount for set off, if any

Sr. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per Section 135(5)	44,405,979
(ii)	Total amount spent for the financial year	45,296,565
(iii)	Excess amount spent for the financial year [(ii)-(i)]	890,586
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	890,586

9. (a) Details of Unspent CSR amount for the preceding three financial years :

Sr. No.	Preceding financial year	Amount transferred to unspent CSR account under section 135(6) (in ₹)	Amount spent in the reporting financial year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the fund	Amount (in ₹)	Date of Transfer	
--	--	Nil	--	--	--	--	--

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s) :

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. No	Project ID	Name of the project	Financial year in which the project was commenced	Project Duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting financial year (in ₹)	Cumulative amount spent at the end of reporting financial year (in ₹)	Status of the project- completed / ongoing
--	--	Nil	--	--	--	--	--	--

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

(a)	Date of creation or acquisition of the capital asset(s).	Nil
(b)	Amount of CSR spent for creation or acquisition of capital asset	Nil
(c)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	Nil
(d)	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)	Nil

11. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per Section 135(5) : Not applicable

For Kirloskar Ferrous Industries Limited

Rahul Kirloskar
Chairman of the Committee
DIN : 00007319

R. V. Gumaste
Managing Director
DIN : 00082829

R. S. Srivatsan
Chief Financial Officer

Date : 17 May 2022

Annexure C

Information pursuant to Rule 5 of the Companies (Appointment and remuneration of managerial personnel) Rules, 2014

Sr. No.	Information required	Particulars
1	The ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year	Kindly refer to Table C-1
2	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Kindly refer to Table C-2
3	The percentage increase in the median remuneration of employees in the financial year	24.03 percent
4	The number of permanent employees on the rolls of company	1,394
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out, if there are any exceptional circumstances for increase in the managerial remuneration	Percentage increase in salaries of managerial personnel at 50th percentile : 34.21 percent Percentage increase in salaries of Non-managerial personnel at 50th percentile : 9.77 percent (Note : Percentage increase in salaries of Non-managerial personnel is in the range 2 percent to 50 percent.) The salary increases are a function of various factors like individual performance vis-á-vis individual KPIs, industry trends, economic situation, future growth prospects, etc. besides the performance of the Company. There are no exceptional circumstances for increase in the managerial remuneration.
6	Affirmation that the remuneration is as per the remuneration policy of the company.	Payment of remuneration to Directors is accordance with the Nomination and Remuneration Policy of the Company.
7	Statement showing the names of the top ten employees in terms of remuneration drawn and the name of every employee, who- (i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees; (ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month; (iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.	Kindly refer to Table C-3

Table C-1 :

Sr. No.	Name of the Director	Ratio of remuneration of each director to the median remuneration of the employees of the Company
1	Mr. Atul Kirloskar	4.27
2	Mr. Rahul Kirloskar	3.87
3	Mr. R. V. Gumaste (MD)	243.83
4	Mr. A. N. Alawani	8.70
5	Mrs. Nalini Venkatesh	3.30
6	Mr. R. Sampathkumar	1.93
7	Mr. Y. S. Bhave	1.85
8	Mr. M. R. Chhabria	13.13
9	Mr. V. M. Varma	3.87
10	Mr. M. V. Kotwal	5.24
11	Mr. Venkataramani S. (Refer Note 1)	Not applicable

Table C-2 :

Sr. No.	Name of the Director / KMP	Designation	Percentage increase / (decrease) in the remuneration
1	Mr. Atul Kirloskar	Director	131.44
2	Mr. Rahul Kirloskar	Director	113.33
3	Mr. R. V. Gumaste	Managing Director and KMP	57.22
4	Mr. A. N. Alawani	Director	6.19
5	Mrs. Nalini Venkatesh	Director	27.33
6	Mr. R. Sampathkumar	Director	11.63
7	Mr. Y. S. Bhave	Director	8.49
8	Mr. M. R. Chhabria	Director	36.06
9	Mr. V. M. Varma	Independent Director	49.07
10	Mr. M. V. Kotwal	Independent Director	5.01
11	Mr. Venkataramani S. (Refer Note 1)	Independent Director	Not applicable
12	Mr. R. S. Srivatsan	CFO and KMP	42.75
13	Mr. Mayuresh Gharpure	CS and KMP	21.26

Notes :

1. The Members of the Company at their extra ordinary general meeting held on 21 December 2021 have appointed Mr. Venkataramani S. as an Independent Director with effect from 22 October 2021.
2. Pursuant to KFIL Employee Stock Option 2017, stock options were exercised during the financial year and perquisite value on stock options has been considered for calculating the increase in remuneration.

Table C-3 :

Statement showing name of top ten employees in terms of remuneration drawn :

Sr. No.	Name of the Employee and Designation	Remuneration (₹)	Qualifications	Experience (Years)	Date of start of employment	Age (Years)	Details of last employment	Percentage of equity shares held
1	Mr. R. V. Gumaste Managing Director	151,314,765	B.Tech (Met.)	40	08/11/2001	64	Chief Executive (Works) - Indian Seamless Metal Tubes Limited	0.51
2	Mr. N. B. Ektare, Ex President [Resigned on 09/03/2022 and joined as Managing Director in ISMT Limited from 10/03/2022]	20,850,441	B.E. (Elec.)	39	12/01/1994	62	Manager – Electrical Usha Ispat Limited	0.08

Sr. No.	Name of the Employee and Designation	Remuneration (₹)	Qualifications	Experience (Years)	Date of start of employment	Age (Years)	Details of last employment	Percentage of equity shares held
3	Mr. R. S. Srivatsan CFO	17,778,371	B.Com.,CA	38	12/01/1998	59	Sr.Manager-Finance Vasavadatta Cement (Unit of Kesoram Industries Limited)	0.08
4	Mr. Inturi Chandra Sekhar VP (R & D)	14,625,853	B.E (Mech.) & MBA-Mktg.	34	16/10/2013	58	GM-Design & Development Neosym Industry Limited	0.05
5	Mr. P. Narayana SVP (HR)	12,008,863	B.Com.,PG-Dip-HRM, LLB	34	09/06/2016	59	DGM – JSW Steels Limited	0.04
6	Mr. S. L. Kulkarni Ex Senior Vice President [Superannuated on 07/01/2022]	11,112,451	DME,DBM	45	28/06/2004	66	Senior Manager - The Indian Seamless Metal Tubes Ltd	0.05
7	Mr. G. S. Krishnamurthy AVP (Foundry)	9,571,427	Diploma (Mech.)	30	01/05/2002	52	The Mysore Kirloskar Limited, Harihar	0.02
8	Mr. M. G. Nagaraj VP (PIP)	9,516,480	B.E (Metallurgy)	29	01/10/1993	53	Not applicable	0.05
9	Mr. C. Ramesh VP (Foundry)	8,395,831	B.E (Mech.)	28	26/09/1994	51	Not applicable	0.05
10	Mr. Santosh Gumaste VP (Foundry)	7,731,724	B.E.(Production)	28	19/12/2006	50	Rico Auto Industries Limited	0.02

Note :

The Managing Director and employees mentioned above at serial numbers from 2 to 10 are not relative of any Director on the Board of Directors of the Company.

Annexure D

Employee Stock Option Scheme (ESOS)

Disclosures for the financial year ended 31 March 2022 pursuant to Regulation 14 read with Schedule I of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021

A) All the Relevant disclosures required under 'IND AS 102 – Share based payments' are made in the financial statements.

B) Diluted Earnings Per Share (EPS) on issue of equity shares upon exercise of stock options pursuant to all the schemes in accordance with IND-AS 33 (Earnings Per Share) :

₹ 29.23 per equity share

C) Details related to KFIL Employee Stock Option Scheme 2017 ('KFIL ESOS 2017') :

i) Description including terms and conditions of KFIL ESOS 2017 are as given below :

Sr. No.	Particulars	Details
1	Date of shareholders' approval	3 August 2017
2	Total number of options approved under the Scheme	2,500,000
3	Vesting requirements	There shall be a minimum period of 1 year between grant of options and vesting of options. Vesting shall be subject to the condition that the grantee is in employment or service of the Company on the date of vesting and must neither be serving his notice for termination of employment / service nor subject to any disciplinary proceedings pending against him on the date of vesting.
4	Exercise price or pricing formula	40 percent discount to Market Price of the equity share as on date of grant of options, as decided by the Nomination and Remuneration Committee (NRC), but in no case shall it be less than the face value of the equity share.
5	Maximum term of options granted	The options would vest over a maximum period of 4 years.
6	Source of shares	Primary
7	Variation in terms of options	Subject to necessary approvals as may be required, the NRC may, at any time amend, alter or vary the terms of the KFIL ESOS 2017 and/ or terms of the options already granted under the KFIL ESOS 2017, subject to the condition that such amendment, alteration or variation, as the case may be, is not detrimental to the interest of Employees. With a view to align with provisions of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 effective from 13 August 2021, both schemes have been amended with effect from 22 October 2021 upon the recommendation of the Nomination and Remuneration Committee and the approval of the Board of Directors of the Company.

ii) Method used to account for ESOS :

The Company uses fair value based method of accounting for stock options, which is in accordance with IND AS-102.

iii) Where the company opts for expensing of the options using intrinsic value of the options, the difference between the employee compensation cost so computed and employee compensation cost that shall have been recognized, if it had used the fair value of the options. The impact of this difference on profits and EPS of the Company : Not applicable

iv) Options movement during the year : As on 31 March 2022

Number of options outstanding at the beginning of year	913,200
Number of options granted during the year	370,000
Number of options forfeited / lapsed during the year	17,137
Number of options vested during the year	480,613
Number of options exercised during the year	367,863
Number of shares arising as a result of exercise of options	368,363
Money realized by exercise of options	18,431,950
Loan repaid by the Trust during the year from exercise price received	N.A.
Number of options outstanding at the end of the year	898,200
Number of options exercisable at the end of the year	350,700

v) Weighted average exercise price and weighted average fair value of options, exercise price of which is less than the market price on the date of grant

Weighted average exercise price : ₹ 50.10

Weighted average fair value : ₹ 135.15

vi) Employee wise details of options granted during the year :

a) Senior Managerial Personnel (including Key Managerial Personnel):

Sr. No.	Name of Employee	Designation	Number of stock options	Exercise Price per stock option (in ₹)
1	Umesh Mogali	Senior General Manager	30,000	163
2	Mayuresh Gharpure	Senior General Manager	40,000	163
3	Francies D J	General Manager	12,000	163
4	Venkata Rajeswara Rao N	General Manager	12,000	163
5	Deshpande A D	General Manager	12,000	163
6	Girish Kumar B S	General Manager	12,000	163
7	Mahesha S	General Manager	12,000	163
8	Krupakara N	General Manager	12,000	163
9	Jagadeesh H M	General Manager	12,000	163
10	Narasimhan V	General Manager	12,000	163
11	Prahalad S. Joshi	General Manager	12,000	163
12	Satish J S	General Manager	12,000	163
13	Lakshman Murthy H P	General Manager	12,000	163
14	Gundami Shiva Kumar	General Manager	12,000	163
15	Anirudha Katti	General Manager	12,000	163
16	Sreenivasa T E	General Manager	12,000	163
17	Chandrasekhar B	General Manager	12,000	163
18	Sathya Prakash M	General Manager	12,000	163
19	R Ramesh Babu	General Manager	12,000	163
20	Purushothama B R	General Manager	12,000	163
21	G Manohar Babu	General Manager	12,000	163
22	Manjunath D	General Manager	12,000	163
23	Vilas Uttamrao Kharat	General Manager	12,000	163
24	Ghanashyam Shridhar Gokhale	General Manager	12,000	163
25	Nagesh C V	General Manager	12,000	163
26	Abhay Anirudha Umbrajkar	General Manager	12,000	163
27	Madhav Dattatray Tathe	General Manager	12,000	163
		Total	3,70,000	

b) Any other employees, who received a grant in any one year of options amounting to five percent or more of options granted during that year :

Name of Employee	Designation	Number of stock options	Exercise Price per stock option (in ₹)
Umesh Mogali	Senior General Manager	30,000	163
Mayuresh Gharpure	Senior General Manager	40,000	163

c) Identified employees, who were granted options, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant : Nil

vii) Description of the method and significant assumptions used during the year to estimate the fair value of options :

The fair value of the options at grant date is determined using Black Scholes option pricing model after applying the following assumptions.

(a) The model inputs for options granted during the year ended 31 March 2022 included :

Particulars	22 October 2022	22 October 2023	22 October 2024	22 October 2025
Share price (₹)	270.25	270.25	270.25	270.25
Exercise Price (₹)	163.00	163.00	163.00	163.00
Expected Volatility (standard deviation)	46.37%	43.12%	42.78%	43.20%
Expected option life (in years)	2.50	3.50	4.50	5.50
Expected dividend yield	2.38%	2.38%	2.38%	2.38%
Risk free interest rate	5.10%	5.48%	5.81%	6.05%
Any other inputs to the model	Nil	Nil	Nil	Nil

(b) The method used and the assumptions made to incorporate the effects of expected early exercise : Not Applicable

(c) How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility :

The expected price volatility is determined using annualized standard deviation (a measure of volatility used in Black Scholes Merton option pricing) and the historic volatility based on remaining life of the options.

(d) Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition. : Nil

D) Details related to KFIL Employee Stock Option Scheme 2021 ('KFIL ESOS 2021') :

i) Description including terms and conditions of KFIL ESOS 2021 are as given below :

Sr. No.	Particulars	Details
1	Date of shareholders' approval	27 July 2021
2	Total number of options approved under the Scheme	2,500,000
3	Vesting requirements	There shall be a minimum period of 1 year between grant of options and vesting of options. Vesting shall be subject to the condition that the grantee is in employment or service of the Company on the date of vesting and must neither be serving his notice for termination of employment / service nor subject to any disciplinary proceedings pending against him on the date of vesting.
4	Exercise price or pricing formula	25 percent discount to Market Price of the equity share as on date of grant of options, as decided by the Nomination and Remuneration Committee (NRC), but in no case shall it be less than the face value of the equity share.
5	Maximum term of options granted	The options would vest over a maximum period of 4 years.
6	Source of shares	Primary
7	Variation in terms of options	Subject to necessary approvals as may be required, the NRC may, at any time amend, alter or vary the terms of the KFIL ESOS 2021 and/ or terms of the options already granted under the KFIL ESOS 2021, subject to the condition that such amendment, alteration or variation, as the case may be, is not detrimental to the interest of Employees. With a view to align with provisions of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 effective from 13 August 2021, both schemes have been amended with effect from 22 October 2021 upon the recommendation of the Nomination and Remuneration Committee and the approval of the Board of Directors of the Company.

ii) Method used to account for ESOS :

The Company uses fair value based method of accounting for stock options, which is in accordance with IND AS-102.

iii) Where the company opts for expensing of the options using intrinsic value of the options, the difference between the employee compensation cost so computed and employee compensation cost that shall have been recognized, if it had used the fair value of the options. The impact of this difference on profits and EPS of the Company : Not applicable

iv) Options movement during the year :

As of 31 March 2022, no stock option has been granted pursuant to KFIL ESOS 2021.

v) Weighted average exercise price and weighted average fair value of options, exercise price of which is less than the market price on the date of grant : Not applicable

vi) Employee wise details of options granted during the year :

a) Senior Managerial Personnel (including Key Managerial Personnel) : Nil

b) Any other employees, who received a grant in any one year of options amounting to five percent or more of options granted during that year : Nil

c) Identified employees, who were granted options, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant : Nil

vii) Description of the method and significant assumptions used during the year to estimate the fair value of options : Not applicable

Annexure E

Secretarial Audit Report

For the Financial Year Ended 31 March 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members of
KIRLOSKAR FERROUS INDUSTRIES LIMITED,
13, Laxmanrao Kirloskar Road, Khadki,
Pune 411003

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KIRLOSKAR FERROUS INDUSTRIES LIMITED**, (CIN:L27101PN1991PLC063223) (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2022 according to the provisions of :

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; [No incidence during the audit period, hence not applicable]

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :

    (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

    (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

    (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - [No incidence during the audit period, hence not applicable]

    (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (applicable from 1 April 2021 to 12 August 2021) and the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (applicable from 13 August 2021);

    (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; [Applicable to the Company from 25 November 2021]

    (f) The Securities and Exchange Board of India (Registrars to Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

    (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - [No incidence during the audit period, hence not applicable]

    (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; [No incidence during the audit period, hence not applicable]

(vi) The Mines and Minerals (Development and Regulation) Act, 1957 and rules made thereunder [It has become applicable to the Company with effect from 24 March 2021].

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Companies Act, 2013.

(ii) The Listing Agreement entered into by the Company with the BSE Limited pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (except for two meetings of the Board of Directors and one meeting of the Audit Committee held at a shorter notice in compliance with provisions of the Companies Act, 2013, rules thereof and the Secretarial Standard) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions in the Board meeting were taken unanimously during the audit period.

I further report that, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that, during the audit period:

(a) In terms of the Share Subscription Agreement dated 25 November 2021 executed between Kirloskar Ferrous Industries Limited (KFIL), ISMT Limited and certain promoters forming the promoter group of ISMT Limited, KFIL acquired 15,40,00,000 equity shares of ISMT Limited having a face value of ₹ 5 each, at a price of ₹ 30.95 per equity share, to KFIL for an aggregate consideration of ₹ 4,76,63,00,000 and holds a controlling interest with 51.25 percent of the issued, subscribed and paid up equity share capital of ISMT Limited. Consequently, ISMT Limited has become a subsidiary of KFIL with effect from 10 March 2022 pursuant to the provisions of Section 2(87)(ii) of Companies Act, 2013.

(b) The Members of the Company at their Extra ordinary General Meeting held on 21 December 2021 have approved following business by way of special resolution :

- Authority to the Board of Directors of the Company pursuant to provisions of Section 180(1)(c) of the Companies Act, 2013 to borrow from time to time any sum or sums of money, which together with the monies borrowed earlier by the Company, may exceed at any time the aggregate of the paid-up share capital, the free reserves and the securities premium of the Company by a sum of not more than ₹ 1,000 Crores.
- Authority to the Board of Directors of the Company pursuant to provisions of Section 186 of the Companies Act, 2013 to (i) give any loan to any person or other body corporate; (ii) give any guarantee or provide security in connection with a loan to any other body corporate or person and (iii) acquire whether by way of subscription, purchase or otherwise, the securities of any other body corporate; upto a sum, the aggregate outstanding of which shall not exceed at any time by ₹ 1,000 Crores over and above the aggregate of free reserves and securities premium account.
- Authority to the Board of Directors of the Company for borrowing or raising of funds not exceeding ₹ 750 Crores by way of issuance of rated, listed, unsecured, redeemable, non-convertible Debentures on a private placement basis in one or more tranches.

(c) The Board of Directors at its meeting held on 9 February 2022 has noted the intention of Mr. Nihal Kulkarni and his family members, viz. Smt. Jyotsna Kulkarni and Mr. Ambar Kulkarni to exit as Promoters and shareholders of KFIL in due course as communicated vide their letter dated 9 February 2022. The said letter has been filed with BSE Limited.

The aforesaid decisions/events/actions might have a major bearing on the Company's affairs.

My report should be read along with the annexed Disclaimer letter of even date forming part of this report.

Signature : sd/-

Mahesh J. Risbud
Practicing Company Secretary
FCS No. 810
C P No.: 185
UCN – S1981MH000400
UDIN – F000810D000334154

Date : 17 May 2022
Place : Pune
PR – 1089/2021

To,
The Members of
KIRLOSKAR FERROUS INDUSTRIES LIMITED,
13, Laxmanrao Kirloskar Road, Khadki,
Pune 411003.

My report of even date is to be read along with this annexure:

1. Maintenance of records is the responsibility of the management of the Company. My responsibility is to express my opinion on these records based on my audit.

2. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, Standards, is the responsibility of the management. My examination was limited to the verification of procedures on test basis.

3. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the records. The verification was done on a test basis / checklists basis to ensure that correct facts are reflected in records. I believe that the processes and practices followed by me provide a reasonable basis for my opinion.

4. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

5. Where ever required, I have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Signature : sd/-

Mahesh J. Risbud
FCS No.: 810
C. P. No.: 185
UCN : S1981MH000400

Place: Pune
Date: 17 May 2022

Management Discussion and Analysis

(A) Economy Overview and Outlook

Global Economy :

International Monetary Fund (IMF) in its report dated 19 April 2022 on World Economic Outlook has stated that 'Global growth is projected to slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 2023'. Beyond 2023, global growth is forecast to decline to about 3.3 percent over the medium term. Crucially, this forecast assumes that the conflict remains confined to Ukraine, further sanctions on Russia exempt the energy sector and the pandemic's health and economic impacts abate over the course of 2022. With a few exceptions, employment and output will typically remain below pre-pandemic trends through 2026.

The war between Russian and Ukraine has triggered a costly humanitarian crisis that demands a peaceful resolution. At the same time, economic damage from the conflict will contribute to a significant slowdown in global growth in 2022. Moreover, the war in Ukraine has increased the probability of wider social tensions because of higher food and energy prices, which would further weigh on the outlook.

Inflation is expected to remain elevated for longer than in the previous forecast, driven by war-induced commodity price increases and broadening price pressures. For 2022, inflation is projected at 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies. Elevated inflation will complicate the trade-offs central banks face between containing price pressures and safeguarding growth. Interest rates are expected to rise as central banks tighten policy, exerting pressure on emerging market and developing economies. Moreover, many countries have limited fiscal policy space to cushion the impact of the war on their economies.

In addition, the conflict adds to the economic strains caused by the pandemic. Although many parts of the world appear to be moving past the acute phase of the COVID-19 crisis, deaths remain high, especially among the unvaccinated. Moreover, recent lockdowns in key manufacturing and trade hubs in China will likely compound supply disruptions elsewhere.

Indian Economy :

Despite the third wave of COVID-19, overall economic activity remained stable, indicating that India has learned to cope with virus-related restrictions. Several high frequency indicators such as electricity consumption, PMI manufacturing, exports, and e-way bill creation, reflect this. The economy's confidence has been bolstered even more by the rapid pace of immunisation. In addition, the Union Budget commitment to asset creation (public infrastructure development) in 2022-2023 will re-energize the virtuous cycle of investment and crowd in private investment with huge multiplier effects, boosting inclusive and sustainable growth. Consumption will rise up once the uncertainty and worry caused by the Covid-19 virus has passed, and the demand rebound will allow the private sector to step in with investments to boost production to satisfy the rising demand. This scenario should play out for the Indian economy in 2022-23, barring geopolitical and economic surprises.

In 2022-2023, Gross Domestic Product (GDP) of India is expected to rise by 8 to 8.5 percent owing to broad vaccine coverage, gains from supply-side reforms and regulatory ease, healthy export growth and the availability of fiscal space to ramp up capital spending. There is a lot of private investments taking place and consumption levels are rising as a result of increased employment. Capex generated by the government will also encourage private investment. The Production Linked Incentive (PLI) schemes in 14 sectors will further encourage private investment in order to boost export growth and allow for feasible import substitution in the country.

The growth forecast for 2022-2023 is based on the premise that there will be no further devastating pandemic-related economic disruption, expectations of good monsoon and that major central banks will withdraw global money in a relatively orderly manner.

Geopolitical conflicts and their consequent impact on food, fertiliser and crude oil prices cast a cloud on the growth outlook globally. India may feel its impact although the magnitude will, of course, depend on how long the dislocations in energy and food markets persist in the financial year and how resilient India's economy is to mitigate the impact.

Capital investment by the Central Government for the period of April 2021 to February 2022 has surpassed the levels in the corresponding periods of pandemic and pre-pandemic years. There are nascent signs that rising public capex may be crowding in private capex as well. In a major vote of confidence to the attractiveness of the Indian economy as a major foreign investment destination, gross FDI inflows into the economy have risen to US$ 69.7 Billion during April 2021 to January 2022. Investments funded through External Commercial Borrowings (ECBs) have continued to remain on an upswing as well, registering a 29.7 percent growth for the period as compared to same period in last financial year.

India's overall exports were estimated at US $ 669.65 Billion and overall imports were estimated at US $ 756.68 Billion for the financial year 2021-2022. Exports were led by robust growth in petroleum products, engineering, gems and jewellery, chemicals, and pharmaceuticals. India is entering into Free Trade Agreements with various countries for increasing exports of finished or intermediate goods. India's merchandise imports in FY 2021-2022 soared to US $ 610.22 Billion, an increase of 54.71 percent over the US $ 394.44 Billion registered during FY 2020-2021. India's trade deficit widened to 87.5 percent to US $ 192.41 Billion in FY 2021-2022 as against US $ 102.63 Billion in the previous fiscal.

International crude oil prices continue to rise as well, with the price of the Indian crude oil basket reaching US $ 111.86 in the month of March 2022, an increase of 73 per cent as compared to March 2021. The basket price crossed US $ 100 per barrel in March 2022 for the first time since September 2014. The movement in oil prices is expected to dominate inflationary trends in the coming months. The government has been taking steps to diversify import sources, which includes buying cheaper crude oil from Russia and diversifying energy sources beyond traditional hydrocarbons to mitigate the adverse effects of the high prices.

India's foreign exchange reserves stood at US $ 600.42 Billion as of 22 April 2022. India's foreign exchange reserves is the world's fourth largest. India's foreign exchange reserves continued to fall on continuous basis as the Reserve Bank of India appeared to be selling dollars from its coffers to prevent sharp depreciation of the rupee amid a surge in global crude prices.

The Monetary Policy Committee of the Reserve Bank of India at its meeting held on 4 May 2022 decided to hike the repo rate by 40 basis points (bps) to 4.40 percent in a bid to contain inflation, which has remained stubbornly above the target zone of 6 percent since January 2022.

The gross GST collection in April 2022 rose to ₹ 1.68 lakh crores and this collection has been the highest since implementation of the GST.

Indian Rupee opened at a level of ₹ 73.28 against US Dollar on 1 April 2021 and closed at ₹ 75.91 on 31 March 2022. On 9 May 2022, Indian Rupee plunged to 77.46 against US Dollar after hitting a record low of 77.52 in intraday trading.

BSE Sensex, opened at 49,921.75 on 1 April 2021 and closed at 58,568.51 on 31 March 2022, registering a rise of 18.29 percent. It touched the high of 62,245.43 on 19 October 2021.

(B) Industry Overview and Outlook

Steel Industry :

The steel industry is one of India's core industries, contributing to slightly more than 2 percent of GDP. Increased steel demand from sectors including infrastructure, oil and gas and automotive will drive the growth of the industry. Automotive industry accounts for around 10 to 12 percent of the demand for steel in India. With increased capacity addition in the automotive industry, demand for steel from the sector is expected to be robust.

In FY22 (till January), the production of crude steel and finished steel stood a 98.39 million tonnes and 92.82 million tonnes respectively. In FY22, crude steel production in India is estimated to increase by 18 percent to reach 120 million tonnes, driven by rising demand from customers. In FY22 (till January), production of finished steel stood at 92.82 million tonnes. The consumption of finished steel stood at 86.3 million tonnes in FY22 (till January).

Strong demand from the infrastructure and automobile sectors contributed to the rise in cement production and steel consumption over their respective pre-pandemic levels. However, domestic finished steel consumption moderated by 4.2 percent year-on-year in February, 2022 as finished steel exports in February, 2022 increased by 76.6 percent YoY, the highest growth since September 2021, owing to rising demand from international markets.

To drive post COVID-19 economic recovery, the Government has planned investments in roads, railways, metro connectivity, industrial parks, industrial corridors, DFC, transportation of water, oil and gas, transmission towers, affordable housing. All these sectors will drive demand for steel. The Government has taken various steps to boost the sector including the introduction of National Steel Policy 2017 and allowing 100 percent Foreign Direct Investment (FDI) in the steel sector under the automatic route.

In October 2021, the Government announced guidelines for the approved specialty steel production-linked incentive (PLI) scheme. Under the Union Budget 2022-2023, the Government allocated ₹ 47 crores (US$ 6.2 million) to the Ministry of Steel.

The industry is also benefitting from the developments happening across various industries. The new Vehicle Scrappage policy will help in reducing the steel prices since the policy enables recycling the materials used in old vehicles.

Automobile Sector :

Automotive manufacturing industry in India comprises the production of commercial vehicles, passenger vehicles, three and two-wheelers and accounts for around 7 percent of the GDP of India.

The Indian automotive industry is expected to reach US$ 300 billion by 2026. India enjoys a strong position in the global heavy vehicles market as it is the largest tractor producer, second-largest bus manufacturer, and third-largest heavy trucks manufacturer in the world.

The industry sold 17.51 Million automobiles in domestic market for the financial year 2021-2022 as compared to 18.61 Million automobiles for the previous year. Overall automobile exports was 5.61 Million vehicles for the financial year 2021-2022.

Sales of commercial vehicles in domestic market were 716,566 units for the financial year 2021-2022 as compared to 568,559 units for the previous year. For the financial year 2020-2021, production and export of commercial vehicles stood at 624,939 and 50,334 units respectively.

Sales of passenger vehicles in domestic market were 3,069,499 units for the financial year 2021-2022 as compared to 2,711,457 units for the previous year.

Different segments of the Indian automotive market behaved differently. Light vehicles experienced pent up demand but were held back by supply side issues primarily related to the semi conductor shortages. Two wheelers remained sluggish as rural incomes got hit by the second wave of the pandemic.

Rising input costs and the continuing semiconductor crisis continue to dampen the optimistic mood around demand. The emerging war situation in Ukraine may also drive up raw material and fuel costs further. The increasing cost of ownership may adversely affect the market forecasts.

The long-term picture for the car market remains healthy, given the current low vehicle penetration levels and as per capita income continues to grow, it will increase the Indian household's ability to afford a car. IHS global, expects the Indian light vehicles (less than 6T) to grow at a CAGR of 5.2 percent over a period of 2021-2026.

Tractor Industry :

Growth of agriculture sector remained robust registering a real growth of 3.3 percent for the financial year 2021-2022. As on 1 April 2022, area coverage under summer crops registered a growth of 7.7 percent over the corresponding period in 2021 and stood at 52.9 lakh hectare.

The cumulative Tractor industry production in India has shown a healthy increase ~24% in CY21. CY21 for tractors in India has been a growth story except for Q4CY21 which saw a drop. The disposable portion of farm incomes has declined due to rising costs and unseasonal showers affecting the harvesting and sowing. The OEM's were also forced to take price increases due to the jump in input costs, which has also contributed in some fall in demand. Government spending on rural schemes also slowed down in the last two quarters.

A large part of the tractor demand is replacement demand and the heady spends on tractors in CY20 and CY21 has meant that there could be a slowing down in demand. CRISIL expects the tractors market to grow by 3-5 percent in FY23. The recent budget announcements however, could help with some positive growth in the tractor market. The infrastructure push could help the tractor market to grow which was otherwise going to face a slowing down of commercial demand due to reduced mining activities.

Iron Ore :

India ranks fourth globally in terms of iron ore production. Easy availability of manpower and presence of abundant iron ore reserves make India competitive in the global set up.

Iron ore production in India for the period from April 2021 to January 2022 stood at 204 MT has witnessed a increase of 27 percent over the same period in the previous year. The exports of iron ore have witnessed a sharp decline of 67 percent to 15.28 Million Tonnes for the period from April 2021 to September 2021.

The Government has taken various steps to increase production and availability of iron ore, which inter-alia include mining and mineral Policy reforms to ensure enhanced production, early auction and operationalization of expired mines, ease of doing business, seamless transfer of all valid rights and approvals, incentivizing for starting of mining operation and dispatch, transfer of mining leases, allowing captive mines to sell upto 50 percent of the minerals produced, enhancing exploration activities, etc. Export duty of 30 percent has been levied on low grade iron ore (lumps and fines) to ensure supply to the domestic steel industry.

Coal and Coke :

India's demand for coking coal, used in steelmaking, is growing at a faster clip, and the country imports the bulk of its requirements from Australia. Western sanctions on Russia and its ejection from the SWIFT payment system, coking coal supplies from Russia have been hit triggering a spike in the price.

India's overall coking coal imports total 50-55 million tonnes, with overseas purchases rising 4 percent annually. To reduce its import dependence on Australia, India last year agreed with Russia to import coking coal, which accounts for about 40 percent of the total cost of steel production. As concerns increase over supply shortages from leading producer Russia, coking coal prices touched $ 600 a tonne from $ 150 tonne in January this year.

Russia accounts for about 30 percent of the coking coal requirements of the European Union, Japan and South Korea.

Iron ore Mines :

In April 2013, the Supreme Court had directed the Karnataka Government to cancel 51 C-category mining leases for illegal mining.

Out of 51 C-category mines, so far 19 mines were put up for auction. Out of 19 mines, 14 mines were auctioned successfully and in respect of 5 mines, there were no bidders, hence auction was annulled. Out of auctioned 14 mines, 9 mines were given all necessary permissions to resume operations. Out of 9 mines, 7 are operating whereas 2 mines have stopped operations due to expiry of forest clearance. Balance 5 mines are in the process to obtain various clearances from the Government. Balance 32 mines have not been put up for auction till end of 31 March 2021.

As per amendments to the Mines and Minerals (Development and Regulation) Act, 1957, mines in categories A and B will be put for auction on different timeline as and when their lease expires.

As per the terms of Auction for mines in Category A and B, the successful bidder will be permitted to operate the mines after receipt of permission to operate from the Director of Mines and Geology and upon payment of Net Present Value and Transfer fee to the Government. Apart from captive consumer of iron ore, traders can also participate in the auction of mines. The successful bidders would be provided two years' time to obtain necessary approvals for transfer of the licenses in their names from the various Government Authorities.

Presently, iron ore produced by merchant mines in Karnataka are put up for sale through e-auction mechanism and iron ore requirement of the iron and steel producers need to be met through sourcing from e-auction and through imports.

(C) Risks and concerns :

Demand for the auto and tractors have a direct impact on the performance of your Company and any adverse market condition for these sectors will result into reduced capacity utilisation and profitability.

Fluctuation in the price of raw material such as coke and coal and shortage of quality iron ore supply in domestic market will have impact on production and consequently on profit.

Further, depreciation of Rupee vis-á-vis US dollar can lead to an increase in price of coke and in the price of crude oil, resulting in increased input costs, thereby putting pressure on profitability.

(D) Cost Control :

Your Company adopted following measures to reduce cost :

- Quick stabilisation of operations of coke oven plant and power plant to achieve capacity utilisation.
- Improved the quality of the castings to bring down the rejections.
- Strategically sourced raw material and consumables.
- Improvement projects through Total Productivity Management (TPM), Kaizens, involvement of cross functional teams to bring cost reductions.
- Improved operational efficiencies and cost control measures at Koppal, Hiriyur and Solapur plants have resulted in reduced consumption of consumables, stores and spares.
- Improved power generation using mini blast furnace gas and thereby reducing the power cost.

(E) Outlook for the current financial year

Following activities are proposed to be undertaken in the current financial year :

- Started coke oven phase II along with waste heat recovery power plant to enhance coke manufacturing capacity.
- Upgradation of Mini Blast Furnace- II along with bell less top for both mini blast furnaces.
- Pulverised coal injection system for both mini blast furnaces.
- The Company proposes to participate in e-auctions of iron ore mines in Karnataka, as and when the State Government invites the tender for participation in the same to secure some more iron ore mines to cover iron ore requirements.
- Increasing the supply of castings in machined condition to increase the value of sales. Machine shop expansions are planned and will be expanded progressively in a phased manner based on order positions.
- Two iron ore mines [viz. M/s. Bharath Mines & Minerals and Sri. M Channakesava Reddy (M/s. Sri Lakshmi Narasimha Mining Co)] were won through e-auction in the financial year 2018-2019 and the process of obtaining various clearances from the Government is under process. Once all clearances are obtained, the Company will be in a position to start the mining of iron ore from two mines.
- Foundry expansion project at Solapur plant is in progress and expected to complete in the financial year 2022-2023.
- The demand for pig iron and castings continues to be good and the Company is optimistic of full year operations.

(F) Internal Control Systems and their adequacy

The Company has a proper and adequate system of controls in order to ensure that all assets are safeguarded against loss from unauthorised use or disposal. All transactions are properly checked, verified, recorded and reported correctly.

Regular Internal Audit checks are carried out to ensure that the responsibilities are executed effectively and that proper and adequate systems are in place.

(G) Safety, Health and Environment

The Company believes in safety of employees is the “First & Foremost priority” and is committed to provide “Safe & Healthy Workplace” by addressing Safety, Health and Environment related issues. To enhance Safety culture of the organisation to an international benchmarking, KFIL has embarked on “Safety Excellence Journey” with “DuPont Sustainable Solutions” a world leading pioneer in the safety systems during September 2021. In this excellence journey, KFIL has developed different standards in 10 work streams and the training on employees and rolling out these standards are in different stages. Employees are trained at regular intervals to update their safety awareness and skills. New employees are being given intensive safety induction training and on job training. On completion of training, their knowledge level has been assessed using post training questionnaire, those who scores > 80% are qualified and the less scorer will be inducted for retraining. All statutory requirements related to Safety, Health and Environment are being complied with. As a proactive approach, the periodical safety audit by trained in-house employees, Cross functional safety audit, External third-party safety audits are conducted by safety experts to enhance safety performance.

National Safety Council, Ex Officials from Department of factories, Ernst & Young, Dupont and other agencies are engaged to identify unsafe conditions / acts (if any) and to recommend corrective and preventive actions. Safety Performance Management System developed through Hazard Identification and Risk Assessment (HIRA) and Safe Operating Procedures (SOP) are developed emphasizing on engineering controls. Reporting of “Near Miss incidents” and “First Aid Injuries” are being practiced to take corrective and preventive action to achieve the goal of zero accidents.

As part of implementation of International safety standards, to organisational culture change management, scientifically proven, psychologically impactful tools like, “Safety Interaction” with Software based capturing and monitoring is being implemented.

Safety interaction (SI), Incident Management (IM), Contract Safety Management (CSM), Process Safety Management (PSM), high risk standards like, Work at Height (WAH), Permit to Work (PTW), Personal Protective Equipment (PPE), Road safety (RS), Lock out Tag Out (LOTO), Material Handling (MH) etc., are being implemented across all the units.

The Company is having well equipped “Occupational Health Centre” with a full-time Doctor and qualified paramedical staffs. The pre-employment health check-up of the employees are being conducted and also regular health check-ups are being conducted on annual basis during the continuance of the employment. The Company is equipped with two ambulances, which are available round the clock to meet the requirement of emergencies of employees as well as for the neighbouring community. Health initiatives, viz., organising various health camps, specialised doctor visits, health seminars, weight reduction challenge are organised to improve the health of the employees.

The Company is certified for Quality Management Systems under IATF 16949:2016, Environmental Management System under ISO 14001:2015 and also certified for Occupational Health and Safety Management Systems OHSMS 45001:2018 by Indian Register Quality Systems (IRQS).

Requirements of environmental acts and regulations are complied with. Monitoring and analysis of water, stack emissions and ambient air quality etc., are undertaken periodically to verify whether the level of environmental parameters are maintained, well within the specified limits.

Sewage Treatment Plant (STP) with 250 KLD (kilo litres per day- Koppal) and 80 CMD (Cubic Meter per day – Solapur) capacities are operated to treat domestic wastewater with extended biological aeration system. Sludge generated from STP is being used as manure for garden and treated water is used for plantation development. For effective suppression of dust emissions, jet type fixed sprinklers, Fume Extraction System (FES) and bag filters etc., are installed at required locations of the process.

Under ISO: 14001 and OHSMS: 45001, following management programs have been taken-up and completed during the financial year 2021-2022:

Koppal Plant:

- Installed 20MW of Waste Heat Recovery Boiler based power plant for the coke oven plant to generate power from waste gas. By this, the Company has become power self-reliant and utilising green electricity from 100 percent waste gases. Reduced around 91,078 tons greenhouse gas emission after installing this new power plant.
- Constructed concrete coal yards having approx 35000 m2 area.
- Constructed 600m length of 12 meters height of porous fence (mesh) all along the railway siding apart from the existing 625 meter to prevent the fugitive dust emission.
- Constructed concrete road of 2,785 meters within the plant premises.
- Operated and maintained sand reclamation plant having 400 MT per month to recycle the waste core sand.
- Plantation of around 5,000 tree saplings during the year in and around the plant premises to increase the green belt area totalling to 1,91,000 saplings.

Solapur Plant:

- Introduced robotic core drilling operation to eliminate stress and strain for the people during manual drilling.
- Plantation of around 500 tree saplings during the year in and around the plant premises to increase the green belt area.

Encouragement is being given to the employees to participate in the safety related competition arranged by the State Government and neighbouring industries and company employees have won many prizes in these competitions.

(H) Social Responsibility

In order to align with the Mission of your organization viz. “To be a preferred Employer and responsible neighbour”, the Company has taken various measures as a part of its Corporate Social Responsibility. The CSR activities focus on Education, Health and Hygiene, Environment and Rural Development in the vicinity of plants and office locations.

Major CSR activities undertaken during the financial year 2021-2022 are as given below :

- **Education**
  - Financial assistance for higher education relating to professional and degree courses to people in neighbouring villages of plant locations.
  - Provided educational equipment and facilities to nearby schools of plant locations.
  - Provided assistance for conducting workshops and educational activities in schools.
  - Financial assistance for construction of school building to Bhala Bheema Vidyavardhaka Sangha Devarnimbargi.
  - Scholarship provided for the budding talents in students.
  - Provided Benches / Desk to Government Higher Primary schools.
  - Established Hydraulic Civil Lab at Government Engineering College, Koppal.

