**KIRLOSKAR INDUSTRIES LIMITED**
A Kirloskar Group Company

Enriching Lives

2 July 2021

BSE Limited
Corporate Relationship Department
1st Floor, P. J. Towers,
Dalal Street, Fort,
Mumbai 400 001.

**BSE Scrip Code: 500243**

The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C -1, Block G,
Bandra-Kurla Complex, Bandra (E),
Mumbai 400 051.

**NSE Scrip Code: KIRLOSIND**

Dear Sir,

**Sub.: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

We wish to inform you that Kirloskar Ferrous Industries Limited (KFIL), a listed material subsidiary of the Company, has submitted to the stock exchange, where the shares of KFIL are listed, vide its letter dated 2 July 2021, pursuant to Regulation 30 read with Schedule III and Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Annual Report for the Financial Year 2020-2021 (including the Notice of 30th Annual General Meeting).

In compliance with provisions of 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. 02/2021 dated 13 January 2021, issued by the Ministry of Corporate Affairs and the Circular No. SEBI/HO/CFD/CMDl/CIR/P/2020/79 dated 12 May 2020 and No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15 January 2021, issued by the SEBI; the Annual Report and the Notice of Annual General Meeting are being sent only by email to all those Members, whose addresses are registered with KFIL or the Registrar and Share Transfer Agent or the Depository Participants.

The Annual Report for the Financial Year 2020-2021 (including the Notice of Annual General Meeting) is also available at the website of KFIL, viz., www.kirloskarferrous.com.

A copy of the intimation submitted by KFIL is enclosed for your ready reference.

You are requested to take the same on your record.

Thanking you.

Yours faithfully,
For Kirloskar Industries Limited

A.V.Mali

Ashwini Mali
Company Secretary &
Compliance Officer

KIRLOSKAR INDUSTRIES LTD. PUNE-05

Encl.: As above

Enriching Lives

**KIRLOSKAR FERROUS INDUSTRIES LIMITED**
A Kirloskar Group Company

Ref No. 2658/21

2 July 2021

The Department of Corporate Services
BSE Limited
P. J. Towers, Dalal Street, Fort,
Mumbai 400001
(Scrip Code : 500245)

Kind Attention : Mr. Abhay Mungekar / Mr. Amol Hosalkar / Mr. Mangesh Tayde

Dear Sir,

Subject : Annual Report and Notice of Annual General Meeting

Pursuant to Regulation 34 and Regulation 30 read with Schedule III and of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; we submit the Annual Report of the Company for the financial year 2020–2021 (including the Notice of 30th Annual General Meeting).

In compliance with provisions of 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. 02/2021 dated 13 January 2021 issued by the Ministry of Corporate Affairs and the Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020 and No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15 January 2021 issued by the SEBI; the Annual Report and the Notice of Annual General Meeting are being sent only by email to all those Members, who addresses are registered with the Company / the Registrar and Share Transfer Agent or the Depository Participants.

The Annual Report for the financial year 2020–2021 (including the Notice of Annual General Meeting) is also available at the website of the Company viz. www.kirloskarferrous.com

You are requested to take the same on record.

Thanking you,

Yours faithfully,
For Kirloskar Ferrous Industries Limited

Mayuresh Gharpure
Company Secretary

Enclosed : as above

KIRLOSKAR FERROUS INDUSTRIES LTD. INDIA (PUNE)

Enriching Lives

# KIRLOSKAR FERROUS INDUSTRIES LIMITED

A Kirloskar Group Company

ANNUAL REPORT 2020 - 2021



## Stand Together, Grow Together

# With Great Change Comes Great Resilience

The importance of togetherness in the workplace is demonstrated by feelings of unity, collaboration and motivation. Each of us is different in nature, strength and personal inspirations. But our effective team works as a collective by utilising the various skills and talents of each of our team members to support and achieve a common goal.

It is not only about how we perform during the good times, but the strength, courage and professionalism we display through the most difficult times. Yes! Teamwork, flexibility & resilience are the core virtues which can turn setbacks into opportunities.

Today, resilience holds more significance than ever. With continuing uncertainty in the external environment, there are challenges every day for business leaders and managers to contend with. We cannot always control these circumstances, but we can control our actions. With each problem that comes our way, we look for solutions that enable us to seek an advantage, rather than just attempting to eliminate the problem.

Navigating a storm with resilience and determination gives us the knowledge and strength to tame it. In our new and rapidly changing normal, transition has been tough but we have emerged stronger than before. It is because of this collective collaboration, hard work and sacrifice of our teams that we have been able to transcend all barriers and dispel all doubts. All our people rose to the occasion and showed immense perseverance and strength to deal with the disruptions.

Transformation is the key to growth and our people have embraced it not only to deliver, but set the bar higher while innovating and growing from strength to strength. The undying spirit, dedication, determination and teamwork helped us deliver a stronger result.

Kirloskar has been synonymous with setting industry standards. Today, we are ready to embrace the endless possibilities the future holds.

As part of our transformation, we are becoming more agile and adaptable to create solutions through innovation, business processes and market competitiveness. We are integrating new technologies such as digitisation, Industry 4.0, 3D printing and artificial intelligence, and are considering several new businesses. We are shifting gears from the manufacturing space to offering solutions around it.

As we enter this era, we are ready to work with the renewed spirit of our people by imparting new skills and offering more opportunities and processes that will help them and us unleash our full potential. Together with them, we will build socially responsible, sustainable and profitable businesses.

**30th Annual Report for the financial year ended on 31 March 2021**

**Board of Directors**

| Name of Director | Designation | DIN |
|---|---|---|
| Mr. Atul Kirloskar | Chairman | 00007387 |
| Mr. Rahul Kirloskar | Vice Chairman | 00007319 |
| Mr. R. V. Gumaste | Managing Director | 00082829 |
| Mr. A. N. Alawani | Non Independent Director | 00036153 |
| Mr. R. Sampathkumar | Independent Director | 06894180 |
| Mrs. Nalini Venkatesh | Independent Director | 06891397 |
| Mr. Y. S. Bhave | Independent Director | 00057170 |
| Mr. M. R. Chhabria | Non Independent Director | 00166049 |
| Mr. V. M. Varma | Independent Director | 00011352 |
| Mr. M. V. Kotwal | Independent Director | 00001744 |

**Chief Financial Officer**
Mr. R. S. Srivatsan

**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

**Bankers**
Bank of Maharashtra
The Hongkong and Shanghai Banking Corporation Limited
ICICI Bank Limited
DBS Bank India Limited
Citibank N.A.
Axis Bank Limited
Canara Bank
HDFC Bank Limited
Kotak Mahindra Bank Limited

**Registered Office**
13, Laxmanrao Kirloskar Road, Khadki, Pune - 411 003

**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, Karnataka 577598

**Registrar and Share Transfer Agent**
Link Intime India Private Limited
Akshay Complex, Block No 202, 2nd Floor, Off Dhole Patil Road,
Near Ganesh Temple, Pune - 411 001

**Information for Members**
30th Annual General Meeting

Tuesday, 27 July 2021 at 11:30 a.m. (IST) through Video Conferencing or Other Audio Visual Means

Date of Book Closure :
18 July 2021 to 27 July 2021
(both days inclusive)

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## KIRLOSKAR FERROUS INDUSTRIES LIMITED
### A DECADE AT A GLANCE

(₹ in Crores)

| Sr. No. | Particulars | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019 | 2019-2020 | 2020-2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Indian GAAP | | | | | Indian Accounting Standards | | | | |
| 1 | Net sales / revenue from operations | 1,089.65 | 1,198.11 | 1,232.16 | 1,365.09 | 1,113.93 | 1,276.76 | 1,765.19 | 2,159.15 | 1,849.66 | 2,038.08 |
| 2 | Other income | 2.08 | 2.49 | 3.08 | 3.11 | 2.25 | 5.34 | 5.16 | 5.53 | 15.64 | 2.83 |
| 3 | Profit Before Tax | 55.66 | 62.42 | 57.99 | 71.85 | 85.23 | 121.09 | 54.42 | 146.71 | 156.18 | 363.19 |
| 4 | Tax provisions | 18.58 | 23.33 | 18.15 | 22.57 | 27.49 | 33.26 | 16.42 | 48.60 | 43.81 | 61.08 |
| 5 | Profit After Tax | 37.08 | 39.09 | 39.84 | 49.28 | 57.74 | 87.83 | 38.00 | 98.11 | 112.37 | 302.11 |
| 6 | Dividend (%) | 20 | 25 | 25 | 25 | 25 | 35 | 25 | 40 | 40 | 100 |
| 7 | Dividend per equity share (₹) | 1.00 | 1.25 | 1.25 | 1.25 | 1.25 | 1.75 | 1.25 | 2.00 | 2.00 | 5.00 |
| 8 | Dividend amount | 13.73 | 17.16 | 17.16 | 17.16 | 17.16 | 24.03 | 17.16 | 27.53 | 27.56 | 69.17 |
| 9 | Earnings per share (₹) | 2.70 | 2.85 | 2.90 | 3.59 | 4.20 | 6.40 | 2.77 | 7.14 | 8.16 | 21.89 |
| 10 | Book Value per share (₹) | 27.69 | 29.62 | 31.06 | 33.14 | 35.83 | 42.43 | 43.05 | 47.59 | 52.09 | 72.02 |
| 11 | Equity Share Capital | 68.65 | 68.65 | 68.65 | 68.65 | 68.65 | 68.65 | 68.65 | 68.82 | 68.91 | 69.17 |
| 12 | Reserves and Surplus | 311.52 | 338.02 | 357.78 | 386.38 | 423.38 | 513.92 | 522.39 | 586.28 | 649.02 | 927.20 |
| 13 | Shareholders' Funds | 380.18 | 406.68 | 426.44 | 455.03 | 492.03 | 582.57 | 591.04 | 655.10 | 717.93 | 996.37 |
| 14 | Long Term Loans | - | 80.46 | 60.23 | 10.00 | - | - | - | 53.00 | 228.24 | 206.77 |
| 15 | Capital Employed | 422.23 | 538.62 | 550.84 | 538.09 | 572.21 | 664.39 | 676.76 | 795.61 | 996.34 | 1,219.64 |

# NOTICE

Notice is hereby given that the 30th Annual General Meeting ('AGM') of the Members of **Kirloskar Ferrous Industries Limited** ('the Company') will be held on **Tuesday, 27 July 2021 at 11.30 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. 02/2021 dated 13 January 2021 issued by the Ministry of Corporate Affairs [collectively referred to as 'MCA Circulars'] and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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/2021/11 dated 15 January 2021 issued by the SEBI [collectively referred to as 'SEBI Circulars'] to transact the businesses as given below :

**ORDINARY BUSINESS**

**Item No. 1**

To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31 March 2021 and the Reports of the Auditors and the Board of Directors thereon.

**Item No. 2**

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 2021.

**Item No. 3**

To appoint a Director in place of Mr. Anil Narayan Alawani (DIN : 00036153), who retires by rotation and being eligible, offers himself for re-appointment.

**Item No. 4**

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

**"RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and rules thereof [including any statutory modification(s) or re-enactment thereof, for the time being force]; 'M/s. Kirtane & Pandit LLP, Chartered Accountants' (Firm Registration No. 105215W / W100057); who have offered themselves for re-appointment and have confirmed their eligibility in terms of provisions of Section 141 of the Companies Act, 2013 and rules thereof; be and are hereby reappointed as the Statutory Auditor of the Company to hold office for another term of five years from the conclusion of the 30th Annual General Meeting till the conclusion of the 35th Annual General Meeting of the Company and the Board of Directors of the Company be and is hereby authorised to fix the remuneration from time to time during the tenure, as may be mutually agreed with the Statutory Auditor."