- **Health and Hygiene**
  - Organised health camps in the neighbouring Government schools, services of medical were provided by specialist paediatric doctors.
  - Organised Menstrual Hygiene Awareness for the High School and college girl students.
  - Financial assistance to needy people for undergoing medical treatment in hospitals.
  - Conducted health and hygiene awareness programs.
  - Engaged doctors for check-up of people in nearby villages and provided free medicines.
  - Provided medical equipment and necessary infrastructure to health care centres.
  - Conducted Antigen test camps for people in surrounding area of plant locations
  - Organised blood donation camps.
  - Constructed Covid Care Centre at Kanakapura Village in association with Koppal Industries Association.
  - Financial Assistance for construction of toilet blocks at a college.
- **Rural Development**
  - Activities conducted in relation to waste management and provided necessary equipment for handling waste and cleaning of roads.
  - Workshops conducted for skills development like tailoring, food processing, beautician in nearby villages.
  - Conducted Covid-19 awareness sessions in nearby villages.
  - Financial assistance was provided for renovation of lake in Ginigera village.
  - Constructed Storm Water Drain & Concrete roads in nearby village.
  - Constructed Rural Haat (Vegetable Market Yard) at Hitnal Village.
  - Financial assistance and participation in Jatra Festival of nearby villages.
  - Financial assistance for mass marriages.
- **Environment**
  - Organised Kirloskar Vasundhara International Film Festival (KVIFF) with global participation.
  - Green Belt development, Planted Avenue plants in surrounding village.

(I) Developments in Human Resource / Industrial Relations

The Company considers human resource to be an important and valuable asset for the organization. Therefore, it constantly strives to attract and retain best “Talents” for present and future business needs in order to succeed in the hyper-competitive and increasingly complex global economy.

During the financial year 2021-2022, the Company has taken following initiatives:

- To develop future leaders, the Company organized Management Development Programmes (MDP) on various topics.
- Senior Leadership Development Programs are organized as part of Brand Refresh strategy in association with KIAMS.
- Training programmes on behavioural and technical skills were organized on a continuous basis by engaging internal and external faculties to enhance competencies and skills of employees.
- For developing leadership pipeline, an external agency was entrusted to identify competence of fast trackers through Development Center (DC), one to one feedback that led to Individual Development Plan (IDP) and subsequent interventions.
- To develop middle and junior management team Management Development Programme was conducted both at Koppal and Solapur. Program is based on the methodology adopted by Dale Carnegie Institute. This programme is an improved model based on the works of Stephen Covey and Swami Chinmayananda. Program is based on the mahamantra "Knowing Is Not Doing, Doing Is Doing". It makes people Do and Not merely Know.
- To bring about change of culture in approach, attitude & action Dupont Sustainable Solutions was roped in as a partner in the journey of Safety Excellence.
- New standards guiding our safety behaviour were framed and intensive training to all relevant employees were given on Safety Interaction, Incident Management & Permit To Work standard.
- To enhance safety culture “Behavioral Based Safety” training programmes were conducted.
- Awareness Programme on Preventive Measures for COVID-19 was conducted through Kasturba Medical College, Manipal and session on ‘Healthy Living’ was also organized.
- Performance of employees was monitored through an effective performance management system on quarterly basis.
- Communication meet by top management with managerial staff on ‘Business Scenario’, as well as sharing knowledge with young professionals through staff dialogues and Town Hall programs were organized.
- MD Live quarterly communication meets organised, Business challenges, expectations from the team and COVID-19 preventive measures and management actions were communicated.
- SBU Head – Live monthly communication meets organized with respective SBU teams.

- Training programmes on behavioural and technical skills were organized on a continuous basis by engaging internal and external faculties to enhance competencies and skills of employees.
- Introduced the new way of Learning and Development through Kirloskar Online Remote Education (KORE). KFIL has collaborated with iCOG LMS platform to develop the learning culture at KFIL.
- TED Talks, Quiz competition paved way for kindling curiosity for learning among employees. Theme based online discussion with SBU Heads provided a forum for creative discussion.
- Weight Reduction Challenge provided a trigger for wellness among employees.
- Talented employees are continuously recognized and are motivated through rewards and recognitions.
- Conducted skill development programmes for apprentices / trainees as per their trade.
- Training programme on 'Life Management' and 'Stress Management' was organized with internal resources.
- Training programmes on '5'S and Total Productivity Management were organized on regular basis.
- COVID -19 awareness training given to all employees, contractual staff and trainees.

As on 31 March 2022, the total number of salaried employees stood at 1,394. The Employer - Employee relations was cordial throughout the year.

Recognition / Awards received by the Company / the Managing Director during the year under review are as given below:

- CII National HR Excellence Award – crossed the "600+ Band Barrier" and bagged the "Prize for Leadership in HR Excellence".
- Mr. P. Narayana, Senior Vice President (HR and General Admin) got the Great Managers Award 2021 being a part of the Top 250 Great Managers from over 5,000 applications from 175 organizations.
- Unnatha Suraksha Puraskara Award from National Safety Council, Bangalore
- CII – EXIM Bank Business Excellence Award - People, People Result & Society Result scores are increased by crossing "600+ Band Barrier".

(I) Discussion on financial performance with respect to operational performance has been covered in the Directors' Report.

(L) Details relating to Key Financial Ratios

Sr. No.	Particulars	Ratio as of 31 March 2022	Ratio as of 31 March 2021	% Change	Explanations, if any
1	Debtors' Turnover	8.63	6.24	38 %	Refer Note 1
2	Inventory Turnover	5.26	4.04	30 %	Refer Note 2
3	Interest Coverage Ratio	20.48	15.44	33 %	Refer Note 3
4	Current Ratio	0.94	1.01	-7 %	--
5	Debt Equity Ratio	0.85	0.29	193 %	Refer Note 4
6	Operating Profit Margin (%)	20.96	24.09	-13 %	--
7	Net Profit Margin (%)	11.23	14.82	-24 %	--

Details of change in Return on Net Worth as compared to the immediately previous financial year is as given below :

Sr. No.	Particulars	Ratio as of 31 March 2022	Ratio as of 31 March 2021	% Change	Explanations, if any
1	Return on Net worth	30.39	30.23	1 %	--

Notes :

1. The Trade Receivables turnover ratio has improved due to better management of receivables.
2. Strategic sourcing of raw materials coupled with full realisation of benefits from operations of Coke Oven has resulted in improved in Inventory Turnover ratio.
3. While the finance cost levels remained the same as the previous year, the increased profits in the current year has resulted in improved Interest Coverage Ratio.
4. During the year, the Company has availed borrowings by issue of Non-Convertible Debentures and Commercial Papers for acquiring management control in ISMT Limited in the month of March 2022. This has resulted in increase in Debt Equity Ratio. Details of borrowings have been provided in the Notes to Financial Statements.

Report on Corporate Governance

[Pursuant to Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the SEBI LODR Regulations')]

1. Company's philosophy on Code of Governance

Corporate Governance contains a set of principles, process and systems to be followed by Directors, Management and Employees of the Company for increasing the shareholders' value, keeping in view interest of other stakeholders. While adhering to the above, the Company is committed to integrity, accountability, transparency and compliance with laws and in dealings with the Government, customers, suppliers, employees and other stakeholders.

2. Board of Directors

(a) Composition of the Board

The Board of Directors comprised of eleven Directors as on 31 March 2022. Out of these, there is one Managing Director, four Non Independent Directors and six Independent Directors (including one woman Director).

The Board of Directors is duly constituted pursuant to the provisions of Section 149 of the Companies Act, 2013 and Regulation 17(1) of the SEBI LODR Regulations.

(b) Number of Board meetings

During the financial year 2021-2022, seven meetings of the Board of Directors were held on 5 May 2021, 26 July 2021, 22 October 2021, 25 November 2021, 24 January 2022, 9 February 2022 and 2 March 2022.

(c) Directors' attendance record

Details on composition and category of Directors, attendance of each Director at the meeting of the Board of Directors, number of other Board of Directors or Committees in which a Director is a member or chairperson are as given below :

Category of Directors and Name of Director	Financial Year 2021-2022		Number of Directorships in other public limited companies incorporated in India	Committee positions held in other public limited companies	
	Board Meetings held	Board Meetings attended		Member	Chairman
Promoter Directors (Non Executive)					
Mr. Atul Kirloskar Chairman	7	7	4	Nil	Nil
Mr. Rahul Kirloskar Vice Chairman	7	7	5	3	Nil
Managing Director (Executive)					
Mr. R. V. Gumaste	7	7	1	Nil	Nil
Non Independent Director (Non Executive)					
Mr. A. N. Alawani	7	7	1	1	1
Mr. M. R. Chhabria	7	7	6	1	2
Independent Directors (Non Executive)					
Mr. R. Sampathkumar	7	7	1	Nil	Nil
Mrs. Nalini Venkatesh	7	7	1	Nil	Nil
Mr. Y. S. Bhave	7	7	3	3	Nil
Mr. V. M. Varma	7	7	1	2	1
Mr. M. V. Kotwal	7	5	1	1	1
Mr. Venkataramani S.	5	5	1	1	Nil

Notes :

- Directorships held in foreign companies, private limited companies, one person companies and companies under Section 25 of the Companies Act, 1956 / under Section 8 of the Companies Act, 2013 have not been considered.
- For the purpose of reckoning the limit on committee positions, chairmanship / membership of the Audit Committee and the Stakeholders Relationship Committee are considered.
- None of Directors on the Board is a Director of more than seven listed companies.
- Mr. Venkataramani S. was appointed as an Additional Director in the category of Independent Director with effect from 22 October 2021.
- All members of the Board as of the date of annual general meeting were present at that meeting held on 27 July 2021.

Names of other listed companies, where a Director holds directorship and the category of directorship are as given below :

Name of the Director	Name of the listed entities in which Director holds Directorship	Category of Directorship
Mr. Atul Kirloskar	Kirloskar Oil Engines Limited	Executive Chairman
	Kirloskar Industries Limited	Non Independent Director
	Kirloskar Pneumatic Company Limited	Non Independent Director
Mr. Rahul Kirloskar	Kirloskar Pneumatic Company Limited	Executive Chairman
	Kirloskar Oil Engines Limited	Non Independent Director
	ISMT Limited	Non Independent Director
Mr. R. V. Gumaste	ISMT Limited	Non Independent Director
Mr. A. N. Alawani	Kirloskar Industries Limited	Non Independent Director
Mr. R. Sampathkumar	Nil	-
Mrs. Nalini Venkatesh	Kirloskar Pneumatic Company Limited	Independent Director
Mr. Y. S. Bhave	Nil	-
Mr. M. R. Chhabria	Kirloskar Industries Limited	Managing Director
	Kirloskar Oil Engines Limited	Non Independent Director
	Kirloskar Pneumatic Company Limited	Non Independent Director
	ZF Commercial Vehicle Control Systems India Limited (earlier known as Wabco India Limited)	Independent Director
Mr. V. M. Varma	Swaraj Engines Limited	Non Independent Director
	Kirloskar Industries Limited	Independent Director
Mr. M. V. Kotwal	Sanghvi Movers Limited	Independent Director
Mr. Venkataramani S.	ISMT Limited	Independent Director

Mr. Atul Kirloskar and Mr. Rahul Kirloskar, being brothers, are related to each other.

No other Director is related to any other Director of the Company within the meaning of Section 2(77) of the Companies Act, 2013 and rules thereof.

Statement showing number of equity shares of the Company held by the Directors as on 31 March 2022 :

Name of Director	Equity Shares of ₹ 5 each
Mr. Atul Kirloskar	989,726
Mr. Rahul Kirloskar	1,425,279
Mr. R. V. Gumaste	707,521
Mr. A. N. Alawani	35,000
Mr. R. Sampathkumar	Nil
Mrs. Nalini Venkatesh	59,367
Mr. Y. S. Bhave	Nil
Mr. M. R. Chhabria	Nil
Mr. V. M. Varma	Nil
Mr. M. V. Kotwal	Nil
Mr. Venkataramani S.	Nil

Meeting of Independent Directors :

A meeting of Independent Directors of the Company was held on Monday, 14 February 2022 to discuss, inter-alia:

(a) the performance of Non Independent Directors and the Board as a whole;

(b) the performance of the Chairman of the Company, taking into account the views of Executive Director and Non Executive Directors;

(c) the quality, quantity and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All six Independent Directors attended that meeting.

Criteria for performance evaluation of Directors has been specified in the section 'Nomination and Remuneration Committee' given below at Item No. 4.

Statement of Declaration by the Independent Directors

All the Independent Directors have given declarations that they meet the criteria of independence as specified in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI LODR Regulations and also confirmed that they have complied with the Code for Independent Directors prescribed in Schedule IV of the Companies Act, 2013.

Pursuant to provisions of Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and as amended; all six Independent Directors have confirmed that they hold valid registration certificate with the Databank of Independent Directors.

After due assessment of veracity (to the extent possible) of declarations received from Independent Directors, the Board of Directors took on record declarations and confirmations submitted by the Independent Directors pursuant to Regulation 25(8) of the SEBI LODR Regulations.

The Board of Directors is of the view that the Independent Directors fulfill conditions specified in the SEBI LODR Regulations and that they are independent of the management.

Familiarization programme for Independent Directors:

Independent Directors of the Company are made aware of their role, rights and responsibilities at the time of their appointment, through a formal letter of appointment, which also stipulates various terms and conditions of the engagement. All Board Members are made aware of from time to time, latest applicable legal, regulatory and business developments / updates, by way of presentations where Directors have an opportunity to interact with Key Management Personnel. Presentations include, inter-alia, quarterly and annual results, budgets, review of internal audit report, details relating to business operations and performance, financial parameters, changes in senior management, major litigations, compliances, risk management and regulatory scenarios and related matters as may arise from time to time.

The Company has conducted various familiarization programmes and presentations for Independent Directors. Details of familiarisation programmes and presentations have been disclosed at the website of the Company, viz. www.kirloskarferrous.com

Skills matrix for the Directors

The Board of Directors of the Company comprises members, who bring in the required skills and expertise for effective functioning of the Company, the Board and its Committees.

Skill	Skill definitions
Strategy and Strategic planning	Ability to identify and critically assess strategic opportunities and threats to the Company vis-à-vis the Company's objectives and develop strategies for the Company's long term growth and sustainability.
Corporate Governance	Ability to maintain management accountability and formulate policies to safeguard interests of the Company and shareholders; understanding of control environments and ability to ensure adherence to highest standards of corporate governance.
Business Acumen	Ability to drive success in the market and formulate policies for enhancing market share; ability to understand business environment and economic and regulatory conditions impacting market.
Leadership	Understanding of operations and organizational processes; ability to develop talent and ensure succession planning; ability to bring about organizational change and improvement; ability to manage crisis.
Industry knowledge	Experience and knowledge with respect to pig iron and foundry industry.
Financial Skills	Expertise in financial management, capital allocation, financial reporting requirements; ability to evaluate proposals relating to merger / acquisition and execute the same effectively, including integration of operations.
Technology	Ability to anticipate changes in technology, drive product and process innovation.
Legal and Regulatory knowledge	Understanding of regulatory and legal frameworks

Table given below summarizes key skills and expertise possessed by the Board of Directors :

Name of Director	Skills							
	Strategy & Strategic Planning	Corporate Governance	Business Acumen	Leadership	Industry Knowledge	Financial Skills	Technology	Legal & Regulatory Knowledge
Atul Kirloskar	√	√	√	√	√	√	√	√
Rahul Kirloskar	√	√	√	√	√	√	√	√
R. V. Gumaste	√	√	√	√	√	√	√	√
A. N. Alawani	√	√	√	√	√	√		√
Nalini Venkatesh	√	√	√			√		√
R. Sampathkumar	√	√	√	√	√	√	√	√
Y. S. Bhave	√	√	√	√		√		√
M. R. Chhabria	√	√	√	√	√	√		√
M. V. Kotwal	√	√	√	√	√	√	√	√
V. M. Varma	√	√	√	√	√	√		√
Venkataramani S.	√	√	√	√	√	√		√

3. Audit Committee

(a) Composition

The Audit Committee comprises of four Directors, out of which three are Independent Directors.

Mr. M. V. Kotwal, an Independent Director is the Chairman of the Audit Committee. Other Members of the Committee are Mrs. Nalini Venkatesh, Mr. A. N. Alawani and Mr. V. M. Varma.

The Company Secretary acts as the Secretary to the Committee.

During the financial year 2021-2022, five meetings of the Audit Committee were held on 4 May 2021, 26 July 2021, 22 October 2021, 25 November 2021 and 24 January 2022.

Details of attendance by committee members are as given below :

Name of Director	Category	Number of meetings held	Number of meetings attended
Mr. M. V. Kotwal	Independent and Non - Executive	5	4
Mrs. Nalini Venkatesh	Independent and Non - Executive	5	5
Mr. A. N. Alawani	Non-Independent and Non-Executive	5	5
Mr. V. M. Varma	Independent and Non - Executive	5	5

The Chief Financial Officer attended all meetings of the Audit Committee. Representatives of the Statutory Auditor, the Internal Auditor and the Cost Auditor were invited and attended meetings of the Audit Committee. The Managing Director was invited for and attended three meetings of the Audit Committee.

Mr. M. V. Kotwal, the Chairman of the Audit Committee, was present at the 30th Annual General Meeting of the Members of the Company held on 27 July 2021.

The Audit Committee acts as a link between the Management, the Statutory Auditor, Internal Auditor and the Board of Directors.

The Audit Committee has been vested with following powers :

- To investigate any activity within its terms of its reference;
- To seek information from any employee;
- To obtain outside legal or other professional advice;
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

(b) Terms of Reference

The terms of reference of the Audit committee include the matters specified in Part C of Schedule II of the SEBI LODR Regulations as well as those specified in Section 177 of the Companies Act, 2013 and inter-alia, includes following :

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- Examination of the financial statement and the auditor's report thereon.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with the Management, the annual financial statements and auditors' report thereon before submission to the Board, for approval, with particular reference to :
  - a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
  - b) Changes, if any, in accounting policies and practices and reasons for the same.
  - c) Major accounting entries involving estimates based on the exercise of judgment by management.
  - d) Significant adjustments made in the financial statements arising out of audit findings.
  - e) Compliance with listing and other legal requirements relating to financial statements.
  - f) Disclosure of any related party transactions.
  - g) Modified opinions in the draft audit report.
- Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.

- Reviewing with the management, the statement of uses / applications of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Reviewing, with the Management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture-holders, shareholders (in case of non payment of declared dividends) and creditors.
- To review the functioning of the whistle blower mechanism.
- Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate.
- Reviewing the following information :

  a. Management discussion and analysis of financial condition and results of operations;

  b. Statement of significant related party transactions submitted by the management;

  c. Management letters / letters of internal control weaknesses issued by the statutory auditors;

  d. Internal audit reports relating to internal control weaknesses and

  e. The appointment, removal and terms of remuneration of the Chief Internal Auditor.

  f. Statement of deviations :

     - Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
     - Annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(7).

- Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10 percent of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.
- Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation, etc., on the Company and its shareholders
- Reviewing with the compliance of provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and shall verify that the systems of internal control are adequate and are operating effectively.
- Carrying out any other function as mentioned in terms of reference of the Audit Committee and as amended from time to time by the Companies Act, 2013; rules thereof and the SEBI LODR Regulations.

4. Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of three Directors, out of which two Directors are Independent Directors.

Mr. M. V. Kotwal, Independent Director is the Chairman of the Nomination and Remuneration Committee. Other Members of the Committee are Mr. Atul Kirloskar and Mr. Y. S. Bhave.

The Company Secretary acts as the Secretary to the Committee.

During the financial year 2021-2022, two meetings of the Nomination and Remuneration Committee were held on 4 May 2021 and 22 October 2021.

Details of attendance by committee members are as given below :

Name of Director	Category	Number of meetings held	Number of meetings attended
Mr. M. V. Kotwal	Independent and Non - Executive	2	1
Mr. Atul Kirloskar	Non - Independent and Non - Executive	2	2
Mr. Y. S. Bhave	Independent and Non - Executive	2	2
Mr. A. N. Alawani	Non - Independent and Non - Executive	2	2

Mr. A. N. Alawani, Non-Independent Director ceased to be a Member of the Nomination and Remuneration Committee from 23 October 2021.

Upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors has adopted the Nomination and Remuneration Policy for selection and appointment of Directors, Senior Management and their remuneration. The copy of the policy is available at the website of the Company viz. www.kirloskarferrous.com

Terms of reference of the Nomination and Remuneration Committee are as given below :

- Identify persons, who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down.
- Recommend to the Board appointment and/or removal of Directors and senior management.
- Specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
- Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.
- For every appointment of an independent director, evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director and recommend to the Board for appointment as an Independent Director.
- Formulation of criteria for evaluation of performance of independent directors and the board of directors.
- Devising a policy on diversity of board of directors.
- Identifying persons, who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- Recommend to the Board, all remuneration, in whatever form, payable to senior management.
- Perform such functions as may be assigned by the Board of Directors from time to time and
- Carrying out any other function as mentioned in terms of reference of the Nomination and Remuneration Committee and as amended from time to time by the Companies Act, 2013; rules thereof and the SEBI LODR Regulations.

Criteria for performance evaluation of Directors:

Performance evaluation of each Director was carried out based on the criteria as laid down by the Nomination and Remuneration Committee.

Criteria for performance evaluation included aspects such as attendance at the meetings, participation and independence during the meetings, interaction with management, role and accountability, knowledge and proficiency. Further, performance evaluation of the Managing Director was also based on business achievements of the Company.

5. Stakeholders Relationship Committee

The Company has the Stakeholders Relationship Committee, which comprises of three Directors, viz. Mr. Atul Kirloskar, Mr. A. N. Alawani and Mr. V. M. Varma.

Mr. Atul Kirloskar acts as the Chairman of the Committee.

During the financial year 2021-2022, four meetings of the Stakeholders Relationship Committee were held on 5 July 2021, 6 October 2021, 10 January 2022 and 10 March 2022.

Details of attendance by the committee members are as given below :

Name of Director	Category	Number of meetings held	Number of meetings attended
Mr. Atul Kirloskar	Non-Independent and Non-Executive	4	4
Mr. A. N. Alawani	Non-Independent and Non-Executive	4	4
Mr. V. M. Varma	Independent and Non - Executive	4	4

Terms of reference of the Stakeholders Relationship Committee are as given below :

- Resolving the grievances of the securityholders of the listed entity including complaints related to transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new / duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar and Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the company.

Mr. Mayuresh Gharpure, Company Secretary and the Compliance Officer has been authorised by the Board of Directors to consider and approve applications for transfer, transmission, name deletions and related matters and to look into the investor complaints.

Contact details of the Compliance Officer are as given below :

Mr. Mayuresh Gharpure, Company Secretary
Kirloskar Ferrous Industries Limited
13, Laxmanrao Kirloskar Road, Khadki, Pune 411003, Maharashtra
Telephone No. (020) 66084664 Fax No. (020) 25813208 / 2581020.

The Company has designated an exclusive email ID kfilinvestor@kirloskar.com for investors to register grievances, if any. The said email ID has been displayed at the website of the Company.

No investor complaint was pending as on 31 March 2021. Seventeen investor complaints were received and sixteen investor complains were redressed during the financial year 2021-2022. One complaint was pending as on 31 March 2022.

6. Risk Management Committee

The Board of Directors at its meeting held on 26 July 2021 has constituted the Risk Management Committee and assigned terms of reference to it. It comprises of four Directors, out of which two Directors are Independent Directors.

Mr. V. M. Varma, Independent Director is the Chairman of the Risk Management Committee. Other Members of the Committee are Mr. R. V. Gumaste, Mr. A. N. Alawani and Mr. M. V. Kotwal.

The Company Secretary acts as the Secretary to the Committee.

During the financial year 2021-2022, one meeting of the Risk Management Committee was held on 14 October 2021. All members of the committee attended that meeting.

Role and powers of the Risk Management Committee are as given below :

- To formulate a detailed risk management policy which shall include :
  a. A framework for identification of internal and external risks specifically faced by the company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the committee.
  b. Measures for risk mitigation including systems and processes for internal control of identified risks.
  c. Business continuity plan.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.
- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken.
- Reviewing the appointment, removal and terms of remuneration of the Chief Risk Officer (if any).
- Coordination of its activities with other committees of the Board, wherever required.
- To seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.
- Such other role / powers as may be assigned by the SEBI LODR Regulations and the Board of Directors from time to time.

7. Remuneration of Directors

a) Remuneration to Managing Director

The Company pays remuneration by way of salary, perquisites, allowances and commission to the Managing Director. The commission to the Managing Director is decided by the Nomination and Remuneration Committee on determination of the profits for the financial year and approved by the Board of Directors. The remuneration to the Managing Director is in accordance with the provisions of the Companies Act, 2013; rules thereof and within the ceiling prescribed thereunder.

The Members of the Company at their Twenty Seventh Annual General Meeting held on 25 July 2018 approved the re-appointment and the terms of remuneration of Mr. R. V. Gumaste as the Managing Director for a period of 5 years with effect from 1 July 2018. The Company had entered into an agreement dated 3 May 2018 with the Managing Director for a period of 5 years. No notice period and severance fees have been prescribed in the agreement.

Details of remuneration, by payment and provision, to Mr. R. V. Gumaste, Managing Director for the financial year 2021–2022 are as given below :

Particulars	Amount (₹)
Salary	12,465,000
Leave Travel Assistance	90,000
Contribution to Provident Fund	1,395,000
Contribution to Superannuation Fund	1,743,750
Perquisites	283,061
Perquisite value for stock options	10,614,250
Gratuity	3,318,210
Leave Encashment	1,405,494
Commission	120,000,000
Total	**151,314,765**

Salary includes basic salary, special allowance and house rent allowance. Perquisites include reimbursement of medical expenses, personal accident insurance and mediclaim insurance premium.

Pursuant to the resolution passed by the Members of the Company at their annual general meeting held on 25 July 2018 and upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 5 May 2021 has approved the revision in the basic salary payable to the Managing Director from ₹ 8,75,000 per month to ₹ 1,000,000 per month with effect from 1 July 2021.

Pursuant to KFIL Employee Stock Option Scheme 2017; the Nomination and Remuneration Committee at its meeting held on 3 November 2017 has granted to Mr. R. V. Gumaste, Managing Director 500,000 stock options at an exercise price of ₹ 50 per stock option and these stock options would be vested over a period of 4 years subject to fulfillment of vesting conditions. As of 31 March 2022; 487,500 stock options were vested in him and he has exercised 432,500 stock options out of vested stock options.

b) Remuneration to Non Executive Directors

Section 197 of the Companies Act, 2013 and rules thereof state that, except with the approval of the members in the general meeting by a special resolution, the remuneration payable to Directors, who are neither Managing Directors nor Whole Time Directors, shall not exceed one percent of the net profits of the Company, if there is a Managing Director.

Upon the recommendation of the Nomination and Remuneration Committee and based on the performance of the Company, the Board of Directors decides the remuneration by way of commission to Non Executive Directors.

Details of commission payable to Non Executive Directors for the financial year 2021–2022 are as given below :

Name of Director	Amount (₹)
Mr. Atul Kirloskar	2,000,000
Mr. Rahul Kirloskar	2,000,000
Mr. A. N. Alawani	4,450,000
Mr. R. Sampathkumar	700,000
Mrs. Nalini Venkatesh	1,450,000
Mr. Y. S. Bhave	700,000
Mr. M. R. Chhabria	7,700,000
Mr. V. M. Varma	1,450,000
Mr. M. V. Kotwal	2,600,000
Mr. Venkataramani S.	500,000
Total	**23,550,000**

There are no pecuniary relationships or transactions of Non Executive Directors vis-a-vis the Company.

Payment of sitting fees to Non Executive Directors

The Board of Directors at its meeting held on 28 April 2017 has increased the sum of sitting fees payable to a Non Executive Director from ₹ 25,000 to ₹ 50,000 for attending a meeting of the Board of Directors and any committees thereof.

Details of Sitting Fees paid to Non Executive Directors during financial year 2021–2022 are as given below :

Name of Director	Amount (₹)
Mr. Atul Kirloskar	650,000
Mr. Rahul Kirloskar	400,000
Mr. A. N. Alawani	950,000
Mrs. Nalini Venkatesh	600,000
Mr. R. Sampathkumar	500,000
Mr. Y. S. Bhave	450,000
Mr. M. R. Chhabria	450,000
Mr. M. V. Kotwal	650,000
Mr. V. M. Varma	950,000
Mr. Venkataramani S.	250,000
Total	**5,850,000**

8. General Body Meetings

Details of last three annual general meetings held are as given below :

Annual General Meeting	Financial Year	Date, Time and Place
28th Annual General Meeting	2018 – 2019	23 July 2019 10.30 a.m. S. M. Joshi Socialist Foundation, (S. M. Joshi Hall), S. No. 191/192, Navi Peth, Near Ganjave Chowk, Pune 411030
Three special resolutions were passed : • Appointment of Mrs. Nalini Venkatesh as an Independent Director of the Company to hold office for a second term of five consecutive years upto 12 August 2024. • Appointment of Mr. R. Sampathkumar as an Independent Director of the Company to hold office for a second term of three consecutive years upto 12 August 2022. • Appointment of Mr. B. S. Govind as an Independent Director of the Company to hold office for a second term of one year upto 12 August 2020.		
29th Annual General Meeting	2019 – 2020	11 August 2020 11.30 a.m. (IST) The Annual General Meeting was held through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM') facility.
One special resolution was passed : Continuation of directorship of Mr. A. N. Alawani as a Non Executive Non Independent Director after attainment of age of seventy five years.		
30th Annual General Meeting	2020 – 2021	27 July 2021 11.30 a.m. (IST) The Annual General Meeting was held through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM') facility.
Two special resolutions were passed : • Authority to the Board of Directors of the Company pursuant to provisions of Section 180(1)(c) of the Companies Act, 2013 to borrow any sum or sums of money, which together with the monies borrowed earlier by the Company, may exceed at any time the aggregate of the paid-up share capital, the free reserves and the securities premium of the Company by a sum not more than ₹ 200 Crores. • Approval to the introduction and implementation of 'KFIL Employee Stock Options Scheme 2021' and grant of not exceeding 25,00,000 stock options to eligible Directors and specified senior management employees of the Company.		
Extra Ordinary General Meeting No. 1/2021-2022	2021 – 2022	21 December 2021 11.30 a.m. (IST) The Extra Ordinary General Meeting was held through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM') facility.
Four special resolutions were passed : • Authority to the Board of Directors of the Company pursuant to provisions of Section 180(1)(c) of the Companies Act, 2013 to borrow from time to time any sum or sums of money, which together with the monies borrowed earlier by the Company, may exceed at any time the aggregate of the paid–up share capital, the free reserves and the securities premium of the Company by a sum of not more than ₹ 1,000 Crores. • Authority to the Board of Directors of the Company pursuant to provisions of Section 186 of the Companies Act, 2013 to (i) give any loan to any person or other body corporate; (ii) give any guarantee or provide security in connection with a loan to any other body corporate or person and (iii) acquire whether by way of subscription, purchase or otherwise, the securities of any other body corporate; upto a sum, the aggregate outstanding of which shall not exceed at any time by ₹ 1,000 Crores over and above the aggregate of free reserves and securities premium account. • Authority to the Board of Directors of the Company for borrowing or raising of funds not exceeding ₹ 750 Crores by way of issuance of rated, listed, unsecured, redeemable, non-convertible Debentures on a private placement basis in one or more tranches. • Appointment of Mr. Venkataramani Sathya Moorthy (DIN : 00229998) as an Independent Director of the Company to hold office for a term upto 21 October 2026.		

No resolution was passed by way of postal ballot during the financial year 2021–2022.

9. Means of Communication

In compliance with requirements of the SEBI LODR Regulations; the financial results are filed at regular intervals with the BSE Limited, immediately after approval by the Board of Directors. The financial results of the Company are available at the website of BSE Limited viz, www.bseindia.com and that of the Company viz. www.kirloskarferrous.com

Presentations to investors / analysts and official news releases are also available at the website of the Company, viz, www.kirloskarferrous.com

Extract of financial results are published in national and local dailies such as Financial Express (English language newspaper) and Loksatta (Marathi language newspaper) having wide circulation. Since the financial results are available at the websites of BSE Limited and the Company and extract of the same are also published in national and regional newspapers, they are not sent individually to each member.

10. General Shareholders' Information

Corporate Identification Number (CIN)	L27101PN1991PLC063223
Day, Date and Time	Monday, 1 August 2022 at 11:00 a.m. (IST)
Venue	Through Video Conferencing or Other Audio Visual Means (VC / OAVM)
Books Closure	23 July 2022 to 1 August 2022 (both days inclusive)
Financial Year	For the financial year from 1 April 2021 to 31 March 2022; financial results were announced as under : First Quarter 26 July 2021 Second Quarter 22 October, 2021 Third Quarter 24 January 2022 Annual 17 May 2022
ISIN	INE884B01025
Dividend payment date	On or before 19 August 2022
Listing on stock exchange	BSE Limited (scrip code : 500245)

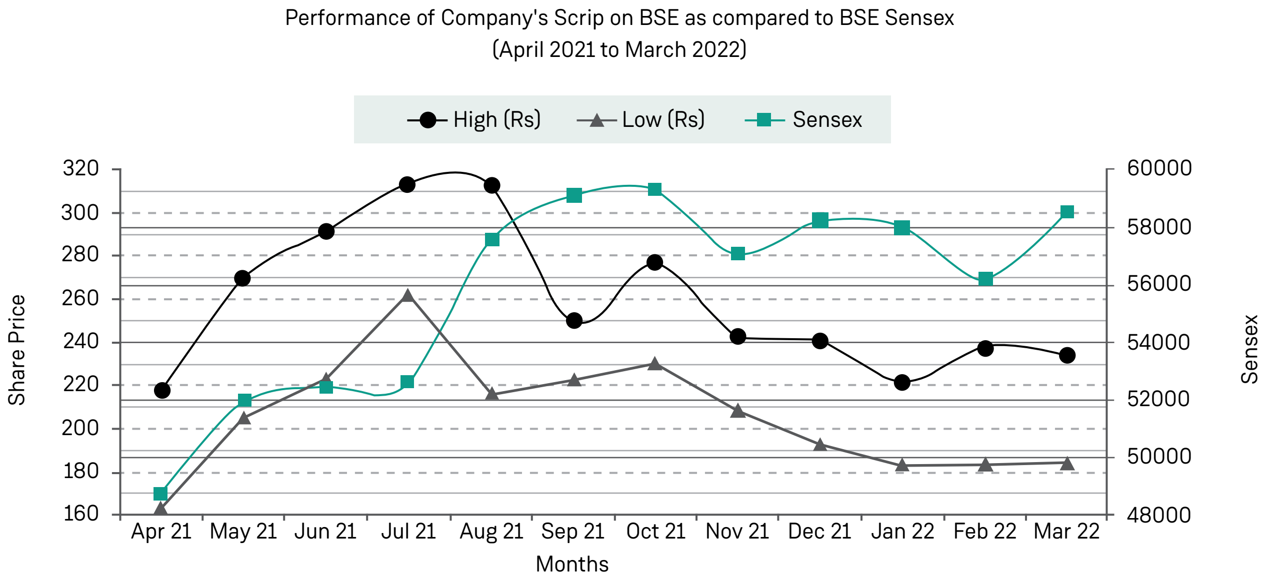
The annual listing fees till date has been paid to BSE Limited.

National Stock Exchange of India Limited (NSE) vide its Circular Reference No. 0960/2019 dated 8 November 2019 has informed its Members that the equity shares of Kirloskar Ferrous Industries Limited are permitted to trade and admitted to dealings in Capital Market segment (Symbol : KIRLFER) with effect from 13 November 2019.

Market Price Data

Monthly high / low prices of equity share on the BSE Limited during the financial year 2021-2022 are as given below :

Year	Month	High (₹)	Low (₹)
2021	April	217.75	164.10
	May	270.00	206.00
	June	291.55	224.10
	July	313.75	263.00
	August	313.25	217.50
	September	249.75	223.05
	October	276.35	231.05
	November	243.00	209.10
	December	240.80	193.45
2022	January	222.25	183.75
	February	238.05	184.05
	March	234.50	185.35



Registrar and Share Transfer Agent (RTA) :

Link Intime India Private Limited (a SEBI Registered Registrar and Share Transfer Agent) has been maintaining activities in relation to the share transfer facility.

Contact details of the RTA are as given below :
Link Intime India Private Limited
Akshay Complex, Block No 202, Second Floor, Off Dhole Patil Road,
Near Ganesh Temple, Pune 411001, Maharashtra
Telephone No. (020) 26161629 / 26160084
Fax No. (020) 26163503
Email : pune@linkintime.co.in

Share Transfer System

Pursuant to proviso to Regulation 40 of the SEBI LODR Regulations read with the Circular dated 7 September 2020 issued by the SEBI; transfer of securities should take place in electronic form with effect from 1 April 2019 and the cut off date for re-lodgement of transfer deeds lodged prior to deadline and returned due to deficiency in the documents was fixed as 31 March 2021. However, applications for transfers like change of name, name deletion, transmission and transposition are permitted for securities held in physical form.

Applications for transfer of equity shares in physical form are processed by the RTA of the Company, approved at regular intervals and are returned after the registration of transfers within 15 days from the date of receipt, subject to the validity of all documents lodged with the Company. The applications for transfer of shares under objection are returned within a week from the date of receipt.

Shareholding Pattern as on 31 March 2022 :

Category	Number of Shares	Percentage of Shareholding
Promoters and Promoters Group	81,783,822	58.96
Mutual Funds	12,198,778	8.79
Domestic Companies	5,522,701	3.98
Investor Education and Protection Fund (IEPF)	1,929,421	1.39
Alternate Investments Funds	18,724	0.01
Foreign Institutional Investors	28,500	0.02
Foreign Portfolio Investors	924,207	0.67
Financial Institutions / Banks	500	0.00
NBFCs registered with RBI	25,000	0.02
Non Resident Indians	1,794,922	1.29
Directors and their relatives	801,888	0.58
Employees	711,190	0.51
Hindu Undivided Families (HUF)	1,534,220	1.11
Clearing Members	71,804	0.05
Trusts	269,175	0.19
Limited Liability Partnerships (LLP)	180,584	0.13
General Public	30,921,608	22.30
Total	**138,717,044**	**100.00**

Distribution of Shareholding as on 31 March 2022 :

Nominal Value of Shares (₹)		Shareholders		Shares	
From	To	Number	Percentage to Total	Number	Percentage to Total
1	5,000	92,217	96.76	10,672,882	7.69
5,001	10,000	1,310	1.37	2,020,350	1.46
10,001	20,000	762	0.80	2,200,190	1.59
20,001	30,000	362	0.38	1,819,388	1.31
30,001	40,000	133	0.14	943,113	0.68
40,001	50,000	133	0.14	1,250,128	0.90
50,001	100,000	178	0.19	2,580,738	1.86
100,001 and above		206	0.22	117,230,255	84.51
Total		**95,301**	**100.00**	**138,717,044**	**100.00**

Equity Shares in electronic form

As on 31 March 2022, 97.83 percent of paid-up equity share capital of the Company was held in electronic form.

Outstanding Global Depository Receipts / American Depository Receipts / Warrants or any convertible instruments, conversion date and impact on equity

There was no convertible instrument outstanding as on 31 March 2022 for conversion into equity shares.

Commodity price risk or foreign exchange risk and hedging activities

Commodity Price Risk

Commodity price risk is a financial risk on the Company's financial performance, which is affected by the fluctuating prices on account of global and regional supply / demand. Fluctuations in the prices of commodities mainly depend on market conditions.

The Company has a risk management framework for identifying, monitoring and mitigating such risks, which has been evolved over the period.

On output side – Market forces generally significantly influence the prices of pig iron sold by the Company. These prices are generally influenced by factors such as competition, supply and demand, production costs (including the costs of raw material inputs) and availability of alternate materials such as steel scrap, etc. Changes in any of these factors may have impact on the revenue of the Company. To make the prices of pig iron more competitive, preferences are given to the zones, which provides higher contribution and thus the Company endeavors to manage the price risk.

Castings are made to order and the prices are determined based on the specifications provided by the customers. Price fluctuations in the input materials are adjusted based on the input price movement with respect to the base price of the castings.

On Input side – The procurement prices of metallurgical coke, coking coal and iron ore, which are the major input materials for production of pig iron, are also subject to market fluctuations. The Company procures these materials in open market at prevailing prices. However, the Company has elaborate system and monitoring mechanism to mitigate the input price risk with the help of inventory control, materials planning and adoption of operational measures. For further details, kindly refer to Note No. 38(i)(c) forming part of the Standalone Financial Statements.

Foreign exchange risk and hedging activities

During the financial year 2021-2022, the Company has managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against imports. Details of foreign currency exposures are disclosed in Note No. 38(i)(b) forming part of the Standalone Financial Statements.

Plant Locations

- Bevinahalli Village, P.O. Hitnal, Taluka and District Koppal, Karnataka 583234
- Hotgi Road, Shivashahi, Solapur, Maharashtra 413224
- Paramenahally Village, Taluka Hiriyur, District Chitradurga, Karnataka 577598

Address for correspondence

Kirloskar Ferrous Industries Limited
13, Laxmanrao Kirloskar Road,
Khadki, Pune 411003
Telephone No. (020) 66084645
Fax No. (020) 25813208 / 25810209
Email : kfilinvestor@kirloskar.com

Link Intime India Private Limited
Akshay Complex, Block No 202,
Second Floor, Off Dhole Patil Road,
Near Ganesh Temple,
Pune 411001
Telephone No. (020) 26161629 / 26160084
Fax No. (020) 26163503
Email : pune@linkintime.co.in

Contact details of the Debenture Trustee :

Mr. Umesh Salvi, Managing Director
Catalyst Trusteeship Limited
Windsor, 6th Floor, Office No. 604, CST Road, Kalina,
Santacruz (East), Mumbai 400098
Telephone No. (022) 49220555, Fax No. (022) 49220505
Email ID : dt@ctltrustee.com

List of credit ratings obtained :

- ICRA Limited vide its letter dated 28 February 2022 has assigned the long-term rating of 'ICRA AA with Negative Outlook' for issue of Debentures by the Company. The sum of ₹ 250 Crores was raised by issue of rated, listed, unsecured, redeemable, Non-convertible Debentures during the financial year 2021-2022.
- ICRA Limited vide its letter dated 28 February 2022 has assigned the short-term rating of 'ICRA A1+' for issue of Commercial Papers upto ₹ 650 Crores by the Company. The sum of ₹ 539.20 Crores was raised by issue of Commercial Papers during the financial year 2021-2022.