**SPECIAL BUSINESS**

**Item No. 5**

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

**"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and rules thereof [including any statutory modification(s) or re-enactment thereof for the time being force]; the remuneration of ₹ 300,000 plus applicable taxes thereon and the reimbursement of out of pocket expenses at actual to 'M/s. Parkhi Limaye and Co, Cost Accountants', who have been appointed by the Board of Directors as the Cost Auditor to conduct the audit of cost accounting records for the financial year ending 31 March 2022, be and is hereby ratified."

**Item No. 6**

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

**"RESOLVED THAT** pursuant to provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and rules thereof [including any statutory modification(s) or re-enactment thereof for the time being force]; the consent of the Members of the Company be and is hereby accorded to authorise the Board of Directors to borrow from time to time in such manner as deem fit for the purpose of the business of the Company any sum or sums of money, which together with the monies borrowed earlier by the Company (apart from temporary loans obtained from the bankers of the Company in the ordinary course of business) 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 Rupees Two Hundred Crores.

**RESOLVED FUTHER THAT** for the purpose of giving effect to the resolution, the Board of Directors of the Company (including a committee thereof) be and is hereby authorised to do all such acts, deeds, matters and things and to settle any question, difficulty or doubt that may arise in this regard, as the Board in its absolute discretion may deem necessary or desirable or expedient."

**Item No. 7**

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

**"RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 and the rules thereof (including any statutory modification(s) or any substitution or re-enactment thereof for the time being in force) and in accordance with the Memorandum of Association and the Articles of Association of the Company, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "SEBI LODR Regulations"), Regulation 6 of the SEBI (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred as "SEBI SBEB Regulations") and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution); the consent of the Members of the Company be and is hereby accorded to the introduction and implementation of 'KFIL Employee Stock Option Scheme 2021' (hereinafter referred to as the "KFIL ESOS 2021") authorising the Board of Directors of the Company to create, offer and grant from time to time, in one or more tranches, not exceeding 2,500,000 (Twenty Five Lakhs) Stock Options, to or for the benefit of such person(s), specified senior management employees, who are in permanent employment of the Company and Director(s), whether whole time or otherwise, (other than Promoters of the Company, Persons belonging to Promoters Group, Independent Directors and Directors holding directly or indirectly more than 10 percent of the outstanding equity shares of the Company), as may be decided under KFIL ESOS 2021, exercisable into not more than 2,500,000 (Twenty Five Lakhs) equity shares of face value of ₹ 5 (Rupees Five) each fully paid-up, on such terms and in such manner as the Board may decide from time to time in accordance with the provisions of the applicable laws and the provisions of KFIL ESOS 2021.

**RESOLVED FURTHER THAT,** the equity shares so issued and allotted as mentioned hereinbefore shall rank pari passu with the then existing equity shares of the Company.

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issues, bonus issues, change in capital structure, merger and sale of division / undertaking, or other reorganisation and others, if any additional equity shares are to be issued by the Company to the Shareholders ('Additional Shares'), the ceiling as foresaid of 2,500,000 (Twenty Five Lakhs) Stock Options and equity shares respectively to be issued and

allotted shall be deemed to increase in proportion of such additional equity shares issued to facilitate making a fair and reasonable adjustment.

**RESOLVED FURTHER THAT** in case the equity shares of the Company are either sub-divided or consolidated, then the number of equity shares to be allotted and the exercise price payable by the option grantees under the KFIL ESOS 2021 shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹ 5 (Rupees Five) per equity share bears to the revised face value of the equity shares of the Company after such consolidation or sub-division, without affecting any other rights or obligations of the said grantees.

**RESOLVED FURTHER THAT** the Board including designated committee of the Board, if any, be and is hereby authorized to take requisite steps for listing of the equity shares to be allotted under KFIL ESOS 2021 on the stock exchange(s) where the equity shares of the Company are listed.

**RESOLVED FURTHER THAT** the Company shall conform to the accounting policies prescribed from time to time under the SEBI SBEB Regulations and any other applicable laws and regulations to the extent relevant and applicable to the KFIL ESOS 2021.

**RESOLVED FURTHER THAT** the Board including designated committee of the Board, if any, be and is hereby authorized at any time to modify, change, vary, alter, amend, suspend or terminate the KFIL ESOS 2021 subject to the compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as may at its absolute discretion deems fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the Members of the Company and further to execute all such documents, writings and to give such directions and or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the KFIL ESOS 2021 and do all other things incidental and ancillary thereof.

**RESOLVED FURTHER THAT** the Board, be and is hereby authorized to do all such acts, deeds, and things, as may, at its absolute discretion, deems necessary including authorizing or directing to appoint Merchant Bankers, Brokers, Solicitors, Registrars, Compliance Officer and other Advisors, Consultants or Representatives, being incidental to the effective implementation and administration of KFIL ESOS 2021, as also to make applications to the appropriate Authorities, Parties and the Institutions for their requisite approvals as also to initiate all necessary actions for the preparation and issue of public announcement and filing of public announcement, if required, with the SEBI / stock exchange(s) and all other documents required to be filed in the above connection and to settle all such questions, difficulties or doubts whatsoever which may arise and take all such steps and decisions 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

Mayuresh Gharpure
Company Secretary

Pune : 17 May 2021

**NOTES :**

1. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 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 Sunday, 18 July 2021 to Tuesday, 27 July 2021 (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 17 July 2021 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 17 July 2021.

4. Dividend related information :

   - The SEBI vide its Circular dated 20 April 2018 has mandated registration of bank account details for all securities holders for payment of dividend.
   - Members holding shares in demat form are informed that bank particulars registered with their respective Depository Participants will be used for the payment of dividend.
   - Members holding shares in physical form are requested to update any change in Email ID and/or bank account details at https://web.linkintime.co.in/EmailReg/Email_Register.html
   - 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

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

   - In view of the continuing restrictions on the movement of persons at several places in the country and social distancing norms to be followed, 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.
   - 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 shall be counted for the purpose of reckoning the quorum under 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 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 2 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.

6. 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.

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 of Documents :

   - Electronic copy of relevant documents referred to in the Notice and Explanatory Statement 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; Members, who wish to receive information regarding businesses to be transacted at the AGM, are requested to send their queries in advance mentioning full name, DP ID and Client ID / Folio Number and contact number to kfilinvestor@kirloskar.com at least seven days in advance so as to enable the management to keep the information ready.

10. Speaker Registration for the AGM :

    A Member, who wish to ask questions or express views at the AGM, may register with the Company as a 'Speaker' by sending a request by providing full name, DP ID and Client ID / Folio Number and contact number from the registered e-mail ID to kfilinvestor@kirloskar.com 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 holding shares in electronic form is requested to intimate any change in address or bank details to the Depository Participant with whom the demat account is being maintained. A Member holding shares in physical form is requested to intimate any change in address or bank details to the Company or the Registrar and Share Transfer Agent.

12. 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

13. 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 from time to time; 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 businesses to be transacted at the Annual General Meeting (AGM).

The Remote e-voting period commences on **Saturday, 24 July 2021 at 9:00 a.m. (IST)** and ends on **Monday, 26 July 2021 at 5:00 p.m. (IST)**. During this period, the Members of the Company holding shares either in physical form or in dematerialized form as on the Cut-off date i.e. **Tuesday, 20 July 2021** 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. on Monday, 26 July 2021.

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. Tuesday, 20 July 2021.

A Member attending the AGM, who has not cast 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 demat mode**

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 account holders would be able to cast their 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 correctly in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is as given below :

| Type of shareholders | Login Method |
|---|---|
| Individual Shareholders holding securities in demat mode with NSDL | 1. If you are already registered for **NSDL IDeAS facility**, kindly 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. 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 and voting during the meeting. |

| Type of shareholders | Login Method |
|---|---|
| | 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<br>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. |
| Individual Shareholders holding securities in demat mode with CDSL | 1. Existing users, who have opted for Easi / Easiest, can login through their User Id and password. Option will be made available to reach e-Voting page without any further authentication.<br>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.<br>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.<br>3. If the user is not registered for Easi/Easiest, option to register is available at : https://web.cdslindia.com/myeasi/Registration/EasiRegistration<br>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, the user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress. |
| Individual Shareholders (holding securities in demat mode) 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. After 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 demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL:

| Login type | Helpdesk details |
|---|---|
| Individual Shareholders holding securities in demat mode 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 Number 1800 1020 990 and 1800 22 44 30. |
| Individual Shareholders holding securities in demat mode 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 demat mode and shareholders holding securities in physical mode.**

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 'Shareholders / Members' 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 demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID<br>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 demat account with CDSL. | 16 Digit Beneficiary ID<br>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.<br>For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

5. Password details for shareholders other than Individual shareholders are given below :
   a) If you are already registered for e-Voting, then you can user 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 "EVEN" of all the companies, 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 e mail ids for e-voting for the resolutions set out in this notice :

- Members, whose shares are held in physical mode, 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 demat mode, 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 demat mode, 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 demat mode.
- 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 demat mode are allowed to vote through their demat account 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 in the AGM through VC / OAVM facility and have not cast 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 cast 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 queries, 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. Sarita Mote, 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 demat mode, 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 resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of e-voting facility for 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 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 time of the AGM, the Scrutinizer will unblock the votes cast through remote e-voting / e-voting at the time of 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.

**Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**Item No. 3 of the Notice**

Mr. Anil Narayan Alawani, aged 75 years, is a Chartered Accountant by profession and has been associated with the Kirloskar Group of Companies since 1977. Prior to his appointment as a Director in the Company, he was Director (Finance) of Kirloskar Oil Engines Limited. Besides his core area of finance and taxation, he has experience in import–export and labour matters. His abilities in corporate tax planning and finance have helped the Company immensely in financial restructuring and tax benefits.

He was appointed as a Director of the Company on 22 October 2005.

He is a Member of the Audit Committee, the Stakeholders Relationship Committee, the Nomination and Remuneration Committee and the Selection Panel of the Company.

**Other Directorships :**

| | |
|---|---|
| Kirloskar Industries Limited | S. L. Kirloskar CSR Foundation |

**Other Committee Positions**

| **Name of the Company** | **Name of committee and position held** |
|---|---|
| Kirloskar Industries Limited | Audit Committee – Member |
| | Stakeholders Relationship Committee – Chairman |
| | Nomination and Remuneration Committee – Member |
| | Corporate Social Responsibility Committee – Chairman |

He holds 35,000 equity shares (0.025 percent) in the Company. He does not hold any equity share as a beneficial owner in the Company.

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

He attended all meetings of the Board of Directors held during the financial year 2020-2021.

Mr. A. N. Alawani retires by rotation, and being eligible, has offered himself for reappointment.

Pursuant to provisions of Regulation 17(1A) of the SEBI LODR Regulations; the Members of the Company at their annual general meeting held on 11 August 2020 have approved by way of a special resolution for continuation of directorship of Mr. A. N. Alawani after attainment of age of seventy five years.

Mr. A. N. Alawani and his relatives may be deemed to be concerned or interested, financially or otherwise, in the resolution to the extent of his / their shareholding.

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

The Board of Directors recommends the ordinary resolution set out at Item No. 3 of the Notice for approval of the Members.

**Item No. 4 of the Notice**

The Members of the Company at their Annual General Meeting held on 28 July 2016 have appointed M/s. Kirtane & Pandit LLP, Chartered Accountants as the Statutory Auditor of the Company to hold office for a term of 5 years from the conclusion of 25th Annual General Meeting until the conclusion of 30th Annual General Meeting to be held in the year 2021, at such remuneration (in addition to applicable taxes and reimbursement of out of pocket expenses) as may be mutually agreed between the Board of Directors and the Statutory Auditor.

Upon the recommendation of the Audit Committee, the Board of Directors at its meeting held on 5 May 2021 has recommended for approval of the Members at the annual general meeting the reappointment of M/s. Kirtane & Pandit LLP, Chartered Accountants as the Statutory Auditor for another term to hold office from the conclusion of the 30th Annual General Meeting till the conclusion of the 35th Annual General Meeting of the Company.

Pursuant to the provisions of Regulation 36 (5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; following disclosures have been provided :

1. M/s. Kirtane & Pandit LLP will be paid the annual remuneration of ₹ 3,800,000 [inclusive of the fees for statutory audit, limited review, tax audit and certification work] plus applicable taxes thereon. Out of pocket expenses will be reimbursed at actual. The proposed remuneration is based on knowledge, expertise, industry standards, time and efforts. During the tenure of the Statutory Auditor, the remuneration will be revised as may be agreed mutually between the Board of Directors and the Statutory Auditor, if deem fit.
2. M/s. Kirtane & Pandit LLP is proposed to be reappointed to hold office for another term of five years from the conclusion of 30th Annual General Meeting till the conclusion of 35th Annual General Meeting of the Members of the Company.
3. Credentials of M/s. Kirtane & Pandit LLP are as given below :

   The firm ‘Kirtane & Pandit, Chartered Accountants’ was started by Shri. B. R. Pandit in the year 1956, with an aim to provide various Accounting, Auditing and Tax Services. It has established in six cities across India and has twenty three partners, sixty full time Chartered Accountants and total staff strength of over five hundred other professionals. The firm has expertise in the area of auditing and also provides services in other allied areas.

M/s. Kirtane & Pandit LLP have conveyed their consent to act as the statutory auditor alongwith the confirmation that their appointment, if approved by the Members, would be within the limits prescribed under the provisions of the Companies Act, 2013 and rules thereof and that they hold a valid certificate issued by the Peer Review

Board of the Institute of Chartered Accountants of India (ICAI).

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

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

**Item No. 5 of the Notice**

Upon the recommendation of the Audit Committee, the Board of Directors at its meeting held on 5 May 2021 has appointed M/s. Parkhi Limaye and Co, Cost Accountants as the Cost Auditor of the Company to conduct the audit of cost accounting records for the financial year ending 31 March 2022 and approved the remuneration subject to the ratification of the Members at the 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 to the Cost Auditor needs to be ratified by the Members of the Company. Accordingly, it is proposed to seek the approval of the Members to ratify the remuneration plus applicable taxes thereon and the reimbursement of expenses at actuals.

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

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

**Item No. 6 of the Notice**

The Members of the Company at their annual general meeting held on 13 August 2014 have authorised the Board of Directors to borrow from time to time for the purpose of the business of the Company any sum or sums of money, which together with the monies earlier borrowed by the Company (apart from temporary loans obtained from the bankers of the Company in the ordinary course of business) may exceed at any time, the aggregate of the paid–up share capital of the Company and free reserves, by a sum not exceeding ₹ 200 Crores.

Pursuant to provisions of the Companies (Amendment) Act, 2017 effective from 9 February 2018; clause (c) in sub section (1) of Section 180 of the Companies Act, 2013 has been amended to include the securities premium for computation of the borrowing limit on long term basis.

With the increase in operations of the Company and financing requirements for forthcoming capital expenditure projects, it is proposed to seek the approval of the Members by way of special resolution pursuant to provisions of Section 180(1)(c) of the Companies Act, 2013 for enhancing the borrowing limit on long term basis.

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

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

**Item No. 7 of the Notice**

Employee stock options play a substantial role in promoting the culture of employee ownership and in attracting, retaining and motivating talented personnel by way of recognising and rewarding them. It is proposed to implement another employee stock option scheme with a view to attract and retain key talents working with the Company by way of rewarding their performance and motivate them to contribute to overall corporate growth and profitability.

With this objective in mind, your Company intends to implement KFIL Employee Stock Option Scheme 2021 (“KFIL ESOS 2021”) for the specified senior management employees and Director(s), whether whole time or otherwise, of the Company, for their continuous hard work, dedication and support, which has led the Company on the growth path.

Upon recommendation of the Nomination and Remuneration Committee at its meeting held on 4 May 2021, the Board of Directors at its meeting held on 5 May 2021 has approved the introduction and implementation of "KFIL ESOS 2021", subject to the approval of the Members of the Company pursuant to the provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014 as amended from time to time.

The salient features of the KFIL ESOS 2021 are as given below :

a) Brief description of the scheme :

The Company proposes to introduce the KFIL ESOS 2021 primarily with a view to attract, retain, incentivise and motivate the existing specified senior management employees of the Company, new employees joining the Company and its Director(s), whether whole time or otherwise, that would lead to higher corporate growth. The KFIL ESOS 2021 contemplates grant of stock options to the eligible employees (including Whole time Directors), as may be determined in due compliance of the SEBI SBEB Regulations and provisions of the KFIL ESOS 2021. After vesting of stock options, the eligible employees earn a right (but not obligation) to exercise the vested options within the exercised period and obtain equity shares of the Company subject to payment of exercise price and fulfilment of tax obligations relating thereto.

The Nomination and Remuneration Committee ("Committee") of the Company shall administer the KFIL ESOS 2021. All questions of interpretation of the KFIL ESOS 2021 shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in KFIL ESOS 2021.

b) Total number of stock options to be granted :

The total number of stock options to be granted under the KFIL ESOS 2021 shall not exceed 2,500,000 number convertible into equivalent number of equity shares of ₹ 5 each fully paid up equity share capital of the Company.

Stock options lapsed or cancelled due to any reason including the reason of lapse of exercise period or due to resignation of the employees / Director(s), whether whole time or otherwise, would be available for being re-granted at a future date. The Committee is authorized to re-grant such lapsed / cancelled options as per the KFIL ESOS 2021.

Further, the SEBI SBEB Regulations require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the stock options granted. In this regard, the Committee shall adjust the number and price of the stock options granted in such a manner that the total value of the options granted under KFIL ESOS 2021 remain the same after any such corporate action. Accordingly, if any additional options are issued by the Company to the option grantees for making such fair and reasonable adjustment, the ceiling of 2,500,000 (Twenty Five Lakhs) shall be deemed to be increased to the extent of such additional options issued.

c) Identification of classes of employees entitled to participate in the KFIL ESOS 2021

Following classes of employees are entitled to participate in the KFIL ESOS 2021 :

- Specified senior management employees, who are in the permanent employment of the Company,
- Any Director(s), whether whole time or otherwise, of the Company.

Following persons are not eligible to participate in KFIL ESOS 2021 :

- an employee who is a Promoter or belongs to the Promoter Group;
- a Director, who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10 percent of the outstanding equity shares of the Company; and

- an Independent Director within the meaning of the Companies Act, 2013 and Regulation 16(b) of the SEBI LODR Regulations.

d) Requirements of vesting and period of vesting :

Options granted under this Scheme would vest based on continuation of employment and subject to individual performance parameters or any other criteria as may be decided by the Committee and specified in the Grant Letter.

Options granted on any date shall vest not earlier than 1 (one) year and not later than a maximum of 4 (four) years from the date of grant of stock options as may be determined by the Committee.

e) Maximum period within which the options shall be vested :

Options granted on any date shall vest not later than a maximum of 4 (four) years from the date of grant of options as may be determined by the Committee.

f) Exercise price or pricing formula :

The exercise price shall be upto 25 percent discount to closing market price on the stock exchange(s) on the previous trading day of the date of grant of stock options, as decided by the Nomination and Remuneration Committee.

g) Exercise period and the process of Exercise:

The Exercise period would commence from the date of vesting and will expire on completion of 3 (three) years from the date of respective vesting or such other shorter period as may be decided by the Committee from time to time and as set out in the Grant Letter.

The vested options shall be exercisable by the employees by a written application to the Company expressing their desire to exercise such options in such manner, in such format and in such numbers as may be prescribed by the Committee from time to time. The stock options shall lapse, if not exercised within the specified exercise period.

h) Appraisal process for determining the eligibility of employees under KFIL ESOS 2021 :

The appraisal process for determining the eligibility shall be decided from time to time by the Committee. The broad criteria for appraisal and selection may include parameters like tenure of association with the Company, performance during the previous years, contribution towards strategic growth, contribution to team building and succession, cross-functional relationship, corporate governance and such other parameters as may be decided by the Committee from time to time.

i) Maximum number of stock options to be issued per employee and in aggregate:

The number of stock options that may be granted to any specific employee of the Company under the KFIL ESOS 2021, in any financial year and in aggregate under the KFIL ESOS 2021 shall not exceed 1,370,000 stock options.

j) Maximum quantum of benefits to be provided per employee under the KFIL ESOS 2021:

The maximum quantum of benefits underlying the stock options issued to an eligible employee shall depend upon the market price of the equity shares as on the date of exercise of stock options.

k) Implementation or administration of the KFIL ESOS 2021:

The KFIL ESOS 2021 shall be implemented and administered directly by the Company without forming or involving any trust.

l) Source of acquisition of equity shares under the KFIL ESOS 2021:

The Scheme involves issue of new equity shares against exercise of stock options. There is no involvement of trust and therefore, there will not be any secondary acquisition.

m) Amount of loan to be provided for implementation of the scheme(s) by the company to the trust, its tenure, utilization, repayment terms, etc:

The KFIL ESOS 2021 is to be implemented and administered directly by the Company without forming or involving any Trust. Therefore, provision of any loan to a Trust under the Scheme does not arise.

n) Maximum percentage of secondary acquisition:

The KFIL ESOS 2021 is to be implemented and administered directly by the Company without forming or involving any Trust. Therefore, the Scheme does not envisage any secondary acquisition.

o) Accounting and Disclosure Policies :

The Company shall follow the Indian Accounting Standards / the Guidance Note on Accounting for Employee Share-based Payments and/or any relevant Accounting Standards as may be prescribed by the appropriate authorities from time to time, including the disclosure requirements prescribed therein.

p) Method of option valuation :

The Company shall adopt 'fair value method' for valuation of Options as prescribed under the Indian Accounting Standards / the Guidance Note or under any relevant accounting standard notified by appropriate authorities from time to time.

It is proposed to seek the approval of the Members of the Company by way of special resolution for the introduction and implementation of 'KFIL Employee Stock Option Scheme 2021'; grant of stock options and issue of equity shares upon exercise of stock options as may be decided by the Board of Directors and/or any committee thereof from time to time in accordance with the provisions of the Companies Act, 2013, rules thereof, the SEBI SBEB Regulations and other applicable laws and regulations, as amended from time to time.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested in the said resolution, except to the extent of their entitlements, if any, under the KFIL ESOS 2021.