11. Other Disclosures

a) Related Party Transactions

During the financial year 2021-2022, there were no materially significant transactions with the related parties. The Board of Directors has adopted the policy on related party transactions. The copy of the policy is available at the website of the Company, viz. www.kirloskarferrous.com

Details of transactions of the Company with any person or entity belonging to the Promoter / Promoter Group(s), which hold(s) ten percent or more shareholding in the Company are as given below :

(₹ in Crores)

Name of the promoter / promoter group(s)	Nature of relationship	Nature of transactions	2021-2022		2020-2021	
			Transaction value	Outstanding amount carried in balance sheet	Transaction value	Outstanding amount carried in balance sheet
Kirloskar Industries Limited	Promoter Group	Dividend	38.85	-	14.13	-
		Building rent paid	0.06	-	0.06	-
		Rent deposit receivable	-	0.03	-	0.03

b) There has been no instance of non-compliance by the Company on any matter related to capital markets during last three financial years. Neither any penalty nor any stricture has been imposed on the Company by the SEBI, the stock exchange or any other regulatory authority on any matter related to capital markets.

c) Vigil Mechanism / Whistle Blower Policy

The Board of Directors has adopted the Vigil Mechanism / Whistle Blower Policy. The policy has provided a mechanism for Directors, Employees and other persons dealing with the Company to report to the Chairman of the Audit Committee, any instance of unethical behaviour, actual or suspected fraud or violation of the Code of Conduct for Board of Directors and Senior Management (the Code) or ethics policy or leakage of Unpublished Price Sensitive Information (UPSI), by any person, who is in possession of UPSI, to any other person in any manner whatsoever, except as otherwise permitted under the SEBI (Prohibition of Insider Trading) Regulations or any other instance. The policy has been uploaded at the website of the Company, viz. www.kirloskarferrous.com No person has been denied access to the Audit Committee.

d) Details regarding adoption of non-mandatory requirements as specified in Regulation 27(1) read with Schedule II of the SEBI LODR Regulations are as given below :

- The Board :

  Mr. Atul Kirloskar is Non Executive Chairman of the Company. The Company does not incur any expenses for maintaining the office of the Chairman.

- Shareholder Rights :

  Since financial results are available at websites of BSE Limited and the Company and extract of the same are published in national and regional newspapers, the financial results are not sent individually to each member.

- Modified opinion(s) in audit report :

  Audited Financial Statements (Standalone and Consolidated) of the Company for the financial year ended 31 March 2022 have unmodified audit opinion.

- Separate posts of the Chairman and the Managing Director :

The Company has separate persons to the post of the Chairman and the Managing Director. The Chairman is a Non-Executive Director and is not related to the Managing Director as per definition of the term 'Relative' defined under the Companies Act, 2013.

- Reporting of Internal Auditor :

  Internal Auditor reports to the Audit Committee and has direct access to the Audit Committee.

e) The Board of Directors at its meeting held on 17 May 2022 has adopted the 'policy on determination of material subsidiaries'. The policy has been uploaded at the website of the Company, viz. www.kirloskarferrous.com

f) The Company has not raised any funds through preferential allotment or qualified institutions during the year under review. Hence, no disclosure is required pursuant to Regulation 32(7A) of the SEBI LODR Regulations.

g) Certificate from Practicing Company Secretary

Mr. Mahesh J. Risbud, Practicing Company Secretary has issued a certificate confirming that 'None of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI or the Ministry of Corporate Affairs or any such statutory authority.'

h) During the year under review, all recommendations given by the committees of the Board (which are mandatorily required) have been accepted by the Board.

i) Details of payment of fees for statutory audit, taxation, certification and related matters and reimbursement of out of pocket expenses to the statutory auditor for the financial year under review have been disclosed in Note No. 35(iii) forming part of the Standalone Financial Statements.

j) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are as given below :

Number of complaints pending at the beginning of financial year	Nil
Number of complaints filed during the financial year	Nil
Number of complaints disposed of during the financial year	Nil
Number of complaints pending at the end of financial year	Nil

k) Details of the Cost Auditor

With reference to the General Circular No. 15/2011-52/5/CAB-2011 dated 11 April 2011 issued by the Government of India, Ministry of Corporate Affairs, Cost Audit Branch, New Delhi, following are the details of Cost Auditor and filing of cost audit report with the Central Government :

M/s. Parkhi Limaye and Co, Cost Accountants (Firm Registration No. 000191)

'Aabha', Plot No. 16, Siddhakala Society, Warje, Pune 411058, Maharashtra

Email ID: parkhilimaye@hotmail.com

The Cost Audit Report for the financial year ended 31 March 2021 has been filed with the Central Government on 25 August 2021.

l) The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI LODR Regulations.

m) Report on Management Discussion and Analysis forms part of the Annual Report and is in accordance with requirements specified in Schedule V of the SEBI LODR Regulations.

CEO / CFO Certification

A certificate signed by the Managing Director and the Chief Financial Officer confirming compliance of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was placed before the meeting of the Board of Directors held on 17 May 2022.

Registration of details of bank account for payment of dividend by electronic means

As per Regulation 12 of the SEBI LODR Regulations, the Company shall use electronic modes of payment such as electronic clearing services, direct credit, real time gross settlement, national electronic funds transfer, etc. for making payment of dividend.

Accordingly, Members holding shares in electronic form and in physical form are requested to register necessary details of bank account with the Depository Participants and the Registrar and Share Transfer Agent, viz. Link Intime India Private Limited, respectively.

Transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)

Pursuant to provisions of Section 124(5) of the Companies Act, 2013 and rules thereof; any money transferred to the Unpaid Dividend Account of a company, which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund (IEPF).

After transfer of unpaid dividend to the IEPF, any person claiming to be entitled to such amount may apply to the IEPF Authority in accordance with provisions of Section 125 of the Companies Act, 2013 and rules thereof.

A Member, who has not yet encashed dividend warrant(s), is requested to make claim without any delay to the Registrar and Share Transfer Agent of the Company, i.e. Link Intime India Private Limited.

Due dates for transfer of unclaimed dividend to the IEPF :

Financial Year	Dividend percent	Date of Declaration (DD/MM/YYYY)	Date of Payment (DD/MM/YYYY)	Date on which dividend will become part of IEPF (DD/MM/YYYY)	Unclaimed Sum as on 31 March 2022 (₹)
2014-2015	25	30/07/2015	21/08/2015	31/08/2022	45,91,330.75
2015-2016 (Interim)	25	10/03/2016	29/03/2016	09/04/2023	47,58,240.75
2016-2017	35	03/08/2017	22/08/2017	08/09/2024	66,20,463.75
2017-2018	25	25/07/2018	27/07/2018	29/08/2025	35,17,353.25
2018-2019 (Interim)	20	30/01/2019	27/02/2019	04/03/2026	27,53,516.00
2018-2019 (Final)	20	23/07/2019	30/07/2019	28/08/2026	26,60,174.00
2019-2020 (Interim)	40	05/03/2020	20/03/2020	11/04/2027	70,69,160.00
2020-2021 (Interim)	40	02/03/2021	25/03/2021	08/04/2028	45,15,640.00
2020-2021 (Final)	60	27/07/2021	10/08/2021	02/09/2028	62,76,947.00
2021-2022 (Interim)	50	24/01/2022	18/02/2022	02/03/2029	71,61,944.00

Pursuant to provisions of Rule 5 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, details of amounts relating to unclaimed dividends as on the date of Annual General Meeting (i.e. 27 July 2021) have been filed in Form No. IEPF-2 with the Ministry of Corporate Affairs and uploaded at the website of the Company, viz. www.kirloskarferrous.com

Transfer of equity shares to the Investor Education and Protection Fund (IEPF)

Pursuant to provisions of Section 124(6) of the Companies Act, 2013 and rules thereof as amended from time to time, all shares, in respect of which dividend has not been claimed for a period of seven years from the date of such transfer shall be transferred by the company in the name of Investor Education and Protection Fund (IEPF) alongwith a statement containing such details as may be prescribed.

Accordingly, 135,468 equity shares of ₹ 5 each have been transferred in November 2021 to the Investor Education and Protection Fund (IEPF) by way of corporate action.

Procedure for dealing with unclaimed shares

Pursuant to Regulation 39(4) of the SEBI LODR Regulations, the Company had sent reminder letters to those shareholders, whose share certificates have returned undelivered by the postal authorities due to insufficient / incorrect information and are lying with the Company. These share certificates will be sent to eligible shareholders upon submission of necessary documents to the Company.

Declaration of compliance with the Code of Conduct

To the Members of Kirloskar Ferrous Industries Limited,

Pursuant to Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations'), I hereby declare that all Board members and senior management personnel are aware of the provisions of the Code of Conduct laid down by the Board and made effective from 1 December 2015.

All Board members and senior management personnel have affirmed compliance with the Code of Conduct.

For Kirloskar Ferrous Industries Limited

R. V. Gumaste
Managing Director
DIN : 00082829

Date : 17 May 2022
Place : Pune

Independent Auditors' certificate on corporate governance

The Members of
Kirloskar Ferrous Industries Limited,
13, Laxmanrao Kirloskar Road, Khadki,
Pune 411003

1. We have examined the compliance of conditions of corporate governance by Kirloskar Ferrous Industries Limited ('the Company') for the year ended 31 March 2022 as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the ICAI.

6. Based on our examination of the relevant records and according to the best of our information and explanations provided to us, we certify that the Company has complied with the conditions of regulations of Corporate Governance as stipulated in the above mentioned Listing Regulations.

7. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

8. The certificate is issued solely for the purpose of complying with the aforesaid SEBI Listing Regulations and may not be suitable for any other purpose.

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No. 105215W/W100057

Suhas Deshpande
Partner
Membership No. 031787
UDIN : 22031787AJDNBL7178

Date : 17 May 2022
Place : Pune

Business Responsibility Report

Overview

Kirloskar Ferrous Industries Limited (KFIL) was incorporated in the year 1991 with an objective of manufacturing high quality pig Iron, thin-walled quality grey iron castings to cater to the growing demand in industry sectors such as Tractors, Automotive and Diesel Engines.

Koppal plant is strategically located at Bevinahalli village in Koppal district of Karnataka State with manufacturing facility of pig iron and casting with a machining facility. The plant has proximity to iron ore mines of the Hospet-Sandur-Bellary belt and well connected by road and railways to enable smooth and faster movement of goods. Similarly, Solapur plant located at Solapur district of Maharashtra State has a casting manufacturing facility with forward integration to machining facility. In the year 2020, the Company acquired pig Iron plant located at Paramenahalli village, Taluka Hiriyur, Karnataka from VSL Steels Limited.

Koppal, Solapur and Hiriyur plants have highly productive equipment and skilled manpower alongwith tactical supply chain logistics. KFIL has a unique capability and manufacturing flexibility in producing a wide range of products in grey iron castings upto 300 kg single piece weight in the category of cylinder blocks, heads and housings and in the manufacture and supply of pig iron that includes foundry grade, s.g. iron grade and basic grade.

KFIL has also a unique rapid proto casting making capability and process at Koppal plant, which is very close to serial regular production and enables quick productionisation of proto items.

During the financial year 2021-2022, the Company has acquired the management control of ISMT Limited and it has become the subsidiary of KFIL with effect from 10 March 2022. ISMT Limited (earlier known as The Indian Seamless Metal Tubes Limited) was incorporated as a public limited company in the year 1977 and commenced production of seamless tubes in the year 1980. It has steel production plant at Jejuri in Maharashtra and seamless tube and pipes manufacturing plants at Ahmednagar and Baramati in Maharashtra. It also has a captive power plant (presently not in operation) located at Chandrapur in Maharashtra.

KFIL has a unique manufacturing set up that has integration from Mines to Machined Castings. The acquisition of ISMT has facilitated KFIL to enter the business segment of steel manufacturing and seamless tubes.

In keeping with the Company's commitment to responsibility and accountability towards all its stakeholders, KFIL is pleased to present its Business Responsibility Report in line with Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In line with the SEBI's structure for the Business Responsibility Report and nine principles of the Government of India's 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business', this report delineates the Company's efforts to conduct business responsibly.

Section A : General Information about the Company

1	Corporate Identity Number (CIN) of the Company	L27101PN1991PLC063223	
2	Name of the Company	Kirloskar Ferrous Industries Limited	
3	Registered Address	13, Laxmanrao Kirloskar Road, Khadki, Pune 411003, Maharashtra, India	
4	Website	www.kirloskarferrous.com	
5	Email	kfilinvestor@kirloskar.com	
6	Financial Year of Reported	2021-2022	
7	Sectors that the company is engaged in (Industrial Activity Code wise)	Iron Castings	
		NIC Code	Product Description
		27310	Iron Castings
		As per National Industrial Classification for India (NIC)	
8	List three key products that company manufactures / provides	Pig Iron	
		Iron Castings	
		Machined Iron castings	
9	Total number of locations where business activity is undertaken by the Company		
	i) International Locations	None	
	ii) National Locations	Koppal and Hiriyur (Karnataka) Solapur and Pune (Maharashtra)	
10	Markets served by the company	India	

Section B : Financial Details of the Company

(₹ in Crores)

1	Paid up capital	69.36
2	Total Turnover	3,614.97
3	Total Profit after Taxes	406.10
4	Total spending on Corporate Social Responsibility (CSR) as a percentage of average profit for last 3 financial years	4.52

5. Activities, under which expenditure on 4 above has been incurred, include :
   a) Education : Promotion of education, infrastructure for schools and colleges, rural education, financial assistance to school children and scholarships, stationery to students.
   b) Health and Hygiene : Community health, health checkup camps and clean drinking water
   c) Rural Development : Construction of rural infrastructure, food packages and assistance to physically challenged people.

Section C : Other Details

1	Does the Company have any Subsidiary Company / Companies?	Yes
2	Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).	No
3	Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with / participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities (less than 30%, 30-60%, more than 60%).	No

Section D : Business Responsibility (BR) Information

Responsibility for BR :

Details of Director responsible for implementation of BR Policy / Policies

Name	Designation	DIN	Telephone	Email ID
Mr. R. V. Gumaste	Managing Director	00082829	08539-286761	ravindranath.gumaste@kirloskar.com

Details of BR Head :

Name	Designation	DIN	Telephone	Email ID
Mr. R. V. Gumaste	Managing Director	00082829	08539-286761	ravindranath.gumaste@kirloskar.com

BR Principles

At KFIL, Business Responsibility is guided by India's 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business', which articulates nine principles as below :

Principle 1 (P1)	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2 (P2)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3 (P3)	Businesses should promote the well-being of all employees.
Principle 4 (P4)	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
Principle 5 (P5)	Businesses should respect and promote human rights.
Principle 6 (P6)	Businesses should respect, protect, and make efforts to restore the environment.
Principle 7 (P7)	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8 (P8)	Businesses should support inclusive growth and equitable development.
Principle 9 (P9)	Businesses should engage with and provide value to their customers and consumers in a responsible manner

All nine principles as articulated in India's 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' are covered by policies of KFIL as outlined in the table below :

BR Policies and coverage of NVG nine principles

Principle-wise (as per NVGs) BR Policy / policies

a) Details of compliance (Reply in Y/N)

Sr No	Particulars	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Availability of Policy*	Y	Y	Y	Y	Y	Y	NA	Y	Y
2	Policy formulated in consultation with relevant stakeholders ? #	Y	Y	Y	Y	Y	Y	NA	Y	Y
3	Conformity of policy to any national / international standards? @	Y	Y	Y	Y	Y	Y	NA	Y	Y
4	Policy approved by the Board **	Y	Y	Y	Y	NA	Y	NA	Y	Y
	Policy signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	NA	Y	Y
5	Specified committee of the Board / Director / Official appointed to oversee the implementation of the policy.	Y	Y	Y	Y	Y	Y	NA	Y	Y
6	Indicate the link for the policy to be viewed online?	Relevant external policies are available at the website of the Company viz. www.kirloskarferrous.com								
7	Policy communicated to all relevant internal and external stakeholders	Y	Y	Y	Y	Y	Y	NA	Y	Y
8	Existence of an in-house structure within the Company to implement the policy / policies	Y	Y	Y	Y	Y	Y	NA	Y	Y
9	Availability of a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies	Y	Y	Y	Y	Y	Y	NA	Y	Y
10	Assessment by an internal / external agency of the working of this policy ##	Y	Y	Y	Y	Y	Y	NA	Y	Y

*Policies include defined / documented procedures and Standard Operating Procedures (SOPs).

Relevant policies have evolved over a period of time based on inputs from concerned stakeholders.

@ Policies are in line with international standards and practices such as IATF 16949:2016 Guidelines, ISO 14001:2015, OHSMS 45001:2018 and also meet regulatory requirements in India such as the Companies Act, 2013, rules thereof and the SEBI Regulations, wherever applicable.

** The Board of Directors of the Company has approved from time to time various policies such as the Code of Conduct for Directors and Senior Management, Whistle Blower Policy, CSR Policy, Code for Fair Disclosures, Policy on Related Party Transactions and Business Responsibility Policy in line with regulatory requirements. These policies are signed by respective officers authorized by the Board.

Other policies and procedures for internal processes are approved by the Management of the Company and signed by the Managing Director or respective business heads.

The Company has established internal governance structure to ensure implementation of various policies. The Company reviews implementation of polices through internal audit, risk management process in-line with established policies / SOPs.

If answer to the question at serial number 1 against any principle is 'No', please explain why : (Tick up to 2 options)

Sr No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles.	-	-	-	-	-	-	-	-	-
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles.	-	-	-	-	-	-	-	-	-
3	The company does not have financial or manpower resources available for the task.	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next six months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next one year.	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

@ The Company reviews regularly its policies to align with the principles of business responsibility in true spirit. The assessment for adoption / implementation of specific policies is under process which will be continued in next financial year.

Section E : Principle wise Performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

The Company is committed to conducting its business in accordance with the applicable laws, rules and regulations and with highest standards of business ethics. The Company has in place the Code of Conduct ("Code") for its Directors and Senior Management Personnel and their confirmations to the Code are obtained by the Company on periodical basis. The Company has internal code of conduct policy applicable to all its employees with the objective of establishing and upholding high ethical conduct with transparency and accountability. It includes issues related to ethics, bribery and corruption while dealing with connected stakeholders. It covers the dealings with its suppliers, customers and other stakeholders. No complaint linked to adherence with the Code of Conduct was received during the year under review.

This Policy is intended to provide guidance and help in recognizing and dealing with ethical issues, provide mechanisms to report unethical conduct and to help foster a culture of honesty and accountability. The objective is to encourage the highest standards of ethical conduct, transparency and accountability while dealing with its stakeholders.

The Company has Whistle Blower Policy in place, which lays down the process to report any unethical behavior or violation of the Code of Conduct. Employees can report to the Management any instances of unethical behavior, or suspected fraud or violation of the Code of Conduct or ethics policy. Adequate measures are in place to ensure the safeguarding of whistle blowers against victimization. During the year under review, two complaints were received and enquired. Outcome of the enquiry was placed before the meeting of the Audit Committee.

The Company has established mechanism for receiving and dealing with complaints from various stakeholders like investors, customers, employees, suppliers and society. During the year under review, no complaint was received from any employee, supplier and society.

The company has an Internal Complaint Committee (ICC) to redress complaints received with respect to sexual harassment at work place. No complaint was received during the year under review.

Principle 2 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Grey Iron Castings :

The Company is a casting supplier to Original Equipment Manufacturers and Tier I supplier. Products are manufactured as per the customer's design and specifications. The business development and new product development teams closely interact with the customers and fulfill Production Part Approval Process (PPAP) requirements. The Company continuously strives to minimize waste in materials and processing requirements by initiatives such as yield improvement, casting weight reduction and waste elimination by implementing appropriate technologies.

Pig Iron :

The Company is supplying Pig Iron to Foundries. In operations, good quality of raw materials are used to operate efficiently in accordance with the environmental measures applicable to industry norms. Pig iron in terms of weight and size and the chemical composition are manufactured as per the customer requirements and chemistry of each dispatches are provided to its customers eliminating duplicate sampling and optimizing their resource utilization.

The Company continuously monitors and tracks the use of natural resources. All measures are in place in optimizing the consumption of resources.

Energy audits are conducted every year by the third party and appropriate actions are taken on audit findings to optimize the energy consumption considering conservation of natural resources.

All conventional lights are replaced with energy efficient LED. The Company has 10 MW solar power plant at Solapur and 100 KW roof top solar PV unit at Koppal administrative building in its efforts to have green energy adopting renewable resources.

Plant	Description	FY 2021-2022	FY 2020-2021
Pig Iron (Koppal)	Specific Energy Consumption (KWh/MT)	161	164
Foundry (Koppal)	Specific Energy Consumption (KWh/MT)	1,307	1,252
Koppal plant	Specific Water Consumption (Cu. mtr / MT)	3.08	2.44
Foundry (Solapur)	Specific Energy Consumption (KWh/MT)	1,682	1,745
	Specific Water Consumption (Cu.mtr / MT)	0.75	0.79
Pig Iron Plant (Hiriyur)	Specific Energy Consumption (KWh/MT)	162	173
	Specific Water Consumption (Cu.mtr / MT)	1.44	-

Notes :

- In respect of Foundry at Koppal, the energy consumption has increased in view of power supply to machine shop and fettling shop.
- In view of captive power generation from 20 MW power plant at Koppal, two numbers of HT supply lines from state electricity boards have been discontinued.

The Company has added pollution control equipment to minimize and to collect emissions, which can be reused in the manufacturing process by installing Dust Extraction / Fume extraction system (collectors) at various emission points and also installed melting furnace and stopped use of cupola furnace has the effect on specific energy consumption. The Company has also added coke oven and power plant, which has added additional water requirement which has effect on specific water consumption; however, specific water consumption is far below the standard prescribed by MoEFCC.

Supply chain sustainability is ensured through various initiatives such as :

- The Company conducts vendor meets once in two years to have a mutual forum with its vendors, which provides a platform to understand and resolve concerns and minimize interface losses.
- Engagement with vendors to ensure environmental compliance and promoting the use of recycled / returnable packaging for components sourced and increasing the size of containers. Optimization of transportation and logistics cost. The Company partners with suppliers to get the mutual benefit by optimizing the quality and cost of the input material.
- Vendor selection is an integral process to ensure sustainable sourcing. The Company has vendor selection process, which is based on various parameters that include quality, cost, environmental and legal compliance, financial health and stability, management capabilities and organization structure to ensure sustainable approach.
- Railway siding has been established to transport in-bound and out-bound materials to decongest road traffic, which helps in reducing carbon foot print.

Various measures have been taken by the Company towards strengthening the entire supply chain to ensure seamless and sustainable procurement process.

The Company does take proactive steps in supporting local and small service providers in nearby areas. The Company is using the services of local fettling shops for raw castings fettling and also supports for necessary infrastructure development. Other allied services like electrical works, tool modification, spares, consumables are being sourced from local and small producers.

The Company engages small vendors in nearby areas by providing training to their workmen on skill development, productivity improvement, cost reductions and awareness on safety, environment and compliances.

The Company makes continuous efforts to reduce the quantum of waste being generated in its operations.

Following initiatives are taken to reduce waste generation and recycle all waste to make zero land fill.

- Entire Iron fines, coke fines, Gas Cleaning Plant (GCP) dust, GCP sludge generated from MBF operations are being reused in sinter making. Granulated slag generated is being sold in a phased manner to cement plants. Un-granulated slag and skull is processed and sold to buyers approved by pollution control boards. Installed sand reclamation plant to recycle 90 percent rejected core sand and balance core sand are disposed as per guidelines issued by pollution control boards. Rejected castings, runner risers and other scraps recycled through melting. Garden waste is converted into compost and generated the bio fertilizer is used for plantation. Food waste generated from canteen is being sent to piggeries.
- 250 KLD STP installed to treat the domestic waste water and treated water being used for plantation. Water is used in various processes are mainly for cooling and quenching purpose, hence there was no generation of trade effluent. Through reuse and recycling technique waste water generated from one process will be used in other process and zero liquid discharge policy is adopted.

Principle 3: Businesses should promote the wellbeing of all employees.

The Company views employees as enablers of value creation and is committed to well-being of its employees and has various people policies and practices that drive the learning and development as well as the health and wellness of the employees. The Company's HR processes address well-being of its employees at all levels and offers equal opportunity to all without any discrimination. These processes are driven by the inherent values of the Company and are always in conformity with labour laws, human rights and other legislations promulgated from time to time.

Employee category	Total Number of Employees	% Trained on safety	% Trained for Skill Up-gradation
Permanent	1,394	57 %	68 %
Permanent Female	6	93 %	90%
Temporary	104	85 %	72 %
Disabled Employees	1	100 %	100 %

The Company has recognised trade unions for its workmen, who constitute around 32 percent, with whom the collective bargaining, welfare measures and work discipline are mutually agreed and adhered to in congenial industrial relations.

No complaint relating to child labour, forced labour, involuntary labour or sexual harassment at work place was filed during the financial year.

Principle 4 : Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

KFIL strongly believes in Limitless approach towards the communities in which it operates. The mission of the Company is "To be a preferred employer and responsible neighbour".

The Company has identified its employees, customers, investors, vendors, contractors, technical partners, local community and Government / Regulators as its key stakeholders. There are different formal and informal mechanisms to engage with each of these stakeholders, which help us to understand and respond to their needs.

KFIL regularly engages with its community stakeholder group like small vendors, villages in the vicinity, to identify the community those falling under disadvantaged, vulnerable, marginalized category and takes special efforts to address their concerns like, health and hygiene, awareness on environment, community development, training and encouraging formation of self-help group and support for education to needy students considering community as a partner in progress.

The Company's community initiatives are addressed specifically to alleviate issues and problems of the vulnerable and disadvantaged sections in our areas of operations to understand and respond to community needs in an effective manner. The Company organizes various interactive sessions with its supplier / vendor meets, customer / employee satisfaction surveys, investor forums, consultations with local communities etc., for their feedback and to offer better services.

As part of the CSR initiatives, the Company has initiated projects for enhancing education through support classes, study classes, remedial education, running computer laboratories, counselling, support towards operations of primary classes, removal of barriers towards access to higher education, constructing of classroom blocks, toilet blocks, family strengthening program, scholarships, skills augmentation, environment initiative, empowerment initiatives for women and children of villages, community based drinking water projects, health camps, support towards mid-day meal scheme, facilities for safe drinking water in schools and community places, upgradation of facilities in hospitals, temples etc. for the marginalized communities. Activities under its CSR initiative are targeted for the benefits of vulnerable groups in villages, students of government schools, unemployed youth, economically weaker sections etc., in rural and semi urban areas.

Principle 5 : Businesses should respect and promote human rights.

The Company is dedicated to uphold the human rights of all its internal and external stakeholders. It ensures compliance with all applicable laws pertaining to human rights.

While the Company does not have a standalone Human Rights policy, different aspects of human rights such as child labour, forced labour, occupational safety, non-discrimination are covered by its various Human Resource Policies.

Said policies are enumerated as part of employee induction training and awareness programs imparted at regular intervals to ensure adherence to the policies. Whistle blower and Grievance redressal mechanisms are in place for receiving and addressing complaints and feedback related to human rights violations and process improvement.

During the year under review, no complaint related to human rights was received from any stakeholder.

Principle 6: Business should respect, protect and make efforts to restore the environment.

The Company has adopted various policies related to environment protection like environment, safety and energy. The Company is encouraging suppliers to get themselves certified for Environmental Management System.

The Company has taken targets in respect of energy conservation, reduction of Green House Gas (GHG) emission and conservation of water. The strategies and new initiatives continue year on year. In the current reporting year, various initiatives on energy and water conservation, waste reduction, etc. were implemented.

Energy conservation :

All conventional lights are replaced with energy efficient LED. 100 KW roof top solar PV unit has been installed at new administrative building, which meets 80 percent of the energy requirement of the building. Captive solar plant with production capacity of 10 MW AC power generation has been installed at Solapur plant.

GHG emission :

The Company monitors its Green House Gas (GHG) emissions, through reviewing related key performance indicators and these are part of its Environment Management System. Various energy efficient initiatives in operations and products were implemented by the Company to reduce its carbon footprint.

The Company has reduced GHG emissions by around 2.26 percent compared to previous year in terms of tons of CO_2 from 826,577 in 2020-2021 to 807,911 in 2021-2022.

Water conservation :

Water is used in various processes, mainly for cooling and quenching purpose. There was no generation of trade effluent. Through reuse and recycling technique, waste water generated from one process will be used in other process and zero liquid discharge policy is adopted.

Waste water generated in DM plant during re-generation, back wash etc., is being collected in a neutralising pit and the same is reused in MBF for slag granulation and 100 percent recycled water is used for coke quenching.

Water conservation is practiced by :

- Rain water harvesting.
- Bore wells are provided with rain water filtration and recharge system through filtration media and recharge techniques.

- Rain water from building roof top is made to channelize to the bore well recharge pits.

The Company has a mechanism to identify and assess potential environmental risks across the plant through the certified Environmental Management System. The Company has implemented and certified for ISO 14001:2015 - EMS and OHSMS 45001:2018 Certification.

The Company continually strives to minimize the environmental impact of its operations through sustainable practices and responsible use of natural resources. Further, it is committed to creating and preserving a clean environment and society. The Company has installed pollution control equipment wherever required by commissioning dust extraction systems and installed mesh and long growing plants all along the perimeter to avoid dust emissions outside the premises of the Company. The Company maintained greenery across the plant with around 1,93,000 trees. 7,000 samplings planted during the year under review.

The Company has 10 MW solar power plant at Solapur and 100 KW roof top solar PV unit over administrative building at Koppal plant in its efforts to have green energy.

Blast Furnace Gas generated from blast furnaces, further processed for clean gas in gas cleaning plant and used as a fuel in hot blast stoves for preheating the air and used a fuel in steam generators for generation of power in steam driven turbo generators respectively.

The waste heat from coke oven is directed into a waste heat recovery Boiler (WHRB), which is an energy recovery heat exchanger that transfers heat from coke oven gas into a high pressure steam. This high pressure steam is directed to steam turbine for generation of power.

Pursuant to the Environment Protection Act and rules thereof, Form-V (Environmental statement) is submitted to the State Pollution Control Board. The Company operates as per the 'Consent to Operate' conditions and guidelines as stipulated by the Ministry of Environment, Forest and Climate Change / the State Pollution Control Board.

No show cause notice or legal notice was received from the Central Pollution Control Board / the State Pollution Control Board during the financial year.

Principle 7 : Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

The Company is a member of trade and industry chambers like Pig Iron Manufactures Association, Association of Mini Blast Furnaces, Automotive Component Manufacturers Association of India (ACMA), Engineering Export Promotion Council of India, Karnataka Employers' Associations, National Safety Council, The Institute of Indian Foundrymen, Ballari Koppal Regional Industries Safety Events (BKRISE).

The Company has represented to the state and central governments through Karnataka Employer's Associations seeking modifications under various acts to enable the ease of business.

Principle 8 : Businesses should support inclusive growth and equitable development.

The Company has adopted a Corporate Social Responsibility policy. CSR Committee recommends to the Board CSR activities to be undertaken by the Company in line with the CSR Policy and monitors the CSR activities. The CSR policy is available on the website of the Company, viz. www.kirloskarferrous.com

Through its social investments, the Company addresses the needs of associated communities by taking sustainable initiatives in the areas of health and hygiene, education, environment, infrastructure and rural development.

The CSR activities are also undertaken through Kirloskar Ferrous Rural Development Trust by involving employees led by an internal team and external NGOs.

The CSR program impact assessment is done by engaging external NGO on periodical basis and the number of beneficiaries and feedbacks are taken to analyse the impact of various initiatives taken and these feedbacks are taken as inputs for planning next initiatives.

During the financial year under review, the Company has spent the sum of ₹ 45,296,565 in the areas of Health and Hygiene, Education and Rural Development. Details of activities undertaken are provided in the Annual Report on the CSR activities annexed to the Directors' Report.

Principle 9 : Businesses should engage with and provide value to their customers and consumers in a responsible manner.

During the financial year, twenty three customer complaints were received and redressed. No complaint was pending as at the end of the financial year.

No case has been filed by any stakeholder against the Company regarding unfair trade practices / irresponsible advertising / anti-competitive behaviour during the last five years.

The Company conducts a Customer Satisfaction Survey (CSS) through external professional agency at regular intervals. The survey captures Customer Satisfaction Parameters like eQ Index, Commitment Share and Vulnerable share alongwith perception for various attributes. The survey includes direct interviews with customers using a structured questionnaire covering various factors such as brand image, business support, research and development, product, order execution, delivery, packaging and experience with sales team.

Clause regarding display of product information on the product label, over and above mandatory disclosures as per laws, is not applicable in case of the Company.

Financial Statements

INDEPENDENT AUDITORS' REPORT

on the Audit of the Standalone Financial Statements

To the Members of

Kirloskar Ferrous Industries Limited

Opinion

We have audited the accompanying standalone financial statements of Kirloskar Ferrous Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	How our audit addressed the key audit matter
1.	**Contingent Liability** The Company is involved in direct and indirect tax litigations amounting to ₹ 29.28 Crores that are pending with various tax authorities. Whether a liability is recognized or disclosed as a contingent liability in the financial statements is inherently judgmental and dependent on assumptions and assessments. We placed specific focus on the judgements in respect to these demands against the Company. Determining the amount, if any, to be recognized or disclosed in the financial statements, is inherently subjective. Therefore, these litigations amount is considered to be a key audit matter.	Our procedures included, but were not limited to, the following: • Obtained an understanding from the management with respect to process and controls followed by the Company for identification and monitoring of significant developments in relation to the litigations, including completeness thereof. • Obtained the list of litigations from the management and reviewed their assessment of the likelihood of outflow of economic resources being probable, possible or remote in respect of the litigations. • Assessed management's discussions held with their legal consultants and understanding precedents in similar cases; • Obtained and evaluated the confirmations from the consultants representing the Company before the various authorities and our own dedicated teams of direct tax and indirect tax. Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the financial statements.

Sr. No.	Key Audit Matter	How our audit addressed the key audit matter
2.	**Property, Plant & Equipment** Valuation and existence of property, plant and equipment including assessment of useful lives and residual values Property, plant and equipment represents a significant proportion of the Company's asset base. The estimates and assumptions made to determine the carrying amounts, including whether and when to capitalize or expense certain costs, and the determination of depreciation charges are material to the Company's financial position and performance. The charges in respect of periodic depreciation are derived after estimating an asset's expected useful life and the expected residual value. Changes to asset's carrying amounts, expected useful lives or residual value could result in a material impact on the financial statements and hence considered as key audit matter.	Our audit approach consisted evaluation of design and implementation of controls, and testing the operating effectiveness of the internal controls over valuation of property, plant and equipment and review of useful lives; Periodic physical verification of property, plant and equipment for adequacy and appropriateness of the accounting and disclosure by the Management: • Review of CAPEX business process, flow of documents/ information and their control's effectiveness. • Substantive Tests on random sampling for all the major additions, deletions to the assets by applying all the characteristics of capital expenditure, proper classification of the same, with reference to the company's policy and accounting standards. • We performed substantive testing for the determination of assets' useful lives and residual values with reference to management's judgments, including the appropriateness of past / existing asset lives and residual values applied in the calculation of depreciation. We also obtain certificates relating to useful lives of assets wherever required. • We have reviewed the policy and the procedure of physical verification of PPE. • After carrying out above audit procedures, we did not identify any exceptions in relation to the valuation and the existence of property, plant and equipment including assessment of useful lives and residual values which, may affect our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

    d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

   iv. With respect to clause (e) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended

      a. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

      b. Management has represented, that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

      c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our attention that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11 (e) as provided under (a) and (b) above, contain any material misstatement.

   v. Dividend declared and paid during the year by the company is in compliance with Section 123 of the Companies Act, 2013.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

3. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No. 105215W/W100057

Suhas Deshpande
Partner
Membership No.: 031787
UDIN: 22031787AJDPLO3594

Pune, May 17, 2022

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Kirloskar Ferrous Industries Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub- section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of KIRLOSKAR FERROUS INDUSTRIES LIMITED ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of Inherent reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No.105215W/W100057

Suhas Deshpande
Partner
Membership No.: 031787
UDIN: 22031787AJDPLO3594

Pune, May 17, 2022

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of KIRLOSKAR FERROUS INDUSTRIES LIMITED of even date)

(i) In respect of the Company's Fixed Assets

(a)

(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.

(B) The Company has maintained proper records showing full particulars of Intangible assets.

(b) The Company has a program of verification to cover all the items of Property, plant and equipment in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, Property, plant and equipment were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the standalone financial statements are held in the name of the Company.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its property, plant and equipment (including Right-of-use assets) or Intangible assets or both during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii)

(a) As informed to us, the inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were 10% or more in the aggregate for each class of inventory.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks are in agreement with the books of account of the Company.

(iii) Based on the audit procedures conducted by us and according to the information and explanations provided to us, during the year the company has purchased equity shares of ₹ 476.63 Crores of ISMT Limited (Subsidiary of the Company) and has granted unsecured loan to ISMT Limited, details of such loan are given in sub-clause (a).

(a)

A. the aggregate amount during the year is ₹ 194 Crores, and balance outstanding at the balance sheet date with respect to such loans or advances and guarantees or security to subsidiary is ₹ 194 Crores.

B. based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has granted following loans to parties other than subsidiaries :

	Aggregate amount during the year	Balance outstanding as at balance sheet date
Loans to Employees	₹ 1.09 Crores	₹ 0.12 Crores
Loans to Contractors	₹ 1.49 Crores	₹ 0.84 Crores

(b) The investments made and the terms and conditions of the grant of all the above-mentioned loans during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan given falling due during the year, which has been renewed or extended or fresh loans given to settle the over dues of existing loans given to the same party.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans either repayable on demand or without specifying any terms or period of repayment.

(iv) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 of the Companies Act, 2013 and the Company has not provided any guarantee or security as specified under Section 186 of the Companies Act, 2013. Further, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in relation to loans given and investments made.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) The Central Government has specified maintenance of cost records under Sub-Section (1) of Section 148 of the Act and we are of the opinion that prima facie such accounts and records are made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

(b) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2022 on account of dispute are given below:

Name of the statute	Nature of the dues	Amount under dispute (₹)	Period(s) to which the amount relate	Forum where such dispute is pending
Central Excise Act, 1944	Interest on refund	3,41,496/-	FY 2003-04	Assistant Commissioner of Central Excise, Bellary
Central Excise Act, 1944	Cenvat Credit availed on Steel	94,084/-	FY 2010-11	Assistant Commissioner of Central Excise, Bellary
Central Excise Act, 1944	Cenvat Credit availed on Iron ore supplied by EOU	71,16,956/-	FY 2013-14 and FY 2014-15	Commissioner (Appeals) Central Tax, Belagavi
Finance Act, 1994	Cenvat credit for payment of Service Tax on GTA and Scientific Tec. Services	75,85,734/-	FY 2006-07	Commissioner (Appeals) Central Tax, Belagavi
Finance Act, 1994	Service Tax demand on Interest on Letter of Credit	1,14,96,454/-	FY 2008-09 to FY 2011-12	CESTAT, Bangalore
Finance Act, 1994	Service Tax Cenvat Credit availed on Input Services	53,40,086/-	FY 2011-12 to FY 2014-15	CESTAT, Bangalore
Finance Act, 1994	Refund Claim filed in respect of Service Tax and KKC Cenvat Credit pertaining to Railway Siding Project	41,15,498/-	FY 2016-17 and FY 2017-18	CESTAT, Bangalore
Finance Act, 1994	Service Tax paid on Royalty charges towards the purchase of Iron ore through e-auction	34,10,620/-	FY 2016-17	Commissioner of Central Tax (Appeals), Belgaum
Finance Act, 1994	Re-claim of Krishi Kalyan Cess & Interest thereon.	57,96,453/-	FY 2017-18	Asst. Commissioner of Central Tax & Central Excise, Hospet

Name of the statute	Nature of the dues	Amount under dispute (₹)	Period(s) to which the amount relate	Forum where such dispute is pending
GST	Input Tax Credit on various material & services	75,35,328/-	FY 2017-18	Asst. Commissioner of Central Tax, Hospet
GST	Input Tax Credit on Royalty against grant of mining rights	1,99,15,458/-	FY 2017-18	Asst. Commissioner of Central Tax, Hospet
Income Tax Act, 1961	Minimum Alternate Tax (1)	8,21,51,567/-	FY 2004-05 and FY 2006-07	Hon'ble High Court Mumbai
Income Tax Act, 1961	Depreciation allowance - TG-3 Assessment Demand (2)	9,37,13,150/-	FY 2010-11 and FY 2011-12	Income Tax Appellate Tribunal, Pune
Income Tax Act, 1961	Tax demand raised for Guest House Expenses	76,318/-	FY 2013-14	Asst. Commissioner of Income Tax, Pune
Income Tax Act, 1961	Disallowance of Depreciation on TG-III & Foreign Exchange Losses	2,44,45,078/-	FY 2017-18	Commissioner of Income Tax (Appeals), Pune
Karnataka VAT Act, 2003	Disallowed Input Tax Credit	82,76,255/-	FY 2007-08	Hon'ble High Court of Karnataka, Dharwad Bench,
Provident Fund and Miscellaneous Provisions Act, 1952	Interest and damages for belated remittance	67,19,589/-	FY 2001-02 to FY 2004-05	EPF Appellate Tribunal, New Delhi

(1) Out of the total amount under dispute ₹ 1,56,28,182/- is paid under protest.

(2) Total amount under dispute is paid under protest

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year.