The Board of Directors recommends the special resolution set out at Item No. 7 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

Mayuresh Gharpure
Company Secretary

Pune : 17 May 2021

## DIRECTORS' REPORT TO THE MEMBERS

The Directors have pleasure in presenting 30th Annual Report together with the Audited Financial Statements for the year ended 31 March 2021.

**Financial Performance :**

The audited financial results of the Company for the financial year 2020–2021 as compared with the previous year are as given below :

(₹ in Crores)

| **Particulars** | **2020-2021** | 2019-2020 |
|---|---|---|
| Total Income | **2,040.91** | 1,865.30 |
| Profit before tax | **363.19** | 156.18 |
| Tax Expenses | **61.08** | 43.81 |
| Profit for the year | **302.11** | 112.37 |
| Other Comprehensive Income for the year | **(0.86)** | (1.25) |
| Total Comprehensive Income for the period | **301.25** | 111.12 |
| Profit brought forward from previous year | **390.92** | 334.63 |
| Transfer from share options | **0.15** | Nil |
| Final Dividend paid on equity shares | **Nil** | (13.77) |
| Tax on above Dividend | **N. A.** | (2.83) |
| Interim Dividend paid on equity shares | **(27.67)** | (27.56) |
| Tax on above Dividend | **N. A.** | (5.67) |
| Transfer to General Reserves | **(5.00)** | (5.00) |
| Balance carried to Surplus in Statement of Profit and Loss | **659.65** | 390.92 |

**Dividend :**

The Board of Directors at its meeting held on 2 March 2021 declared an Interim Dividend of ₹ 2 per equity share of ₹ 5 each (i.e. 40 percent) and the Interim Dividend has been paid to the eligible Members on 25 March 2021.

Further, the Board of Directors at its meeting held on 5 May 2021 has 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 (inclusive of interim dividend paid and final dividend recommended) for the financial year 2020-2021 aggregates to ₹ 5 per equity share of ₹ 5 each (i.e. 100 percent).

**Company Performance :**

The Company achieved Net Sales of ₹ 2,038.08 Crores as compared to ₹ 1,849.66 Crores in the previous year.

The Profit Before Tax for the year under review stood at ₹ 363.19 Crores as compared to ₹ 156.18 Crores of the previous year after providing for depreciation and amortisation.

During the year under review, the Company completed the acquisition of movable and immovable assets relating to the pig iron plant of VSL Steels Limited with a capacity of 1,50,000 MT per annum, situated at Paramenahally Village, Hiriyur, Chitradurga District 577598, Karnataka in December 2020. After renovation of plant and machineries, manufacturing operations of that plant have commenced on 8 February 2021.

During the year under review, the Company achieved 100 percent capacity utilisation of Coke Oven plant, which was commissioned in March 2020. Coke consumption reduced during the year under review, as the coke was produced as per specification required for the furnaces. The Company also installed conveyors from coke oven plants to mini blast furnaces to reduce handling loss. The 20MW power plant, which works on waste heat recovery from coke oven plant, was commissioned in June 2020 and achieved 100 percent capacity utilisation by September 2020. The Company achieved substantial reduction in the power cost on account of captive consumption.

The Company also received the permission from the Government to commence mining operations after completing necessary statutory clearances in respect of Kirloskar Bharat Mines. The permission so granted was valid to operate the mine upto 5 April 2021. The Company is now in process to obtain renewal of forest agreement beyond 5 April 2021 to recommence the mining operations. The Company extracted around 98,600 MT of iron ore till 31 March 2021, but was unable to dispatch the same to the plant due to non-availability of road clearance in the forest area for transportation of mined iron ore.

**Sale of products :**

In the beginning of the financial year, operations of the Company were suspended from 25 March 2020 on account of the nationwide lockdown to contain the spread of Covid-19 pandemic. Subsequently, the Government granted permission to commence industrial operations and the Company started operations of Mini Blast Furnace I, foundry at Koppal, foundry at Solapur, Mini Blast Furnace II on 6 May 2020, 11 May 2020, 14 May 2020 and 5 June 2020 respectively.

The Company sold 313,690 MT of pig iron valued at ₹ 1,067.32 Crores (includes 12,824 MT from newly acquired Hiriyur plant) during the financial year 2020–2021 as compared to 358,146 MT of pig iron valued at ₹ 1,070 Crores in the previous financial year.

Post commencement of the operations the demand for Pig Iron improved and the Company was able to sell all the Pig Iron produced. The average realisation of Pig Iron has also gone up from ₹ 28,127 per MT in quarter I of the financial year 2020-2021 to ₹ 39,161 per MT in quarter IV of the financial year 2020-2021.

The demand for pig Iron from July 2020 onwards was strong from foundries supplying castings to tractor, steel, agriculture, pump and auto sector across India.

The Company sold 92,507 MT of castings aggregating to ₹ 874.40 Crores during the financial year 2020–2021 as compared to 78,663 MT castings aggregating to ₹ 734.21 Crores in the previous financial year.

The demand for the casting was strong during the year. The demand for the casting from the Tractor industry was strong and kept on increasing till end of the financial year. The demand from Heavy and medium Auto industry started picking up from second quarter and further improved in second half of the financial year. The increased demand for casting from Tractor, Auto, and diesel engine industry enabled the Company to scale up production by removing the bottlenecks and optimised load distribution between all three moulding lines. With such measures, the Company achieved quarterly sale of 30,000 MT of casting in third and fourth quarter of the financial year.

**Operational Improvements :**

During the year under review, iron ore prices increased substantially on account of lower availability against strong requirement from the domestic / global iron and steel industry. China was not interested in export of coke and as such started quoting higher prices which resulted in increased prices in Indian domestic market vis-à-vis export prices of coking coal from Australia remained subdued due to trade disagreement between China and Australia. Additionally, the cost of converted coke was lower and the selling price of pig iron was higher resulting in higher margins.

The Company was able to source coking coal from Australia at economical prices. The timing of coke oven plant commissioning followed by subdued prices of coal gave substantial advantage in lower cost of coal to coke conversion as against sourcing of coke from market.

The Company continuously worked on the improvement of the quality of the casting at both units of Koppal and Solapur, by reducing rejection rates.

The Company added machining capacity and ramped up the machining capabilities to meet customer demand. Consequently, the sale of machined castings increased during the year as compared to previous year and sold machined castings of around 11.5 percent.

**Finance Costs :**

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

The Company also negotiated the rate of interest on each put and call options in respect of term loans availed thereby reducing the cost of finance.

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 to bring in new customers and new products to increase the customer and product base and also increased the supply of machined castings.

**Update on Projects :**

The Company has completed following projects during the financial year under review :

- The commissioning of 20 MW Power Plant (using waste gas generated from Coke Oven plant) was commissioned in month of June 2020. Power generated has been used for captive consumption at Koppal plant and the unit achieved self-sufficiency in power requirement resulting in reduction of power cost. The Company is also exploring the possibility of use of surplus power generated especially on weekly off days for using at Solapur plant.
- The Company has undertaken various projects for capacity expansion and up-gradation on technology / infrastructure in foundry and machine shop both at Koppal and Solapur units, to meet the increasing demand for castings from the customers.

The Company has undertaken following projects during the year under review :

- Initiated setting up new moulding line with contemporary technology with a capacity of 40,000 MT per annum at Solapur plant.
- Expanding machining capacity to add more value.
- Installation of Bell-less Top equipment for both the Mini Blast Furnaces (MBF) and up-gradation of MBF II and Pulvarised Coal Injection. All these projects are expected to be completed in the financial year 2022-2023.

**Directors**

a) Changes in Directors and Key Managerial Personnel

Mr. A. N. Alawani (DIN : 00036153) retires by rotation at the ensuing annual general meeting and being eligible, offers himself for re-appointment.

Changes in Directors during the financial year 2020–2021 :

The Members of the Company at their 29th Annual General Meeting held on 11 August 2020 have appointed Mr. V. M. Varma and Mr. M. V. Kotwal as Independent Director of the Company to hold office for a term upto 4 March 2025 and 9 October 2023 respectively.

Mr. A. R. Jamenis and Mr. B. S. Govind have retired as Independent Directors on 12 August 2020, pursuant to the resolutions passed by the Members of the Company at their annual general meetings held on 25 July 2018 and 23 July 2019 respectively. The Board of Directors placed on record its sincere appreciation for their valuable contribution.

Changes in Key Managerial Personnel (KMP) during the financial year 2020–2021 :

There was no change in the Key Managerial Personnel during the financial year 2020–2021.

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 (Hereinafter referred to as 'SEBI LODR Regulations, 2015') and they have complied 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 five 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, KMPs 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 2020–2021, 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**

The Company has granted loans aggregating to ₹ 1.94 Crores during the year ended 31 March 2021. These primarily consist of loans to employees as per the policies of the Company and loans to suppliers in the normal course of business of the Company. Closing balances of these loans are disclosed under the schedule of Loans and Advances in the Financial Statements.

During the financial year 2020-2021, the Company has not given any loan or guarantee or acquired any security exceeding the limit prescribed pursuant to provisions of Section 186(2) of the Companies Act, 2013.

**Related Party transactions**

Pursuant to provisions of Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014; contracts or arrangements entered into with the related parties during the financial year 2020-2021 were at arm's length and in the ordinary course of business. There was no material contract or arrangement or transaction with any related party and hence, there is no transaction to be reported in Form AOC-2.

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

**GENERAL**

During the financial year 2020–2021;

a) 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.

b) 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.

c) The Company did not have any subsidiary or associate or joint venture company.

d) The Company has not accepted any public deposit pursuant to provisions of the Companies Act, 2013 and rules thereof.

e) There has been no change in the nature of business of the Company.

f) 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.

g) 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.

h) Neither any application has been made nor any proceeding has been pending against the Company under the Insolvency and Bankruptcy Code, 2016.

i) 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.

**Risk Management Framework**

The process of risk management at the Company encompasses risk identification, classification and evaluation. The Company identifies strategic, operational and financial risks that it faces. The Company deploys mitigation activities and plans for current and future risks that it may face.

The Company has set up a Risk Review Teams ('Team') to review the risks faced by the Company and monitor the development and deployment of risk mitigation action plans. The Team reports to the Board of Directors and the Audit Committee who provide oversight for the risk management framework in the Company.

The Directors have reviewed progress on the risk management activities during the financial year.

**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 2020–2021 will be uploaded at the website of the Company 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 uplift 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 Scheme (ESOS) :**

The Company has instituted a stock option scheme in order to motivate, incentivize and reward employees. This plan is called KFIL Employee Stock Option Scheme 2017 (hereinafter referred as 'KFIL ESOS 2017' or 'Scheme'). 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 Board of Directors and the Nomination and Remuneration Committee of the Company are authorised to administer the said scheme pursuant to provisions of the Scheme.

The Nomination and Remuneration Committee at its meeting held on 16 October 2020 has granted of 130,000 stock options exercisable into 130,000 equity shares of the Company. KFIL ESOS 2017 is in compliance with applicable provisions of the Companies Act, 2013; its rules and the SEBI (Share Based Employee Benefits) Regulations, 2014 and related applicable regulations.

The certificate from M/s. Kirtane & Pandit LLP, Chartered Accountants, Statutory Auditor of the Company, confirming that the scheme has been implemented in accordance with aforesaid regulations and in accordance with the resolution passed by the Members of the Company at their annual general meeting held on 3 August 2017 would be placed before the Members at the ensuing annual general meeting. A copy of the same will also be available for inspection at the Registered Office of the Company.

There has been no material change to the KFIL ESOS 2017 during the financial year. Disclosures on the scheme, 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 (excluding convertible shares and warrants).

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 28 July 2016 have appointed M/s. Kirtane & Pandit LLP, Chartered Accountants as the Statutory Auditor of the Company to hold office for a term of 5 years from the conclusion of 25th Annual General Meeting until the conclusion of 30th Annual General Meeting.

Pursuant to provisions of Section 139 of the Companies Act 2013 read with the rules thereof and upon the recommendation of the Audit Committee, the Board of Directors has recommended for the approval of the Members at the ensuing annual general meeting, the re-appointment of M/s. Kirtane & Pandit LLP, Chartered Accountants as the Statutory Auditor of the Company to hold office for another term of five consecutive years from the conclusion of 30th Annual General Meeting till the conclusion of 35th Annual General Meeting. The requisite certificate pursuant to provisions of Section 139 of the Companies Act, 2013 and rules thereof has been received from them.

The report given by the statutory auditor on the financial statements of the Company for the financial year 2020–2021 forms part of this 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 was appointed to conduct the Secretarial Audit of the Company for the financial year 2020-2021. 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 2020–2021.

c) Cost Auditor

The Board of Directors 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 2020–2021 pursuant to provisions of Section 148 of the Companies Act, 2013 and rules thereof.

**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 2021 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 Board of Directors places 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,

Atul Kirloskar
Chairman
(DIN : 00007387)

Date : 5 May 2021
Place : Pune

# Annexure A

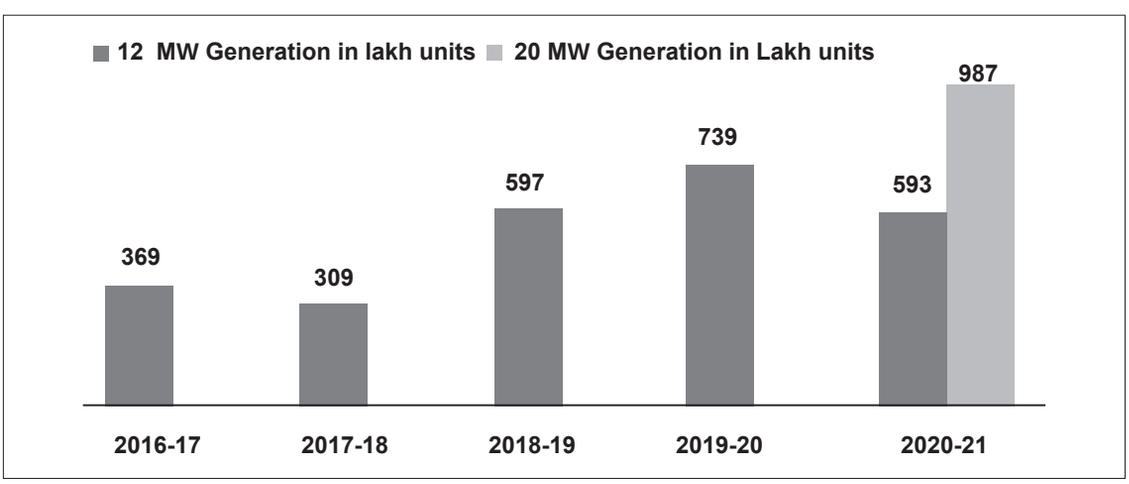
**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

**A. Conservation of energy**

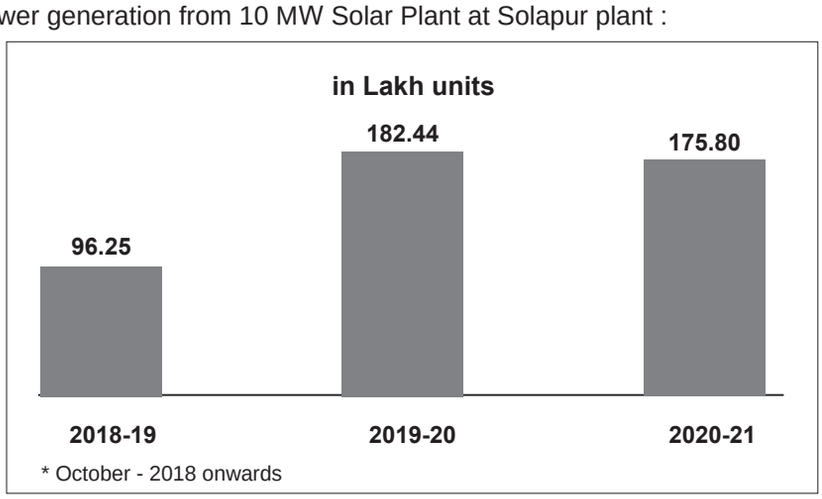
**a) Energy conservation measures taken during the financial year 2020-2021 :**

- Commissioned 20 MW Power plant using the waste gas of coke oven plant.
- Perform, Achieve, Trade (PAT) Cycle 3 monitoring and verification done and report submitted to the Bureau of Energy Efficiency.
- 12 tonne furnace replaced with new 8 tonne melting furnace at Koppal Plant to reduce melting losses and power consumption.
- Installation of variable frequency drives for shot blast machine, blast wheel machine at foundry and cooler blower motors at Sinter plant to reduce power consumption.
- Replacement of old pumps and motors with energy efficient pumps and motors at both Koppal and Solapur Plants.
- Purchase of solar and wind/ hydel power through open access 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 and Solapur Plants.

Details of generation of power using waste gas generated in Mini Blast Furnace (12 MW) and Coke Oven Plant (20 MW) at Koppal Plant.




Details of power generation from 10 MW Solar Plant at Solapur plant :



**b) Proposals for the financial year 2021-2022 :**

- Commissioning of Sinter plant at Hiriyur plant thereby reducing coke consumption in blast furnace.
- Reduction in grid import through proper redistribution of loads at Hiriyur Plant.
- Replacement of old pumps and motors with energy efficient pumps and motors at Koppal, Solapur and Hiriyur plants.
- Various variable frequency drives installation as per Energy audit report at both Koppal and Solapur plants.
- Providing harmonic filters to improve power factor to unity at Koppal plant.
- Procurement and fixing LED lamps wherever required to replace or new requirement at Koppal, Solapur and Hiriyur plants.
- Conducting of energy audit and taking actions on the audit findings.

**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 :**

1. Following projects are implemented during the financial year :
   - Coke oven technology : High transmission efficiency with six link arch design for effective waste heat recovery, which enables higher power generation.
   - Power plant technology : Boiler placed in between coke oven batteries to reduce waste heat temperature loss and resulting in higher power generation.
   - State of Art Distributed Control System based coke oven and power plant control system. (Real time process data monitoring and analysis)
2. Following projects are proposed to be implemented :
   I. 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.

   II. Waste heat recovery power plant (Phase II)
      - o Boiler placed in between coke oven batteries to reduce waste heat temperature loss and resulting in higher power generation.
      - 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 Absorption) Technology based O2 plant for oxygen enrichment in blast furnace.

**C. Foreign Exchange Earnings and Outgo :**

| | (₹ in Crores) |
|---|---|
| Earnings | Nil |
| Outgo | 349.24 |

**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 progressing 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 BS VI compliant engine components along with OEMs.
   - Joint design and development of Transmission part with reduced weight.
   - Use of Simulation software MAGMA and AD Stefan, CAE/ CAM, Laser scanning and 3D modelling technologies for efficient and effective casting development.
   - Use of robotic facilities for improved productivity and quality of castings.
   - 3D printing of cores for development of prototype castings without tooling with less development cycle times.
   - Exploring possibilities for Indigenisation of 3D printing Raw materials.
   - Study on extending tool life.
   - 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:
   - Acquired capability of developing critical castings.
   - Reduction of development cycle time.
   - Improved quality and consistency.
   - Exploring the new technologies for Improving productivity and cost reduction.
   - Reduced casting weight and better value for customers.
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 study and adaptation.
   - Adopting 3D printing core making process for mass production.
   - Value engineering solutions to Original Equipment Manufacturers.
   - Continuous improvements to make the processes more efficient.

4. Expenditure on R&D :

(₹ in Crores)

| **Particulars** | **2020-2021** | 2019-2020 |
|---|---|---|
| Capital | **0.42** | Nil |
| Recurring | **3.27** | 3.15 |
| Total R & D expenditure | **3.69** | 3.15 |

# 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 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 2020-2021, three meetings of the CSR Committee were held on 9 June 2020, 25 January 2021 and 2 March 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 | 3 | 3 |
| Mr. R. V. Gumaste | Managing Director | 3 | 3 |
| Mr. R. Sampathkumar | Independent Director | 3 | 2 |
| Mr. A. R. Jamenis (Refer note below) | Independent Director | 1 | 1 |

Note : Mr. A. R. Jamenis has retired as an Independent Director on 12 August 2020 pursuant to the resolution passed by the Members of the Company at their annual general meeting held on 25 July 2018.

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 | 2017–2018 | 1,804,757 | -- |
| 2 | 2018–2019 | 880,732 | -- |
| 3 | 2019–2020 | 1,338,511 | -- |
| | Total | 4,024,000 | -- |

6. Average Net Profit of the Company as per Section 135(5) of the Companies Act, 2013 for the financial years 2017–2018, 2018–2019 and 2019–2020 is ₹ 1,191,029,608

7.

| | | |
|---|---|---|
| (a) | Two percent of average net profit of the company as per Section 135(5) | ₹ 23,820,592 |
| (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) | ₹ 23,820,592 |

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 |
| ₹ 36,078,075 | 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 2020–2021.

| (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 | Yes | Maharashtra | Pune | 300.00 | Yes | Kirloskar Institute of Advanced Management Studies | CSR00004586 |
| 2 | Infrastructure for schools and colleges | Education | Yes | Karnataka | Bijapur and Gadag | 8.00 | No | NA | NA |
| 3 | Rural education | Education | Yes | Karnataka | Koppal | 2.40 | No | NA | NA |
| 4 | Financial assistance to school children & scholarships | Education | Yes | Karnataka | Bellari, Bijapur and Koppal | 1.20 | No | NA | NA |
| 5 | Stationary to the students | Education | Yes | Karnataka | Chitradurga | 0.13 | No | NA | NA |
| 6 | Community health | Health | Yes | Karnataka | Koppal | 13.99 | No | NA | NA |
| 7 | Health checkup camps | Health | Yes | Karnataka | Koppal | 3.33 | No | NA | NA |
| 8 | Clean drinking water | Health | Yes | Karnataka | Koppal | 2.20 | No | NA | NA |
| 9 | Food Packages | Rural Development | Yes | Karnataka | Koppal | 15.00 | No | NA | NA |
| 10 | Construction of rural infrastructure | Rural Development | Yes | Karnataka and Maharashtra | Bijapur, Koppal, Vijayanagar and Solapur | 14.38 | No | NA | NA |
| 11 | Assistance to physically challenged | Rural Development | Yes | Karnataka | Koppal | 0.15 | No | NA | NA |
| | | | | | Total | 360.78 | | | |

(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) : ₹ 36,078,075

(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) | 23,820,592 |
| (ii) | Total amount spent for the financial year | 36,078,075 |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | 12,257,483 |
| (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)] | 12,257,483 |