(ix)

(a) In our opinion, the company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a willful defaulter by any bank or financial institution or government or government authority.

(c) According to the information and explanations given to us by the management and on the basis of our examination of the records of the Company, the term loans were applied for the purpose for which the loans were obtained.

(d) According to the information and explanations given to us by the management and on the basis of our examination of the records of the Company, no funds raised on short term basis have been utilised for long term purposes.

(e) On an overall examination of the financial statements and records of the Company, the Company has raised ₹ 528.87 Crores through Commercial Papers which were used to purchase the equity shares of the subsidiary company namely, ISMT Limited. Further the Company has also raised ₹ 250 Crores by issue of Non-Convertible Unsecured and Reedemable Debentures for the purpose of onward lending to its subsidiary company. As per the terms of agreement between the Company and ISMT Limited, the proceeds of equity shares as well as loan are to utilised for settlement of the subsidiary company's facilities.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(f) of the Order is not applicable.

(x)

(a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi)

(a) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) We have considered whistle-blower complaints received by the Company during the audit period.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards

(xiv)

(a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered, the internal audit reports of the Company issued to the Company during the year & covering the period upto 31, March 2022 for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi)

(a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and based on audit procedures performed by us we report that the Group does not have more than one CIC.

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Companies Act, 2013 pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No. 105215W/W100057

Suhas Deshpande
Partner
Membership No.: 031787
UDIN: 22031787AJDPLO3594

Pune, May 17, 2022

Balance Sheet
as at March 31, 2022

(₹ in Crores)

Particulars	Note No.	As at 31st March, 2022	As at 31st March, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,158.72	1,010.31
Capital work-in-progress	5	199.13	149.08
Intangible assets	6	1.63	1.51
Intangible assets under development	6	19.75	13.14
Financial assets			
(i) Investments	7	489.13	0.55
(ii) Loans	8	0.20	0.13
(iii) Other financial assets	9	13.64	10.46
Other non-current asset	10	99.10	24.64
Total non-current assets		1,981.30	1,209.82
Current assets			
Inventories	11	550.42	284.38
Financial assets			
(i) Trade receivables	12	476.69	360.72
(ii) Cash and cash equivalents	13	24.38	10.07
(iii) Bank balances other than (ii) above	13	244.71	5.96
(iv) Loans	14	195.04	1.01
(v) Other financial assets	15	4.86	0.61
Current tax assets (net)	16	9.24	20.33
Other current assets	17	48.84	39.67
Total current assets		1,554.18	722.75
TOTAL ASSETS		3,535.48	1,932.57
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	69.36	69.17
Other equity	19	1,266.83	930.20
Total equity		1,336.19	999.37
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	20	446.98	128.83
Provisions	21	3.22	3.55
Deferred tax liabilities (Net)	22	97.74	88.44
Total non-current liabilities		547.94	220.82
Current liabilities			
Financial liabilities			
(i) Borrowings	23	686.09	162.94
(ii) Trade payables	24		
- Total outstanding dues of micro enterprises and small enterprises		14.54	19.69
- Total outstanding dues of creditors other than micro enterprises and small enterprises		845.32	349.56
(iii) Other current financial liabilities	25	77.82	140.21
Other current liabilities	26	18.71	31.41
Provisions	27	8.87	8.57
Total current liabilities		1,651.35	712.38
Total liabilities		2,199.29	933.20
TOTAL EQUITY AND LIABILITIES		3,535.48	1,932.57

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No. 105215W/ W100057

Suhas Deshpande
Partner
Membership No. 031787

Pune 17th May, 2022

For and on behalf of the Board of Directors

Atul C. Kirloskar
Chairman
DIN : 00007387

R. V. Gumaste
Managing Director
DIN 00082829

Mayuresh Gharpure
Company Secretary

Pune 17th May, 2022

R. S. Srivatsan
Chief Financial Officer

Pune 17th May, 2022

Statement of Profit and Loss

for the year ended 31st March, 2022

(₹ in Crores)

Particulars	Note No.	For the year ended 31st March, 2022	For the year ended 31st March, 2021
INCOME			
Revenue from operations	28	3,614.97	2,038.08
Other Income	29	11.29	2.83
Total Income		3,626.26	2,040.91
EXPENSES			
Cost of materials consumed	30	2,225.49	1,048.79
Purchases of stock-in-trade		-	-
Changes in inventories of finished goods, stock-in-trade and work-in-progress	31	(29.71)	3.45
Employee benefits expense	32	133.39	106.62
Finance costs	33	27.86	25.16
Depreciation and amortization expense	34	87.86	75.98
Other expenses	35	638.68	417.72
Total expenses		3,083.57	1,677.72
Profit/(Loss) before tax		542.69	363.19
Tax expenses			
(1) Current tax		129.08	87.49
(2) Short/ (excess) for the earlier years		(0.76)	(0.84)
(3) Deferred tax		8.27	(25.57)
Total Tax expenses		136.59	61.08
Profit for the year		406.10	302.11
Other Comprehensive Income			
Items that will not be reclassified to profit or (loss)			
Remeasurements of post-employment benefit obligations		0.68	(1.14)
Income Tax relating to above		(0.17)	0.28
Fair value changes on equity Instruments through other comprehensive income		3.75	0.05
Income Tax relating to above		(0.86)	(0.01)
Other Comprehensive Income for the year, net of tax		3.41	(0.82)
Total Comprehensive Income for the period (Comprising profit and Other Comprehensive Income for the year)		409.51	301.29
Earnings per equity share (for continuing operations)	36		
Basic (₹)		29.32	21.89
Diluted (₹)		29.23	21.82

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No. 105215W/ W100057

Suhas Deshpande
Partner
Membership No. 031787

Pune 17th May, 2022

For and on behalf of the Board of Directors

Atul C. Kirloskar
Chairman
DIN : 00007387

R. V. Gumaste
Managing Director
DIN 00082829

Mayuresh Gharpure
Company Secretary

Pune 17th May, 2022

R. S. Srivatsan
Chief Financial Officer

Pune 17th May, 2022

Cash Flow Statement

for the year ended 31st March, 2022

(₹ in Crores)

Particulars	For the year ended March 31, 2022		For the eyar ended March 31, 2021
A. CASH FLOW FROM OPERATING ACTIVITIES :			
Net Profit / (Loss) before tax		542.69	**363.19**
Add :			
Depreciation	87.86		75.98
(Profit) / Loss on sale of assets	(4.71)		(0.20)
Provision for doubtful debts	0.01		2.74
Bad debts written off	-		0.12
Unrealised Foreign exchange (Gain)/Loss	3.76		(5.41)
Employee share-based payment expense	1.67		1.09
Remeasurements of post-employment benefit obligations	0.69		(1.14)
Fair value changes on equity Instruments	3.75		0.05
Fair value changes in derivative financial instrument	(3.37)		1.88
Finance Costs	27.86		25.16
		117.52	**100.27**
Less :		660.21	463.46
Interest Income	(2.23)		(0.79)
Dividend Income	(0.44)		-
Provision no longer required written back	(2.94)		(1.29)
Sundry Credit balances appropriated	(0.14)		(0.13)
		(5.75)	**(2.21)**
Operating profit before working capital changes		654.46	**461.25**
Movements in working capital:			
Decrease / (increase) in inventories	(266.04)		(47.94)
Decrease / (increase) in trade receivables	(115.98)		(70.99)
Decrease / (increase) in non-current loans	(0.07)		10.66
Decrease / (increase) in other non-current assets	(0.73)		(3.95)
Decrease / (increase) in current loans	(194.03)		(0.32)
Decrease / (increase) in other current assets	(9.17)		(5.44)
Bank balance other than cash and cash equivalent	(239.72)		-
(Increase) / Decrease in other financial assets	-		0.82
Increase / (decrease) in non-current provisions	(0.33)		0.70
Increase / (decrease) in trade payables	486.77		(1.32)
Increase / (decrease) in other current financial liabilities	2.86		16.39
Increase / (decrease) in other current liabilities	(12.71)		20.86
Increase / (decrease) in current provisions	0.30		1.24
		(348.85)	**(79.29)**
Cash generated from Operations		305.61	381.96
Taxes paid		(117.22)	(86.33)
Net cash from Operating Activities (A)		188.39	**295.63**
B. CASH FLOW FROM INVESTING ACTIVITIES :			
Purchase of property, plant and equipment including CWIP and Capital Advances	(430.46)		(214.15)
Purchase of Investments	(484.83)		-
Fair value changes in Investments	(3.75)		(0.05)
Proceeds from sale of property, plant and equipment	6.27		0.70
Investment in other Financial Assets	(3.18)		(10.38)
Interest Received	1.35		0.95
Dividend Received	0.44		-
Net Cash from Investing Activities (B)		(914.16)	**(222.93)**

Cash Flow Statement

for the period ended 31st March, 2022

(₹ in Crores)

Particulars	For the year ended March 31, 2022		For the eyar ended March 31, 2021
C. CASH FLOW FROM FINANCING ACTIVITIES :			
Interest paid	(23.90)		(24.79)
Other Borrowing Costs	(2.97)		(0.35)
Proceeds from long term borrowings (net)	308.83		(21.48)
Proceeds/(Repayment) from short term borrowings	532.48		2.00
Increase/(Decrease) on issue of equity shares	1.84		2.70
Dividend Paid	(76.20)		(27.67)
Net Cash from Financing Activities (C)		740.08	(69.59)
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)		14.31	3.11
Cash and Cash Equivalents at the beginning of the year (Refer Note 13A)	10.07		6.96
Cash and Cash Equivalents at the end of the year (Refer Note 13A)	24.38		10.07

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No. 105215W/ W100057

Suhas Deshpande
Partner
Membership No. 031787

Pune 17th May, 2022

For and on behalf of the Board of Directors

Atul C. Kirloskar
Chairman
DIN : 00007387

R. V. Gumaste
Managing Director
DIN 00082829

Mayuresh Gharpure
Company Secretary

Pune 17th May, 2022

R. S. Srivatsan
Chief Financial Officer

Pune 17th May, 2022

Statement of Changes in Equity

for the year ended 31st March, 2022

A. Equity Share Capital (Note 18)

(₹ in Crores)

Opening Balance as on 1st April, 2020	Changes in equity share capital during the year	Closing Balance as on 31st March, 2021
68.91	0.27	69.17

(₹ in Crores)

Opening Balance as on 1st April, 2021	Changes in equity share capital during the year	Closing Balance as on 31st March, 2022
69.17	0.19	69.36

B. Other Equity (Note 19)

(₹ in Crores)

Particulars	Reserves and surplus			Equity Instruments through Other Comprehensive Income	Share options outstanding account	Share Application Money pending allotment	Total
	Securities premium	General reserve	Surplus of profit or loss				
Balance as on 31st March, 2020	**198.10**	**60.00**	**390.92**	**-**	**3.98**	**0.07**	**653.07**
Total Comprehensive Income							
Profit for the year	-	-	302.11	-	-	-	302.11
Other Comprehensive Income	-	-	(0.86)	-	-	-	(0.86)
Transfer to General Reserve	-	5.00	(5.00)	-	-	-	-
Employee stock option expense	-	-	-	-	1.08	-	1.08
Share application money received	-	-	-	-	-	2.70	2.70
Transfer from Share option account to Securities premium	4.45	-			(2.08)	-	2.37
Lapse of employee stock options			0.15		(0.15)		-
Fair Value changes				0.04			0.04
Issue of equity shares on account of exercise of employee stock options		-	-	-	-	(2.64)	(2.64)
Distribution to shareholders							
Interim Dividend	-	-	(27.67)		-	-	(27.67)
Dividend distribution tax on Interim Dividend	-	-	-		-	-	-

Statement of Changes in Equity

for the year ended 31st March, 2022

B. Other Equity (Note 19)

(₹ in Crores)

Particulars	Reserves and surplus			Equity Instruments through Other Comprehensive Income	Share options outstanding account	Share Application Money pending allotment	Total
	Securities premium	General reserve	Surplus of profit or loss				
Balance as on 31st March, 2021	202.55	65.00	659.65	0.04	2.83	0.13	930.20
Total Comprehensive Income							
Profit for the year	-	-	406.10		-	-	406.10
Other Comprehensive Income	-	-	0.51	-	-	-	0.51
Transfer to General Reserve		5.00	(5.00)				-
Employee stock option expense	-	-	-	-	1.67	-	1.67
Share application money received	-	-	-	-	-	1.84	1.84
Issue of equity shares on account of exercise of employee stock options	3.10	-	-		(1.44)	(1.85)	(0.19)
Lapse of employee stock options	-	-	0.03	-	(0.03)		-
Fair Value changes				2.90			2.90
Distribution to shareholders							
Final Dividend	-	-	(41.53)		-	-	(41.53)
Interim Dividend	-	-	(34.67)		-	-	(34.67)
Balance as on 31st March, 2022	205.65	70.00	985.09	2.94	3.03	0.12	1,266.83

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No. 105215W/ W100057

Suhas Deshpande
Partner
Membership No. 031787

Pune 17th May, 2022

For and on behalf of the Board of Directors

Atul C. Kirloskar
Chairman
DIN : 00007387

R. V. Gumaste
Managing Director
DIN 00082829

Mayuresh Gharpure
Company Secretary

R. S. Srivatsan
Chief Financial Officer

Pune 17th May, 2022

Pune 17th May, 2022

Notes to and forming part of Financial Statements

for the Year ended 31 March 2022

(All amounts are in Indian Rupees (INR) in Crores unless otherwise stated

1) THE CORPORATE OVERVIEW

Kirloskar Ferrous Industries Limited ('the Company') was incorporated in the year 1991, a flagship Company of Kirloskar Group, promoted by Kirloskar Oil Engines Limited and Shivaji Works Limited. Shivaji Works Limited was subsequently merged with Kirloskar Oil Engines Limited. The erstwhile Kirloskar Oil Engines Limited now changed its name and is known as Kirloskar Industries Limited.

At present, the Company is the subsidiary of Kirloskar Industries Limited. The Company is having three manufacturing facilities, situated at Koppal district and Chitradurga district in Karnataka State and at Solapur district in Maharashtra State. The Company is engaged in manufacturing of iron castings.

2) BASIS OF PREPARATION

a) Statement of Compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS). Ind AS are notified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards), Rules, 2015 as amended from time to time and other relevant provisions of the Act. Accounting policies have been consistently applied except where newly issued accounting standard or revision to existing accounting standards requires changes in the existing accounting policies.

b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items, which are measured on each reporting date on the basis as explained below:

- Certain financial assets and liabilities (including derivative instruments) are measured at fair value.
- Defined benefit plans – plan assets are measured at fair value.
- Equity settled share-based payments – measured at grant date fair value.

c) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is expected to be realised within twelve months from the reporting, or
- It is cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after reporting date.

All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the following criteria :

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months from the reporting date, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after reporting date.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

d) Functional and presentation currency

The Company has identified Indian Rupee (INR) as its functional currency. All amounts presented in the Financial Statements including notes have been rounded off to the nearest Crores in Indian Rupee as per the requirements of Schedule III of the Companies Act, 2013; unless otherwise indicated.

3) SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Property, plant and equipment

- Recognition and measurement

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Cost comprises of purchase price and any directly attributable costs of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Notes to and forming part of Financial Statements

Borrowing costs attributable to construction or acquisition of a qualifying asset for the period up to the date, the asset is ready for its intended use are included in the cost of the asset to which they relate.

Pre-operative expenditure including trial run expenses comprising of revenue expenses incurred as reduced by the revenue generated during the period up to the date, the asset is ready for its intended use are treated as part of costs of that asset.

Capital work-in-progress comprises of the cost of property, plant and equipment that are not yet ready for their intended use as at the balance sheet date.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date are disclosed under "Other non-current assets".

Spares of Property, Plant and Equipments amounting to ₹ 0.10 Crore are considered immaterial and expensed out to the Statement of Profit and Loss.

- **Subsequent costs**

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Profit and Loss as incurred.

- **Subsequent Measurement**

Property, plant and equipment are subsequently measured costs less accumulated depreciation less accumulated impairment losses.

- **Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net and disclosed within other income or expenses in the Statement of Profit and Loss.

- **Depreciation methods, estimated useful lives and residual value**

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognised in the Statement of Profit and Loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment as prescribed in Schedule II of the Companies Act 2013, as assessed by the management of the Company based on technical evaluation except in the case of following assets:

Description	Useful life considered	Justification for deviation
Plant and equipments:		
a) Sinter plant	20 years	Based on past history of usage and supported by technical evaluation report
b) Blast furnace and allied machineries used in manufacture of pig Iron	20 years	
c) Foundry machineries	20 years	
d) Turbo generator	20 years	
e) Plant and equipments given under operating lease	5 years	
f) Machinery spares	2 to 10 years	
g) Patterns	8 years	
Office equipments		
Equipment installed at employee's residence	3 years	As per the terms of Company's policy
Vehicles		
Vehicles given to employees	5 years	As per the terms of Company's policy

Freehold land is not depreciated.

Notes to and forming part of Financial Statements

b) Intangible assets

- Recognition and measurement

Intangible assets are recognised when the asset is identifiable, is within the control of the Company, and is probable that the future economic benefits that are attributable to the asset will flow to the Company and cost of the asset can be reliably measured.

Intangible assets acquired by the Company that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

- Derecognition

An item of intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of intangible asset are determined by comparing the proceeds from disposal with the carrying amount of intangible asset and are recognised net and disclosed within other income or expenses in the Statement of Profit and Loss.

- Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost. Amortisation is recognised in Statement of Profit and Loss on a straight-line basis over the estimated useful life of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful life for current and comparative periods are as follows:

Computer software	6 years

c) Leases

The Company assesses at the inception of the contract whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

d) Impairment of non-financial assets

The Company assesses at each balance sheet date whether there is any indication that an asset or Cash Generating Unit (CGU) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal or its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered.

Impairment losses are recognised in the Statement of Profit and Loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Notes to and forming part of Financial Statements

- **Reversal of impairment loss**

  For assets other than goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

e) Inventories

Raw materials, stores and spares are valued at lower of cost and net realizable value. Cost is determined using weighted average method.

Work in process and finished goods other than by-products are valued at lower of cost and net realizable value. Cost includes direct material and labour and a proportion of manufacturing overhead based on normal operating capacity.

By-products are valued at net realisable value.

Necessary provisions are made for obsolete and non-moving inventories as per the policy framed by the management and the value of inventory is net of such provision.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

f) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

g) Revenue recognition

The Company is in the business of manufacture and sale of iron castings. Sales are recognised when substantial control of the products has been transferred to the customer, being when the products are delivered to the customer or its authorised representative without any unfulfilled obligation that could affect the customer's acceptance of the products. Revenue from these sales is recognised based on the price specified in the sales order, net of the estimated discounts, rebates, returns and Goods and Service Tax. The Company's obligation to provide a refund for defects in the products is recognised as a provision. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Company does not have any payment terms exceeding one year for any contract. Accordingly, the Company does not adjust any of the transaction prices for the time value of money.

h) Other income

- **Interest income**

  Interest income from debt instruments is recognised using Effective Interest Rate method (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

- **Dividends**

  Dividends are recognised in the Statement of Profit and Loss only when the right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount can be measured reliably.

- Any other incomes are accounted for on accrual basis.

i) Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset, are expensed in the period in which they are incurred.

j) Foreign currency transactions and balances

Transactions in foreign currency are recorded at exchange rates prevailing at the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit and Loss of the year.

Monetary assets and liabilities denominated in foreign currencies which are outstanding, as at the reporting period are translated at the closing exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Notes to and forming part of Financial Statements

k) Employee Benefits

- **Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering the services are classified as short-term employee benefits. Benefits such as salaries, wages, expected cost of bonus and short-term compensated absences, ex-gratia, performance pay etc. are recognised in the period in which the employee renders the related service.

- **Post-employment benefits**

Defined contribution plans

The Company's approved superannuation scheme and central provident fund scheme are a defined contribution plan. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

Defined benefit plans

The employees' gratuity fund scheme is managed by a trust, is the Company's defined benefit plan. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities as at the reporting date, having maturity periods approximating to the terms of related obligations.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income (OCI) in the period in which they occur. Remeasurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

In case of funded plans, the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on net basis.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Net interest is calculated by applying the discount rate to the net defined benefit liability or the fair value of the plan asset. The cost is included in employee benefit expense in the Statement of Profit and Loss.

- **Other long-term employee benefits**

The liabilities for earned leave which are not expected to be settled within twelve months from the date of reporting period in which the employee render the related service are measured as the present value of expected future payments to be made in respect of services provided by employee up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating the terms of the related obligation. Remeasurements as a result of experience adjustments and change in actuarial assumptions are recognised in the Statement of Profit and Loss. The obligations are presented as current liabilities in the balance sheet if the Company does not have an unconditional right to defer settlement beyond twelve months of the reporting period, regardless of when the actual settlement is expected to occur.

l) Share-based payments

Employees of the Company who are entitled to receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

- **Equity-settled transactions**

The cost of equity-settled transactions is determined by the fair value at the grant date using fair valuation model.

That cost is recognised, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The Statement of Profit and Loss represents the movement in cumulative expense recognised as at

Notes to and forming part of Financial Statements

the beginning and at the end of the period and to be recognised in the employee benefits expense.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Employee share-based payment reserve with respect to vested options which gets forfeited as per ESOS policy will be transferred to retained earnings.

m) Research and development cost

Revenue expenditure on the research and development is charged off as expense in the year in which incurred. Capital expenditure for research and development activity is grouped with property, plant and equipment under appropriate categories and depreciation is provided as per the applicable rates.

n) Income tax

Income tax expense comprises of current tax and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to the items recognised directly in OCI.

- **Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable profits computed for the current accounting period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

- **Deferred tax**

Deferred tax is provided using the balance sheet method on temporary differences between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

o) Provisions and contingencies

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the Statement of Profit and Loss.

Notes to and forming part of Financial Statements

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are not recognised in financial statements, unless they are virtually certain. However, contingent assets are disclosed where inflow of economic benefits are probable.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

p) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

q) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

- **Initial recognition and measurement**

  Financial instruments are initially recognised when the entity becomes party to the contract.

  Financial instruments are measured initially at fair value adjusted for transaction costs that are directly attributable to the origination of the financial instrument where financial instruments not classified at fair value through profit or loss. Transaction costs of financial instruments which are classified as fair value through profit or loss are expensed in the Statement of Profit and Loss.

- **Subsequent measurement of financial assets**

  For the purposes of subsequent measurement, the financial assets are classified in the following categories based on the Company's business model for managing the financial assets and the contractual terms of cash flows:

  - those to be measured subsequently at fair value; either through OCI or through profit or loss
  - those measured at amortised cost

  For assets measured at fair value, changes in fair value will either be recorded in the Statement of Profit and Loss or OCI. For investments in debt instruments, this will depend on the business model in which investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for equity investment at fair value through OCI.

  The Company reclassifies debt investments when and only when its business model for managing those assets changes.

  Debt instruments at amortised cost

  A 'debt instrument' is measured at the amortised cost if both the following conditions are satisfied:

Notes to and forming part of Financial Statements

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- The contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of hedging relationship is recognised in the Statement of Profit and Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using Effective Interest Rate (EIR) method.

Debt instruments at Fair Value Through Other Comprehensive Income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVTOCI. The movements in the carrying amount are recognised through OCI, except for the recognition of impairment gains and losses, interest revenue and foreign exchange gain or losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the Statement of Profit and Loss and recognised in other gains/ losses. Interest income from these financial assets is included in other income using EIR method.

Debt instruments at Fair Value Through Profit or Loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on debt instrument that is subsequently measured at FVTPL and is not a part of hedging relationship is recognised in the Statement of Profit and Loss within other gains/ losses in the period in which it arises. Interest income from these financial assets is included in other income.

Equity investments

All equity investments in the scope of Ind AS 109 Financial Instruments are measured at fair value. Equity instruments, which are held for trading, are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to recognise subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of equity instrument.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

- **Subsequent measurement of financial liabilities**

For the purposes of subsequent measurement, the financial liabilities are classified in the following categories:

- those to be measured subsequently at fair value through profit or loss (FVTPL)
- those measured at amortised cost

Following financial liabilities will be classified under FVTPL:

- Financial liabilities held for trading
- Derivative financial liabilities
- Liability designated to be measured under FVTPL

All other financial liabilities are classified at amortised cost.

For financial liabilities measured at fair value, changes in fair value will be recorded in the Statement of Profit and Loss except for the fair value changes on account of own credit risk are recognised in Other Comprehensive Income (OCI).

Interest expense on financial liabilities classified under amortised cost category are measured using Effective Interest Rate (EIR) method and are recognised in Statement of Profit and Loss.

- **Derecognition of financial instruments**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or

Notes to and forming part of Financial Statements

in which the Company neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

- **Impairment of financial assets**

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the financial assets mentioned below:

- Financial assets that are debt instrument and are measured at amortised cost
- Financial assets that are debt instruments and are measured as at FVOCI
- Trade receivables

The impairment methodology applied depends on whether there has been a significant increase in credit risk. Details how the Company determines whether there has been a significant increase in credit risk is explained in the respective notes.

For impairment of trade receivables, the Company chooses to apply practical expedient of providing expected credit loss based on provision matrix and does not require the Company to track changes in credit risk. Percentage of ECL under provision matrix is determined based on historical data as well as futuristic information.

- **Derivative financial instruments**

Initial measurement and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts to hedge foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are recognised in the Statement of Profit and Loss.

r) Dividends

The final dividend on shares is recorded as liability on the date of approval of shareholders, and the interim dividends are recorded as liability on the date of declaration by the Company's Board of Directors.

s) Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted EPS adjust the figures used in the determination of basic EPS to consider

- The after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

t) Operating Segment

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director who makes strategic decisions.

Identification of Segments

The Company's operating business predominantly relates to manufacture of iron castings.

u) Government Grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Notes to and forming part of Financial Statements

4) SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in conformity with Ind AS, requires the management to make judgments, estimates and assumptions that affect the amounts of revenue, expenses, current assets, non-current assets, current liabilities, non-current liabilities, disclosure of the contingent liabilities and notes to accounts at the end of each reporting period. Actual results may differ from these estimates.

Judgments

In the process of applying the Company's accounting policies, management have made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Operating segment

Ind AS 108 Operating Segments requires Management to determine the reportable segments for the purpose of disclosure in financial statements based on the internal reporting reviewed by the Managing Director being the Chief Operating Decision Maker (CODM) to assess performance and allocate resources. The standard also requires Management to make judgments with respect to recognition of segments. Accordingly, the Company recognizes Iron Castings as its sole Segment.

Contingent liability

The Company has received various orders and notices from different Government authorities and tax authorities in respect of direct taxes and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyses current information about these matters and discloses the information relating to contingent liability. In making the decision regarding the need for creating loss provision, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its estimates and assumptions on parameters available when the financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market conditions or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Defined benefit obligation

The cost of the defined benefit plans and other post-employment benefits and the present value of the obligations are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future post-retirement medical benefit increase. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligations and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on the expected future inflation rates for the country.

Further details about defined benefit obligations are provided in the respective note.

Deferred Tax

Deferred tax assets are recognised for all deductible temporary differences including the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits are unused tax losses can be utilized.

Useful lives of Property, plant and equipment

Useful lives of property, plant and equipment are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. The depreciable lives are reviewed annually using the best information available to the Management.

Estimation and underlying assumptions are reviewed on ongoing basis. Revisions to estimates are recognised prospectively.

Notes to and forming part of Financial Statements

5. PROPERTY, PLANT AND EQUIPMENT AS AT 31 MARCH 2022

(₹ in Crores)

Particulars	Freehold land	Leasehold land	Buildings	Plant & Equipments	Plant & Equipments given under operating lease	Furniture & Fixtures	Vehicles	Office equipments	Computers	Total	Capital Work-in- progress
GROSS CARRYING AMOUNT											
As at 31st March, 2020	**7.99**	**4.42**	**220.94**	**1,131.75**	**0.07**	**3.21**	**5.72**	**6.01**	**3.79**	**1,383.90**	**137.69**
Additions	5.80	1.94	36.53	187.46	-	0.13	0.34	0.96	0.65	233.81	245.19
Disposals	-	-	-	1.16	-	-	0.27	0.01	0.02	1.46	233.80
Adjustments	-	-	2.31	(2.31)	-	-	-	-	-	-	-
As at 31st March, 2021	**13.79**	**6.36**	**259.78**	**1,315.74**	**0.07**	**3.34**	**5.79**	**6.96**	**4.42**	**1,616.25**	**149.08**
Additions	1.53	-	37.74	192.72	-	0.41	2.93	0.96	0.86	237.15	287.21
Disposals	-	-	0.17	22.54	-	0.02	1.34	0.16	0.42	24.65	237.16
Adjustments	-	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2022	15.32	6.36	297.35	1,485.92	0.07	3.73	7.38	7.76	4.86	1,828.75	199.13
DEPRECIATION											
As at 31st March, 2020	**-**	**-**	**84.67**	**434.94**	**0.03**	**1.92**	**2.92**	**4.77**	**2.64**	**531.89**	**-**
For the year	-	-	8.19	64.72	-	0.25	0.79	0.49	0.56	75.00	-
Disposals	-	-	-	0.67	-	-	0.25	0.01	0.02	0.95	-
Adjustments	-	-	0.10	(0.10)	-	-	-	-	-	-	-
As at 31st March, 2021	**-**	**-**	**92.96**	**498.89**	**0.03**	**2.17**	**3.46**	**5.25**	**3.18**	**605.94**	**-**
For the year	-	-	10.35	74.48	-	0.27	0.87	0.56	0.65	87.18	-
Disposals	-	-	0.05	21.23	-	0.02	1.21	0.16	0.42	23.09	-
Adjustments	-	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2022	-	-	103.26	552.14	0.03	2.42	3.12	5.65	3.41	670.03	-
NET CARRYING AMOUNT											
As at 31st March, 2022	15.32	6.36	194.09	933.78	0.04	1.31	4.26	2.11	1.45	1,158.72	199.13
As at 31st March, 2021	**13.79**	**6.36**	**166.82**	**816.85**	**0.04**	**1.17**	**2.33**	**1.71**	**1.24**	**1,010.31**	**149.08**
As at 31st March, 2020	**7.99**	**4.42**	**136.27**	**696.81**	**0.04**	**1.29**	**2.80**	**1.24**	**1.15**	**852.01**	**137.69**

Notes to and forming part of Financial Statements

5. PROPERTY, PLANT AND EQUIPMENT AS AT 31 MARCH 2022 (Contd...)

(₹ in Crores)

Amount in Capital Work in Progress for a period of	Projects in Progress		Projects temporarily suspended		Total	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Less than 1 Year	185.39	127.58	-	-	185.39	127.58
1-2 Years	1.88	13.37	-	-	1.88	13.37
2-3 Years	4.64	6.77	-	-	4.64	6.77
More than 3 Years	7.22	1.35	-	-	7.22	1.35
Total	199.13	149.08	-	-	199.13	149.08

(₹ in Crores)

Amount in Intangible under development for a period of	Projects in Progress		Projects temporarily suspended		Total	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Less than 1 Year	5.16	7.09	-	-	5.16	7.09
1-2 Years	8.53	0.62	-	-	8.53	0.62
2-3 Years	0.64	5.43	-	-	0.64	5.43
More than 3 Years	5.42	-	-	-	5.42	-
Total	19.75	13.14	-	-	19.75	13.14

Leasehold land consists of -

Description of item of property	Lease hold land situated at - Bevinahalli village, Koppal district, Karnataka - 85.27 acres - Paramenahally village, Hiriyur Taluka, Chitradurga district, Karnataka - 99.05 acres
Gross carrying value	₹ 6.36 Crores
Property held since which date	Land at - Bevinahalli village, Koppal district from 31st March 2004 - Paramenahally village, Hiriyur Taluka, Chitradurga district from 4th November 2020
Reason for showing under Leasehold Land	The item in Note no. 5 Property Plant and Equipments shown as "Lease hold land" is given on lease by Karnataka Industrial Authority and Development Board (KIADB), Bangalore to the Company for Project implementation purpose. **Land at Bevinahalli village, Koppal district** The conditions for the land allotted at Koppal have been fulfilled by the company. The activity of getting the land registered in the name of the company is in process. **Land at Paramenahally village, Hiriyur Taluka, Chitradurga district** The Lease period is for two years valid upto 28th October 2022. After completion of the lease period and after fulfiling the terms and conditions, the company will initiate the process of getting it transferred from KIADB. All the payments for those lands are made. On completion of transfer of title deeds, the said lands will be transferred to freehold land.

Notes to and forming part of Financial Statements

6. INTANGIBLE ASSETS AS AT 31 MARCH 2022

(₹ in Crores)

Particulars	Mining Rights	Computer software	Total	Intangible assets under development
GROSS CARRYING AMOUNT				
As at 31st March, 2020	**0.11**	**11.00**	**11.11**	**6.06**
Additions	-	0.39	0.39	7.47
Disposals	-	-	-	0.39
Adjustments	-	-	-	-
As at 31st March, 2021	**0.11**	**11.39**	**11.50**	**13.14**
Additions	-	0.80	0.80	7.41
Disposals	-	-	-	0.80
Adjustments	-	-	-	-
As at 31st March, 2022	0.11	12.19	12.30	19.75
DEPRECIATION				
As at 31st March, 2020	**0.11**	**8.90**	**9.01**	**-**
For the year	-	0.98	0.98	-
Disposals	-	-	-	-
Adjustments	-	-	-	-
As at 31st March, 2021	**0.11**	**9.88**	**9.99**	**-**
For the year	-	0.68	0.68	-
Disposals	-	-	-	-
Adjustments	-	-	-	-
As at 31st March, 2022	0.11	10.56	10.67	-
NET CARRYING AMOUNT				
As at 31st March, 2022	-	1.63	1.63	19.75
As at 31st March, 2021	**-**	**1.51**	**1.51**	**13.14**
As at 31st March, 2020	**-**	**2.10**	**2.10**	**5.42**

7 INVESTMENTS (NON-CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Investments in Equity Shares (Fully Paid up)		
In quoted equity instruments of subsidiary		
(Measured at cost)		
ISMT Limited (15,40,00,000 equity shares with a face value of ₹ 5 per share)	484.83	-
In unquoted equity instruments		
(at fair value through OCI)		
Kirloskar Management Services Private Limited (4,87,500 equity shares with a face value of ₹ 10 per share)	4.29	0.54
S. L. Kirloskar CSR Foundation (9,800 equity shares with a face value of ₹ 10 per share)*	0.01	0.01
Kirloskar Proprietary Limited (One equity share with a face value of ₹ 100 per share)*	0.00	0.00
Total	489.13	**0.55**

Note:

i) The Company pursuant to terms of the Share Subscription Agreement entered with ISMT Limited invested ₹ 476.63 Crores on 10th March 2022 through preferential allotment of 15,40,00,000 equity shares (Face value of ₹ 5 per share) at ₹ 30.95 per equity share (including premium), taking the equity holding in ISMT Ltd. to 51.25%. Effective 10th March 2022, ISMT Ltd has become a subsidiary of the Company. Transaction cost ₹ 8.20 Crores which are directly attributable to this acquisition has been capitalised as cost of investment.

*The Company has not performed fair valuation of these investments in unquoted ordinary shares, which are classified as FVTOCI, as the Company believes that impact of change on account of fair value is insignificant.

Notes to and forming part of Financial Statements

8 LOANS (NON-CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Loans to contractors	0.14	0.06
Loans to employees	0.06	0.07
Total	0.20	0.13

9 OTHER FINANCIAL ASSETS (NON-CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Non-current bank balances		
Margin money deposit	0.02	0.02
Deposits with more than 12 months maturity	0.05	0.07
Security deposits	13.57	10.37
Total	13.64	10.46

10 OTHER NON-CURRENT ASSETS

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Capital advances	93.08	19.35
Advances other than capital advances		
Prepaid expenses	0.80	0.07
Advance to suppliers	5.22	5.22
Unsecured, considered doubtful		
Claims receivable	0.44	0.54
Less: Provision	(0.44)	(0.54)
Total	99.10	24.64

11 INVENTORIES

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Raw materials at site	155.37	72.22
Raw materials in transit	256.74	119.10
	412.11	191.32
Work-in-progress	56.36	31.01
Finished goods	17.01	9.77
Stores and spares	61.82	46.94
Stores and spares in transit	1.25	0.59
By-products	1.87	4.75
Total	550.42	284.38

Notes to and forming part of Financial Statements

11 INVENTORIES (Contd...)

Details of Work-in-progress

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
a. Castings	45.07	24.50
b. Others	11.29	6.51
Total	56.36	31.01

Details of Finished Goods

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
a. Pig iron	3.67	4.61
b. Castings	13.34	5.16
Total	17.01	9.77

12 TRADE RECEIVABLES

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Trade receivables (Unsecured) :		
Receivables considered good	476.69	360.72
Receivables which are credit impaired	5.36	5.35
	482.05	366.07
Less: Allowance for bad and doubtful trade receivables	(5.36)	(5.35)
Total	476.69	360.72

Movement in allowance of bad and doubtful trade receivables

Particulars	(₹ in Crores)
At 1st April, 2020	**2.61**
Provided during the year	2.74
Amount written off	-
Amount written back	-
At 31st March, 2021	**5.35**
Provided during the year	0.01
Amount written off	-
Amount written back	-
At 31st March, 2022	5.36

Ageing of Trade Receivables

(₹ in Crores)

Particulars (Outstanding from due date of payment / from date of transaction)	As at March 31, 2022	As at March 31, 2021
(i) Undisputed Trade Receivables – considered good		
Not due	384.52	317.47
Less than 6 months	82.92	33.82
6 months - 1 year	0.61	0.46
1-2 years	0.34	0.61
2-3 years	0.12	0.45
More than 3 years	0.07	0.11
Sub-total (i)	468.59	352.91

Notes to and forming part of Financial Statements

12 TRADE RECEIVABLES (Contd...)

Ageing of Trade Receivables (Contd...)

(₹ in Crores)

Particulars (Outstanding from due date of payment / from date of transaction)		As at March 31, 2022	As at March 31, 2021
(ii) Disputed Trade Receivables – Credit Impaired			
Less than 6 months		-	-
6 months - 1 year		-	0.08
1-2 years		0.22	0.08
2-3 years		0.08	1.90
More than 3 years		5.06	3.30
	Sub-total (ii)	5.36	5.35
(iii) Unbilled dues	Sub-total (iii)	8.10	7.81
(iv) Less: Provision for doubtful receivables	Sub-total (iv)	(5.36)	(5.35)
Total		476.69	360.72

13 CASH AND BANK BALANCES

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
A. Cash and Cash Equivalents		
Balances with banks		
In Current accounts	20.97	10.06
In Fixed Deposits	3.40	-
Cash on hand	0.01	0.01
Total (A)	24.38	10.07
B. Other Bank balances		
Earmarked balances	244.71	5.96
Total (B)	244.71	5.96

14 LOANS (CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Inter Corporate Loans *	194.00	-
Loan to employees	0.34	0.28
Loan to contractors	0.70	0.73
Total	195.04	1.01

* Refer Note No. 44 for Related Party Disclosure

15 OTHER FINANCIAL ASSETS (CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Interest accrued on deposits and Loans	1.49	0.61
Derivative assets		
Foreign currency forward contract	3.37	-
Total	4.86	0.61

Notes to and forming part of Financial Statements

16 CURRENT TAX ASSETS (NET)

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Income Tax (Net)	9.24	20.33
Total	9.24	20.33

17 OTHER CURRENT ASSETS

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Advances to suppliers	40.43	26.97
Balances with Government authorities	5.29	9.69
Prepaid expenses	3.12	3.01
Total	48.84	39.67

18 SHARE CAPITAL

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised Equity Share Capital		
21,00,00,000 (21,00,00,000) Equity Shares of ₹ 5 each	105.00	105.00
Issued, Subscribed and Paid up Equity Share Capital		
13,87,17,044 (13,83,48,681) Equity Shares of ₹ 5 each	69.36	69.17
Total	69.36	69.17

Note : The Company has authorised preference share capital comprising of 11,70,00,000 (11,70,00,000) Preference Shares of ₹ 10 each aggregating to ₹ 117 (117) Crores. However the same has not been issued nor subscribed.

a. Reconciliation of the shares at the beginning and at the end of the reporting period

(₹ in Crores)

Particulars	For the year ended 31st March, 2022		For the year ended 31st March, 2021	
	Number	₹ In Crores	Number	₹ In Crores
Equity shares				
Balance at the beginning of the year	13,83,48,681	69.17	13,78,21,991	68.91
Shares issued during the year	3,68,363	0.18	5,26,690	0.26
Shares bought back during the year	-	-	-	-
Balance at the end of the year	13,87,17,044	69.36	13,83,48,681	69.17

b. Rights and preferences attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of Liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes to and forming part of Financial Statements

18 SHARE CAPITAL (Contd...)

c. Equity shares held by holding company

Name of Shareholder	For the year ended 31st March, 2022		For the year ended 31st March, 2021	
	No. of shares held	Percentage of holding	No. of shares held	Percentage of holding
Kirloskar Industries Limited*	7,06,43,754	50.93	7,06,43,754	51.06

* Kirloskar Industries Limited is the only shareholder holding more than 5 percent of the total equity shares.