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 | R. V. Gumaste | R. S. Srivatsan |
| Chairman of the Committee | Managing Director | Chief Financial Officer |
| DIN : 00007319 | DIN : 00082829 | |
| Date : 5 May 2021 | | |

## 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 | 2.05 percent |
| 4 | The number of permanent employees on the rolls of company | 1,087 |

| Sr No | Information required | Particulars |
|---|---|---|
| 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 : 29.74 percent<br><br>Percentage increase in salaries of Non-managerial personnel at 50th percentile : 4.92 percent<br><br>(Note : Percentage increase in salaries of Non-managerial personnel is in the range 1 percent to 27.8 percent.)<br><br>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-<br><br>(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;<br><br>(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;<br><br>(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 | 2.29 |
| 2 | Mr. Rahul Kirloskar | 2.25 |
| 3 | Mr. R. V. Gumaste (MD) | 192.36 |
| 4 | Mr. A. N. Alawani | 10.16 |
| 5 | Mr. A. R. Jamenis (Note 1) | Not applicable |
| 6 | Mrs. Nalini Venkatesh | 3.22 |
| 7 | Mr. R. Sampathkumar | 2.15 |
| 8 | Mr. B. S. Govind (Note 1) | Not applicable |
| 9 | Mr. Y. S. Bhave | 2.12 |
| 10 | Mr. M. R. Chhabria | 11.97 |
| 11 | Mr. V. M. Varma | 3.22 |
| 12 | Mr. M. V. Kotwal | 6.19 |

**Table C-2**

| Sr. No. | Name of the Director / KMP | Designation | % increase / (decrease) in the remuneration |
|---|---|---|---|
| 1 | Mr. Atul Kirloskar | Director | (0.43) |
| 2 | Mr. Rahul Kirloskar | Director | 40.63 |
| 3 | Mr. R. V. Gumaste (MD) | Managing Director and KMP | 70.00 |
| 4 | Mr. A. N. Alawani | Director | 61.43 |
| 5 | Mr. A. R. Jamenis (Note 1) | -- | Not applicable |
| 6 | Mrs. Nalini Venkatesh | Director | 3.87 |
| 7 | Mr. R. Sampathkumar | Director | 34.38 |
| 8 | Mr. B. S. Govind (Note 1) | -- | Not applicable |
| 9 | Mr. Y. S. Bhave | Director | 6.00 |
| 10 | Mr. M. R. Chhabria | Director | 698.67 |
| 11 | Mr. V. M. Varma (Note 2) | Independent Director | Not applicable |
| 12 | Mr. M. V. Kotwal (Note 2) | Independent Director | Not applicable |
| 13 | Mr. R. S. Srivatsan | KMP | 29.35 |
| 14 | Mr. Mayuresh Gharpure | KMP | 18.46 |

**Notes :**

1. Mr. A. R. Jamenis and Mr. B. S. Govind retired as Independent Directors on 12 August 2020.
2. Mr. V. M. Varma and Mr. M. V. Kotwal have been appointed as an Additional Director with effect from 5 March 2020.
3. 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<br>Managing Director | 96,244,506 | B.Tech (Met.) | 39 | 08/11/2001 | 63 | Chief Executive (Works) Indian Seamless Metal Tubes Ltd | 0.46 |
| 2 | Mr. N. B. Ektare<br>COO | 16,622,275 | B.E. (Elec.) | 38 | 12/01/1994 | 61 | Manager – Electrical Usha Ispat Limited | 0.06 |
| 3 | Mr. R. S. Srivatsan<br>CFO | 12,454,394 | B.Com.,CA | 37 | 12/01/1998 | 58 | Sr. Manager-Finance Vasavadatta Cement (Unit of Kesoram Industries Limited) | 0.06 |
| 4 | Mr. S. L. Kulkarni<br>EVP | 9,944,828 | DME, DBM | 44 | 28/06/2004 | 65 | Senior Manager - The Indian Seamless Metal Tubes Ltd | 0.04 |
| 5 | Mr. P. Narayana<br>SVP (HR) | 8,448,389 | B.Com.,PG-Dip-HRM, LLB | 33 | 09/06/2016 | 58 | DGM – JSW Steels Limited | 0.03 |
| 6 | Mr. M. G. Nagaraj<br>VP (PIP) | 8,091,216 | B.E (Metallurgy) | 28 | 01/10/1993 | 52 | Not applicable | 0.03 |
| 7 | Mr. C. Ramesh<br>VP (Foundry) | 7,723,951 | B.E (Mech.) | 27 | 26/09/1994 | 50 | Not applicable | 0.04 |
| 8 | Mr. Inturi Chandra Sekhar<br>VP (R & D) | 6,269,023 | B.E (Mech.) & MBA-Mktg. | 33 | 16/10/2013 | 57 | GM-Design & Development Neosym Industry Limited | 0.03 |
| 9 | Mr. Pradeep Madulkar<br>VP (Foundry) | 6,010,356 | B.E (Metallurgy) | 30 | 03/05/2007 | 51 | Magna Industries | 0.01 |
| 10 | Mr. Santosh Gumaste<br>VP (Foundry) | 4,631,733 | B.E. (Production) | 27 | 19/12/2006 | 49 | Rico Auto Industries Limited | 0.01 |

**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 2021 pursuant to Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 read with the SEBI circular dated 16 June 2015 on ESOS disclosures**

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) pursuant to issue of equity shares on exercise of options calculated in accordance with IND-AS 33 (Earnings per Share) : ₹ 21.82 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 summarized as given below :

| Sr. No. | Particulars | KFIL ESOS 2017 |
|---|---|---|
| 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.<br>The options would vest over a maximum period of 4 years.<br>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. | Source of shares | Primary |
| 6. | 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.<br>During the financial year 2020–2021, no amendment / modification / variation has been introduced in terms of options granted by the Company. |

ii) Option movement during the year : As on 31 March, 2021

| | | |
|---|---|---|
| a) | Number of options outstanding at the beginning of year | 1,360,490 |
| b) | Number of options granted during the year | 130,000 |
| c) | Number of options forfeited / lapsed during the year | 37,500 |
| d) | Number of options vested during the year | 456,250 |
| e) | Number of options exercised during the year | 539,790 |
| f) | Number of shares arising as a result of exercise of options | 526,690 |
| g) | Money realized by exercise of options | 27,011,100 |
| h) | Loan repaid by the Trust during the year from exercise price received | Nil |
| i) | Number of options outstanding at the end of the year | 913,200 |
| j) | Number of options exercisable at the end of the year | 246,950 |

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

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

| Sl No | Name of Senior Managerial personnel | Designation | No. of Stock options granted under KFIL ESOS 2017 | Exercise Price ₹ |
|---|---|---|---|---|
| 1 | G. Seetarama Rao | Associate Vice President | 50,000 | 55 |
| 2 | K. Srinivasa | Senior General Manager | 40,000 | 55 |
| 3 | Shivakumar Manne | Senior General Manager | 40,000 | 55 |
| | | Total | 1,30,000 | |

b) Any other employees, who received a grant in any one year of options amounting to 5 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 1 percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant : Nil

iv) 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.

D) Compensation expenses arising on account of the share based payments :

| | |
|---|---|
| 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 |

E) 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 : ₹ 50.04

Weighted average fair value : ₹ 43.86

F) 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 2021 included :

| **Particulars** | **16 October 2021** | **16 October 2022** | **16 October 2023** | **16 October 2024** |
|---|---|---|---|---|
| Share price (₹) | 90.35 | 90.35 | 90.35 | 90.35 |
| Exercise Price (₹) | 55.00 | 55.00 | 55.00 | 55.00 |
| Expected Volatility (standard deviation) | 40.12 % | 40.57 % | 41.80 % | 41.20 % |
| Expected option life (in years) | 2.50 | 3.50 | 4.50 | 5.50 |
| Expected dividend yield | 2.21 % | 2.21 % | 2.21 % | 2.21 % |
| Risk free interest rate | 4.55 % | 4.90 % | 5.10 % | 5.50 % |
| 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

## Annexure E

## SECRETARIAL AUDIT REPORT

**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021**

**[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 31st March, 2021 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 31st March, 2021 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;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; [No incidence during the audit period, hence not applicable]

(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, 1998; [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 one meeting of the Board of Directors 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) The Company has completed on 23 December 2020 the acquisition of movable and immovable assets relating to the pig iron plant of VSL Steels Limited situated at Paramenahally Village, Hiriyur, Chitradurga District 577598, Karnataka. After renovation of the assets at that plant and obtaining necessary approvals / permissions / licenses from statutory / government authorities, manufacturing operations of pig iron have commenced on 8 February 2021.

(B) After fulfillment of terms and conditions of the Tender Document and obtaining necessary approvals / permissions / clearances from various Government Departments / Agencies, the Company has entered into the Mining Lease Deed with the Government of Karnataka, Department of Mines and Geology for the 'Bharat Mines & Minerals' mine to conduct mining operations for a period of 50 years.

The aforesaid 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 – F000810C000230358

Date : 5 May 2021
Place : Pune
P/R – 1089/2021

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To,
The Members of
KIRLOSKAR FERROUS INDUSTRIES LIMITED,
13, Laxmanrao Kirloskar Road, Khadki,
Pune - 411 003.

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 process as were appropriate to obtain reasonable assurance about the correctness of the contents of the records. The verification was done on test basis / check lists 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. Wherever 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.

Note : As an effect of Covid 19 impacted situation, I have relied on documents and records submitted through electronic means by the Company or the RTA for the purpose of issuing this certificate.

Signature : sd/-
Mahesh J. Risbud
FCS No.: 810
C. P. No.: 185
UCN : S1981MH000400

Place : Pune
Date: 5 May 2021

## REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS

### (A) Economy Overview and Outlook

**Global Economy :**

After around a year into the COVID-19 pandemic, it is still a prime concern for the global economies with its new mutations. Sharp resurgence in number of confirmed cases, followed by re-introduction of lockdown measures in affected regions of world caused disruption in business activities.

Global financial conditions are being supported by various monetary policies, but financial systems in many countries are showing signs of underlying strain. The service economy in particular has been hit by restrictions on trade and reduced consumer spending with business activity falling at the fastest pace for eight months. Most commodity prices, particularly those of metals, rebounded from around October 2020 as demand picked up.

After an estimated contraction of negative 3.3 percent in the year 2020, the global economy is projected to grow 6 percent in the year 2021, moderating to 4.4 percent in the year 2022. These projections are reflections of recovery powered by vaccination program and additional fiscal support from different economies.

Fiscal stimulus provided by countries had considerable variations based on size of economies. Advanced economies like USA has announced $ 1.9 Trillion fiscal support packages. Similarly, Japan has announced fiscal stimulus and the European Union have agreed to distribute the Next Generation EU funds. These activities will give strong boost to economy and will produce benefits in world economy.

Major central banks are assumed to maintain their current policy rate settings throughout the forecast horizon to the end of the year 2022. As a result, financial conditions are expected to remain broadly at current levels for advanced economies, while gradually improving for emerging markets and developing economies.

Consistent with recovery in global activity, global trade volumes are forecast to grow about 8 percent in the year 2021. Services trade is expected to recover more slowly than merchandise volumes, which is consistent with subdued cross-border tourism and business travel until transmission of covid-19 declines everywhere.

**Indian Economy :**

India is emerging as the world's fastest-growing major economy, with the International Monetary Fund holding its growth forecasts at 6.8 percent for the financial year 2021-2022. Also, the Economic Survey 2020-2021 has drawn attention to the V-shaped economic growth, a testament to the burgeoning Indian economy and its intrinsic strength. Indian Government announced in tranches the financial stimulus during the pandemic period to help and sustain business environment.

Net capital flows remained robust in the financial year 2020-2021 supported by Foreign Direct Investment (FDI) and Foreign Portfolio Investment (FPI) on growing optimism about India’s growth prospects. FDI during the period from April 2020 to January 2021 has increased by 15 percent to $ 72 Billion. Driven primarily by megadeals in the digital and retail sectors, it was higher than US $ 36.3 Billion a year ago. The sharp upturn in net purchases by portfolio investors in the equity segment during second half of the financial year resulted in net FPI inflows at US $ 37.1 Billion upto 30 March 2021 as against an outflow of US $ 5.2 Billion during the same period last year.

India’s foreign exchange reserves reached a level of US $ 588.02 Billion as of 30 April 2021 from the level of US $ 487.20 Billion as of 6 March 2020. India’s foreign exchange reserves surpassed Russia’s to become the world’s fourth largest, India’s reserves, enough to cover roughly 18 months of imports,

have been bolstered by a current account surplus, rising inflows into the local stock market and foreign direct investment.

India's exports elevated by over 58 percent to $ 34 Billion in March 2021. Exports were led by a jump in demand for engineering, garments, iron ore and pharma. Trade deficit widened to over $14 Billion in March 2021 compared to around $10 Billion in March 2020. For FY 2020-2021 exports plunged by 7.4 percent to $ 290 compared to $ 313.4 Billion in 2019-20. During 2020-2021, imports too contracted 18 percent to $ 389 billion as an impact of covid, and in response to it localized lockdowns are initiated.

The Monetary Policy Committee of the Reserve Bank of India at its meeting held on 7 April 2021 decided to keep the policy repo rate at 4 percent as long as necessary to sustain growth on a durable basis and continue to mitigate the impact of Covid-19 on the economy, while ensuring that inflation remains within the target going forward.

Indian Rupee opened at a level of ₹ 76.11 against US Dollar on 1 April 2020 and closed at ₹ 73.20 on 31 March 2021.

BSE Sensex, opened at 29,505.33 on 1 April 2020 and closed at 49,509.15 on 31 March 2021, registering a rise of 67.80 percent. It touched the high of 52,516.76 on 16 February 2021.

**(B) Industry Overview and Outlook**

**Steel Industry :**

The Steel Sector contributes over 2 percent of the Gross Domestic Product (GDP) of India. 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.

India's finished steel consumption grew at a CAGR rate of 5.2 percent between the financial years 2015-2016 to 2019-2020 to reach 100 Million Tonnes. India's finished steel consumption is expected to be around 93 Million Tonnes for the financial year 2020-2021.

For the period from April 2020 to December 2020, the cumulative production of crude steel in India was 71.94 Million Tonnes and that of finished steel was 64.45 Million Tonnes. For the financial year 2019-2020, production of crude steel and finished steel in India stood at 108.50 Million Tonnes and 101.03 Million Tonnes respectively. During the financial year 2020-2021, export of finished steel was at 10.79 Million Tonnes. It was higher by 29.1 percent when compared to export during financial year 2019-2020.

Most of the companies in the industry are undertaking modernisation and expansion of plants to be more cost efficient and to reduce reliance on import. In addition, the entry of international players would provide benefits in terms of capital resources, technical know-how and more competitive industry dynamics.

The National Steel Policy (NSP) 2017 was presented to encourage the industry to reach global benchmarks. It has envisaged achieving upto 300 Million Tonnes of production capacity by the financial year 2030-2031.

**Automobile Sector :**

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

India became the fourth largest auto market in 2019 replacing Germany with about 3.99 Million units sold in the passenger and commercial vehicles categories and is expected to surpass Japan as the third largest auto market by 2021.

The industry sold 18.61 Million automobiles in domestic market for the financial year 2020-2021 as compared to 21.55 Million automobiles for the previous year. Overall automobile exports was 4.77 Million vehicles for the financial year 2019-2020.

Sales of commercial vehicles in domestic market were 568,559 units for the financial year 2020-2021 as compared to 717,688 units for the previous year. For the financial year 2019-2020, production and export of commercial vehicles stood at 752,022 and 60,713 units respectively.

Sales of passenger vehicles in domestic market were 2,711,457 units for the financial year 2020-2021 as compared to 2,774,000 units for the previous year.

Indian Auto Industry is expected to record strong growth in the financial year 2021-2022 post recovering from effects of Covid-19 pandemic. The Government of India expects automobile sector to attract US $ 8 to 10 Billion in local and foreign investments by 2023. Demand for commercial vehicles increasing due to high level of activity in the infrastructure sector.

According to the Ministry of Road Transport and Highways, there are around 17 lakh medium and heavy commercial vehicles (M&HCVs) that are older than 15 years without fitness certificate. Therefore, the vehicle scrappage policy is also likely to boost sales of heavy and medium commercial vehicles that had been in the contraction zone since the year 2018.

Indian Government has vision to make India an auto manufacturing hub. Initiatives like ‘Make in India’ and ‘Automotive Mission Plan 2026’ is expected to give a huge boost to the sector.

Automotive Mission Plan (AMP) 2016-2026 of the Government of India will help the automotive industry to grow and benefit Indian economy in the following ways :

1. Increased contribution of auto industry in the country’s GDP.
2. Around 65 million incremental numbers of direct and indirect jobs will be created.

**Tractor Industry :**

India is one of the largest manufacturers of farm equipment such as tractors, harvesters and tillers. India accounts for nearly one-third of the overall tractor production globally.

Agriculture witnessed strong growth due to a healthy season of Rabi sowing. As of January 2021, the total area sown under Rabi crops stood at 652 lakh hectares with an increase of 2.9 percent year-on-year basis. Total area sown under Kharif stood at 1,117 lakh hectares with an increase of 4.8 percent year-on-year basis.

Expectation of a normal monsoon, uptick in rural demand and improved financing conditions may have favourable demand for tractors in the financial year 2021-2022.

**Iron Ore :**

India is home to fifth highest reserves of iron ore in the world. Presence of abundant iron ore reserves make India competitive in the global set up.

Iron ore production in India for the period from April 2020 to September 2020 at 47 Million Tonnes has witnessed a sharp de-growth of 50 percent over the same period in the previous year. Stoppage of mining operations during nationwide lockdown for pandemic, numerous evacuation issues, delays in clearances for the successful bidders in e-auctions to commence the production and non-auctioning of closed mines have resulted in de-growth compared to the last year.

The exports of iron ore have witnessed a sharp rise of 63 percent to 22 Million Tonnes for the period from April 2020 to September 2020. Export duty of 30 percent has been levied on iron ore (lumps and fines) Fe-62% and above and 10% on Fe-58% to ensure supply to domestic steel industry.

Lower domestic production and higher exports have resulted into severe scarcity of iron ore in the domestic market and has sent iron ore and steel prices higher.

National Mineral Development Corporation (NMDC) is expected to invest US $ 1 Billion on infrastructure in next three years to boost iron production and increase the iron ore production 75 Million Tonnes per annum indicating new opportunities in the sector.

**Coal and Coke :**

Global steel production is dependent on coal as a primary raw material source for the steel making process through blast furnace. China remains the world's largest market for coal, accounting for nearly half of global coal consumption. India's share in the world coal demand is expected to increase to around 20 percent upto 748 Million Tonnes by the year 2024 as per the industry sources.

With meagre reserves of coking coal available in the domestic market, the steel industry in India imports around 80 percent of coking coal required for consumption.

Coal prices vary by region as well as by grade and quality. Spot prices for coking coal rose in the first quarter of 2020-2021 due to the reduction of coal production in China related to the pandemic. As global steel production collapsed outside China due to pandemic containment and stoppage of procurement of coal by China from Australia due to trade tension between China and Australia, the price of coking coal fell to around US $ 110 per metric tonne. At the end of the third-quarter, coking coal prices saw an uptick as demand as steelmakers outside China increased production.

**Iron ore Mines :**

The Supreme Court, in April 2013, 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 :**

Business of the Company may get impacted with prolonged and intermittent Lock-down conditions in certain regions of India and other countries arising from the situation of covid–19 pandemic.

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

Fluctuation in the prices of raw materials such as coal, coke, iron ore and steel scrap and shortage of quality iron ore supply in domestic market will have impact on production and consequently on profit.

Further, depreciation of Indian Rupee vis-á-vis US dollar can lead to an increase in prices of coal and coke, 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 both Koppal 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) Impact on the performance of the Company due to Covid-19 pandemic :**

The Company had suspended operations from last week of March 2020 on account of declaration of nationwide lockdown. Considering the permissions granted by the Government; operations of Mini Blast Furnaces I & II and the Foundry situated at Bevinahalli Village, District Koppal, Karnataka have resumed from 6 May 2020, 5 June 2020 and 11 May 2020 respectively. The Plant situated at Solapur, Maharashtra resumed the operations from 14 May 2020.

Post commencement of the operations, demand for pig iron and castings from the customers was good on account of the good monsoon and decrease in the number of cases in Covid-19 enabling the commencement of economic activities.

To ensure safety and well-being of the employees, the Company took all recommended precautions as per guidelines issued by the Government of India, State Governments, and local authorities from time to time, which included 'Work from Home' policy for eligible employees, regular communication with employees, arrangements for online meetings, sharing details of online learning programs for self-development, restrictions on travel, minimizing contacts, and health advisory to employees.

Offices of the Company was functioning partially from first week of May 2020 by following the Covid-19 Guidelines issued by the Government of India, State Government and the Local Authorities and the work from home continues for eligible employees.

Pursuant to the social distancing guidelines issued by the Governments from time to time, following necessary precautions are being taken to ensure safety of employees :

1. Implementation of cleaning and disinfection program at plants and office premises.
2. Information campaign on preventive measures.

3. Thermal screening at entry points and supply of sanitation materials like anti-bacterial hand wash, sanitizers and masks to the employees at work and visitors for essential services.
4. Maintaining social distancing at plants and office premises and also during the transit of employees for attending office duties.
5. Disinfection of vehicles of the Company and of the employees.
6. Restriction on all travel except critical travel.
7. Tie-up made with hospitals at plant locations to meet the emergency situation.
8. Family connect – Counseling employee & their family members for morale support.
9. Critical cases – Complete support extended to employees during critical illness by providing immediate admission to nearby hospitals, daily review with treating doctor, regular connect with family for morale support and also employee discharge process.

In view of global nature of the pandemic Covid-19 and the uncertainty around its severity and duration of the impact, it is difficult to determine a potential impact on financial performance of the Company in near future. As part of mitigation measures, the Company is closely monitoring the situation of pandemic and its impact on the economy. Appropriate steps are being taken to minimise adverse effect of the pandemic on performance of the company.

**(F) Outlook for the current financial year**

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

1. Completion of sinter plant at Hiriyur unit.
2. Started coke oven phase II along with waste heat recovery power plant to enhance coke manufacturing capacity.
3. Upgradation of Mini Blast Furnace- II along with bell less top for both mini blast furnaces.
4. Pulverised coal injection system for both mini blast furnaces.
5. 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.
6. 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.
7. 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.
8. From beginning of the financial year, operations at Hiriyur plant are normal. Sinter plant is expected to be operational from second half of the current financial year. These measures are expected to contribute to the top line and profits of the Company. The demand for pig iron and castings continues to be good and the Company is optimistic of full year operations.
9. Conditions emerging out of spread of covid-19 and lockdowns to control the spread of covid-19 pandemic are a matter of concern. The Company is continuously monitoring and taking proactive and appropriate steps in managing covid-19 situation.