Promotors Shareholding in the Company is set out below:

Disclosure of shareholding of promoters as at 31 March 2022 is as follows:

Equity shares of ₹ 5 each fully paid	As at March 31, 2022		As at March 31, 2021		% change during the year
	No. of shares	Percentage of holding	No. of shares	Percentage of holding	
Kirloskar Industries Limited	7,06,43,754	50.93%	7,06,43,754	51.06%	-0.27%
Indian Individuals/ HUFs / Others	1,11,40,068	8.03%	1,11,40,068	8.05%	-0.27%

Disclosure of shareholding of promoters as at 31 March 2021 is as follows:

Equity shares of ₹ 5 each fully paid	As at March 31, 2021		As at March 31, 2020		% change during the year
	No. of shares	Percentage of holding	No. of shares	Percentage of holding	
Kirloskar Industries Limited	7,06,43,754	51.06%	7,06,43,754	51.26%	-0.38%
Indian Individuals/ HUFs / Others	1,11,40,068	8.05%	1,11,40,068	8.08%	-0.38%

19 OTHER EQUITY

(₹ in Crores)

Particulars		As at March 31, 2022	As at March 31, 2021
a. Securities premium			
Opening balance		202.55	198.10
Add : On account of exercise of employee stock options		3.10	4.45
Closing balance	Total (a)	205.65	202.55
b. General reserve			
Opening balance		65.00	60.00
Add: Current year transfer from surplus		5.00	5.00
Closing balance	Total (b)	70.00	65.00
c. Surplus - balance in the statement of profit and loss			
Opening balance		659.65	390.92
Add :			
Profit for the year		406.10	302.11
Other comprehensive income / (loss) - net of deferred tax		0.51	(0.86)
Transfer from Share Options on account of lapse of employee stock options		0.03	0.15
Less : Appropriations			
Final Dividend on equity shares*		(41.53)	-
Interim Dividend on equity shares**		(34.67)	(27.67)
Amount transferred to General reserve		(5.00)	(5.00)
Closing balance	Total (c)	985.09	659.65

Notes to and forming part of Financial Statements

19 OTHER EQUITY (Contd...)

(₹ in Crores)

Particulars		As at March 31, 2022	As at March 31, 2021
d. Share options outstanding account			
Opening balance		2.83	3.98
Add: Employee stock option expense		1.67	1.08
Less: Transfer to profit and loss on account of lapse of employee stock options		(0.03)	(0.15)
Less: Transfer to securities premium on account of exercise of employee stock options		(1.44)	(2.08)
Closing balance	Total (d)	3.03	2.83
e. Equity Instruments through Other Comprehensive Income			
Opening balance		0.04	-
Add: Fair value changes net of deferred tax		2.90	0.04
Add: Deductions during the year		-	-
Closing balance	Total (e)	2.94	0.04
f. Share Application Money pending allotment			
Opening balance		0.13	0.07
Add: Amount received on exercise of stock options		1.84	2.70
Less: Issue of equity shares on account of exercise of employee stock options		(1.85)	(2.64)
Closing balance	Total (f)	0.12	0.13
	Total (a+b+c+d+e+f)	1,266.83	930.20

Note : * ₹ 41.53 Crores pertains to FY 2020-21

** ₹ 34.67 Crores pertains to FY 2021-22 and ₹ 27.67 Crores pertains to FY 2020-21.

Description of the purposes of reserves within equity

General Reserve

Under the erstwhile Indian Companies Act, 1956, a general reserve was created through an annual transfer of net income in accordance with applicable regulations.

Securities premium

The amount in the Securities premium account represents the additional amount paid by the shareholders for the issued shares in excess of the face value of those shares.

Share options outstanding account

The Company offers ESOP, under which options to subscribe for the Company's share have been granted to specified senior management employees. The Share options outstanding account balance represents fund created as per the Company's ESOP scheme.

Equity instruments through other comprehensive income

This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

20 LONG TERM BORROWINGS

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured		
Term Loans		
From Bank	196.98	128.83
Non-Convertible Debentures	250.00	-
Total	446.98	128.83

Notes to and forming part of Financial Statements

20 LONG TERM BORROWINGS (Contd...)

Details of unsecured term loans from Banks and Non-Convertible Debentures

Name of bank	Loan availed (₹ in Crores)	Interest rate per annum payable monthly	Tenure	Principal Repayment
The Hongkong and Shanghai Banking Corporation Limited (HSBC)	70	5.90%	60 months	Repayment in 51 monthly installments (ie. 50 installment of ₹ 1.38 Crore and last installment will be of ₹ 1 Crore). Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 26th April, 2019. At every put and call option date interest rate will be reset.
Kotak Mahindra Bank Limited	30	5.40%	60 months	Repayment in 51 monthly installments of ₹ 0.59 Crore. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 05th November, 2019. At every put and call option date interest rate will be reset.
Kotak Mahindra Bank Limited	40	5.40%	60 months	Repayment in 51 monthly installments of ₹ 0.78 Crore. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 05th November, 2019. At every put and call option date interest rate will be reset.
Kotak Mahindra Bank Limited	50	5.40%	36 months	Repayment in 30 monthly installments of ₹ 1.67 Crore. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 29th October, 2020. At every put and call option date interest rate will be reset.
Kotak Mahindra Bank Limited	10	5.30%	48 months	Repayment in 39 monthly equal installments of ₹ 0.26 Crores. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 1st July 2021. At every put and call option date interest rate will be reset.
Kotak Mahindra Bank Limited	150	5.25%	48 months	Repayment in 36 monthly equal installments of ₹ 4.17 Crores. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 31st December 2021. At every put and call option date interest rate will be reset.
Non-Convertible Debentures - Rated, Listed, Unsecured and redeemable	125	6.65%	24 months	Payable on 10th March 2024. Interest is payable on annual basis.
Non-Convertible Debentures - Rated, Listed, Unsecured and redeemable	125	6.65%	36 months	Payable on 10th March 2025. Put and call option at the end of 24 months. Interest is payable on annual basis.

The amount repayable within 12 months from the reporting date, i.e. ₹ 68.61 Crores has been reflected in the note no. 23 borrowing (current) .

Notes to and forming part of Financial Statements

21 PROVISIONS (NON-CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
Leave encashment	3.22	3.55
Total	3.22	3.55

22 DEFERRED TAX LIABILITIES (NET)

The major components of income tax expense for the years ended 31st March, 2022 and 31st March, 2021 are as given below:

(₹ in Crores)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Statement of Profit and Loss section		
Current income tax:		
Current income tax charge	129.08	87.49
Short/ (excess) for the earlier years	(0.76)	(0.84)
MAT credit entitlement	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	8.27	(25.57)
MAT credit utilised during the year		
Total tax expense reported in the Statement of Profit and Loss	136.59	61.08
OCI Section		
Deferred tax related to items recognised in OCI during the year:		
Deferred tax net loss/(gain) on actuarial gains and losses	(0.17)	0.28
Fair value changes on equity Instruments	(0.86)	(0.01)
Income tax charged to OCI	(1.03)	0.27

Reconciliation of actual income tax and effective income tax

(₹ in Crores)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Accounting profit before tax	542.69	363.19
At India's statutory income tax rate of 25.168% (31st March, 2021: 25.168%)	136.58	91.41
Tax effects on adjustments which are not deductible (taxable) in calculating taxable income		
Tax of earlier years	(0.76)	(0.84)
Reversal of opening deferred tax liability due to rate change	-	(31.97)
On account of deduction under tax holiday period and weighted deduction of research and development unit		-
Other Items which are not deductible (taxable) in calculating taxable income	(0.30)	0.16
Others	1.06	2.32
Income tax expense reported in the statement of profit and loss	136.58	61.08

Notes to and forming part of Financial Statements

22 DEFERRED TAX LIABILITIES (NET) (Contd...)

Deferred tax relates to the following

(₹ in Crores)

Particulars	Deferred tax asset / (liability)		Movement in deferred tax	
	For the year ended 31st March, 2022	For the year ended 31st March, 2021	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Property, plant and equipment and intangible assets	(102.27)	(94.00)	8.27	(26.39)
Disallowances under section 43B of Income tax Act, 1961	4.05	4.22	0.17	0.97
Provision for doubtful debts and advances	1.35	1.35	0.00	(0.43)
Others	(0.87)	(0.01)	0.86	0.01
Total	**(97.74)**	**(88.44)**	**9.30**	**(25.84)**

(₹ in Crores)

Breakup of movement in Deferred Tax Liabilities, Net	As at March 31, 2022	As at March 31, 2021
Opening balance	88.44	114.28
Tax expense during the year recognised in statement of profit and loss	8.27	(25.57)
Tax expense during the year recognised in OCI	1.03	(0.27)
MAT credit entitlement utilised during the year	-	-
Sub-total	**9.30**	**(25.84)**
Closing balance	**97.74**	**88.44**

(₹ in Crores)

Reflected in the Balance Sheet as follows	As at March 31, 2022	As at March 31, 2021
Deferred Tax Liabilities	103.15	94.01
Deferred Tax Assets	5.41	5.57
Deferred Tax Liabilities, Net	**97.74**	**88.44**

The Company offsets the tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

23 BORROWINGS (CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Secured		
Loans payable on demand		
Short term loans	40.00	58.00
Cash credit from banks	-	-
Total (a)	**40.00**	**58.00**
Unsecured		
Loans payable on demand		
Working capital facilities from banks	-	-
Current Maturities of Long term Loans	68.61	77.94
Vendor Bills Discounted	2.55	-
Commercial Papers	530.43	-
Short term loans	44.50	27.00
Total (b)	**646.09**	**104.94**
Total (a + b)	**686.09**	**162.94**

Notes to and forming part of Financial Statements

23 BORROWINGS (CURRENT) (Contd...)

Security for Secured Loans

Working capital facilities with Consortium Banks (fund based and non fund based) aggregating to ₹ 450 Crores (previous year ₹ 450 Crores) are secured by first charge by way of hypothecation on the current assets both present and future, in favour of IDBI Trusteeship Services Limited, as Security Trustees, for the benefit of consortium banks.

Commercial Papers

The following Commercial Papers have been issued on 8th March 2022 :

a. ₹ 333.75 Crores issued at a discounted rate of 4.50% p.a. payable on 6th June 2022

b. ₹ 100.95 Crores issued at a discounted rate of 4.50% p.a. payable on 27th May 2022

c. ₹ 104.50 Crores issued at a discounted rate of 5.75% p.a payable on 8th March 2023

Stock Statements to Banks :

Quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of accounts

Registration of charges or satisfaction with ROC :

There are no charge modification / satisfaction of charge in the FY 2021-22

Net Debt Position

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash and Bank Balance		
Cash and cash equivalents	24.38	10.07
Borrowings		
Current Borrowings	(686.09)	(162.94)
Long term borrowings (including current maturities)	(446.98)	(128.83)
	(1,133.07)	(291.77)
Net debt	(1,108.69)	(281.70)

Net debt reconciliation as at 31 March, 2022

(₹ in Crores)

Particulars	Cash and bank balance	Borrowings	Total
Net debt as at 31st March, 2021	**10.07**	**(291.77)**	**(281.70)**
Cash flows	14.31	-	14.31
Foreign exchange adjustment	-	-	-
Interest accrued but not due as on 1st April, 2021	-	0.02	0.02
Interest accrued but not due as on 31st March, 2022	-	(1.01)	(1.01)
Interest expense	-	24.89	24.89
Interest paid	-	(23.89)	(23.89)
(Borrowing) / Repayment (Net) - Short term	-	(532.48)	(532.48)
(Borrowing) / Repayment (Net) - Long term	-	(308.83)	(308.83)
Borrowings during the year	-	-	-
Net debt as at 31st March, 2022	24.38	(1,133.07)	(1,108.69)

Notes to and forming part of Financial Statements

23 BORROWINGS (CURRENT) (Contd...)

Net debt reconciliation as at 31 March, 2021

(₹ in Crores)

Particulars	Cash and bank balance	Borrowings	Total
Net debt as at 31st March, 2020	**6.96**	**(311.24)**	**(304.28)**
Cash flows	3.11	-	3.11
Foreign exchange adjustment	-	-	-
Interest accrued but not due as on 1st April, 2020	-	0.01	0.01
Interest accrued but not due as on 31st March, 2021	-	(0.02)	(0.02)
Interest expense	-	24.80	24.80
Interest paid	-	(24.80)	(24.80)
Borrowing / (Repayment) (Net) - Short term	-	(2.00)	(2.00)
Borrowing / (Repayment) (Net) - Long term	-	21.48	21.48
Net debt as at 31st March, 2021	**10.07**	**(291.77)**	**(281.70)**

24 TRADE PAYABLES

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro enterprises and small enterprises	14.54	**19.69**
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Acceptances	676.78	215.59
Others	168.54	133.97
Total	845.32	**349.56**

Ageing of Trade Payables

(₹ in Crores)

Particulars (Outstanding from due date of payment / from date of transaction)	As at March 31, 2022	As at March 31, 2021
(i) MSME		
Not due	14.54	19.69
Sub-total (i)	14.54	**19.69**
(ii) Others		
Not due	784.07	318.63
Less than 1 year	59.31	29.52
1-2 years	1.61	0.73
2-3 years	0.10	0.15
More than 3 years	0.23	0.53
Sub-total (ii)	845.32	**349.56**
Total	859.85	**369.25**

Notes to and forming part of Financial Statements

25 OTHER FINANCIAL LIABILITIES (CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Derivative liabilities		
Foreign currency forward contract	-	1.88
Other financial liabilities		
Interest accrued but not due on borrowings	1.01	0.02
Unclaimed dividend #	4.99	5.96
Payable for capital purchases	37.44	99.55
Payable to employees	27.61	24.53
Creditors for expenses	6.74	8.24
Security deposit	0.03	0.03
Total	**77.82**	**140.21**

#There is no amount due and outstanding as at balance sheet date to be credited to Investor Education and Protection Fund.

Disclosure in respect of principal and interest pertaining to the "Micro, Small and Medium Enterprises Development Act 2006". The information has been given in respect of such vendors on the basis of information available with the Company

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Total outstanding to MSME Suppliers (not due)		
i. Trade payables	14.54	19.69
ii. Other Current Liabilities - Creditors for capital goods	2.44	0.79
Principal amount due remaining unpaid		
i. Trade payables	-	-
ii. Creditors for capital goods	-	-
Interest on above and unpaid interest	-	-
Interest paid	-	-
Payment made beyond the appointed day	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid at the end of the year	-	-
Amount of further interest remaining due and payable in succeeding year	-	-

26 OTHER CURRENT LIABILITIES

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Advance from customers	14.28	13.92
Taxes and duties (Net)	3.74	16.86
Provident fund payable	0.69	0.63
Total	**18.71**	**31.41**

27 PROVISIONS (CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
Contribution to Superannuation funds	0.24	0.24
Gratuity	1.11	2.44
Leave encashment	6.23	5.04
Provision for expected sales returns	1.29	0.85
Total	**8.87**	**8.57**

Notes to and forming part of Financial Statements

28 REVENUE FROM OPERATIONS

(₹ in Crores)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Sale of products		
Pig iron	2,201.77	1,067.32
Castings	1,289.63	874.40
By-products	69.12	36.49
Other operating income		
Scrap / Coke / miscellaneous sales	54.45	59.87
Total	3,614.97	2,038.08

29 OTHER INCOME

(₹ in Crores)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Interest income from financial assets at amortised cost	2.23	0.79
Profit on redemption of Mutual funds	0.44	-
Profit on sale/discard of Assets (Net)	4.71	0.20
Other non-operating income		
Incentive from Industrial Promotion Scheme	0.19	-
Rental income	0.23	0.21
Insurance claim received	0.01	-
Provision no longer required written back	2.94	1.29
Sundry credit balances appropriated	0.14	0.13
Miscellaneous income	0.40	0.21
Total	11.29	2.83

30 COST OF MATERIAL CONSUMED

(₹ in Crores)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Stock at the beginning of the year	191.32	143.32
Add : Purchases	2,446.28	1,096.79
	2,637.60	1,240.11
Less : Stock at the end of the year	412.11	191.32
Cost of material consumed	2,225.49	1,048.79

31 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND BY-PRODUCT

(₹ in Crores)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
At the end of the year		
a. Finished goods	17.01	9.77
b. By-Products	1.87	4.75
c. Work-in-Progress	56.36	31.01
Total (A)	75.24	45.53
At the beginning of the year		
a. Finished goods	9.77	8.95
b. By-Products	4.75	1.54
c. Work-in-Progress	31.01	38.49
Total (B)	45.53	48.98
(Increase)/Decrease (B-A)	(29.71)	3.45

Notes to and forming part of Financial Statements

32 EMPLOYEE BENEFITS EXPENSE

(₹ in Crores)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Salaries, wages and incentives	112.40	91.62
Contributions to		
Provident fund	3.97	3.16
Superannuation scheme	0.26	0.24
Gratuity (Refer Note no. 41)	1.75	1.51
Others	0.20	0.16
Employee share-based payment expense (Refer Note no. 42)	1.67	1.09
Staff welfare expenses	13.14	8.84
Total	133.39	106.62

33 FINANCE COSTS

(₹ in Crores)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Interest on term loan	12.13	13.78
Interest expense	12.76	11.02
Other borrowing costs	2.97	0.36
Total	27.86	25.16

34 DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Crores)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Property, plant and equipment (Refer Note No. 5)	87.18	75.00
Intangible assets (Refer Note No. 6)	0.68	0.98
Total	87.86	75.98

35 OTHER EXPENSES

(₹ in Crores)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
a. OPERATIONAL EXPENSES		
Consumption of stores and spare parts	121.06	82.59
Consumption of Consumables	134.59	89.17
Power, fuel and water [Note (i)]	98.93	81.11
Machinery hire charges	4.33	2.46
Repairs and maintenance		
Machinery	34.08	16.07
Buildings	2.56	2.01
Fettling and other manufacturing expenses	28.70	21.71
Other processing expenses	27.13	20.00
Total (a)	451.38	315.12
b. SELLING EXPENSES		
Freight and forwarding expenses (net)	124.36	67.70
Advertisement	0.38	0.16
Royalty	8.40	4.69
Other selling expenses	0.16	0.16
Total (b)	133.30	72.71

Notes to and forming part of Financial Statements

35 OTHER EXPENSES (Contd...)

(₹ in Crores)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
c. ADMINISTRATIVE EXPENSES		
Rent [Note (ii)]	0.14	0.12
Rates and taxes	3.07	1.63
Insurance	2.45	1.59
Other repairs and maintenance	1.46	0.98
Travelling expenses	2.32	1.04
Legal and professional charges	14.72	3.15
Communication expenses	0.92	0.38
Printing and stationery	0.37	0.21
Auditors remuneration [Note (iii)]	0.43	0.35
Miscellaneous expenses	10.32	8.72
Directors' commission	2.36	2.00
Bad debts written off (Net)	-	0.12
Provision for doubtful debts	0.01	2.74
Directors' sitting fees	0.59	0.42
CSR expenses [Note (iv)]	4.53	3.61
Net loss on foreign currency transactions	10.31	2.83
Loss on assets sold, demolished, discarded and scrapped	-	-
Total (c)	54.00	29.89
Total (a+b+c)	638.68	417.72

Note (i) Power, fuel and water

- Industrial Promotion Scheme was valid upto January-2021, hence there is no incentive recored by way of reduction of electricity duty in the financial year 2021-22. Incentive in this scheme in previous year (2020-21) was ₹ 1.45 Crores.

Note (ii) Rent
Disclosure as per Ind AS 116

Amounts recognised in the statement of profit and loss

(₹ in Crores)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Expenses relating to short-term leases	0.14	0.12
Expenses relating to leases of low-value assets	-	-

Note (iii) Payments to auditors

(₹ in Crores)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
a. As auditors	0.35	0.28
b. For Taxation matters	0.05	0.04
c. For certification fees and other services	0.03	0.02
d. Reimbursement of expenses	0.01	0.01
Total	0.43	0.35

Notes to and forming part of Financial Statements

35 OTHER EXPENSES (Contd...)

Note (iv) Details of CSR Expenditure

(₹ in Crores)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Gross amount to be spent during the year	4.50	2.38
Amount spent in cash during the year on:		
Construction/acquisition of any asset	-	-
Others		
Education	2.95	3.11
Environment	-	-
Health	0.78	0.20
Rural development	0.80	0.30
Total	4.53	3.61
Shortfall at the end of the year	-	-
Reason for shortfall	Nil	Nil
Transactions with related party	-	-
Provision made with respect to a liability incurred by entering into a contractual obligation	-	-

Note (v) Research and Development expenditure

(₹ in Crores)

Revenue expenses on research and development unit situated at Bevinahalli village, Koppal incurred during the year are given below	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Cost of materials/consumables/spares	0.16	0.02
Employee related expense	3.80	3.03
Other expenses	0.26	0.22
Total	4.22	3.27

(₹ in Crores)

Capital expenditure on research and development unit situated at Bevinahalli village, Koppal incurred during the year are given below	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Tangible Assets		
Plant and machinery		0.35
Building	-	-
Computers	-	-
Office equipment	0.02	0.07
Furniture and fixtures	-	-
Intangible assets	0.13	-
Total	0.15	0.42

Notes to and forming part of Financial Statements

36 Earnings per equity share as calculated in accordance with Indian Accounting Standard

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

(₹ in Crores)

Particulars		For the year ended 31st March, 2022	For the year ended 31st March, 2021
a.	Net Profit after tax considered for the calculation of EPS (₹ in Crores)	406.10	302.11
b.	Number of equity shares outstanding at the end of year	13,87,17,044	13,83,48,681
c.	Weighted average number of equity shares used in computing earnings per equity share	13,85,17,467	13,80,25,172
d.	Effects of dilution on account of Stock options granted under ESOS	4,00,587	4,08,459
e.	Weighted average number of equity shares adjusted for the effect of dilution*	13,89,18,054	13,84,33,631
f.	Earnings per share		
	Basic (₹)	29.32	21.89
	Diluted (₹)	29.23	21.82
g.	Face value per equity share (₹)	5.00	5.00

* There have been no transactions involving equity shares or potential equity shares between the reporting date and the date of authorisation of these financial statements.

37 Fair value measurements

Financial instruments by category as at 31st March, 2022

(₹ in Crores)

Particulars	Amortised cost	FVTPL	FVTOCI
Financial assets			
Investments in unquoted equity shares	-	-	4.30
Loans	195.24	-	-
Trade receivables	476.69	-	-
Cash and cash equivalents	24.38	-	-
Other bank balances	244.71	-	-
Other financial assets excluding derivative assets	15.13	-	-
Derivative assets on forward exchange foreign contracts	-	3.37	-
Total	956.15	3.37	4.30
Financial liabilities			
Borrowings	1,133.07	-	-
Trade payables	859.86	-	-
Other financial liabilities excluding derivative liabilities	77.82	-	-
Derivative liabilities on foreign currency forward contracts	-	-	-
Total	2,070.75	-	-

Notes to and forming part of Financial Statements

37 Fair value measurements (Contd...)

Financial instruments by category as at 31st March, 2021

(₹ in Crores)

Particulars	Amortised cost	FVTPL	FVTOCI
Financial assets			
Investments in unquoted equity shares	-	-	0.55
Loans	1.14	-	-
Trade receivables	360.72	-	-
Cash and cash equivalents	10.07	-	-
Other bank balances	5.96	-	-
Other financial assets excluding derivative assets	11.07	-	-
Derivative assets on forward exchange foreign contracts	-	-	
Total	**388.96**	**-**	**0.55**
Financial liabilities			
Borrowings	291.77	-	-
Trade payables	369.25	-	-
Other financial liabilities excluding derivative liability	138.33	-	-
Derivative liabilities on foreign currency forward contracts	-	1.88	-
Total	**799.35**	**1.88**	**-**

The Company has not performed a fair valuation of some of its investments in unquoted ordinary shares, which are classified as FVTOCI (refer Note No. 7), as the Company believes that impact of change on account of fair value is insignificant.

Fair value hierarchy

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on a recurring basis :

Quantitative disclosures fair value measurement hierarchy for assets:

(₹ in Crores)

Particulars	Amount	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Asset/(Liability) measured at fair value through profit or loss				
Derivative Asset (Liability) on account of forward exchange contracts				
Date of Valuation				
As at 31st March, 2022	3.37	-	3.37	-
As at 31st March, 2021	(1.88)	-	(1.88)	-
Equity Instruments through Other Comprehensive Income				
Date of Valuation				
As at 31st March, 2022	4.29	-	-	4.29
As at 31st March, 2021	0.54	-	-	0.54

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

Derivative financial assets / (liability) are valued based on inputs that are directly or indirectly observable in the market.

The Company has invested in unquoted equity shares of Kirloskar Management Services Private Limited which is measured subsequently at FVTOCI. Accordingly, the company has fair valued the investment using income approach under Ind AS 113 (Discounted Cash Flow method). Free cash flows, risk adjusted cost of equity and perpetual growth rate are the significant unobservable inputs considered in fair valuation of investment.

Notes to and forming part of Financial Statements

37 Fair value measurements (Contd...)

Sensitivity analysis of Level 3 Fair values

For the fair values of Investment in equity instruments, reasonably possible changes at the reporting date to one of the significant observable inputs, holding other inputs constant, would have the following effects:

(₹ in Crores)

Significant observable inputs	Change in input	Effect on pre-tax equity as at 31st March 2022	Effect on pre-tax equity as at 31st March 2021
Perpetual growth rate	Increase by 50 basis points	0.20	0.03
Perpetual growth rate	Decrease by 50 basis points	(0.20)	(0.01)
Risk adjusted cost of equity	Increase by 50 basis points	(0.24)	(0.02)
Risk adjusted cost of equity	Decrease by 50 basis points	0.24	0.03

Fair value of financial assets and financial liabilities measured at amortised cost :

The management believes that the fair values of non-current financial assets (e.g. loans and others), current financial assets (e.g., cash and cash equivalents, trade receivables, loans and others excluding other derivative assets), non-current liabilities and current financial liabilities (e.g. trade payables and other payables excluding derivative liabilities) approximate their carrying amounts.

38 Financial instruments risk management objectives and policies

The Company's activities exposes it to market risks, credit risks and liquidity risks. In order to minimise any adverse effects on the financial performance of the Company , derivative financial instruments such as forward foreign exchange contract are entered to hedge the foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as a trading or speculative purposes.

This note explains the source of risk which the entity is exposed to and how entity manages the risk in the financial statements

Risk	Exposure arising from	Risk Management Plan
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Diversification of bank deposits, credit limits and letter of credits.
Liquidity risk	Borrowings and other liabilities.	Availability of fund based and non fund based borrowing facilities.
Market risk - Foreign exchange	Recognised payables denominated in foreign currency, receivables denominated in foreign currency, firm commitments in foreign currency.	Forward foreign exchange contract.
Market risk - Interest rate risk	Borrowings on account of working capital.	Entity continuously monitors interest rates on working capital borrowings at regular intervals and economises the transactions at the best possible rates drawn at the time of monitoring on the basis of comparative rates with various banks / institutions. Long term borrowings are at fixed as well as variable rate of interest.
Market risk - Commodity price risk	Coke/ coal, Iron ore and Pig Iron	Every month entity monitors and reviews the price trend of the materials, demand and supply position and market intelligence report and strategy is adopted before finalising the next consignment / quantities for subsequent months. The Commodity Price Risk is managed without any hedging of commodities by the Company.

Notes to and forming part of Financial Statements

38 Financial instruments risk management objectives and policies

i. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk interest rate risk, currency risk and other price risk such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, trade and other payables, foreign exchange forward contracts, security deposit, trade and other receivables, deposits with banks. The sensitivity analysis in the following sections relate to the position as at 31st March, 2022 and 31st March, 2021. The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. The analyses exclude the impact of movements in market variables on the carrying values of gratuity and other post retirement obligations and provisions. Company's activities expose it to variety of market risks, including effect of changes in foreign currency exchange rate, interest rate and commodity price.

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date the interest rate profile of the Company's interest bearing financial instruments are follows:

(₹ in Crores)

Particulars	31st March, 2022	31st March, 2021
Fixed rate borrowings		
Term loan from banks	265.59	185.24
Non Convertible Debentures	250.00	-
Commercial Papers	530.43	-
Total fixed rate borrowings	1,046.02	185.24
Variable rate borrowings		
Term loan from banks	-	21.53
Loans repayable on demand	87.05	85.00
Total variable rate borrowings	87.05	106.53

(₹ in Crores)

Particulars	31st March, 2022	31st March, 2021
Impact on profit before tax and pre-tax equity		
Increase by 50 basis points	(0.44)	(0.53)
Decrease by 50 basis points	0.44	0.53

b. Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Company transacts business in its functional currency i.e. Indian rupee and in different foreign currencies. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities, where revenue or expense is denominated in a foreign currency. The Company manages its foreign currency risk by hedging foreign currency payables using foreign currency forward contracts. The Company negotiates the terms of those foreign currency forward contracts to match the terms of the hedged exposure.

Details of foreign currency exposures that are hedged by derivative instruments or otherwise

(Currency in Crores)

Particulars	Currency	Amount in foreign currency	Equivalent Indian currency	Maturity Profile
As at 31st March, 2022				
Payables	USD	5.83	439.44	Within 6 Months
As at 31st March, 2021				
Payables	USD	2.24	166.90	Within 6 Months

Notes to and forming part of Financial Statements

38 Financial instruments risk management objectives and policies (Contd...)

Details of foreign currency exposures that are not hedged by derivative instruments or otherwise

(Currency in Crores)

Particulars	Currency	Amount in foreign currency	Equivalent Indian currency
As at 31st March, 2022			
Payables	USD	2.99	226.98
	YEN	2.61	1.62
As at 31st March, 2021			
Payables	USD	0.80	58.27
	EURO	0.01	0.65
	YEN	11.18	7.76

Foreign currency sensitivity on unhedged exposure

Financial Year	Foreign currency	Change in foreign currency rates	Effect on profit before tax ₹ In Crores	Effect on pre-tax equity ₹ In Crores
For 31st March, 2022	USD	+5%	(11.35)	(11.35)
		-5%	11.35	11.35
	YEN	+5%	(0.08)	(0.08)
		-5%	0.08	0.08
For 31st March, 2021	USD	+5%	(2.91)	(2.91)
		-5%	2.91	2.91
	EURO	+5%	(0.03)	(0.03)
		-5%	0.03	0.03
	YEN	+5%	(0.39)	(0.39)
		-5%	0.39	0.39

c. **Commodity price risk**

Commodity price risk is a financial risk on the Company's financial performance which is affected by the fluctuating prices on account of global and regional supply / demand. Fluctuations in the prices of commodities mainly depend on market conditions.

The Company is subject to fluctuations in prices for the purchase of metallurgical coke, coking coal and iron ore which are the major input materials for production of pig iron. The Company procures the above referred materials at prevailing market prices.

Total exposure of the Company to commodities in INR

		Purchases		Trade Payables as on	
Commodity	Unit of Measurement	FY 2021-22	FY 2020-21	31-Mar-22	31-Mar-21
Coke	MT	18,351	47,007	-	-
	₹ Crores	44.87	84.71	-	1.13
Coal	MT	5,47,366	4,22,853	-	
	₹ Crores	1,176.28	440.31	509.57	217.44
Iron Ore	MT	10,06,718	6,46,106	3.82	-
	₹ Crores	678.98	282.85	-	10.62

		Sales		Trade Receivables as on	
Commodity	Unit of Measurement	FY 2021-22	FY 2020-21	31-Mar-22	31-Mar-21
Pig Iron	MT	4,95,555	3,13,690	-	-
	₹ Crores	2,201.77	1,067.32	165.13	144.27

Notes to and forming part of Financial Statements

38 Financial instruments risk management objectives and policies (Contd...)

The Company has an elaborate control procedure for finalising the prices of commodities through approval process from designated company officials. Every month the price trend of the materials, demand and supply position and market intelligence report are reviewed and strategy is adopted before finalising the next consignment/quantities for subsequent months.

The Commodity Price Risk is managed without any hedging of commodities by the Company.

Commodity price sensitivity on consumption or sales during the year

Financial year	Commodity	Change in commodity prices	Effect on profit before tax ₹ In Crores	Effect on pre-tax equity ₹ In Crores
For 31st March, 2022	Coke	+5%	(2.24)	(2.24)
		-5%	2.24	2.24
	Iron Ore	+5%	(33.95)	(33.95)
		-5%	33.95	33.95
	Pig Iron	+5%	110.09	110.09
		-5%	(110.09)	(110.09)
	Coal	+5%	(58.81)	(58.81)
		-5%	58.81	58.81
For 31st March, 2021	Coke	+5%	(4.24)	(4.24)
		-5%	4.24	4.24
	Iron Ore	+5%	(14.88)	(14.88)
		-5%	14.88	14.88
	Pig Iron	+5%	53.37	53.37
		-5%	(53.37)	(53.37)
	Coal	+5%	(22.02)	(22.02)
		-5%	22.02	22.02

ii. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities such as primarily trade receivables and from its investing activities, including deposits with banks and financial institutions, cash and cash equivalent and other financial instruments.

a. Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit exposure risk is mainly influenced by class or type of customers, depending upon their characteristics. Credit risk is managed through credit approval process by establishing credit limits along with continuous monitoring of credit worthiness of customers to whom credit terms are granted. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are combined into homogenous category and assessed for impairment collectively. The calculation is based on actual incurred historical data as well as futuristic information. The Company uses expected credit loss model to assess the impairment loss. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors.

The ageing of trade receivables at the reporting date that were not impaired are as follows

(₹ in Crores)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Amount	Percentage	Amount	Percentage
- Less than one year	476.16	99.89%	359.69	99.71%
- one year to three years	0.46	0.10%	0.92	0.26%
- three years and above	0.07	0.02%	0.11	0.03%
Total	476.69	100.00%	360.72	100.00%

Notes to and forming part of Financial Statements

38 Financial instruments risk management objectives and policies (Contd...)

b. Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with Company's policy. Investments of surplus funds are made only with approved counter parties. Company monitors rating, credit spreads and financial strength of its counter parties. Based on ongoing assessment Company adjust it's exposure to various counter parties

c. Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash flow and collateral obligations without incurring unacceptable losses. Company's objective is to, at all time maintain optimum levels of liquidity to meet its cash and collateral requirements. Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including overdraft, debt from domestic and international banks at optimised cost. Company has access to banks, capital and money market across debt, equity and hybrids.

The table given below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(₹ in Crores)

Particulars	Less than 1 year	More than 1 year but less than 3 year	More than 3 year but less than 5 year	Total
As at 31st March, 2022				
Borrowings - Current	686.09	-	-	686.09
Borrowings - Non-current	-	446.98		446.98
Trade payables	859.86	-	-	859.86
Any other financial liabilities	77.82	-	-	77.82
Total	1,623.77	446.98	-	2,070.75
As at 31st March, 2021				
Borrowings - Current	162.94	-	-	162.94
Borrowings - Non-current	-	120.97	7.86	128.83
Trade payables	369.25	-	-	369.25
Any other financial liabilities	140.21	-	-	140.21
Total	**672.40**	**120.97**	**7.86**	**801.23**

Note : Company is not expecting to prepay any of its liabilities.

39 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March, 2022 and 31st March, 2021.

Notes to and forming part of Financial Statements

40 Disclosure pursuant to Ind-AS 19 Employee Benefits:

Defined contribution plan

Contribution to the defined contribution plan recognised as expense are as under

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
a. Employer's contribution to provident fund	3.97	3.16
b. Employer's contribution to superannuation fund	0.26	0.24

The Provident Fund contributions are remitted to the Regional Provident Fund Commissioner.

The Contribution on account of Superannuation is remitted to Life Insurance Corporation of India, who manages the Superannuation Fund.

41 Disclosure pursuant to Ind-AS 19 Employee Benefits:

Defined Benefit Plan:

The Employee Gratuity Fund Scheme is a Defined Benefit Plan. The present value of the obligation is based on the actuarial valuation using Projected Unit Credit Method

(₹ in Crores)

	Gratuity (Funded)	
Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
a. Asset and Liability		
Present Value of Obligation	29.38	27.97
Fair Value of Plan Assets	28.28	25.53
Surplus/ (Deficit)	(1.11)	(2.44)
b. Expenses Recognized during the year		
In income Statement	1.75	1.51
In Other Comprehensive Income	(0.68)	1.14
Total Expenses Recognized during the year	1.07	2.65
c. Changes in the Present Value of Obligations (PVO)		
PVO at beginning of Period	27.97	24.95
Current Service Cost	1.59	1.41
Interest Expenses or Cost	1.76	1.60
Re-measurement (or actuarial) (Gain) / Loss arising from:		
change in Demographic assumptions	-	-
change in Financial assumptions	(1.05)	0.18
experience Variance (i.e., actual experience vs assumptions)	0.41	-
Others	-	1.07
Past Service Cost	-	0.01
Effect of Change in Foreign exchange rates	-	-
Benefits paid	(1.30)	(1.25)
Acquisition Adjustment	-	-
Effect of Business Combinations or Disposals	-	-
PVO at end of period	29.38	27.97
d. Bifurcation of Present Value of Obligation		
Current Liability (Short term)	5.07	2.43
Non-Current Liability (Long term)	24.31	25.54
Present Value of Obligation	29.39	27.97
e Changes in Fair Value of Plan Assets		
Fair Value of Plan Assets as at the beginning	25.53	23.51
Investment income	1.61	1.51

Notes to and forming part of Financial Statements

41 Disclosure pursuant to Ind-AS 19 Employee Benefits: (Contd...)

(₹ in Crores)

Particulars	Gratuity (Funded)	
	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Employer's Contribution	2.40	1.65
Employee's Contribution	-	-
Benefit Paid	(1.30)	(1.25)
Return on plan Assets, Excluding amount recognised in net interest expense	0.04	0.11
Acquisition Adjustment	-	-
Fair Value of Plan Assets at the end of period	28.28	25.53
f. Change in the effect of asset ceiling		
Effect of asset ceiling at the beginning	-	-
Interest Expense or cost (to the extent not recognized in net interest expense)	-	-
Re-measurement (or Actuarial) (Gain)/loss arising because of Change in effect of asset ceiling	-	-
Effect of Asset Ceiling at the End	-	-
g. Expenses Recognized in the Statement of Profit and Loss		
Current Service Cost	1.59	1.41
Past Service Cost	-	0.01
Loss/(Gain) on Settlement	-	-
Net interest cost/ (Income) on the net Defined Benefit Liability / (Asset)	0.16	0.09
Expenses Recognized in the income Statement	1.75	1.51
h. Effect on Other Comprehensive income		
Actuarial (gains) / losses		
change in Demographic Assumptions	-	-
change in financial Assumptions	(1.05)	0.18
Experience variance (i.e. Actual experience vs. assumptions)	0.41	-
others	-	1.07
Return on plan assets, excluding amount recognized in net interest expense	(0.04)	(0.11)
Re-measurement (or Actuarial) (Gain)/loss arising because of Change in effect of asset ceiling	-	-
Components of defined benefit costs recognized in other comprehensive income	(0.68)	1.14
i. Actuarial Assumptions		
Mortality	100% (% of IALM 2012-14)	100% (% of IALM 2012-14)
Discount Rate	6.80%	6.30%
Rate of increase in compensation	7.00%	7.00%
Withdrawal rates	4.00%	4.00%

Sensitivity Analysis

(₹ in Crores)

Particulars	As at March 31, 2022		As at March 31, 2021	
Defined Benefit Obligation (Base)		29.39		27.97
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+0.01%)	31.26	27.70	29.92	26.21
(% Change compared to base due to sensitivity)	6.4%	-5.7%	7.0%	-6.3%
Salary Growth Rate (- / + 1 %)	27.70	31.22	26.23	29.88
(% Change compared to base due to sensitivity)	-5.7%	6.2%	-6.2%	6.8%
Attrition Rate (-/ + 50% of attrition rates	29.45	29.33	28.14	27.83
(% Change compared to base due to sensitivity)	0.2%	-0.2%	0.6%	-0.5%
Mortality Rate (- / + 10% of mortality rates)	29.39	29.39	27.98	27.97
(% Change compared to base due to sensitivity)	0.0%	0.0%	0.0%	0.0%

Notes to and forming part of Financial Statements

41 Disclosure pursuant to Ind-AS 19 Employee Benefits: (Contd...)

Effect of Plan on entity's future cash flows

a) **Funding arrangements and funding policy**

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year,the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

b) **Expected contribution during the next annual reporting period**

(₹ in Crores)

The Company's best estimate of contribution during the next year	2.51

c) **Maturity Profile of defined benefit Obligation**

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Expected cash flows over the next (Valued on Undiscounted basis):		
1 Year	5.07	2.43
2 to 5 years	11.58	11.80
6 to 10 years	16.45	15.24
More than 10 years	14.36	15.58

Major category of Fair Value of Plan Assets at the end of the year is as under :

(₹ in Crores)

Particulars	As at March 31, 2022		As at March 31, 2021	
	₹ in Crores	Percent	₹ in Crores	Percent
Balances in Current Accounts with scheduled Banks	-	0.00%	0.01	0.03%
Funds with Life Insurance Corporation of India	28.28	100.00%	25.53	99.97%
Total	28.28	100.00%	25.54	100.00%

Asset liability matching strategy

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The Insurance company, as a part of policy rules makes payment of all gratuity payouts during the year as per policy conditions. The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

42 Stock options scheme

KFIL Employee Stock Option Scheme 2017 :

The Company has introduced employee stock option scheme. This employee equity-settled compensation scheme is known as KFIL Employee Stock Option Scheme 2017 ("KFIL ESOS 2017/ Scheme"). The employee stock option scheme is approved and authorized by the Board of Directors. This scheme is designed to provide incentives to specified senior management employees who are in the employment of the company and director(s), whether wholetime or otherwise, (other than promoters of the company, persons belonging to promoters group, independent directors and directors holding directly or indirectly more than 10% of the outstanding equity shares of the company). The specific employees to whom the options would be granted, and their eligibility criteria would be determined by the Nomination and Remuneration Committee.

Options granted under KFIL ESOS 2017 would vest after 1 (one) year but not later than 4 (four) years from the date of grant of such options. Options will be vested equally over four years. Vesting of options would be subject to continued employment with the Company and thus the options would vest essentially on passage of time. In addition to this, the Nomination and Remuneration Committee may also specify certain performance criteria subject to satisfaction of which the options would vest. Any option granted shall be exercisable according to the terms and conditions as determined by the Nomination and Remuneration Committee and as set forth in the Grant Letter. The exercise period shall be 3 (three) years from the date of vesting of options in case of employee is in continuation of employment. The vested options can be exercised by the employee at any time within the exercise period, or such other shorter period as may be prescribed

Notes to and forming part of Financial Statements

42 Stock options scheme (Contd...)

by the Nomination and Remuneration Committee from time to time and as set out in the Grant Letter. When exercisable, each option is convertible into one equity share. The options not exercised within the exercise period shall lapse and the employee shall have no right over such lapsed or cancelled options. The shares arising out of exercise of vested options shall not be subject to any lock-in period from the date of allotment of such shares under KFIL ESOS 2017.

Under the said scheme, Nomination and Remuneration Committee of the board of directors has granted following options to its eligible employees

Grant date	No. of options
3rd November, 2017	17,65,000
30th October, 2018	1,20,000
'18th October, 2019	1,00,000
16th October, 2020	1,30,000
22nd October, 2021	3,70,000

Particulars	As at March 31, 2022		As at March 31, 2021	
	Weighted average exercise price per share per option (₹)	Number of options	Weighted average exercise price per share per option (₹)	Number of options
Opening Balance	51	9,13,200	50	13,60,490
Granted during the year	163	3,70,000	55	1,30,000
Exercised during the year	50	3,67,863	50	5,39,790
Lapsed during the year	50	9,000		
Forfeited during the year	50	8,137	50	37,500
Closing Balance	97	8,98,200	51	9,13,200
Options exercisable at the end of the period	51	3,50,700	50	2,46,950

Weighted average share price as on the date of exercise is ₹ 227.70/- (Previous year : ₹ 125.52).

Share options outstanding at the end of the period have the following expiry date and exercise prices

Particulars	Grant date	Expiry date	Exercise price (₹)	Options outstanding as at 31 March 2022	Options outstanding as at 31 March 2021
Vesting 1	3rd November, 2017	3rd November, 2021	50	-	9,800
Vesting 2	3rd November, 2017	3rd November, 2022	50	26,500	57,500
Vesting 3	3rd November, 2017	3rd November, 2023	50	55,000	1,31,650
Vesting 4	3rd November, 2017	3rd November, 2024	50	1,93,750	4,01,250
Vesting 1	30th October, 2018	30th October, 2022	51	6,000	10,000
Vesting 2	30th October, 2018	30th October, 2023	51	10,000	15,000
Vesting 3	30th October, 2018	30th October, 2024	51	9,700	30,000
Vesting 4	30th October, 2018	30th October, 2025	51	30,000	30,000
Vesting 1	18th October, 2019	18th October, 2023	50	10,000	23,000
Vesting 2	18th October, 2019	18th October, 2024	50	9,800	25,000
Vesting 3	18th October, 2019	18th October, 2025	50	25,000	25,000
Vesting 4	18th October, 2019	18th October, 2026	50	25,000	25,000
Vesting 1	16th October, 2020	16th October, 2024	55	29,950	32,500
Vesting 2	16th October, 2020	16th October, 2025	55	32,500	32,500
Vesting 3	16th October, 2020	16th October, 2026	55	32,500	32,500
Vesting 4	16th October, 2020	16th October, 2027	55	32,500	32,500
Vesting 1	22nd October, 2021	22nd October, 2025	163	92,500	-
Vesting 2	22nd October, 2021	22nd October, 2026	163	92,500	-
Vesting 3	22nd October, 2021	22nd October, 2027	163	92,500	-
Vesting 4	22nd October, 2021	22nd October, 2028	163	92,500	-
Total				8,98,200	9,13,200
Weighted average remaining contractual life of the options outstanding at the end of the period				3.78 years	3.54 years

Notes to and forming part of Financial Statements

42 Stock options scheme (Contd...)

Fair value of the options granted

The fair value of the options granted is mentioned below as per vesting period. The fair value of the options is determined using Black-Scholes-Merton model which takes into account the exercise price, the term of the option (time to maturity), the share price as at the grant date and expected price volatility (standard deviation) of the underlying share, the expected dividend yield and risk-free interest rate for the term of the option.

Fair value and assumptions for the equity-settled grant made on 22 October 2021

Grant: KFIL ESOS 2017	Vesting date 22nd October			
Grant Date: 22nd October, 2021 Exercise price- ₹ 163	2022	2023	2024	2025
Input variables				
Share Price (₹)	270.25	270.25	270.25	270.25
Standard Deviation (Volatility)	46.37%	43.12%	42.78%	43.20%
Risk-free rate	5.10%	5.48%	5.81%	6.05%
Exercise price (₹)	163.00	163.00	163.00	163.00
Time to maturity (in years)	2.50	3.50	4.50	5.50
Dividend yield	2.38%	2.38%	2.38%	2.38%
Output				
Fair value of option (₹)	**127.87**	**132.24**	**137.73**	**142.76**

Fair value and assumptions for the equity-settled grant made on 16 October 2020

Grant: KFIL ESOS 2017	Vesting date 16th October			
Grant Date: 16th October, 2020 Exercise price- ₹ 55	2021	2022	2023	2024
Input variables				
Share Price (₹)	90.35	90.35	90.35	90.35
Standard Deviation (Volatility)	40.12%	40.57%	41.80%	41.20%
Risk-free rate	4.55%	4.90%	5.10%	5.50%
Exercise price (₹)	55.00	55.00	55.00	55.00
Time to maturity (in years)	2.50	3.50	4.50	5.50
Dividend yield	2.21%	2.21%	2.21%	2.21%
Output				
Fair value of option (₹)	**40.60**	**42.94**	**45.16**	**46.73**

Rationale for principle variables used

1. Time to maturity of options is the period of time from the grant date to the date on which option is expected to be exercised. The minimum life of stock option is the minimum period before which the options cannot be exercised and maximum life is the period after which the options cannot be exercised.

2. The expected price volatility is based on the historic volatility, adjusted for any changes to future volatility due to publicly available information.

The Company has recorded employee share-based compensation expense in current year amounting to ₹ 1.67 Crores (Previous year : ₹ 1.09 Crores) for the options issued to the employees.

Notes to and forming part of Financial Statements

43 The disclosure required by Indian Accounting Standard (Ind AS 37) "Provisions, Contingent Liabilities, Contingent Assets" are as follows

(₹ in Crores)

Class of Provision	Opening balance as on 1st April, 2021	Provisions for the year	Amounts used during the year	Closing balance as on 31st March, 2022
Casting rejections	0.85	1.29	0.85	1.29

Nature of obligation : Provision for possible obligation towards outflow of resources on casting rejections.

Expected timing of resulting outflow : Substantial costs will be incurred in the next financial year.

44 Disclosures of transactions with Related Parties as required by Ind AS 24

Name of Related Party	Nature of Relationship
Kirloskar Industries Limited	Holding Company
Mr. R. V. Gumaste – Managing Director	Key Management Personnel
Mr. Mayuresh Gharpure - Company Secretary	Key Management Personnel
Mr. R. S. Srivatsan - Chief Financial Officer	Key Management Personnel
ISMT Limited	Subsidiary Company
ISMT Enterprises SA, Luxemburg	Subsidiary Company of ISMT Limited
Tridem Port and Power Company Private Limited	Subsidiary Company of ISMT Limited
Indian Seamless Inc., USA	Subsidiary Company of ISMT Limited
Structo Hydraulics AB, Sweden	Subsidiary Company of ISMT Limited
ISMT Eurpore AB, Sweden	Subsidiary Company of ISMT Limited
Nagapattinam Energy Private Limited	Subsidiary Company of ISMT Limited
PT ISMT Resources, Indonesia	Subsidiary Company of ISMT Limited
Best Exim Private Limited	Subsidiary Company of ISMT Limited
Success Power and Infra Projects Private Limited	Subsidiary Company of ISMT Limited
Marshal Microware Infrastructure Development Company Private Limited	Subsidiary Company of ISMT Limited

(₹ in Crores)

Name of related party and nature of relationship	Nature of transaction	As at March 31, 2022		As at March 31, 2021	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
A. Holding Company					
Kirloskar Industries Limited	Dividend	38.85	-	14.13	-
	Building rent paid	0.06	-	0.06	-
	Rent Deposit Receivable	-	0.03	-	0.03
B Key management personnel					
Mr. R. V. Gumaste - Managing Director	Dividend	0.37	-	0.13	-
	Compensation	15.13	-	9.62	-
	Compensation payable	-	12.11	-	6.60
Mr. Mayuresh Ghapure - Company Secretary	Dividend	-	-	-	-
	Compensation	0.25	-	0.21	-
	Compensation payable	-	0.02	-	0.02
Mr. R. S. Srivatsan - Chief Financial Officer	Dividend	0.05	-	0.02	-
	Compensation	1.78	-	1.25	-
	Compensation payable	-	0.07	-	0.06
	Total Compensation	17.16		11.08	

Notes to and forming part of Financial Statements

44 Disclosures of transactions with Related Parties as required by Ind AS 24 (Contd...)

(₹ in Crores)

Name of related party and nature of relationship	Nature of transaction	As at March 31, 2022		As at March 31, 2021	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
C Subsidiary Company					
ISMT Limited	Sales	16.06	16.18		
	Short Term Loan (Unsecured)	-	194.00		
	Interest on Loan	1.05	1.05		

Note

(i) Outstanding amount carried in Balance Sheet does not include liability in respect of gratuity and leave encashment which is provided on actuarial basis for the Company as a whole.

(ii) Company has not made any Loans/Advances/Investments during the year to the Holding Company

Compensation of key management personnel of the Company

(₹ in Crores)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Short term employee benefits	16.44	10.69
Post employment benefits	0.57	0.31
Other long term benefits	0.15	0.08
Share-based payments	-	-
Termination benefits	-	-
Total	17.16	11.08

45 Contingent Liabilities and Commitments

(₹ in Crores)

Particulars	As at March 31, 2022	As at March 31, 2021
Claims against the Company not acknowledged as debt		
Central Excise and Customs	0.76	0.07
Service Tax	3.77	3.02
Goods and Service Tax	2.75	-
Income Tax	20.04	17.59
Sales Tax	0.83	0.83
Labour Matters to the extent quantifiable	0.47	0.44
Provident Fund Matters	0.67	1.86
Guarantees excluding financial guarantee		
Bank Guarantee	13.78	13.96
Capital and Other Commitments		
Stamp Duty & Reg. Fee	1.21	-
Estimated amount of contracts remaining to be executed on capital account and not provided for	279.32	143.98

Note

In the opinion of the management the above legal matters, under claims against Company not acknowledged as debt, when ultimately concluded will not have material effect on the results of the operations or the financial position of the Company.

Notes to and forming part of Financial Statements

46 Borrowing cost capitalized

(₹ in Crores)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Amount of borrowing costs capitalized	0.40	1.71

47 C.I.F. value of imports and expenditure in foreign currencies

(₹ in Crores)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
a. C.I.F. value of imports		
i. Capital goods	70.17	25.38
ii. Raw materials	980.03	316.76
iii. Spare parts	13.17	3.71
b. Expenditure in foreign currencies		
i. Interest	1.84	1.28
ii. Capital		2.01
iii. Professional fee		-
iv. Others	0.07	0.10

48 Ratios Analysis

Particulars	Ratio as of 31 March 2022	Ratio as of 31 March 2021	% change	Explanations, if any
Current Ratio (Current Assets / Current Liabilities)	0.94	1.01	-7%	-
Debt-Equity Ratio (Debt / Equity) [Debt : long term borrowings + short term borrowings] [Equity :Total Equity]	0.85	0.29	190%	Refer Note a
Debt Service Coverage Ratio [Earning available for debt services / Interest + Installment] [Earning available for debt services:net profit before tax+ non cash expenses (Depreciation and Amortisation) + interest expense on borrowings] [Interest + Installment :- interest expenses on borrowings and current maturities]	6.83	4.50	52%	Refer Note b
Return on Equity Ratio [Profit / (loss) for the year after Tax / Total Equity]	30.39%	30.23%	1%	-
Inventory turnover ratio [Cost of good sold / Average Inventory] [Cost of good sold : Cost of materials consumed + Purchases of stock-in-trade + changes in inventories]	5.26	4.04	30%	Refer Note c
Trade Receivables turnover ratio [Revenue from operations / Average Trade Receivables]	8.63	6.24	38%	Refer Note d
Trade payables turnover ratio [Cost of materials consumed / Average Trade Payables]	3.62	2.82	29%	Refer Note e

Notes to and forming part of Financial Statements

48 Ratios Analysis (Contd...)

Particulars	Ratio as of 31 March 2022	Ratio as of 31 March 2021	% change	Explanations, if any
Net capital turnover ratio [Revenue from operations / Total Equity]	2.71	2.04	33%	Refer Note f
Net profit ratio [Profit / (loss) after tax / Total Income]	11.23%	14.82%	-24.2%	-
Return on Capital employed [Earning before interest & taxes (EBIT) / Capital Employed] [EBIT : Profit / (loss) before tax + interest expenses] [Capital Employed : Total Assets (-) Current Liabilities (-) Cash and Cash Equivalents]	35.33%	32.25%	10%	-
Return on investment [Profit / (loss) after tax / Total Equity]	30.65%	30.23%	1%	-

Notes:

a. During the year the Company has availed Loans through issue of Non-Convertible Debentures and Commercial Papers for acquiring management control in ISMT Ltd in the month of March 2022. Tenure of these borrowings are available in Notes No. 20 and 23 above. This has resulted in increase in Debt Equity Ratio.

b. Debt Service Coverage Ratio has increased due to increased profits in the current year.

c. Strategic sourcing of raw materials coupled with full realisation of benefits from operations of Coke Oven has resulted in improved in Inventory Turnover ratio.

d. The Trade Receivables turnover ratio has improved due to better management of receivables.

e. The Trade payables turnover ratio has increased due to improved performance of company, strategic sourcing and improved working capital management.

f. Net Capital turnover ratio has improved due to improved revenue from operations.

49 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specifiy that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Notes to and forming part of Financial Statements

49 Recent accounting pronouncements (Contd...)

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 106 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

50 Relationship with Struck off Companies

Name of the Struck Off Company	Nature of transactions with struck-off Company	Relationship with the Struck off company	Number of Shares held as on March 31, 2022	Number of Shares held as on March 31, 2021
Nenawati Marketing Pvt Ltd	Shares held in the Company	Shareholder	1,900	1,900
N R I Financial Services Ltd	Shares held in the Company	Shareholder	100	100
Box And Carton (P) Ltd	Shares held in the Company	Shareholder	100	100
Standard Fibrochem Pvt Ltd	Shares held in the Company	Shareholder	200	200
Sri Ramachandra Investments (P) Ltd	Shares held in the Company	Shareholder	100	100
Umasoumya Investments Pvt Ltd	Shares held in the Company	Shareholder	100	100
Uma Sridhar Hire Finance Pvt Ltd	Shares held in the Company	Shareholder	100	100
Abhireet Investments & Trading (Pvt) Ltd	Shares held in the Company	Shareholder	200	200

51 Previous year's figures have been regrouped wherever considered necessary to make them comparable with those of the current year.

As per our report of even date attached

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No. 105215W/ W100057

Suhas Deshpande
Partner
Membership No. 031787

Pune 17th May, 2022

For and on behalf of the Board of Directors

Atul C. Kirloskar
Chairman
DIN : 00007387

R. V. Gumaste
Managing Director
DIN 00082829

Mayuresh Gharpure
Company Secretary

R. S. Srivatsan
Chief Financial Officer

Pune 17th May, 2022

Pune 17th May, 2022

Form AOC-1

[Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014]

Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures for the year ended 31 March 2022

Part A : Subsidiary

(Figures are ₹ in Crores unless stated otherwise)

Sl No	Particulars	Details
1	Name of the Subsidiary	ISMT Limited
2	Date since when the company is subsidiary	10 March 2022
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not applicable
4	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Not applicable
5	Share Capital	150.25
6	Reserves and Surplus	1,236.21
7	Total Assets	1,954.66
8	Total Liabilities	568.09
9	Investments	Nil
10	Turnover	2,160.60
11	Profit before taxation	2,516.91
12	Provision for taxation	142.83
13	Profit after taxation	2,374.08
14	Proposed Dividend	Nil
15	Percentage of shareholding	51.25%

Notes :

- Salient features of the Consolidated Financial Statements of ISMT Limited and its ten subsidiaries have been provided in the above table.
- The Company do not have any subsidiary, which is yet to commence operations.
- There is no subsidiary, which has been liquidated or sold during the financial year 2021-2022.

Part B : Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

The Company does not have any associate company or joint venture.

For and on behalf of the Board of Directors

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No. 105215W/ W100057

Suhas Deshpande
Partner
Membership No. 031787

Date : 17 May 2022
Place : Pune

Atul C. Kirloskar
Chairman
DIN : 00007387

Mayuresh Gharpure
Company Secretary

Date : 17 May 2022
Place : Pune

R. V. Gumaste
Managing Director
DIN 00082829

R. S. Srivatsan
Chief Financial Officer

Date : 17 May 2022
Place : Pune

INDEPENDENT AUDITORS' REPORT

on the Audit of the Consolidated Financial Statements

To the Members of
Kirloskar Ferrous Industries Limited

Opinion

We have audited the accompanying consolidated financial statements of Kirloskar Ferrous Industries Limited ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2022, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries referred to in the Other Matters section below the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under Section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their reports referred to in the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of Matter

In the Consolidated audit report of ISMT Limited (the Subsidiary) We draw your attention to the matters emphasized by the auditor of the Subsidiary which are included in the Consolidated financial statements regarding remuneration to Erstwhile Managing director and Non-Executive Director of the Subsidiary amounting to ₹ 2.61 Crore and ₹ 0.40 Crores respectively for the period ended March 10, 2022 (₹ 4.60 Crore cumulative up to March 31, 2022) is subject to the approval of appropriate authorities.

Our opinion is not modified in respect of these Matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sr. No.	Key Audit Matter	How our audit addressed the key audit matter
1.	**Contingent Liability** The Company is involved in direct and indirect tax litigations amounting to ₹ 85.16 Crores that are pending with various tax authorities. Whether a liability is recognized or disclosed as a contingent liability in the financial statements is inherently judgmental and dependent on assumptions and assessments. We placed specific focus on the judgements in respect to these demands against the Company. Determining the amount, if any, to be recognized or disclosed in the financial statements, is inherently subjective. Therefore, these litigations amount is considered to be a key audit matter.	Our procedures included, but were not limited to, the following: • Obtained an understanding from the management with respect to process and controls followed by the Company for identification and monitoring of significant developments in relation to the litigations, including completeness thereof. • Obtained the list of litigations from the management and reviewed their assessment of the likelihood of outflow of economic resources being probable, possible or remote in respect of the litigations.

Sr. No.	Key Audit Matter	How our audit addressed the key audit matter
		• Assessed management's discussions held with their legal consultants and understanding precedents in similar cases; • Obtained and evaluated the confirmations from the consultants representing the Company before the various authorities and our own dedicated teams of direct tax and indirect tax. Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the financial statements.
2	**Property, Plant & Equipment** Valuation and existence of property, plant and equipment including assessment of useful lives and residual values Property, plant and equipment represents a significant proportion of the Company's asset base. The estimates and assumptions made to determine the carrying amounts, including whether and when to capitalize or expense certain costs, and the determination of depreciation charges are material to the Company's financial position and performance. The charges in respect of periodic depreciation are derived after estimating an asset's expected useful life and the expected residual value. Changes to asset's carrying amounts, expected useful lives or residual value could result in a material impact on the financial statements and hence considered as key audit matter.	Our audit approach consisted evaluation of design and implementation of controls, and testing the operating effectiveness of the internal controls over valuation of property, plant and equipment and review of useful lives; Periodic physical verification of property, plant and equipment for adequacy and appropriateness of the accounting and disclosure by the Management: • Review of CAPEX business process, flow of documents/ information and their control's effectiveness. • Substantive Tests on random sampling for all the major additions, deletions to the assets by applying all the characteristics of capital expenditure, proper classification of the same, with reference to the company's policy and accounting standards. • We performed substantive testing for the determination of assets' useful lives and residual values with reference to management's judgments, including the appropriateness of past / existing asset lives and residual values applied in the calculation of depreciation. We also obtain certificates relating to useful lives of assets wherever required. • We have reviewed the policy and the procedure of physical verification of PPE. • After carrying out above audit procedures, we did not identify any exceptions in relation to the valuation and the existence of property, plant and equipment including assessment of useful lives and residual values which, may affect our opinion.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Parent Company's Board of Directors is responsible for preparation of the other information. The other information comprises the information included in the Report of the Board of Directors and the Report on the Corporate Governance but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information identified above and in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, is traced from their financial statements audited by other auditors.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Parent Company's Management and Board of Directors are responsible for the matters stated in Section 134 (5) of the Act with respect to preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the respective company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of those Companies

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As a part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiaries which are companies incorporated in India, have adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of Subsidiaries of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors.

For the other entities or business activities included in the consolidated financial statements, which have been audited by the branch auditors or other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

a. The Parent, pursuant to terms of the Share Subscription Agreement entered into with ISMT Limited on 10th March 2022, received equity shares through preferential allotment, taking the equity holding of the Parent in ISMT Limited to 51.25%. Effective 10th March 2022, ISMT Limited became a subsidiary of the parent.

b. The accompanying Statements includes the audited financial statements and other financial information, in respect of 10 Subsidiaries (including 9 step-down subsidiaries), whose financial statements include total assets of ₹ 1,954.66 Cr as at March 31, 2022, total revenue of ₹ 2,182.03 Cr, total net profit after tax of ₹ 2374.08 Cr (which includes exceptional item of ₹ 2,511.38 Cr), total comprehensive loss of ₹ 6.21 Cr and net cash inflow of ₹ 19.64 Cr for the year ended March 31, 2022, as considered in the consolidated financial Statement which have been audited by their independent auditors.

   The independent auditor's report on the financial statements and other financial information of this entity has been furnished to us by the Management and our opinion on the Statements in so far as it relates to the amounts and disclosures included in respect of this subsidiaries is based solely on the report of such auditors and the procedures performed by us as stated above.

c. The accompanying consolidated financial statements includes unaudited financial statements and other unaudited financial information in respect of one Step-down subsidiary located outside India, whose financial statements, financial information reflect total assets of ₹ 0.001 Crore as at March 31, 2022, total revenue of ₹ Nil Crore and total net loss after tax (including due to exchange translation) of ₹ 0.001 Crore for the year ended March 31, 2022 and net cash outflow of ₹ 0.001 Crore for the year ended on that date, as considered in the consolidated annual financial results.

   This unaudited financial statements/financial information is certified by the management and our opinion on the Statements, in so far as it relates to the amounts and disclosures in respect of this subsidiary, is based solely on such financial statements/financial information. In our opinion and according to the information and explanations given to us by the Management, this financial statements / financial information is not material to the Group.

d. Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditor.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries referred to in the Other Matters section above we report, to the extent applicable that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Parent as on March 31, 2022 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India are disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent, subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

g) With respect to the other matters to be included in the Auditor's report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid / provided by the Parent Company to its directors' during year is in accordance with the provisions of Section 197 of the Act. However, in respect of ISMT Limited's (the subsidiary of the Parent) remuneration paid / provided to Managing director and Non Executive Director is subject to approval of the appropriate authorities.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 49 of the consolidated financial statements.

ii. The Group did not have any material foreseeable losses on long term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies.

iv. With respect to clause (e) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended

(a) The respective Managements of the Parent Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries, that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent Company or any such subsidiaries to or in any other person or entity, including foreign entity ('Intermediaries') with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent Company or any of such subsidiaries ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Parent Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries, that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Parent Company or any such subsidiaries from any other person or entity, including foreign entity ('Intermediaries') with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent Company or any of such subsidiaries ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and those performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our attention or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11 (e) as provided under (a) and (b) above, contain any material misstatement.

v. The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.

B. With the respect to matters specified in Paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order" / "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the companies included in the consolidated financial statements.

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No. 105215W/W100057

Suhas Deshpande
Partner
Membership No.: 031787
UDIN: 22031787AJDPUD5463

Pune, May 17, 2022

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting of Kirloskar Ferrous Industries Limited (hereinafter referred to as "the Parent") and its subsidiary companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary companies which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary companies which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to the subsidiaries which are companies incorporated in India, is based solely on the corresponding reports of the auditors of the Subsidiaries incorporated in India. Our opinion is not modified in respect of the above matters.

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No. 105215W/W100057

Suhas Deshpande
Partner
Membership No.: 031787
UDIN: 22031787AJDPUD5463

Pune, May 17, 2022

Consolidated Balance Sheet

as at March 31, 2022

(₹ in Crores)

Particulars	Note No.	As at 31st March, 2022
ASSETS		
Non-current assets		
Property, plant and equipment	5	2,732.79
Capital work-in-progress	5	202.70
Intangible assets	6	1.62
Intangible assets under development	6	19.75
Financial assets		
(i) Investments	7	4.30
(ii) Loans	8	0.20
(iii) Other financial assets	9	33.02
Other non-current assets	10	101.33
Total non-current assets		3,095.71
Current assets		
Inventories	11	992.21
Financial assets		
(i) Trade receivables	12	746.60
(ii) Cash and cash equivalents	13	80.58
(iii) Bank balances other than (ii) above	13	246.89
(iv) Loans	14	2.04
(v) Other financial assets	15	5.41
Current tax assets (net)	16	9.24
Other current assets	17	73.61
Total current assets		2,156.58
TOTAL ASSETS		5,252.29
EQUITY AND LIABILITIES		
Equity		
Equity share capital	18	69.36
Other equity	19	1,696.09
Equity attributable to shareholders of the company		1,765.45
Non Controling Interest		870.43
Total Equity		2,635.88
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	20	446.98
Lease Liabilities	21	2.91
Provisions	22	10.79
Deferred tax liabilities (Net)	23	189.62
Total non-current liabilities		650.30
Current liabilities		
Financial liabilities		
(i) Borrowings	24	697.85
(ii) Lease Liabilities	25	0.70
(iii) Trade payables	26	
- Total outstanding dues of micro enterprises and small enterprises		33.03
- Total outstanding dues of creditors other than micro enterprises and small enterprises		1,023.73
(iv) Other current financial liabilities	27	121.72
Other current liabilities	28	57.50
Provisions	29	18.65
Current tax liability	30	12.93
Total current liabilities		1,966.11
Total liabilities		2,616.41
TOTAL EQUITY AND LIABILITIES		5,252.29

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No. 105215W/ W100057

Suhas Deshpande
Partner
Membership No. 031787

Pune 17th May, 2022

For and on behalf of the Board of Directors

Atul C. Kirloskar
Chairman
DIN : 00007387

R. V. Gumaste
Managing Director
DIN 00082829

Mayuresh Gharpure
Company Secretary

R. S. Srivatsan
Chief Financial Officer

Pune 17th May, 2022

Pune 17th May, 2022

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2022

(₹ in Crores)

Particulars	Note No.	For the year ended 31st March, 2022
INCOME		
Revenue from operations	31	3,748.29
Other Income	32	11.92
Total Income		3,760.21
EXPENSES		
Cost of materials consumed	33	2,296.23
Purchases of stock-in-trade		-
Changes in inventories of finished goods, stock-in-trade and work-in-progress	34	(29.52)
Employee benefits expense	35	139.50
Finance costs	36	29.58
Depreciation and amortization expense	37	92.04
Other expenses	38	699.19
Total expenses		3,227.02
Profit/(Loss) before tax		533.19
Tax expenses		
(1) Current tax		146.30
(2) Short/ (excess) for the earlier years		(0.67)
(3) Deferred tax		87.84
Profit for the year		299.72
Other Comprehensive Income		
Items that will not be reclassified to profit or (loss)		
Remeasurements of post-employment benefit obligations		**(1.28)**
Income Tax relating to above		1.80
Fair value changes on equity Instruments through other comprehensive income		3.75
Income Tax relating to above		(0.86)
Capital reserve on arising account of business combination		488.30
Items that will be reclassified to profit or loss		
Foreign Currency Translation Differences		(0.09)
Income tax effect on above		-
Other Comprehensive Income for the year, net of tax		491.62
Total Comprehensive Income for the period (Comprising profit and Other Comprehensive Income for the year)		791.34
Profit for the year attributable to :		
Shareholder of the company		347.11
Non controling interests		(47.39)
		299.72
Other comprehensive income for the year attributable to :		
Shareholder of the company		491.66
Non controling interests		(0.04)
		491.62
Total comprehensive income for the year attributable to :		
Shareholder of the company		838.77
Non controling interests		(47.43)
		791.34
Earnings per equity share (for continuing operations)	40	
Basic (₹)		25.06
Diluted (₹)		24.99

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No. 105215W/ W100057

Suhas Deshpande
Partner
Membership No. 031787

Pune 17th May, 2022

For and on behalf of the Board of Directors

Atul C. Kirloskar
Chairman
DIN : 00007387

R. V. Gumaste
Managing Director
DIN 00082829

Mayuresh Gharpure
Company Secretary

Pune 17th May, 2022

R. S. Srivatsan
Chief Financial Officer

Pune 17th May, 2022

Consolidated Cash Flow Statement

for the year ended 31st March, 2022

(₹ in Crores)

Particulars	For the year ended March 31, 2022	
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit / (Loss) before tax		533.19
Add :		
Depreciation	92.03	
(Profit) / Loss on sale of assets	(4.71)	
Provision for doubtful debts	0.41	
Unrealised Foreign exchange (Gain)/Loss	2.54	
Employee share-based payment expense	1.67	
Remeasurements of post-employment benefit obligations	0.69	
Fair value changes on equity Instruments	3.75	
Fair value changes in derivative financial instrument	(3.37)	
Finance Costs	29.58	
Provision on impairment and others	4.12	
Acquisition cost related to business combination	8.20	
		134.91
Less :		668.10
Interest Income	(1.75)	
Dividend Income	(0.44)	
Provision no longer required written back	(3.86)	
Sundry Credit balances appropriated	(0.14)	
		(6.19)
Operating profit before working capital changes		661.91
Movements in working capital:		
Decrease / (Increase) in inventories	(251.42)	
Decrease / (Increase) in trade receivables	(70.71)	
Decrease / (Increase) in non-current loans	(0.07)	
Decrease / (Increase) in other non-current assets	(1.08)	
Decrease / (Increase) in current loans	0.76	
Decrease / (Increase) in other current assets	(2.02)	
Bank balance other than cash and cash equivalent	(239.72)	
(Increase) / Decrease in other financial assets	(0.55)	
Increase / (Decrease) in non-current provisions	(7.41)	
Increase / (Decrease) in trade payables	419.42	
Increase / (Decrease) in other current financial liabilities	(13.81)	
Increase / (Decrease) in other current liabilities	(14.00)	
Increase / (Decrease) in current provisions	0.57	
		(180.04)
Cash generated from Operations		481.87
Taxes paid		(116.81)
Net cash from Operating Activities (A)		365.06
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of property, plant and equipment including CWIP and Capital Advances	(430.81)	
Sale of Property, Plant and Equipment	0.13	
Purchase of Investments	(484.83)	
Acquisition of business	-	
Fair value changes in Investments	(3.75)	
Proceeds from sale of property, plant and equipment	6.27	
Investment in other Financial Assets	(2.35)	
Interest Received	1.98	
Dividend Received	0.44	
Net Cash from Investing Activities (B)		(912.92)

Consolidated Cash Flow Statement

for the year ended 31st March, 2022

(₹ in Crores)

Particulars	For the year ended March 31, 2022	
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Interest paid	(23.90)	
Other Borrowing Costs	(10.62)	
Proceeds from long term borrowings (net)	308.83	
Proceeds/(Repayment) from short term borrowings	(300.60)	
Payment of Lease Liabilities	(0.17)	
Premium on issue of equity shares	1.84	
Dividend Paid	(76.20)	
Net Cash from Financing Activities (C)		(100.82)
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)		(648.68)
Cash and Cash Equivalents at the beginning of the Period	10.07	
Cash and Cash Equivalents acquired pursuant to business combination	719.19	
Cash and Cash Equivalents at the end of the year (Refer Note 13A)	80.58	

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No. 105215W/ W100057

Suhas Deshpande
Partner
Membership No. 031787

Pune 17th May, 2022

For and on behalf of the Board of Directors

Atul C. Kirloskar
Chairman
DIN : 00007387

R. V. Gumaste
Managing Director
DIN 00082829

Mayuresh Gharpure
Company Secretary

R. S. Srivatsan
Chief Financial Officer

Pune 17th May, 2022

Pune 17th May, 2022

Consolidated statement of Changes in Equity

for the year ended 31st March, 2022

A. Equity Share Capital (Note 18)

(₹ in Crores)

Opening Balance as on 1st April, 2021	Changes in equity share capital during the year	Closing Balance as on 31st March, 2022
69.18	0.18	69.36

B. Other Equity (Note 19)

(₹ in Crores)

Particulars	Reserves and surplus			Equity Instruments through Other Comprehensive Income	Share options outstanding account	Share Application Money pending allotment	Foreign currency translation reserve	Capital reserve	Total attributable to owners of the company	Attributable to Non-Controlling interests	Total
	Securities premium	General reserve	Surplus of profit or loss								
Balance as on 31st March, 2021	202.55	65.00	659.65	0.04	2.83	0.13	-	-	930.20	-	930.20
Total Comprehensive Income											-
Profit for the year	-	-	347.11	-	-	-	-	-	347.11	(47.39)	299.72
Other Comprehensive Income											
Remeasurement of defined benefit liability (net of tax)	-	-	0.52	-	-	-	-	-	0.52	0.00	0.52
Fair value changes on equity Instruments through other comprehensive income	-	-	-	2.89	-	-	-	-	2.89	-	2.89
Foreign Currency Translation Reserve	-	-	-	-	-	-	(0.05)	-	(0.05)	(0.04)	(0.09)
On account of business acquisiiton	-	-	-	-	-	-	-	488.30	488.30	-	488.30
Transfer to General Reserve	-	5.00	(5.00)	-	-	-	-	-	-	-	-
Increase in Non-controllling interest on account of business acquisiiton	-	-	-	-	-	-	-	-	-	917.86	917.86
Employee stock option expense	-	-	-	-	1.67	-	-	-	1.67	-	1.67
Share application money received	-	-	-	-	-	1.84	-	-	1.84	-	1.84
Issue of equity shares on account of exercise of employee stock options	3.10	-	-	-	(1.44)	(1.85)	-	-	(0.19)	-	(0.19)
Lapse of employee stock options	-	-	0.03	-	(0.03)	-	-	-	-	-	-
Distribution to shareholders											
Final Dividend	-	-	(41.53)	-	-	-	-	-	(41.53)	-	(41.53)
Interim Dividend	-	-	(34.67)	-	-	-	-	-	(34.67)	-	(34.67)
Balance as on 31st March, 2022	205.65	70.00	926.11	2.93	3.03	0.12	(0.05)	488.30	1,696.09	870.43	2,566.52

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration No. 105215W/ W100057

Suhas Deshpande
Partner
Membership No. 031787

Pune 17th May, 2022

For and on behalf of the Board of Directors

Atul C. Kirloskar
Chairman
DIN : 00007387

R. V. Gumaste
Managing Director
DIN 00082829

Mayuresh Gharpure
Company Secretary

R. S. Srivatsan
Chief Financial Officer

Pune 17th May, 2022

Pune 17th May, 2022

Notes to and forming part of Consolidated Financial Statements

for the Year ended 31 March 2022

(All amounts are in Indian Rupees (INR) in Crores unless otherwise stated

1) THE CORPORATE OVERVIEW

Kirloskar Ferrous Industries Limited ("the Company" / "Holding Company") is a public company incorporated under the provisions of the Companies Act, 1956. Its shares are listed on BSE Limited and are permitted to trade on National Stock Exchange of India Limited.

The Consolidated Financial Statements comprise the Financial Statements of the Company and its subsidiaries (together referred to as the "Group"). The Consolidated Financial Statements of the Group for the year ended 31 March 2022, were authorised for issue by the Board of Directors on 17 May 2022.

The Holding Company is having three manufacturing facilities, situated at Koppal district and Chitradurga district in Karnataka State and at Solapur district in Maharashtra State. The Holding Company is engaged in manufacturing of iron castings.

ISMT Limited ("ISMT" or "the Subsidiary Company") is a public limited company incorporated in India (CIN: L27109PN1999PLC016417) having its registered office in Pune. The subsidiary is mainly engaged in manufacturing of seamless tubes, cylinder tubes, components and Engineering steels.

At present, the Company is the subsidiary of Kirloskar Industries Limited

2) BASIS OF PREPARATION

a) Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting Standards (Ind AS). Ind AS are notified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards), Rules, 2015 as amended from time to time and other relevant provisions of the Act. Accounting policies have been consistently applied except where newly issued accounting standard or revision to existing accounting standards requires changes in the existing accounting policies.

b) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the following items, which are measured on each reporting date on the basis as explained below:

- Certain financial assets and liabilities (including derivative instruments) are measured at fair value.
- Defined benefit plans – plan assets are measured at fair value.
- Equity settled share-based payments – measured at grant date fair value.

c) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is expected to be realised within twelve months from the reporting, or
- It is cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after reporting date.

All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the following criteria:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months from the reporting date, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after reporting date.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

d) Functional and presentation currency

The Group has identified Indian Rupee (INR) as its functional currency. All amounts presented in the Financial Statements including notes have been rounded off to the nearest crores in Indian Rupee as per the requirements of Schedule III of the Companies Act, 2013; unless otherwise indicated.

3) SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Principles of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries

Notes to and forming part of Consolidated Financial Statements

as at 31 March 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the holding company. The subsidiaries considered in the consolidated financial statements are summarized below.

Sr. No.	Name of the Company	Country of Incorporation
	Direct Subsidiaries	
1.	ISMT Limited	India
	Indirect Subsidiaries	
1.	ISMT Enterprises SA	Luxembourg
2.	Structo Hydraulics AB	Sweden
3.	ISMT Europe AB	Sweden
4.	Tridem Port and Power Company Private Limited	India
5.	Nagapattinam Energy Private Limited	India
6.	Best Exim Private Limited	India
7.	Marshal Microware Infrastructure Development Private Limited	India
8.	Success Power and Infraprojects Private Limited	India
9.	PT ISMT Resources	Indonesia
10.	Indian Seamless Inc.	USA

In preparing the consolidated financial statements, the Group has used the following key consolidation procedures:

Combine like items of assets, liabilities, equity, income, expenses and cash flows of the holding company with those of its subsidiaries. Offset (eliminate) the carrying amount of the holding company's investment in each subsidiary and the holding company's portion of equity of each subsidiary. Business combinations policy explains accounting for any related goodwill or capital reserve.

Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group. Profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and property, plant and equipment, are eliminated in full. However, intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions will be accounted as per Ind AS 12 – Income Taxes.

Profit and loss and each component of Other Comprehensive Income ('OCI') are attributed to the equity holders of the holding company of the group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it deconsolidates the subsidiary from the date it ceases control.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and Balance Sheet respectively.

Assets and liabilities of entities with functional currency other than the functional currency of the Company have been translated using exchange rates prevailing on the balance sheet date. Statement of profit and loss of such entities has been translated using weighted average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in the statement of changes in equity. When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognized in OCI is reclassified to statement of profit and loss as part of the gain or loss on disposal.

Notes to and forming part of Consolidated Financial Statements

b) Property, plant and equipment

- **Recognition and measurement**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Cost comprises of purchase price and any directly attributable costs of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Borrowing costs attributable to construction or acquisition of a qualifying asset for the period up to the date, the asset is ready for its intended use are included in the cost of the asset to which they relate.

Pre-operative expenditure including trial run expenses comprising of revenue expenses incurred as reduced by the revenue generated during the period up to the date, the asset is ready for its intended use are treated as part of costs of that asset.

Capital work-in-progress comprises of the cost of property, plant and equipment that are not yet ready for their intended use as at the balance sheet date.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date are disclosed under “Other non-current assets”.

- **Subsequent costs**

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Profit and Loss as incurred.

- **Subsequent Measurement**

Property, plant and equipment are subsequently measured at cost less accumulated depreciation less accumulated impairment losses.

- **Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net and disclosed within other income or expenses in the Statement of Profit and Loss.

- **Depreciation methods, estimated useful lives and residual value**

Holding Company

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognised in the Statement of Profit and Loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment as prescribed in Schedule II of the Companies Act 2013, as assessed by the management of the company based on technical evaluation except in the case of following assets:

Description	Useful life considered	Justification for deviation
Plant and equipments:		
a) Sinter plant	20 years	Based on past history of usage and supported by technical evaluation report
b) Blast furnace and allied machineries used in manufacture of pig Iron	20 years	
c) Foundry machineries	20 years	
d) Turbo generator	20 years	
e) Plant and equipments given under operating lease	5 years	
f) Machinery spares	2 to 10 years	
g) Patterns	8 years	
Office equipments		
Equipment installed at employee’s residence	3 years	As per the terms of Group’s policy
Vehicles		
Vehicles given to employees	5 years	As per the terms of Group’s policy

Notes to and forming part of Consolidated Financial Statements

Subsidiaries Companies

Depreciation on Plant & Machinery other than Captive Power Plant of subsidiaries is provided on its useful life estimated by the management on Written Down Value method. For these classes of assets, based on the technical evaluation carried out by the external experts, the management has estimated the useful lives in the range of 8 years to 65 years.

Depreciation on Building and Plant & Machinery of Captive Power Plant of subsidiary is provided as per the useful life specified in Part 'C' of Schedule II of the Companies Act, 2013 on Straight Line Method.

Depreciation on Furniture & Fixtures, Office Equipment and vehicle of subsidiaries is provided as per the useful life specified in Part 'C' of Schedule II of the Companies Act, 2013 on Written Down Value Method except in case of Tridem Port and Power Company Private Limited and Nagapattinam Energy Private Limited (Subsidiaries of ISMT) where straight line method is followed.

Depreciation on property, plant and equipment of the Group's foreign subsidiaries has been provided on straight line method as per the estimated useful life of such assets. Details of estimated useful life of property, plant and equipment of these foreign subsidiaries are as follows:

Sr. No.	Class of Assets	Useful life in Years
1	Building	45 Years
2	Equipment's, Tools, Fixtures and Fittings	3 to 5 years
3	Plant & Machinery and Equipment	3 to 30 Years
4	Computer Hardware and Software	5 Years

Freehold land of the Group is not depreciated.

c) Intangible assets

- **Recognition and measurement**

  Intangible assets are recognised when the asset is identifiable, is within the control of the Group, and is probable that the future economic benefits that are attributable to the asset will flow to the Group and cost of the asset can be reliably measured.

  Intangible assets acquired by the Group that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

- **Derecognition**

  An item of intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of intangible asset are determined by comparing the proceeds from disposal with the carrying amount of intangible asset and are recognised net and disclosed within other income or expenses in the Statement of Profit and Loss.

- **Amortisation**

  Amortisation is calculated over the cost of the asset, or other amount substituted for cost. Amortisation is recognised in Statement of Profit and Loss on a straight-line basis over the estimated useful life of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

  The estimated useful life for current and comparative periods are as follows:

Computer software	6 years

d) Leases

The Group assesses at the inception of the contract whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Notes to and forming part of Consolidated Financial Statements

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

e) Impairment of non-financial assets

The Group assesses at each balance sheet date whether there is any indication that an asset or Cash Generating Unit (CGU) may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal or its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered.

Impairment losses are recognised in the Statement of Profit and Loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

- **Reversal of impairment loss**

  For assets other than goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

f) Inventories

Raw materials, stores and spares are valued at lower of cost and net realizable value. Cost is determined using weighted average method.

Work in process and finished goods other than by-products are valued at lower of cost and net realizable value. Cost includes direct material and labour and a proportion of manufacturing overhead based on normal operating capacity.

By-products are valued at net realizable value.

Stores, Spares are valued at cost determined on weighted average basis except for those which have a longer usable life, which are valued on the basis of their remaining useful life.

Necessary provisions are made for obsolete and non-moving inventories as per the policy framed by the management and the value of inventory is net of such provision.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Inventory of Structo Hydraulics AB (subsidiary of ISMT) is valued at the lower of the cost and net realizable value respectively. Thereby risk of obsolescence has been considered. The cost is estimated according to weighted average prices.

g) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

h) Revenue recognition

The Group is in the business of manufacture and sale of iron castings, seamless tubes, cylinder tubes, components and engineering steels. Sales are recognised when substantial control of the products has been transferred to the customer, being when the products are delivered to the customer or its authorised representative without any unfulfilled obligation that could affect the customer's acceptance of the products. Revenue from these sales is recognised based on the price specified in the sales order, net of the estimated discounts, rebates, returns and Goods and Service Tax. The Group's obligation to provide a refund for defects in the products is recognised as a provision. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Group does not have any payment terms exceeding one year for any contract. Accordingly, the Group does not adjust any of the transaction prices for the time value of money.

Notes to and forming part of Consolidated Financial Statements

i) Other income

- **Interest income**

  Interest income from debt instruments is recognised using Effective Interest Rate method (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

- **Dividends**

  Dividends are recognised in the Statement of Profit and Loss only when the right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount can be measured reliably.

- **Export incentives**

  Export Incentives are recognized when right to receive credit as per prevalent scheme is established in respect of the exports made and when there is no significant uncertainty regarding realization of such claim.

- **Any other incomes are accounted for on accrual basis.**

j) Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset, are expensed in the period in which they are incurred.

k) Foreign currency transactions and balances

Transactions in foreign currency are recorded at exchange rates prevailing at the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit and Loss of the year.

Monetary assets and liabilities denominated in foreign currencies which are outstanding, as at the reporting period are translated at the closing exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss are also recognized in OCI or Statement of Profit and Loss, respectively). Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

l) Employee Benefits

- **Short-term employee benefits**

  All employee benefits payable wholly within twelve months of rendering the services are classified as short-term employee benefits. Benefits such as salaries, wages, expected cost of bonus and short-term compensated absences, ex-gratia, performance pay etc. are recognised in the period in which the employee renders the related service.

- **Post-employment benefits**

  Defined contribution plans

  The Group's approved superannuation scheme and central provident fund scheme are a defined contribution plan. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

  Defined benefit plans

  a. **Gratuity**

  The employees' gratuity fund scheme is managed by a trust, is the Group's defined benefit plan. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

  The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities as at the reporting date, having maturity periods approximating to the terms of related obligations.

  Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets, are

Notes to and forming part of Consolidated Financial Statements

recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income (OCI) in the period in which they occur. Remeasurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

In case of funded plans, the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on net basis.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Net interest is calculated by applying the discount rate to the net defined benefit liability or the fair value of the plan asset. The cost is included in employee benefit expense in the Statement of Profit and Loss.

Structo Hydraulics AB and ISMT Europe AB (Subsidiary Companies of ISMT) make defined contribution to the Insurance Company as a social security benefit, which is recognized in the Statement of Profit and Loss on accrual basis.

b. Leave Encashment

The Group provides for the liability at year end on account of unavailed earned leave as per the actuarial valuation.

- Other long-term employee benefits

  The liabilities for earned leave which are not expected to be settled within twelve months from the date of reporting period in which the employee render the related service are measured as the present value of expected future payments to be made in respect of services provided by employee up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating the terms of the related obligation. Remeasurements as a result of experience adjustments and change in actuarial assumptions are recognised in the Statement of Profit and Loss. The obligations are presented as current liabilities in the balance sheet if the Group does not have an unconditional right to defer settlement beyond twelve months of the reporting period, regardless of when the actual settlement is expected to occur.

m) Share-based payments

Employees of the Group who are entitled to receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

- **Equity-settled transactions**

  The cost of equity-settled transactions is determined by the fair value at the grant date using fair valuation model.

  That cost is recognised, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The Statement of Profit and Loss represents the movement in cumulative expense recognised as at the beginning and at the end of the period and to be recognised in the employee benefits expense.

  The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

  Employee share-based payment reserve with respect to vested options which gets forfeited as per ESOS policy will be transferred to retained earnings.

n) Research and development cost

Revenue expenditure on the research and development is charged off as expense in the year in which incurred. Capital expenditure for research and development activity is grouped with property, plant and equipment under appropriate categories and depreciation is provided as per the applicable rates.

o) Income tax

Income tax expense comprises of current tax and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to the items recognised directly in OCI.

- **Current income tax**

  Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable profits computed for the current accounting period. The tax rates and tax laws used

Notes to and forming part of Consolidated Financial Statements

to compute the amount are those that are enacted or substantively enacted, at the reporting date.

- **Deferred tax**

Deferred tax is provided using the balance sheet method on temporary differences between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) Credit:

MAT credit is recognized as deferred tax asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period.

p) Provisions and contingencies

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the Statement of Profit and Loss.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are not recognised in financial statements, unless they are virtually certain. However, contingent assets are disclosed where inflow of economic benefits are probable.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

q) Business Combinations

The Group accounts for business combinations using the acquisition method when the control is transferred to the Group in accordance with Ind AS 103. The consideration transferred for the business combinations

Notes to and forming part of Consolidated Financial Statements

is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. The Holding Company determines the basis of control in line with the requirements of Ind AS 110, Consolidated Financial Statements. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

If a business combination is achieved in stages, any previously held equity interest in the acquiree is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or OCI as appropriate.

Business combinations involving entities that are ultimately controlled by the same part(ies) before and after the business combination are considered as Common control entities and are accounted using the pooling of interest method as follows:

The assets and liabilities of the combining entities are reflected at their carrying amounts.

- No adjustments are made to reflect the fair values, or recognize new assets or liabilities. Adjustments are made to harmonize accounting policies.
- The financial information in the financial statements in respect of prior periods is restated as if the business combination has occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.

The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.

The identity of the reserves is preserved and the reserves of the transferor become the reserves of the transferee.

The difference if any, between the amounts recorded as share capital plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

r) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

- **Level 1** — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- **Level 2** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- **Level 3** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

s) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

- **Initial recognition and measurement**

  Financial instruments are initially recognised when the entity becomes party to the contract.

  Financial instruments are measured initially at fair value adjusted for transaction costs that are directly attributable to the origination of the financial instrument where financial instruments not classified at fair value through profit or loss. Transaction costs of financial instruments which are classified as fair value through profit or loss are expensed in the Statement of Profit and Loss.

Notes to and forming part of Consolidated Financial Statements

- **Subsequent measurement of financial assets**

  For the purposes of subsequent measurement, the financial assets are classified in the following categories based on the Group's business model for managing the financial assets and the contractual terms of cash flows:

  - those to be measured subsequently at fair value; either through OCI or through profit or loss
  - those measured at amortised cost

  For assets measured at fair value, changes in fair value will either be recorded in the Statement of Profit and Loss or OCI. For investments in debt instruments, this will depend on the business model in which investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for equity investment at fair value through OCI.

  The Group reclassifies debt investments when and only when its business model for managing those assets changes.

  Debt instruments at amortised cost

  A 'debt instrument' is measured at the amortised cost if both the following conditions are satisfied:

  - The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
  - The contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

  A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of hedging relationship is recognised in the Statement of Profit and Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using Effective Interest Rate (EIR) method.

  Debt instruments at Fair Value Through Other Comprehensive Income (FVTOCI)

  Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI (Solely Payments of Principal and Interest), are measured at FVTOCI. The movements in the carrying amount are recognised through OCI, except for the recognition of impairment gains and losses, interest revenue and foreign exchange gain or losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the Statement of Profit and Loss and recognised in other gains/ losses. Interest income from these financial assets is included in other income using EIR method.

  Debt instruments at Fair Value Through Profit or Loss (FVTPL)

  Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on debt instrument that is subsequently measured at FVTPL and is not a part of hedging relationship is recognised in the Statement of Profit and Loss within other gains/ losses in the period in which it arises. Interest income from these financial assets is included in other income.

  Equity investments

  All equity investments in the scope of Ind AS 109 Financial Instruments are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to recognise subsequent changes in the fair value in OCI. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

  If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of equity instrument.

  Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

- **Subsequent measurement of financial liabilities**

  For the purposes of subsequent measurement, the financial liabilities are classified in the following categories:

  - those to be measured subsequently at fair value through profit or loss (FVTPL)
  - those measured at amortised cost

Notes to and forming part of Consolidated Financial Statements

Following financial liabilities will be classified under FVTPL:

- Financial liabilities held for trading
- Derivative financial liabilities
- Liability designated to be measured under FVTPL

All other financial liabilities are classified at amortised cost.

For financial liabilities measured at fair value, changes in fair value will be recorded in the Statement of Profit and Loss except for the fair value changes on account of own credit risk are recognised in Other Comprehensive Income (OCI).

Interest expense on financial liabilities classified under amortised cost category are measured using Effective Interest Rate (EIR) method and are recognised in Statement of Profit and Loss.

- **Derecognition of financial instruments**

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

- **Impairment of financial assets**

The Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the financial assets mentioned below:

- Financial assets that are debt instrument and are measured at amortised cost
- Financial assets that are debt instruments and are measured as at FVOCI
- Trade receivables

The impairment methodology applied depends on whether there has been a significant increase in credit risk. Details how the Group determines whether there has been a significant increase in credit risk is explained in the respective notes.

For impairment of trade receivables, the Group chooses to apply practical expedient of providing expected credit loss based on provision matrix and does not require the Group to track changes in credit risk. Percentage of ECL under provision matrix is determined based on historical data as well as futuristic information.

- **Derivative financial instruments**

Initial measurement and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts to hedge foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are recognised in the Statement of Profit and Loss.

t) Dividends

The final dividend on shares is recorded as liability on the date of approval of shareholders, and the interim dividends are recorded as liability on the date of declaration by the Group's Board of Directors.

u) Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Group by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted EPS adjust the figures used in the determination of basic EPS to consider

- The after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

Notes to and forming part of Consolidated Financial Statements

v) **Operating Segment**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director who makes strategic decisions.

w) **Events occurring after the Consolidated Balance Sheet Date**

Events occurring after the Consolidated Balance Sheet date and till the date on which the consolidated financial statements are approved, which are material in the nature and indicate the need for adjustments in the consolidated financial statements have been considered.

x) **Government Grant**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per accounting policy applicable to financial liabilities.

4) SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in conformity with Ind AS, requires the management to make judgments, estimates and assumptions that affect the amounts of revenue, expenses, current assets, non-current assets, current liabilities, non-current liabilities, disclosure of the contingent liabilities and notes to accounts at the end of each reporting period. Actual results may differ from these estimates.

Judgments

In the process of applying the Group's accounting policies, management have made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Operating segment

Ind AS 108 Operating Segments requires Management to determine the reportable segments for the purpose of disclosure in financial statements based on the internal reporting reviewed by the Managing Director being the Chief Operating Decision Maker (CODM) to assess performance and allocate resources. The standard also requires Management to make judgments with respect to recognition of segments. Accordingly, the Group recognizes Iron Castings, Tube Segment and Steel Segment as its three segments.

Contingent liability

The Group has received various orders and notices from different Government authorities and tax authorities in respect of direct taxes and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyses current information about these matters and discloses the information relating to contingent liability. In making the decision regarding the need for creating loss provision, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Group or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its estimates and assumptions on parameters available when the financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market conditions or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Defined benefit obligation

The cost of the defined benefit plans and other post-employment benefits and the present value of the obligations are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future post-retirement medical benefit increase. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Notes to and forming part of Consolidated Financial Statements

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligations and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on the expected future inflation rates for the country.

Further details about defined benefit obligations are provided in the respective note.

Deferred Tax

Deferred tax assets are recognised for all deductible temporary differences including the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits are unused tax losses can be utilized.

Useful lives of Property, plant and equipment

Useful lives of property, plant and equipment are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. The depreciable lives are reviewed annually using the best information available to the Management.

Estimation and underlying assumptions are reviewed on ongoing basis. Revisions to estimates are recognized prospectively.

Notes to and forming part of Consolidated Financial Statements

5. PROPERTY, PLANT AND EQUIPMENT AS AT 31 MARCH 2022

(₹ in Crores)

Particulars	Freehold land	Leasehold land	Buildings	Plant & Equipments	Plant & Equipments given under operating lease	Furniture & Fixtures	Vehicles	Office equipments	Computers	Total	ROU – Building	ROU – Plant & Machinery	Total ROU asset	Capital Work-in-progress
GROSS CARRYING AMOUNT														
As at 31st March, 2021	**13.79**	**6.36**	**259.78**	**1,315.74**	**0.07**	**3.34**	**5.79**	**6.96**	**4.42**	**1,616.25**	**-**	**-**	**-**	**149.08**
Additions	1.54	-	37.75	193.66	-	0.41	2.94	1.11	0.86	238.27	0.01	-	0.01	287.26
Additions due to business combination at cost	286.88	240.17	205.38	2,034.46	-	4.91	1.14	14.00	-	2,786.94	2.51	8.20	10.71	4.64
Disposals	-	-	(0.17)	(26.98)	-	(0.02)	(1.39)	(0.17)	(0.42)	(29.15)	(1.99)	(0.01)	(2.00)	(238.28)
Foreign currency translation reserve	-	-	0.77	(2.01)	-	-	-	-	-	(1.24)	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2022	302.21	246.53	503.51	3,514.87	0.07	8.64	8.48	21.90	4.86	4,611.07	0.53	8.19	8.72	202.70
Accumulated depreciation														
As at 31st March, 2021	**-**	**-**	**92.96**	**498.89**	**0.03**	**2.17**	**3.46**	**5.25**	**3.18**	**605.94**	**-**	**-**	**-**	**-**
Charge for the period	-	0.21	10.77	77.82	-	0.27	0.87	0.66	0.65	91.25	0.07	0.05	0.12	-
Additions due to business combination	-	24.11	89.41	1,080.70	-	4.69	0.83	13.06	-	1,212.80	1.97	2.80	4.77	-
Disposals	-	-	(0.05)	(25.67)	-	(0.02)	(1.26)	(0.17)	(0.42)	(27.59)	(1.85)	(0.01)	(1.86)	-
Foreign currency translation reserve	-	-	0.43	(2.45)	-	-	-	-	-	(2.02)	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2022	-	24.32	193.52	1,629.29	0.03	7.11	3.90	18.80	3.41	1,880.38	0.19	2.84	3.03	-
Impairment														
As at 31st March, 2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment during the period	-	0.23	-	3.36	-	-	-	-	-	3.59	-	-	-	-
As at 31st March, 2022	-	0.23	-	3.36	-	-	-	-	-	3.59	-	-	-	-
NET CARRYING AMOUNT														
As at 31st March, 2022	302.21	221.98	309.99	1,882.22	0.04	1.53	4.58	3.10	1.45	2,727.10	0.34	5.35	5.69	202.70

5. Capital work in progress ageing as at 31 March 2022

(₹ in Crores)

Capital Work in Progress	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	more than 3 years	
Project in Progress	188.79	1.88	4.81	7.22	202.70
Total					202.70

6. INTANGIBLE UNDER DEVELOPMENT AGEING AS AT 31 MARCH 2022

(₹ in Crores)

Capital Work in Progress	Amount for a period of				Total
	Less than 1 year	1-2 years	2-3 years	more than 3 years	
Project in Progress	5.16	8.53	0.64	5.42	19.75
Total					19.75

Notes to and forming part of Consolidated Financial Statements

6. INTANGIBLE ASSETS AS AT 31 MARCH 2022

(₹ in Crores)

Particulars	Mining Rights	Computer software	Total	Intangible assets under development
GROSS CARRYING AMOUNT				
As at 31st March, 2021	**0.11**	**11.39**	**11.50**	**13.14**
Additions	-	0.80	0.80	7.41
Additions due to business combination at cost	-	-	-	-
Disposals	-	-	-	0.80
Foreign currency translation reserve	-	-	-	-
Adjustments	-	-	-	-
As at 31st March, 2022	0.11	12.19	12.30	19.75
DEPRECIATION				
As at 31st March, 2021	**0.11**	**9.89**	**10.00**	**-**
For the year	-	0.68	0.68	-
Disposals	-	-	-	-
Adjustments	-	-	-	-
As at 31st March, 2022	0.11	10.57	10.68	-
Impairment				
As at 31st March, 2021	-	-	-	-
Impairment during the period	-	-	-	-
As at 31st March, 2022	-	-	-	-
NET CARRYING AMOUNT				
As at 31st March, 2022	-	1.62	1.62	19.75

7 INVESTMENTS (NON-CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2022
Investments in Equity Shares (Fully Paid up)	
In unquoted equity instruments	
(at fair value through OCI)	
Kirloskar Management Services Pvt Ltd (4,87,500 equity shares with a face value of ₹ 10 per share)	4.29
S. L. Kirloskar CSR Foundation (9,800 equity shares with a face value of ₹ 10 per share) *	0.01
Kirloskar Proprietary Limited (One equity share with a face value of ₹ 100 per share) *	0.00
Total	4.30

Note:

*The Group has not performed fair valuation of these investments in unquoted ordinary shares, which are classified as FVTOCI, as the Group believes that impact of change on account of fair value is insignificant.

8 LOANS (NON-CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2022
Unsecured, considered good	
Loans to contractors	0.14
Loans to employees	0.06
Total	0.20

9 OTHER FINANCIAL ASSETS (NON-CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2022
Unsecured, considered good	
Non-current bank balances	
Margin money deposit	0.02
Deposits with more than 12 months maturity	0.71
Security deposits	32.29
Total	33.02

Notes to and forming part of Consolidated Financial Statements

10 OTHER NON-CURRENT ASSETS

(₹ in Crores)

Particulars	As at March 31, 2022
Unsecured, considered good	
Capital Advances	94.62
Prepaid Expenses	0.80
Advance to Suppliers	5.22
Statutory refund from government authorities	0.69
Unsecured, considered doubtful	
Claims receivable	0.44
Less: Provision	(0.44)
Total	**101.33**

11 INVENTORIES

(₹ in Crores)

Particulars	As at March 31, 2022
Raw materials at site	265.68
Raw materials in transit	278.81
	544.49
Work-in-progress	167.37
Finished goods	107.80
Finished goods in transit	12.18
Stores and spares	156.74
Stores and spares in transit	1.75
By-products	1.88
Total	**992.21**

Details of Work-in-progress

(₹ in Crores)

Particulars	As at March 31, 2022
a. Castings	45.07
b. Tube	103.22
c. Steel	7.79
d. Others	11.29
Total	**167.37**

Details of Finished Goods

(₹ in Crores)

Particulars	As at March 31, 2022
a. Castings	13.34
b. Pig Iron	3.67
c. Tube	70.54
d. Steel	32.43
Total	**119.98**

Notes to and forming part of Consolidated Financial Statements

12 TRADE RECEIVABLES

(₹ in Crores)

Particulars	As at March 31, 2022
Trade receivables (Unsecured) :	
Receivables considered good	763.26
Receivables which are credit impaired	5.36
	768.62
Less: Allowance for bad and doubtful trade receivables	(22.02)
Total	746.60

Movement in allowance of bad and doubtful trade receivables

(₹ in Crores)

Particulars	
At 31st March, 2021	**5.35**
Addition on account of business acquisition	16.61
Provided during the year	0.06
Amount written off	-
Amount written back	-
At 31st March, 2022	22.02

Ageing of Trade Receivables

(₹ in Crores)

Particulars (Outstanding from due date of payment / from date of transaction)	As at March 31, 2022
(i) Undisputed Trade Receivables – considered good	
Not Due	552.89
Less than 6 months	175.11
6 months - 1 year	12.37
1-2 years	0.76
2-3 years	0.57
More than 3 years	13.47
Sub-total (i)	755.17
(ii) Disputed Trade Receivables – which are credit impaired	
Less than 6 months	-
6 months - 1 year	-
1-2 years	0.22
2-3 years	0.08
More than 3 years	5.06
Sub-total (ii)	5.36
(iii) Unbilled dues — Sub-total (iii)	8.10
Less: Provision for doubtful receivables	(22.02)
	746.60

13 CASH AND BANK BALANCES

(₹ in Crores)

Particulars	As at March 31, 2022
A. Cash and Cash Equivalents	
Balances with banks	
In Current accounts	36.15
In Fixed Deposits	44.41
Cash on hand	0.02
Total (A)	80.58

Notes to and forming part of Consolidated Financial Statements

13 CASH AND BANK BALANCES (Contd..)

(₹ in Crores)

Particulars	As at March 31, 2022
B. Other Bank balances	
Earmarked balances	244.71
Deposit with Banks (against Guarantees / Letter of Credit)	2.18
Total (B)	246.89

14 LOANS (CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2022
Unsecured, considered good	
Loan to employees	1.34
Loan to contractors	0.70
Total	2.04

15 OTHER FINANCIAL ASSETS (CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2022
Unsecured, considered good	
Interest accrued on deposits and Loans	1.25
Security Deposits	0.79
Derivative Asset	
Forward Contracts Asset	3.37
Total	5.41

16 CURRENT TAX ASSETS (NET)

(₹ in Crores)

Particulars	As at March 31, 2022
Income Tax (Net)	9.24
Total	9.24

17 OTHER CURRENT ASSETS

(₹ in Crores)

Particulars	As at March 31, 2022
Unsecured, considered good	
Advance to Suppliers	47.11
Balances with Central Excise / Customs / Octroi/ GST	4.27
Balances with Government Authotities	5.29
Export Incentives and Other Refunds	3.13
Prepaid expenses	8.87
Others	4.94
Total	73.61

Notes to and forming part of Consolidated Financial Statements

18 SHARE CAPITAL

(₹ in Crores)

Particulars	As at March 31, 2022
Authorised Equity Share Capital	
21,00,00,000 Equity Shares of ₹ 5 each	105.00
Issued, Subscribed and Paid up Equity Share Capital	
13,87,17,044 Equity Shares of ₹ 5 each	69.36
Total	69.36

Note : The Company has authorised preference share capital comprising of 11,70,00,000 Preference Shares of ₹ 10 each aggregating to ₹ 117 Crores. However the same has not been issued nor subscribed.

a. Reconciliation of the shares at the beginning and at the end of the reporting period

(₹ in Crores)

Particulars	Year ended 31st March, 2022	
	Number	₹ In Crores
Equity shares		
Balance at the beginning of the year	13,83,48,681	69.17
Shares issued during the year	3,68,363	0.18
Shares bought back during the year	-	-
Balance at the end of the year	13,87,17,044	69.36

b. Rights and preferences attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of Liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Equity shares held by holding company

Name of Shareholder	For the year ended 31st March, 2022	
	No. of shares held	Percentage of holding
Kirloskar Industries Limited*	7,06,43,754	50.93

* Kirloskar Industries Limited is the only shareholder holding more than 5 percent of the total equity shares.

Promotors Shareholding in the Company is set out below:

Disclosure of shareholding of promoters as at 31st March 2022 is as follows:

Equity shares of ₹ 5 each fully paid	As at March 31, 2022	
	No. of shares	Percentage of holding
Kirloskar Industries Limited	7,06,43,754	50.93%
Indian Individuals/ HUFs / Others	1,11,40,068	8.03%

Notes to and forming part of Consolidated Financial Statements

19 OTHER EQUITY

(₹ in Crores)

Particulars		As at March 31, 2022
a. Securities premium		
Opening balance		202.55
Add : On account of exercise of employee stock options		3.10
Closing balance	Total (a)	205.65
b. General reserve		
Opening balance		65.00
Add: Current year transfer from surplus		5.00
Closing balance	Total (b)	70.00
c. Surplus - balance in the statement of profit and loss		
Opening balance		659.65
Add :		
Profit for the year		347.11
Other comprehensive income / (loss)		0.52
Transfer from Share Options on account of lapse of employee stock options		0.03
Less : Appropriations		
Final Dividend on equity shares*		(41.53)
Interim Dividend on equity shares**		(34.67)
Amount transferred to General reserve		(5.00)
Closing balance	Total (c)	926.11
d. Share options outstanding account		
Opening balance		2.83
Add: Employee stock option expense		1.67
Less: Transfer to profit and loss on account of lapse of employee stock options		(0.03)
Less: Transfer to securities premium on account of exercise of employee stock options		(1.44)
Closing balance	Total (d)	3.03
e. Equity Instruments through Other Comprehensive Income		
Opening balance		0.04
Add: Fair value changes net of deferred tax		2.89
Add: Deductions during the year		-
Closing balance	Total (e)	2.93
f. Share Application Money pending allotment		
Opening balance		0.13
Add: Amount received on exercise of stock options		1.84
Less: Issue of equity shares on account of exercise of employee stock options		(1.85)
Closing balance	Total (f)	0.12
g. Foreign currency translation reserve		
Opening balance		-
Addition during the year		(0.05)
Closing balance	Total (g)	(0.05)
h. Capital reserve arising out of business combination		
Opening balance		-
Addition during the year		488.30
Closing balance	Total (h)	488.30
	Total (a+b+c+d+e+f+g+h)	1,696.09

Note : * ₹ 41.53 Crores pertains to FY 2020-21

** ₹ 34.67 Crores pertains to FY 2021-22

Notes to and forming part of Consolidated Financial Statements

19 OTHER EQUITY (Contd...)

Description of the purposes of reserves within equity

General Reserve

Under the erstwhile Indian Companies Act, 1956, a general reserve was created through an annual transfer of net income in accordance with applicable regulations.

Securities premium

The amount in the Securities premium account represents the additional amount paid by the shareholders for the issued shares in excess of the face value of those shares.

Share options outstanding account

The Group offers ESOP, under which, options to subscribe for the Parent Company's share have been granted to specified senior management employees. The Share options outstanding account balance represents fund created as per the Group's ESOP scheme.

Equity instruments through other comprehensive income

This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

Capital reserve

Capital reserve represents amount arising out of business combination transaction and the same is not available for distribution as dividends.

Foreign currency translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. ₹) are recognised directly in the other comprehensive income and accumulated in foreign currency translation reserve. Exchange difference previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

20 LONG TERM BORROWINGS

(₹ in Crores)

Particulars	As at March 31, 2022
Unsecured	
Term Loans	
From Bank	196.98
Non-Convertible Debentures	250.00
Total	**446.98**

Details of unsecured term loan from banks

Name of bank	Loan availed (₹ in Crores)	Interest rate per annum payable monthly	Tenure	Principal Repayment
The Hongkong and Shanghai Banking Corporation Limited (HSBC)	70	5.90%	60 months	Repayment in 51 monthly installments (ie. 50 installment of ₹ 1.38 Crore and last installment will be of ₹ 1 Crore). Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 26th April, 2019. At every put and call option date interest rate will be reset.

Notes to and forming part of Consolidated Financial Statements

20 LONG TERM BORROWINGS (Contd...)

Name of bank	Loan availed (₹ in Crores)	Interest rate per annum payable monthly	Tenure	Principal Repayment
Kotak Mahindra Bank Limited	30	5.40%	60 months	Repayment in 51 monthly installments of ₹ 0.59 Crore. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 05th November, 2019. At every put and call option date interest rate will be reset.
Kotak Mahindra Bank Limited	40	5.40%	60 months	Repayment in 51 monthly installments of ₹ 0.78 Crore. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 05th November, 2019. At every put and call option date interest rate will be reset.
Kotak Mahindra Bank Limited	50	5.40%	36 months	Repayment in 30 monthly installments of ₹ 1.67 Crore. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 29th October, 2020. At every put and call option date interest rate will be reset.
Kotak Mahindra Bank Limited	10	5.30%	48 months	Repayment in 39 monthly equall installments of ₹ 0.26 Crores. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 1st July 2021. At every put and call option date interest rate will be reset.
Kotak Mahindra Bank Limited	150	5.25%	48 months	Repayment in 36 monthly equall installments of ₹ 4.17 Crores. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 31st December 2021. At every put and call option date interest rate will be reset.
Non-Convertible Debentures	125	6.65%	24 months	Payable on 10th March 2024. Interest is payable on annual basis.
Non-Convertible Debentures	125	6.65%	36 months	Payable on 10th March 2025. Put and call option at the end of 24 months. Interest is payable on annual basis.

The amount repayable within 12 months from the reporting date, i.e. ₹ 68.61Crores has been reflected in note no. 24 Short Term Borrowings.

21 LEASE LIABILITY (NON-CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2022
Lease Liability	2.91
Total	2.91

22 PROVISIONS (NON-CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2022
Provision for employee benefits	
Leave encashment	10.79
Gratuity	-
Total	10.79

Notes to and forming part of Consolidated Financial Statements

23 DEFERRED TAX LIABILITIES (NET)

The major components of income tax expense for the year ended 31st March, 2022 as given below:

(₹ in Crores)

Particulars	As at 31st March 2022
Statement of Profit and Loss section	
Current income tax:	
Current income tax charge	146.30
Short/ (excess) for the earlier years	(0.67)
Deferred tax:	
Relating to origination and reversal of temporary differences	87.84
Income tax expense reported in the Statement of Profit and Loss	233.47
OCI Section	
Current income tax:	
Income tax expense / (income) on actuarial gains and losses	(1.97)
Deferred tax:	
Deferred tax net loss / (gain) on actuarial gains and losses	0.17
Fair value changes on equity Instruments	0.86
Income tax charged to OCI	(0.94)

Reconciliation of actual income tax and effective income tax

(₹ in Crores)

Particulars	As at 31st March 2022
Accounting profit before tax	533.19
At India's statutory income tax rate of 25.168% (31st March, 2021: 25.168%)	134.19
Tax effects on adjustments which are not deductible (taxable) in calculating taxable income	
Tax of earlier years	(0.67)
Tax effect of pre-acquisition period on account of business acquisition	52.08
On account of business combination and consolidation adjustments	45.05
Other Items which are not deductible (taxable) in calculating taxable income	1.76
Others	1.06
Income tax expense reported in the statement of profit and loss	233.47

Deferred tax relates to the following

(₹ in Crores)

Particulars	Deferred tax asset / (liability)		Movement in deferred tax
	As at 31st March 2022	As at 31st March 2021	For the Year ended 31st March 2022
Property, plant and equipment and intangible assets	(279.14)	(94.00)	(185.14)
Disallowances under section 43B of Income tax Act, 1961	13.04	4.22	8.82
Provision for Impairment in Value of Project - Capital work in progress	75.68	-	75.68
Provision for doubtful debts and advances	1.35	1.35	(0.00)
Others	(0.55)	(0.01)	(0.54)
Total	(189.62)	(88.44)	(101.18)

Notes to and forming part of Consolidated Financial Statements

23 DEFERRED TAX LIABILITIES (NET) (Contd...)

Breakup of movement in Deferred Tax Liabilities (Net)

(₹ in Crores)

Particulars	As at March 31, 2022
Opening balance	88.44
Tax expense during the year recognised in statement of profit and loss	87.84
Tax expense during the year recognised in OCI	1.03
On account of business acquisition	12.31
Sub-total	101.18
Closing balance	189.62

Reflected in the Balance Sheet as follows

(₹ in Crores)

Particulars	As at March 31, 2022
Deferred Tax Liabilities	279.69
Deferred Tax Assets	90.07
Deferred Tax Liabilities, Net	189.62

The Group offsets the tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The Group has unused tax losses under the head Business Loss and unabsorbed depreciation as per the Income Tax Act, 1961 of subsidiary Companies .Based on the probable uncertainty regarding the set off of these losses, the said subsidiary Companies have not recognized deferred tax assets in their respective Balance Sheet. Details of tax losses under the head business losses and unabsorbed depreciation with expiry is as follows:

(₹ in Crores)

Particulars	As at March 31, 2022
Within five years	2.20
Greater than five years	1.34
No expiry	7.95
	11.49

24 BORROWINGS (CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2022
Secured	
Loans payable on demand	
Short term loans	88.51
Cash credit from banks	-
Total (a)	88.51
Unsecured	
Commercial Papers	530.43
Current Maturities of Long term borrowings	68.61
Vendor Bills Discounted	2.55
Others	7.75
Total (b)	609.34
Total (a + b)	697.85

Notes to and forming part of Consolidated Financial Statements

24 BORROWINGS (CURRENT) (Contd...)

Security for Secured Loans

Working capital facilities with Consortium Banks (fund based and non fund based) aggregating to ₹450 Crores (previous year ₹ 450 Crores) are secured by first charge by way of hypothecation on the current assets both present and future, in favour of IDBI Trusteeship Services Limited, as Security Trustees, for the benefit of consortium banks.

Commercial Papers

The following Commercial Papers have been issued on 8th March 2022 :

a. ₹ 333.75 Crores issued at a discounted rate of 4.50% p.a. payable on 6th June 2022

b. ₹ 100.95 Crores issued at a discounted rate of 4.50% p.a. payable on 27th May 2022

c. ₹ 104.50 Crores issued at a discounted rate of 5.75% p.a payable on 8th March 2023

Net Debt position

(₹ in Crores)

Particulars	As at March 31, 2022
Cash and Bank Balance	
Cash and cash equivalents	80.58
	80.58
Borrowings	
Current Borrowings	(697.85)
Long term borrowings	(446.98)
	(1,144.83)
Net debt	(1,064.25)

Net debt reconciliation as at 31 March, 2022

(₹ in Crores)

Particulars	Cash and bank balance	Borrowings	Total
Net debt as at 31st March, 2021	**10.07**	**(291.77)**	**(281.70)**
Cash flows	(648.68)	-	(648.68)
On account of acquisition	719.19	(844.83)	(125.64)
Foreign exchange adjustment	-	-	-
Interest accrued but not due as on 1st April, 2021	-	0.02	0.02
Interest accrued but not due as on 31st March, 2022	-	(1.01)	(1.01)
Interest expense	-	26.09	26.09
Interest paid	-	(25.10)	(25.10)
(Borrowing) / Repayment (Net) - Short term	-	(308.83)	(308.83)
(Borrowing) / Repayment (Net) - Long term	-	300.60	300.60
Net debt as at 31st March, 2022	80.58	(1,144.83)	(1,064.25)

25 LEASE LIABILITY (CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2022
Lease Liability	0.70
Total	0.70

Notes to and forming part of Consolidated Financial Statements

26 TRADE PAYABLES

(₹ in Crores)

Particulars	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises	33.03
Total outstanding dues of creditors other than micro enterprises and small enterprises	
Acceptances	676.78
Others	346.95
Total	1,056.76

Ageing of Trade Payables

(₹ in Crores)

Particulars (Outstanding from due date of payment / from date of transaction)	As at March 31, 2022
(i) MSME	
Not Due	23.74
Less than 1 year	8.86
1-2 years	0.40
2-3 years	0.04
More than 3 years	-
Sub-total (i)	33.03
(ii) Others	
Unbilled	21.87
Not Due	856.56
Less than 1 year	160.29
1-2 years	2.85
2-3 years	0.85
More than 3 years	2.87
Sub-total (ii)	1023.42
(iii) Disputed dues – Others	
Not Due	
Less than 1 year	-
1-2 years	-
2-3 years	-
More than 3 years	0.32
Sub-total (iii)	0.32
	1,056.77

27 OTHER FINANCIAL LIABILITIES (CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2022
Interest accrued but not due on borrowings	1.01
Interest accrued and due on borrowings	1.25
Unclaimed dividend #	4.99
Payable for capital purchases	38.90
Payable to employees	42.10
Creditors for expenses	26.47
Security deposit	0.03
Other liabilities	6.97
Total	121.72

#There is no amount due and outstanding as at balance sheet date to be credited to Investor Education and Protection Fund.

Notes to and forming part of Consolidated Financial Statements

28 OTHER CURRENT LIABILITIES

(₹ in Crores)

Particulars	As at March 31, 2022
Advance from customers	42.21
Taxes and duties (Net)	12.78
Provident fund payable	0.69
Other liabilities	1.82
Total	57.50

29 PROVISIONS (CURRENT)

(₹ in Crores)

Particulars	As at March 31, 2022
Provision for employee benefits	
Contribution to Superannuation funds	2.24
Gratuity	6.07
Leave encashment	9.05
Provision for expected sales returns	1.29
Total	18.65

30 CURRENT TAX LIABILITY

(₹ in Crores)

Particulars	As at March 31, 2022
Income Tax (Net)	12.93
Total	12.93

31 REVENUE FROM OPERATIONS

(₹ in Crores)

Particulars	For the year ended 31st March, 2022
Sale of products	
Pig iron	2,182.26
Castings	1,289.63
By-products	69.12
Tube	123.07
Steel	27.48
Other operating income	
Export Incentive	1.78
Scrap / Coke / miscellaneous sales	54.95
Total	3,748.29

32 OTHER INCOME

(₹ in Crores)

Particulars	For the year ended 31st March, 2022
Interest Income	1.75
Dividend Income	0.44
Profit on Sale of Assets	4.71
Other non-operating income -	
IPS Incentive	0.19
Rental Income	0.23

Notes to and forming part of Consolidated Financial Statements

32 OTHER INCOME (Contd..)

(₹ in Crores)

Particulars	For the year ended 31st March, 2022
Insurance claim received	0.01
Provision no longer required written back	2.94
Sundry credit balances appropriated	0.14
Miscellaneous Income	1.51
Total	11.92

33 COST OF MATERIAL CONSUMED

(₹ in Crores)

Particulars	For the year ended 31st March, 2022
Stock at the beginning of the year	191.32
Add : Acquired pursuant to business combination	143.03
Add : Purchases	2,506.37
	2,840.72
Less : Stock at the end of the year	544.49
Cost of material consumed	2,296.23

34 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND BY-PRODUCT

(₹ in Crores)

Particulars	For the year ended 31st March, 2022
At the end of the year	
a. Finished goods	119.98
b. By-Products	1.88
c. Work-in-Progress	167.37
Total (A)	289.23
At the beginning of the year*	
a. Finished goods	100.73
b. By-Products	4.75
c. Work-in-Progress	154.23
Total (B)	259.71
(Increase)/Decrease (B-A)	(29.52)

*includes inventory acquired pursuant to business combination

35 EMPLOYEE BENEFITS EXPENSE

(₹ in Crores)

Particulars	For the year ended 31st March, 2022
Salaries, wages and incentives	117.51
Contributions to	
Provident fund	4.33
Superannuation scheme	0.62
Gratuity (Refer Note no. 45)	1.52
Others	0.04
Employee share-based payment expense (Refer Note no. 46)	1.67
Staff welfare expenses	13.81
Total	139.50

Notes to and forming part of Consolidated Financial Statements

36 FINANCE COSTS

(₹ in Crores)

Particulars	For the year ended 31st March, 2022
Interest expense	
on fixed loans	12.13
on working capital loan	1.20
on others	12.76
Other Borrowing costs	3.49
Total	29.58

37 DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Crores)

Particulars	For the year ended 31st March, 2022
Property, plant and equipment (Refer Note No. 5)	91.36
Intangible assets (Refer Note No. 6)	0.68
Total	92.04

38 OTHER EXPENSES

(₹ in Crores)

Particulars	For the year ended 31st March, 2022
a. OPERATIONAL EXPENSES	
Consumption of stores and spare parts	127.42
Consumption of Consumables	144.76
Power, fuel and water	123.83
Machinery hire charges	4.37
Repairs and maintenance	
Machinery	35.52
Buildings	2.66
Fettling and other manufacturing expenses	28.70
Other processing expenses	27.75
Other Direct Expenses	1.73
Total (a)	496.74
b. SELLING EXPENSES	
Freight and forwarding expenses (net)	126.84
Advertisement	0.38
Sales commission and incentive	0.17
Royalty	8.40
Other selling expenses	0.37
Total (b)	136.16
c. ADMINISTRATIVE EXPENSES	
Rent	0.15
Rates and taxes	3.26
Insurance	2.41
Other repairs and maintenance	1.55
Travelling expenses	2.52
Legal and professional charges	14.72
Communication expenses	1.00
Printing and stationery	0.37
Auditors remuneration	0.49
Miscellaneous expenses	12.13

Notes to and forming part of Consolidated Financial Statements

38 OTHER EXPENSES (Contd...)

(₹ in Crores)

Particulars	For the year ended 31st March, 2022
Directors' commission	2.36
Acquisition related cost in business combination	8.20
Provision for impairment and other	4.12
Provision for doubtful debts	0.01
Directors' sitting fees	0.58
CSR expenses	4.53
Net loss on foreign currency transactions	7.89
Total (c)	66.29
Total (a+b+c)	699.19

Note (i) Research and Development expenditure

Revenue expenses on research and development unit situated at Bevinahalli village, Koppal incurred during the year are given below

(₹ in Crores)

Particulars	For the year ended 31st March, 2022
Cost of materials/consumables/spares	0.16
Employee related expense	3.80
Other expenses	0.26
Total	4.22

Capital expenditure on research and development unit situated at Bevinahalli village, Koppal incurred during the year are given below

(₹ in Crores)

Particulars	For the year ended 31st March, 2022
Tangible Assets	
Office equipment	0.02
Intangible assets	0.13
Total	0.15

39 LEASES

The Group have taken various premises and plants and machinery under lease. These are generally cancellable and ranges from 11 months to 10 years and are renewable by mutual consent on mutually agreeable terms. There are no restrictions imposed by these lease arrangements and there are no sub leases. There are no contingent rents.

a) Following are the changes in the carrying amount of Right-of-Use Assets for the year ended 31st March 2022.

(₹ in Crores)

Particulars	Office Building	Plant and Machinery
Opening balance	0.54	5.40
Addition during the year	0.01	-
Deletion on cancellation of lease	1.99	0.01
Depreciation on ROU of Assets	0.07	0.05
Depreciation on Deletion	1.85	0.01
Closing balance	0.34	5.35

Notes to and forming part of Consolidated Financial Statements

39 LEASES (Contd...)

b) The following is the movement in Lease Liabilities for the year ended 31st March 2022.

(₹ in Crores)

Particulars	Office Building	Plant and Machinery
Opening balance	1.01	2.62
Additions during the year	0.01	-
Finance Cost incurred during the year	0.02	0.12
Deletion on Cancellation of lease	-	-
Payment of lease liabilities	(0.67)	0.50
Closing balance	0.37	3.24

c) The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

(₹ in Crores)

Particulars	As at 31st March 2022
Due within one year	1.13
Due within one year to five years	3.64
Due for more than five years	-
Total Undiscounted Lease Liabilities	4.77
Lease Liabilities included in the Statement of consolidated financial position	-
Non- Current Financial Liabilities	2.91
Current Financial Liabilities	0.70
Total	3.61

d) The following amounts are recognized in the Consolidated Statement of Profit and Loss for the year ended 31st March 2022.

(₹ in Crores)

Particulars	As at 31st March 2022
Interest Expenses on Financial Liabilities	0.14
Depreciation on ROU Assets	0.12
Expenses relating to Short Term Lease	0.90
Total	1.16

e) The following amounts are recognized in the Consolidated Statements of Cash Flows for the year ended 31st March 2022.

(₹ in Crores)

Particulars	As at March 31, 2022
Total Cash outflows for Leases	2.72

40 Earnings per equity share as calculated in accordance with Indian Accounting Standard

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on exercise of stock option.

Notes to and forming part of Consolidated Financial Statements

40 Earnings per equity share as calculated in accordance with Indian Accounting Standard (Contd...)

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	As at 31st March 2022
a. Net Profit after tax considered for the calculation of EPS (₹ in Crores)	347.11
b. Number of equity shares outstanding at the end of year	13,87,17,044
c. Weighted average number of equity shares used in computing earnings per equity share	13,85,17,467
d. Effects of dilution on account of Stock options granted under ESOS	4,00,587
e. Weighted average number of equity shares adjusted for the effect of dilution*	13,89,18,054
f. Earnings per share	
Basic (₹)	25.06
Diluted (₹)	24.99
g. Face value per equity share (₹)	5.00

* There have been no transactions involving equity shares or potential equity shares between the reporting date and the date of authorisation of these financial statements.

41 FAIR VALUE MEASUREMENTS

Financial instruments by category as at 31st March, 2022

(₹ in Crores)

Particulars	Amortised cost	FVTPL	FVTOCI
Financial assets			
Investments in unquoted equity shares	-	-	4.30
Loans	2.24	-	-
Trade receivables	746.60	-	-
Cash and cash equivalents	80.58	-	-
Other bank balances	246.89	-	-
Other financial assets excluding derivative assets	35.06	-	-
Derivative assets on forward exchange foreign contracts	-	3.37	-
Total	1,111.37	3.37	4.30
Financial liabilities			
Borrowings	1,144.83	-	-
Lease liabilities	3.61		
Trade payables	1,056.76	-	-
Other financial liabilities excluding derivative liabilities	121.72	-	-
Total	2,326.92	-	-

The Group has not performed a fair valuation of some of its investments in unquoted ordinary shares, which are classified as FVTOCI (refer Note No. 7), as the Group believes that impact of change on account of fair value is insignificant.

Fair value hierarchy

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

Quantitative disclosures fair value measurement hierarchy for assets:

(₹ in Crores)

Particulars	Amount	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Asset/(Liability) measured at fair value through profit or loss				
Derivative Asset (Liability) on account of forward exchange contracts				
Date of Valuation				
As at 31st March, 2022	3.37	-	3.37	-

Notes to and forming part of Consolidated Financial Statements

41 FAIR VALUE MEASUREMENTS (Contd...)

(₹ in Crores)

Particulars	Amount	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Equity Instruments through Other Comprehensive Income				
Date of Valuation				
As at 31st March, 2022	4.29	-	-	4.29

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

Derivative financial assets / (liability) are valued based on inputs that are directly or indirectly observable in the market.

The Group has invested in unquoted equity shares of Kirloskar Management Services Private Limited which is measured subsequently at FVTOCI. Accordingly, the company has fair valued the investment using income approach under Ind AS 113 (Discounted Cash Flow method). Free cash flows, risk adjusted cost of equity and perpetual growth rate are the significant unobservable inputs considered in fair valuation of investment.

Sensitivity analysis of Level 3 Fair values

For the fair values of Investment in equity instruments, reasonably possible changes at the reporting date to one of the significant observable inputs, holding other inputs constant, would have the following effects:

(₹ in Crores)

Significant observable inputs	Change in input	Effect on pre-tax equity as at 31st March 2022
Perpetual growth rate	Increase by 50 basis points	0.20
Perpetual growth rate	Decrease by 50 basis points	-0.20
Risk adjusted cost of equity	Increase by 50 basis points	-0.24
Risk adjusted cost of equity	Decrease by 50 basis points	0.24

Fair value of financial assets and financial liabilities measured at amortised cost :

The management believes that the fair values of non-current financial assets (e.g. loans and others), current financial assets (e.g., cash and cash equivalents, trade receivables, loans and others excluding other derivative assets), non-current liabilities and current financial liabilities (e.g. trade payables and other payables excluding derivative liabilities) approximate their carrying amounts.

42 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities exposes it to market risks, credit risks and liquidity risks. In order to minimise any adverse effects on the financial performance of the Group, derivative financial instruments such as forward foreign exchange contract are entered to hedge the foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as a trading or speculative purposes.

This note explains the source of risk which the entity is exposed to and how entity manages the risk in the financial statements

Risk	Exposure arising from	Risk Management Plan
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Diversification of bank deposits, credit limits and letter of credits.
Liquidity risk	Borrowings and other liabilities.	Availability of fund based and non fund based borrowing facilities.
Market risk - Foreign exchange	Recognised payables denominated in foreign currency, receivables denominated in foreign currency, firm commitments in foreign currency.	Forward foreign exchange contract.

Notes to and forming part of Consolidated Financial Statements

42 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

Risk	Exposure arising from	Risk Management Plan
Market risk - Interest rate risk	Borrowings on account of working capital.	Entity continuously monitors interest rates on working capital borrowings at regular intervals and economises the transactions at the best possible rates drawn at the time of monitoring on the basis of comparative rates with various banks / institutions.
	Borrowings on account of Term Loans.	Long term borrowings are at fixed as well as variable rate of interest.
Market risk - Commodity price risk (Parent company)	Coke/ coal, Iron ore and Pig Iron	Every month entity monitors and reviews the price trend of the materials, demand and supply position and market intelligence report and strategy is adopted before finalising the next consignment / quantities for subsequent months. The Commodity Price Risk is managed without any hedging of commodities by the Company.

i. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk interest rate risk, currency risk and other price risk such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, trade and other payables, foreign exchange forward contracts, security deposit, trade and other receivables, deposits with banks.

The sensitivity analysis in the following sections relate to the position as at 31st March, 2022. The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. The analyses exclude the impact of movements in market variables on the carrying values of gratuity and other post retirement obligations and provisions.

The Group's activities expose it to variety of market risks, including effect of changes in foreign currency exchange rate, interest rate and commodity price.

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date the interest rate profile of the Group's interest bearing financial instruments are follows:

(₹ in Crores)

Particulars	31st March, 2022
Fixed rate borrowings	
Term loan from banks	265.59
Non Convertible Debentures	250.00
Commercial Papers	530.43
Others	7.75
Total fixed rate borrowings	1,053.77
Variable rate borrowings	
Term loan from banks	
Loans repayable on demand	91.06
Total variable rate borrowings	91.06

(₹ in Crores)

Particulars	31st March, 2022
Impact on profit before tax and pre-tax equity	
Increase by 50 basis points	(0.46)
Decrease by 50 basis points	0.46

Notes to and forming part of Consolidated Financial Statements

42 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

b. Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Group transacts business in its functional currency and in different foreign currencies. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities, where revenue or expense is denominated in a foreign currency. The Group manages its foreign currency risk by hedging foreign currency payables using foreign currency forward contracts. It negotiates the terms of those foreign currency forward contracts to match the terms of the hedged exposure.

Details of foreign currency exposures that are hedged by derivative instruments or otherwise

(Currency in Crores)

Particulars	Currency	Amount in foreign currency	Equivalent Indian currency	Maturity Profile
As at 31st March, 2022				
Payables	USD	5.83	439.44	Within 6 Months

Details of foreign currency exposures that are not hedged by derivative instruments or otherwise

(Currency in Crores)

Particulars	Currency	Amount in foreign currency	Equivalent Indian currency
As at 31st March, 2022			
Receivables	USD	0.50	3.80
	Australian Dollar	0.00	0.01
	GBP	0.00	0.24
	EURO	0.49	41.21
Payables	USD	3.22	244.09
	EURO	0.38	30.81
	YEN	2.61	1.62

Foreign currency sensitivity on unhedged exposure

(Currency in Crores)

Financial Year	Foreign currency	Change in foreign currency rates	Effect on profit before tax ₹ In Crores	Effect on pre-tax equity ₹ In Crores
For 31st March, 2022	USD	+5%	(12.01)	(12.01)
		-5%	12.01	12.01
	Austrailian Dollar	+5%	0.00	0.00
		-5%	(0.00)	(0.00)
	GBP	+5%	0.01	0.01
		-5%	(0.01)	(0.01)
	EURO	+5%	0.52	0.52
		-5%	(0.52)	(0.52)
	YEN	+5%	(0.08)	(0.08)
		-5%	0.08	0.08

c. Commodity price risk

Commodity price risk is a financial risk on the Group's financial performance which is affected by the fluctuating prices on account of global and regional supply / demand. Fluctuations in the prices of commodities mainly depend on market conditions.

The Parent company is subject to fluctuations in prices for the purchase of metallurgical coke, coking coal and iron ore which are the major input materials for production of pig iron.

Notes to and forming part of Consolidated Financial Statements

42 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

The Parent company has an elaborate control procedure for finalising the prices of commodities through approval process from designated group officials. Every month the price trend of the materials, demand and supply position and market intelligence report are reviewed and strategy is adopted before finalising the next consignment/quantities for subsequent months.

The Commodity Price Risk is managed without any hedging of the commodities.

For subsidiaries

The subsidiaries are exposed to the movement in price of key raw materials in domestic and international markets. The subsidiaries review the prices of key raw materials periodically and enters into most of the contracts for procurement of material on short term fixed price basis.

ii. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities such as primarily trade receivables and from its investing activities, including deposits with banks and financial institutions, cash and cash equivalent and other financial instruments.

a. Trade receivables

Customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Credit exposure risk is mainly influenced by class or type of customers, depending upon their characteristics. Credit risk is managed through credit approval process by establishing credit limits along with continuous monitoring of credit worthiness of customers to whom credit terms are granted. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are combined into homogenous category and assessed for impairment collectively. The calculation is based on actual incurred historical data as well as futuristic information. The Group uses expected credit loss model to assess the impairment loss. The Group uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors.

The ageing of trade receivables at the reporting date that were not impaired are as follows

(₹ in Crores)

Particulars	As at March 31, 2022	
	Amount	Percentage
- Less than one year	748.46	98.06%
- one year to three years	1.33	0.17%
- three years and above	13.47	1.77%
Total	763.26	100.00%

b. Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counter parties. The Group monitors rating, credit spreads and financial strength of its counter parties. Based on ongoing assessment the Group adjust it's exposure to various counter parties

c. Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its present and future cash flow and collateral obligations without incurring unacceptable losses. Group's objective is to, at all time maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including overdraft, debt from domestic and international banks at optimised cost. The Group has access to banks, capital and money market across debt, equity and hybrids.

Notes to and forming part of Consolidated Financial Statements

42 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

The table given below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

(₹ in Crores)

Particulars	Less than 1 year	More than 1 year but less than 3 year	More than 3 year but less than 5 year	Total
As at 31st March, 2022				
Borrowings - Current	697.85	-	-	697.85
Borrowings - Non-current	-	446.98	-	446.98
Lease liabilities	0.70	2.91	-	3.61
Trade payables	1,056.76	-	-	1,056.76
Any other financial liabilities	121.72	-	-	121.72
Total	1,877.03	449.89	-	2,326.92

Note : The Group is not expecting to prepay any of its liabilities.

43 CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March, 2022

44 DISCLOSURE PURSUANT TO IND-AS 19 EMPLOYEE BENEFITS:

Defined contribution plan

Contribution to the defined contribution plan recognised as expense are as under

(₹ in Crores)

Particulars	As at March 31, 2022
a. Employer's contribution to provident fund	4.33
b. Employer's contribution to superannuation fund	0.62

Subsidiary Companies : Structo Hydraulics AB

The Company has recognized the following amounts as an expense and included under the head " Employee Benefits Expense" – Contribution to Provident and other Fund :

(₹ in Crores)

Particulars	As at March 31, 2022
Social Security Contribution	0.35
Total	0.35

Notes to and forming part of Consolidated Financial Statements

45 DISCLOSURE PURSUANT TO IND-AS 19 EMPLOYEE BENEFITS:

1) Defined Benefit Plan: Parent Company

The Employee Gratuity Fund Scheme is a Defined Benefit Plan. The present value of the obligation is based on the actuarial valuation using Projected Unit Credit Method

(₹ in Crores)

Particulars	Gratuity (Funded) As at 31st March 2022
a. Asset and Liability	
Present Value of Obligation	29.38
Fair Value of Plan Assets	28.28
Surplus/ (Deficit)	(1.11)
b. Expenses Recognized during the year	
In income Statement	1.75
In Other Comprehensive Income	(0.68)
Total Expenses Recognized during the year	1.07
c. Changes in the Present Value of Obligations (PVO)	
PVO at beginning of Period	27.97
Current Service Cost	1.59
Interest Expenses or Cost	1.76
Re-measurement (or actuarial) (Gain) / Loss arising from:	
change in Demographic assumptions	-
change in Financial assumptions	(1.05)
experience Variance (i.e., actual experience vs assumptions)	0.41
Others	-
Past Service Cost	-
Effect of Change in Foreign exchange rates	-
Benefits paid	(1.30)
Acquisition Adjustment	-
Effect of Business Combinations or Disposals	-
PVO at end of period	29.38
d. Bifurcation of Present Value of Obligation	
Current Liability (Short term)	5.07
Non-Current Liability (Long term)	24.31
Present Value of Obligation	29.39
e Changes in Fair Value of Plan Assets	
Fair Value of Plan Assets as at the beginning	25.53
Investment income	1.61
Employer's Contribution	2.40
Employee's Contribution	-
Benefit Paid	(1.30)
Return on plan Assets, Excluding amount recognised in net interest expense	0.04
Fair Value of Plan Assets at the end of period	28.28
f. Change in the effect of asset ceiling	
Effect of asset ceiling at the beginning	-
Interest Expense or cost (to the extent not recognized in net interest expense)	-
Re-measurement (or Actuarial) (Gain)/loss arising because of Change in effect of asset ceiling	-
Effect of Asset Ceiling at the End	-
g. Expenses Recognized in the Statement of Profit and Loss	
Current Service Cost	1.59
Past Service Cost	-

Notes to and forming part of Consolidated Financial Statements

45 DISCLOSURE PURSUANT TO IND-AS 19 EMPLOYEE BENEFITS: (Contd..)

(₹ in Crores)

	Particulars	Gratuity (Funded) As at 31st March 2022
	Loss/(Gain) on Settlement	-
	Net interest cost/ (Income) on the net Defined Benefit Liability / (Asset)	0.16
	Expenses Recognized in the income Statement	1.75
h.	Effect on Other Comprehensive income	
	Actuarial (gains) / losses	-
	change in Demographic Assumptions	-
	change in financial Assumptions	(1.05)
	Experience variance (i.e. Actual experience vs. assumptions)	0.41
	others	-
	Return on plan assets, excluding amount recognized in net interest expense	(0.04)
	Re-measurement (or Actuarial) (Gain)/loss arising because of Change in effect of asset ceiling	-
	Components of defined benefit costs recognized in other comprehensive income	(0.68)
i.	Actuarial Assumptions	
	Mortality	100%
		(% of IALM 2012-14)
	Discount Rate	6.80%
	Rate of increase in compensation	7.00%
	Withdrawal rates	4.00%

Sensitivity Analysis

(₹ in Crores)

Particulars	As at March 31, 2022	
Defined Benefit Obligation (Base)		29.39
	Decrease	Increase
Discount Rate (-/+0.01%)	23.21	20.35
(% Change compared to base due to sensitivity)	6.9%	-6.2%
Salary Growth Rate (- / + 1 %)	20.36	23.18
(% Change compared to base due to sensitivity)	-6.2%	6.8%
Attrition Rate (-/ + 50% of attrition rates	21.75	21.66
(% Change compared to base due to sensitivity)	0.2%	-0.2%
Mortality Rate (- / + 10% of mortality rates)	21.71	21.70
(% Change compared to base due to sensitivity)	0.0%	0.0%

Effect of Plan on entity's future cash flows

a) Funding arrangements and funding policy

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year,the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

b) Expected contribution during the next annual reporting period

(₹ in Crores)

The Company's best estimate of contribution during the next year	2.51

Notes to and forming part of Consolidated Financial Statements

45 DISCLOSURE PURSUANT TO IND-AS 19 EMPLOYEE BENEFITS: (Contd..)

c) Maturity Profile of defined benefit Obligation

(₹ in Crores)

Particulars	As at March 31, 2022
Expected cash flows over the next (Valued on Undiscounted basis):	
1 Year	5.07
2 to 5 years	11.58
6 to 10 years	16.45
More than 10 years	14.36

Major category of Fair Value of Plan Assets at the end of the year is as under :

Particulars	As at March 31, 2022	
	₹ in Crores	Percent
Funds with Life Insurance Corporation of India	28.28	100.00%
Total	28.28	100.00%

2) Defined Benefit Plan: Subsidiaries

(₹ in Crores)

Particulars	Gratuity 31st March 2022
Opening defined benefit obligation as on the date of acquisition	6.32
Expenses Recognized in the Statement of Profit and Loss	(3.32)
Components of defined benefit costs recognized in other comprehensive income	1.96
Closing defined benefit obligation as at the reporting date	4.96
Bifurcation of liability	
ISMT Limited	4.93
Tridem Port and Power Company Private Limited	0.03

Particulars	Gratuity 31st March 2022	
	ISMT Ltd (Funded)	Tridem Port and Power Company Pvt Ltd
a) Net asset / (liability) recognised in the balance sheet		
Present value of defined benefit obligation at the end of the Year	49.23	0.03
Fair value of plan Assets as at end of the Year	44.30	-
Amount recognised in the Balance Sheet	4.93	0.03
Net (liability) / assets - Current	4.93	0.03
Net (liability) / assets - Non - current	-	-
b) Estimate of expected defined benefit obligation (in absolute terms i.e. undiscounted)		
within the next 12 months	10.88	0.03
Between 2 to 5 Years	24.75	-
6 years and onwards	35.11	0.00

Notes to and forming part of Consolidated Financial Statements

45 DISCLOSURE PURSUANT TO IND-AS 19 EMPLOYEE BENEFITS: (Contd..)

Particulars	Gratuity 31st March 2022 ISMT Ltd (Funded)	Gratuity 31st March 2022 Tridem Port and Power Company Pvt Ltd
c) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at end of the year		
Government of India Securities	1.60%	NA
Corporate Bonds	0.10%	NA
Special Deposit Scheme	0.20%	NA
Insurer Managed Funds	96.30%	NA
Others	1.80%	NA
	100%	NA

Sensitivity Analysis

(₹ in Crores)

Particulars	ISMT Limited		Tridem Port and Power Company Pvt Ltd	
Defined Benefit Obligation (Base)		49.23		0.03
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+1%)	51.85	46.86	0.03	0.03
(% Change compared to base due to sensitivity)	5.32%	-4.81%	0.66%	-0.56%
Salary Growth Rate (- / + 1 %)	47.16	51.47	0.03	0.03
(% Change compared to base due to sensitivity)	-4.20%	4.55%	-0.44%	0.52%
Attrition Rate (-/ +1%)	48.91	49.53	0.03	0.03
(% Change compared to base due to sensitivity)	-0.65%	0.61%	-0.23%	0.20%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation within the balance sheet.

Asset liability matching strategy

The Group has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The Insurance company, as a part of policy rules makes payment of all gratuity payouts during the year as per policy conditions. The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Group is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

46 STOCK OPTIONS SCHEME - KIRLOSKAR FERROUS INDUSTRIES LIMITED (PARENT COMPANY)

KFIL Employee Stock Option Scheme 2017 :

The Company has introduced employee stock option scheme. This employee equity-settled compensation scheme is known as KFIL Employee Stock Option Scheme 2017 (“KFIL ESOS 2017/ Scheme”). The employee stock option scheme is approved and authorized by the Board of Directors. This scheme is designed to provide incentives to specified senior management employees who are in the employment of the company and director(s), whether wholetime or otherwise, (other than promoters of the company, persons belonging to promoters group, independent directors and directors holding directly or indirectly more than 10% of the outstanding equity shares of the company). The specific employees to whom the options would be granted, and their eligibility criteria would be determined by the Nomination and Remuneration Committee.

Notes to and forming part of Consolidated Financial Statements

46 STOCK OPTIONS SCHEME - KIRLOSKAR FERROUS INDUSTRIES LIMITED (PARENT COMPANY) (Contd...)

Options granted under KFIL ESOS 2017 would vest after 1 (one) year but not later than 4 (four) years from the date of grant of such options. Options will be vested equally over four years. Vesting of options would be subject to continued employment with the Company and thus the options would vest essentially on passage of time. In addition to this, the Nomination and Remuneration Committee may also specify certain performance criteria subject to satisfaction of which the options would vest. Any option granted shall be exercisable according to the terms and conditions as determined by the Nomination and Remuneration Committee and as set forth in the Grant Letter. The exercise period shall be 3 (three) years from the date of vesting of options in case of employee is in continuation of employment. The vested options can be exercised by the employee at any time within the exercise period, or such other shorter period as may be prescribed by the Nomination and Remuneration Committee from time to time and as set out in the Grant Letter. When exercisable, each option is convertible into one equity share. The options not exercised within the exercise period shall lapse and the employee shall have no right over such lapsed or cancelled options. The shares arising out of exercise of vested options shall not be subject to any lock-in period from the date of allotment of such shares under KFIL ESOS 2017.

Under the said scheme, Nomination and Remuneration Committee of the board of directors has granted following options to its eligible employees

Grant date	No. of options
3rd November, 2017	17,65,000
30th October, 2018	1,20,000
18th October, 2019	1,00,000
16th October, 2020	1,30,000
22nd October, 2021	3,70,000

Particulars	As at March 31, 2022	
	Weighted average exercise price per share per option (₹)	Number of options
Opening Balance	51	9,13,200
Granted during the year	163	3,70,000
Exercised during the year	50	3,67,863
Lapsed during the year	50	9,000
Forfeited during the year	50	8,137
Closing Balance	97	8,98,200
Options exercisable at the end of the period	51	3,50,700

Weighted average share price as on the date of exercise is ₹ 227.70.

Share options outstanding at the end of the period have the following expiry date and exercise prices

Particulars	Grant date	Expiry date	Exercise price (₹)	Options outstanding as at 31 March 2022
Vesting 1	3rd November, 2017	3rd November, 2021	50	-
Vesting 2	3rd November, 2017	3rd November, 2022	50	26,500
Vesting 3	3rd November, 2017	3rd November, 2023	50	55,000
Vesting 4	3rd November, 2017	3rd November, 2024	50	1,93,750
Vesting 1	30th October, 2018	30th October, 2022	51	6,000
Vesting 2	30th October, 2018	30th October, 2023	51	10,000
Vesting 3	30th October, 2018	30th October, 2024	51	9,700
Vesting 4	30th October, 2018	30th October, 2025	51	30,000
Vesting 1	18th October, 2019	18th October, 2023	50	10,000
Vesting 2	18th October, 2019	18th October, 2024	50	9,800
Vesting 3	18th October, 2019	18th October, 2025	50	25,000
Vesting 4	18th October, 2019	18th October, 2026	50	25,000
Vesting 1	16th October, 2020	16th October, 2024	55	29,950
Vesting 2	16th October, 2020	16th October, 2025	55	32,500
Vesting 3	16th October, 2020	16th October, 2026	55	32,500
Vesting 4	16th October, 2020	16th October, 2027	55	32,500

Notes to and forming part of Consolidated Financial Statements

46 STOCK OPTIONS SCHEME - KIRLOSKAR FERROUS INDUSTRIES LIMITED (PARENT COMPANY) (Contd...)

Particulars	Grant date	Expiry date	Exercise price (₹)	Options outstanding as at 31 March 2022
Vesting 1	22nd October, 2021	22nd October, 2025	163	92,500
Vesting 2	22nd October, 2021	22nd October, 2026	163	92,500
Vesting 3	22nd October, 2021	22nd October, 2027	163	92,500
Vesting 4	22nd October, 2021	22nd October, 2028	163	92,500
Total				8,98,200
Weighted average remaining contractual life of the options outstanding at the end of the period				3.78 years

Fair value of the options granted

The fair value of the options granted is mentioned below as per vesting period. The fair value of the options is determined using Black-Scholes-Merton model which takes into account the exercise price, the term of the option (time to maturity), the share price as at the grant date and expected price volatility (standard deviation) of the underlying share, the expected dividend yield and risk-free interest rate for the term of the option.

Fair value and assumptions for the equity-settled grant made on 22 October 2021

Grant: KFIL ESOS 2017	Vesting date 22nd October			
Grant Date: 22nd October, 2021 Exercise price- ₹ 163	2022	2023	2024	2025
Input variables				
Share Price (₹)	270.25	270.25	270.25	270.25
Standard Deviation (Volatility)	46.37%	43.12%	42.78%	43.20%
Risk-free rate	5.10%	5.48%	5.81%	6.05%
Exercise price (₹)	163.00	163.00	163.00	163.00
Time to maturity (in years)	2.50	3.50	4.50	5.50
Dividend yield	2.38%	2.38%	2.38%	2.38%
Output				
Fair value of option (₹)	**127.87**	**132.24**	**137.73**	**142.76**

Rationale for principle variables used

1. Time to maturity of options is the period of time from the grant date to the date on which option is expected to be exercised. The minimum life of stock option is the minimum period before which the options cannot be exercised and maximum life is the period after which the options cannot be exercised.

2. The expected price volatility is based on the historic volatility, adjusted for any changes to future volatility due to publicly available information.

The Group has recorded employee share-based compensation expense in current year amounting to ₹ 1.67 Crores for the options issued to the employees.

47 THE DISCLOSURE REQUIRED BY INDIAN ACCOUNTING STANDARD (IND AS 37) "PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSETS" ARE AS FOLLOWS

(₹ in Crores)

Class of Provision	Opening balance as on 1st April, 2021	Provisions for the year	Amounts used during the year	Closing balance as on 31st March, 2022
Casting rejections	0.85	1.29	0.85	1.29

Nature of obligation : Provision for possible obligation towards outflow of resources on casting rejections.

Expected timing of resulting outflow : Substantial costs will be incurred in the next financial year.

Notes to and forming part of Consolidated Financial Statements

48 DISCLOSURES OF TRANSACTIONS WITH RELATED PARTIES AS REQUIRED BY IND AS 24

Name of Related Party	Designation	Nature of Relationship
Kirloskar Industries Limited	NA	Ultimate Holding Company
For Kirloskar Ferrous Industries Limited		
Mr. R. V. Gumaste	Managing Director	Key Management Personnel
Mr. Mayuresh Gharpure	Company Secretary	Key Management Personnel
Mr. R. S. Srivatsan	Chief Financial Officer	Key Management Personnel
For Subsidiaries (Refer Note iii)		
a) ISMT Limited		
Mr. Nishikant Ektare	Managing Director	Key Management Personnel
Mr. Rajiv Goel	Chief Financial Officer	Key Management Personnel
b) Tridem Port and Power Company Private Limited		
Mr. Sinna Durai Rajanbabu	Whole Time Director	Key Management Personnel
c) Structo hydraulics		
Ms. Anne Karlson	Director	Key Management Personnel

(₹ in Crores)

Name of related party and nature of relationship	Nature of transaction	2021-2022 Transaction value	2021-2022 Outstanding amounts carried in Balance Sheet
A. Holding Company			
Kirloskar Industries Limited	Dividend	38.85	-
	Building rent paid	0.06	-
	Rent Deposit Receivable	-	0.03
B Key management personnel			
Mr. R.V.Gumaste	Dividend	0.37	-
	Compensation	15.13	-
	Compensation payable	-	12.11
Mr. Mayuresh Ghapure	Dividend	-	-
	Compensation	0.25	-
	Compensation payable	-	0.02
Mr. R.S. Srivatsan	Dividend	0.05	-
	Compensation	1.78	-
	Compensation payable	-	0.07
Mr. Nishikant Ektare	Compensation	0.08	-
	Compensation payable	-	0.02
Mr. Rajiv Goel	Compensation	0.04	-
	Compensation payable	-	0.05
Ms. Anne Karlson	Compensation	0.08	-
Mr. Sinna Durai Rajanbabu	Compensation	-	-
	Total Compensation	17.36	

Note

(i) Outstanding amount carried in Balance Sheet does not include liability in respect of gratuity and leave encashment which is provided on actuarial basis for the Company as a whole.

(ii) Company has not made any Loans/Advances/Investments during the year to the Ultimate Holding Company.

(iii) The compensation paid to the Key managerial personnel of the subsidiaries are for a period of 21 days i.e for the remainder of the period after acquisition in the current financial year.

(₹ in Crores)

Compensation of Key Managerial Personnel of the group	For the year ended 31st March, 2022
Short term employee benefits	16.64
Post employment benefits	0.57
Other long term benefits	0.15
Total	17.36

Notes to and forming part of Consolidated Financial Statements

49 CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in Crores)

Particulars	As at March 31, 2022
Claims against the Company not acknowledged as debt	
Central Excise and Customs	28.26
Service Tax	3.77
Goods and Service Tax	2.75
Income Tax	21.47
Sales Tax	4.43
Labour Matters to the extent quantifiable	0.47
Provident Fund Matters	0.67
License fee - Tamilnadu Maritime Board (TPPCL)	11.39
Others	11.96
Guarantees excluding financial guarantee	
Bank Guarantee	13.78
Capital and Other Commitments	
Stamp Duty & Reg. Fee	1.21
Estimated amount of contracts remaining to be executed on capital account and not provided for	288.80

Note

In the opinion of the management the above legal matters, under claims against Company not acknowledged as debt, when ultimately concluded will not have material effect on the results of the operations or the financial position of the Group.

50 BORROWING COST CAPITALIZED

(₹ in Crores)

Particulars	For the year ended 31st March, 2022
Amount of borrowing costs capitalized	0.40

51 DISCLOSURE PURSUANT TO IND AS 103 "BUSINESS COMBINATIONS":

Acquisition of ISMT Limited

The Kirloskar Ferrous Industries Limited (the Holding company) has acquired management control over ISMT Limited (ISMT) on 10 March 2022 by acquiring 154,000,000 equity shares of ₹ 5 each of ISMT Limited (i.e. 51.25 percent) through preferential allotment pursuant to terms of the Share Subscription Agreement dated 25 November 2021 executed between the Company, ISMT and certain promoters forming the promoter group of ISMT. Consequent to the aforesaid allotment of equity shares, ISMT has become a subsidiary of the Holding company with effect from 10 March 2022 ("Acquisition date") pursuant to the provisions of Section 2(87)(ii) of Companies Act, 2013.

Fair value of identifiable assets acquired and liabilities assumed as on the date of acquisition is as below:

(₹ in Crores)

Particulars	Fair value as on acquisition date
Property Plant & Equipment	1,580.08
Capital Work in Progress	4.64
Financial Assets	
Loans	7.18
Other Financial Assets	11.54
Other Non-current Assets	2.66
Total Non-current assets	**1,606.10**
Current assets	
Inventories	456.39
Financial Assets	
Trade Receivables	315.51
Cash and Cash Equivalents	719.19
Bank Balance other than above	2.71
Loans	1.79
Other Financial Assets	1.01

Notes to and forming part of Consolidated Financial Statements

51 DISCLOSURE PURSUANT TO IND AS 103 "BUSINESS COMBINATIONS": (Contd...)

(₹ in Crores)

Particulars	Fair value as on acquisition date
Current Tax Assets (Net)	2.83
Other Current Assets	31.58
Total Current assets	1,531.01
Total assets [A]	3,137.11
Non-current liabilities	
Financial Liabilities	
Borrowings	-
Other financial liabilities	3.17
Provisions	12.68
Deferred tax liabilities (Net)	12.31
Total Non-current liabilities	28.15
Current liabilities	
Financial Liabilities	
Borrowings	844.83
Lease Liabilities	0.46
Trade Payables	264.81
Other Financial Liabilities	66.46
Other Current Liabilities	40.08
Provisions	9.51
Total Current liabilities	1,226.15
Total liabilities [B]	1,254.31
Fair value of identifiable net assets [C=A-B]	1,882.80
Consideration paid	476.63
Non-controlling interests	917.87
Consideration paid including non-controlling interests [D]	1,394.50
Capital reserve [C-D]	488.31

Pursuant to the acquisition of ISMT Limited by the holding company, the lenders of ISMT opted for One Time Settlement (OTS) of entire outstanding debt for ₹ 670 Crore along with change in management.

From the date of acquisition, ISMT Limited contributed ₹ 133.33 crore to revenue from operations and a loss of ₹ 8.21 crore to the consolidated profit before tax on a post-consolidation adjustments basis.

Acquisition-related costs amounting to ₹ 8.20 crore have been excluded from the consideration transferred and have been recognised as an expense in the consolidated statement of profit and loss within other expenses.

52 STATEMENT OF NET ASSETS, PROFIT & LOSS, OTHER COMPREHENSIVE INCOME & TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS & NON CONTROLLING INTEREST

(₹ in Crores)

Name of Entity	Net Assets i.e. Total assets minus total liability		Share of profit & loss		Share in Other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amounts	As % of consolidated profit & loss	Amounts	As % of consolidated other comprehensive income	Amounts	As % of consolidated total comprehensive income	Amounts
Parent								
Kirloskar Ferrous industries Limited	50.69%	1,336.21	135.49%	406.10	0.69%	3.41	51.75%	409.50
Subsidiaries								
a) Direct Indian subsidiary								
ISMT	53.71%	1,415.78	-140.81%	(422.02)	0.00%	0.01	-53.33%	(422.01)

Notes to and forming part of Consolidated Financial Statements

52 STATEMENT OF NET ASSETS, PROFIT & LOSS, OTHER COMPREHENSIVE INCOME & TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS & NON CONTROLLING INTEREST (Contd...)

(₹ in Crores)

Name of Entity	Net Assets i.e. Total assets minus total liability		Share of profit & loss		Share in Other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amounts	As % of consolidated profit & loss	Amounts	As % of consolidated other comprehensive income	Amounts	As % of consolidated total comprehensive income	Amounts
b) Indirect Indian subsidiaries								
Tridem Port and Power Company Private Limited	-3.11%	(82.02)	-6.30%	(18.87)	0.00%	-	-2.38%	(18.87)
Nagapattinam Energy Private Limited	-1.41%	(37.11)	-4.21%	(12.61)	0.00%	-	-1.59%	(12.61)
Best Exim Private Limited	-0.07%	(1.93)	0.00%	-	0.00%	-	0.00%	-
Success Power & Infraprojects Private Limited	-0.04%	(1.02)	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Marshal Microware Infrastructure Development Company Private Limited	-0.12%	(3.07)	0.00%	-	0.00%	-	0.00%	-
c) Indirect foreign subsidiaries								
ISMT Enterprises SA, Luxembourg	1.15%	30.26	(0.11)	(32.92)	0.00%	-	-4.16%	(32.92)
Structo Hydraulics AB, Sweden	0.75%	19.80	0.53%	1.59	0.00%	-	0.20%	1.59
ISMT Europe AB, Sweden	0.31%	8.09	-0.01%	(0.02)	0.00%	-	0.00%	(0.02)
Indian Seamless Inc., USA	0.05%	1.23	0.00%	-	0.00%	-	0.00%	-
PT ISMT Resources, Indonesia	0.00%	0.01	0.00%	-	0.00%	-	0.00%	-
d) Total	101.91%	2,686.23	-26.28%	(78.76)	0.69%	3.42	-9.52%	(75.34)
e) Non-controlling interest	33.02%	870.43	-15.77%	(47.26)	-0.01%	(0.04)	-5.98%	(47.30)
f) Elimination & consolidation adjustment	-34.93%	(920.78)	142.05%	425.74	99.31%	488.24	115.50%	913.99
g) Total	**100.00%**	**2,635.88**	**100.00%**	**299.72**	**100.00%**	**491.62**	**100.00%**	**791.34**

53 OPERATING SEGMENTS

(i) The Group's operating segments are established on the basis of those components of the Group that are evaluated regularly by the Executive Committee, the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments', in deciding how to allocate resources and in assessing performance. These segments have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems.

(ii) The Group is engaged primarily into manufacturing of Castings, Steel and Tubes. Thus, the primary segments are Casting segment, Tube Segment and Steel Segment.

(iii) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as unallocable.

(iv) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities which cannot be allocated to a segment on a reasonable basis have been included under "Unallocable Assets / Liabilities".

Notes to and forming part of Consolidated Financial Statements

53 OPERATING SEGMENTS (Contd...)

(v) Inter Division Transfer represents transfer of finished / semi-finished products within the Segment for further processing and sale. Profit or loss on inter Division transfers are eliminated at the Group level.

(₹ in Crores)

Particulars	As at March 31, 2022				
	Casting Segment	Tube Segment	Steel Segment	Unallocable	Total
i) Segment Revenue					
Total External Sales (Gross)	3,541.01	123.07	27.48	56.73	3,748.29
Add : Inter Segment Transfers (Gross)	-	-	80.74	-	80.74
: Inter Division Transfers (Gross)	-	12.41	-	-	12.41
: Sale to Subsidiary Companies	19.50	4.47	-	-	23.97
	3,560.51	139.95	108.22	56.73	3,865.41
Less : Inter Segment Transfers (Net)	-	-	80.74	-	80.74
Inter Division Transfers (Net)	-	12.41	-	-	12.41
Sale to Subsidiary Companies	19.50	4.47	-	-	23.97
Net Sales	3,541.01	123.07	27.48	56.73	3,748.29
ii) Segment Results					
Profit Before Finance Costs ,	561.30	18.60	-10.00	-7.13	562.77
Less : Finance Costs					29.58
: Exceptional Items					
Profit / (Loss) Before Tax					533.19
Less : Tax Expenses					233.47
Profit / (Loss) After Tax					299.72
Add : Other Comprehensive Income					491.62
Profit / (Loss) After Comprehensive Income					791.34
iii) Other Information					
Total Segment Assets	2,581.27	1,541.22	696.07	-	4,818.57
Total Unallocable Assets					433.72
Total Assets					5,252.29
Total Segment Liabilities	1,316.12	129.68	161.86	-	1,607.66
Total Unallocable Liabilities					1,008.74
Total Liabilities					2,616.41
Total cost incurred for acquiring Segment Assets	237.95	5.74	4.25	-	247.94
Segment Depreciation	87.86	2.81	0.99	0.38	92.04

54 RECENT ACCOUNTING PRONOUNCEMENTS

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the group is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Group does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Notes to and forming part of Consolidated Financial Statements

54 RECENT ACCOUNTING PRONOUNCEMENTS (Contd...)

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Group does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 106 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

As per our report of even date attached

For **Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No. 105215W/ W100057

Suhas Deshpande
Partner
Membership No. 031787

Pune May 17, 2022

For and on behalf of the Board of Directors

Atul C. Kirloskar
Chairman
DIN : 00007387

R. V. Gumaste
Managing Director
DIN 00082829

Mayuresh Gharpure
Company Secretary

R. S. Srivatsan
Chief Financial Officer

Pune May 17, 2022

Pune May 17, 2022

Notes

Ferrous

Registered Office:
13, Laxmanrao Kirloskar Road,
Khadki, Pune 411 003, Maharashtra, INDIA.
Telephone: 020 - 6608 4645 **Fax:** 020 - 2581 3208
Email: kfilinvestor@kirloskar.com **Website:** www.kirloskarferrous.com
CIN: L27101 PN1991 PLC063223