**(G) 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.

**(F) Safety, Health and Environment**

The Company believes in the policy of “Safety First” and is committed to provide “Safe Workplace” to all its employees by addressing Safety, Health and Environment related issues by emphasizing safety and health culture in the organization. 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, “Safety Passport” related to their work area is issued authorizing the person to enter the plant / department. 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 safety audits are conducted by safety experts to enhance safety performance.

National Safety Council and other agencies are engaged to identify unsafe conditions / acts (if any) and to recommend remedial safety measures / 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.

Various polices are developed, implemented and communicated, for the safety of the people viz., safety observation and hazard elimination policy, safety cardinal rules, mission accident free quarter, safety violation penalty policy, Injury on Work (IOW) policy etc.

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.

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 liters 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, 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 2020–2021 :

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 57,815 tons greenhouse gas emission after installing this new power plant.
- Constructed 600 meters length of 12 meters height of porous fence (mesh) all along the railway siding apart from the existing 625 meters to prevent the fugitive dust emission.
- Constructed concrete road of 1400 meters and concreting of another 2500 meters road is in progress.
- Installed necessary air pollution control equipment, viz,. Bag lifters at primary coal crusher, secondary coal crusher, Belding silo, charging car, coke crusher and coke junction hose, etc, at newly constructed coke oven plant.
- Plantation of around 8,000 tree saplings during the year in and around the plant premises to increase the green belt area totalling to 1,86,000 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.

**(G) 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 2020–2021 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 Ramkrishna Vivekanand Ashram, Koppal and Sri Basaveshwar Shikshana Samste Devarnimbargi.
- **Health and Hygiene**
  - Organised health and eye check up camps in association with hospitals at Hospet and Koppal and distributed medicines and reading glasses at camps.
  - Distribution of face masks and hand sanitiser machines to frontline workers in the pandemic.
  - 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 medicines to them.
- 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.

**Rural Development**

- Supplied ration kits to needy people during lockdown owing to Covid-19 pandemic.
- 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 provided for construction / renovation of temples in nearby villages.
- Financial assistance was provided for renovation of lake in Ginigera village.

**Environment**

- Green Belt development, Planted Avenue plants from NH approach road to Bevinahalli village.
- Provided tree guards to Huligeamma Temple, Hulugi, Taluka Koppal.

**(H) 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 2020-2021, the Company has taken following initiatives :

- To develop future leaders, the Company organized Management Development Programmes (MDP) on various topics. The training program was organized for Senior Leadership Team to improve their management skills.
- 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 enhance safety culture “Behavioral Based Safety” training programmes were conducted.
- Training Programme on ‘Healthy Living’ was 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. A total 275 external webinars conducted on various competences (Functional & Behavioural) during the pandemic.
- Introduced the new way of learning and development to employees through iCOG SKILLDOM LMS platform. KFIL is collaborated with iCOG SKILLDOM LMS platform to develop the learning culture at KFIL with the aide our partner of learning i.e; SKILLDOM. The tagline of SKILLDOM,- 'Your quest for learning ends here' amply exhibits the spirit and reputation of SKILLDOM.
- 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.
- Transform Challenge/ K-10 – Fitness Gamified 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 2021, the total number of salaried employees stood at 1,683. 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:

- Foundry man of the year 2020 was awarded to the Managing Director of the Company from Indian Foundry Congress.
- Asia One – Global Indian of the year 2020-21
- NIPM – National Award for HR Best Practices 2020 – Bronze Award
- CII-EXIM Bank Platinum Award and Special Jury commendation for consistent performance award
- Best HR Professional Award – 4th State Level HR Professionals Kannada Conference 2020
- Best Safety Service Award from BKRISE – 2020.

**(K)** 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 2021 | Ratio as of 31 March 2020 | % Change | Explanations, if any |
|---|---|---|---|---|---|
| 1 | Debtors' Turnover | 6.24 | 5.50 | 13 % | -- |
| 2 | Inventory Turnover | 4.04 | 4.69 | (14) % | -- |
| 3 | Interest Coverage Ratio | 15.64 | 10.16 | 54 % | Refer Note 1 |
| 4 | Current Ratio | 1.01 | 0.96 | 5 % | -- |
| 5 | Debt Equity Ratio | 0.29 | 0.43 | (32) % | Refer Note 2 |
| 6 | Operating Profit Margin (%) | 24.09 | 14.90 | 62 % | Refer Note 3 |
| 7 | Net Profit Margin (%) | 14.80 | 6.02 | 146 % | Refer Note 4 |

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 2021 | Ratio as of 31 March 2020 | % Change | Explanations |
|---|---|---|---|---|---|
| 1 | Return on Net worth | 30.15 | 15.39 | 96 % | Refer Note 5 |

**Notes :**

1. While the interest cost has increased on account of the term loans taken for projects, the interest coverage ratio has improved on account of improved profitability.
2. The Debt Equity ratio has improved on account of improved profitability.
3. Improved demand for pig iron and castings and increase in machined castings have resulted in an increase in the turnover. Further, operating profit margin has also improved on account of strategic and timely sourcing of raw material, reduction in rejections, and realisation of benefits from coke oven plant and power plant.
4. In addition to the increase in operating margin, the Company opted for tax rate of 22 percent as against the earlier rate of 30 percent with a consequent reversal in the deferred tax liability. This has resulted in improvement in the net profit margin.
5. Return on Net Worth has improved due to increase in the turnover and in the profit for the financial year.

## CORPORATE GOVERNANCE REPORT

**[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 ten Directors as on 31 March 2021. Out of these, there is one Managing Director, four Non Independent Directors and five Independent Directors, which includes 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 2020–2021, seven meetings of the Board of Directors were held on 9 June 2020, 29 July 2020, 12 September 2020, 28 October 2020, 25 January 2021, 2 March 2021 and 29 March 2021.

(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 are a member or chairperson are as under :

| Category of Directors and Name of Director | Financial Year 2020–2021 | | 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<br>Chairman | 7 | 7 | 4 | Nil | Nil |
| Mr. Rahul Kirloskar<br>Vice Chairman | 7 | 7 | 4 | 2 | Nil |
| **Managing Director (Executive)** | | | | | |
| Mr. R. V. Gumaste | 7 | 7 | Nil | Nil | Nil |
| **Non Independent Director (Non Executive)** | | | | | |
| Mr. A. N. Alawani | 7 | 7 | 1 | 1 | 1 |
| Mr. M. R. Chhabria | 7 | 7 | 7 | 1 | 3 |

| Category of Directors and Name of Director | Financial Year 2020–2021 | | 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 |
| **Independent Directors (Non Executive)** | | | | | |
| Mr. R. Sampathkumar | 7 | 7 | 1 | Nil | Nil |
| Mrs. Nalini Venkatesh | 7 | 6 | 1 | Nil | Nil |
| Mr. Y. S. Bhave | 7 | 7 | 2 | 2 | Nil |
| Mr. V. M. Varma | 7 | 7 | 1 | Nil | Nil |
| Mr. M. V. Kotwal | 7 | 7 | 1 | 1 | 1 |

**Notes :**

1. 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.
2. For the purpose of reckoning the limit on committee positions, chairmanship / membership of the Audit Committee and the Stakeholders Relationship Committee are considered.
3. None of Directors on the Board is a Director of more than seven listed companies.
4. All Directors on the Board were present at the Annual General Meeting of the Members of the Company held on 11 August 2020.

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 |
| Mr. R. V. Gumaste | Nil | - |
| Mr. A. N. Alawani | Kirloskar Industries Limited | Non Independent Director |
| Mr. M. R. Chhabria | Kirloskar Industries Limited | Managing Director |
| | Kirloskar Oil Engines Limited | Non Independent Director |
| | Kirloskar Pneumatic Company Limited | Non Independent Director |
| | Wabco India Limited | Independent Director |
| | Tube Investments of India Limited | Independent Director |
| Mr. R. Sampathkumar | Nil | - |
| Mrs. Nalini Venkatesh | Kirloskar Pneumatic Company Limited | Independent Director |
| Mr. Y. S. Bhave | Nil | - |
| Mr. V. M. Varma | Swaraj Engines Limited | Non Independent Director |
| Mr. M. V. Kotwal | Sanghvi Movers 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 2021 :

| Name of Director | Equity Shares of ₹ 5 each |
|---|---|
| Mr. Atul Kirloskar | 989,726 |
| Mr. Rahul Kirloskar | 1,425,279 |
| Mr. R. V. Gumaste | 637,521 |
| 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 |

**Meeting of Independent Directors :**

The meeting of Independent Directors was held on Wednesday, 16 December 2020 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 five Independent Directors attended the meeting.

Criteria for performance evaluation of Directors is specified under the heading Nomination and Remuneration Committee mentioned in item 4 below.

**Statement of Declaration by Independent Directors**

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 five Independent Directors have confirmed that they hold valid registration certificate with the Databank of Independent Directors.

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

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

**Familiarization programmes 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 their engagement. All Board Members are made aware of latest applicable legal, regulatory and business developments/updates, by way of presentations where Directors have an opportunity to interact with Key Management Personnel. Presentations cover, inter alia, includes quarterly and annual results, budgets, review of internal audit report, information on business performance, operations, financial parameters, changes in senior management, major litigations, compliances, risk management and regulatory scenarios and such other areas 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 made are disclosed on 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 & 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 merger/ acquisition decisions and execute the same effectively, including integration of operations |
| Technology | Ability to anticipate changes in technology, drive product and process innovation |
| Legal & 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 | ✔ | ✔ | ✔ | ✔ | ✔ | ✔ | | ✔ |

## 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 2020-2021, five Audit Committee meetings were held on 8 June 2020, 29 July 2020, 12 September 2020, 28 October 2020 and 25 January 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 | 3 | 3 |
| Mrs. Nalini Venkatesh | Independent and Non – Executive | 5 | 4 |
| Mr. A. N. Alawani | Non–Independent and Non–Executive | 5 | 5 |
| Mr. V. M. Varma | Independent and Non – Executive | 3 | 3 |
| Mr. A. R. Jamenis | Independent and Non – Executive | 2 | 2 |
| Mr. B. S. Govind | Independent and Non – Executive | 2 | 2 |

**Notes:**

1. Mr. M. V. Kotwal and Mr. V. M. Varma have been appointed as the Chairman and the Member of the Committee respectively with effect from 13 August 2020.
2. Mr. A. R. Jamenis and Mr. B. S. Govind retired as Independent Directors on 12 August 2020.

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 four meetings of the Audit Committee.

Mr. A. R. Jamenis, former Chairman of the Audit Committee, was present at the 29th Annual General Meeting of the Company held on 11 August 2020.

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 :

a) To investigate any activity within its terms of its reference;

b) To seek information from any employee;

c) To obtain outside legal or other professional advice;

d) 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 :
        i. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1)
        ii. Annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(7)
- Carrying out any other function as mentioned in terms of reference of the Audit Committee, as amended from time to time by the Companies Act, 2013 and the SEBI LODR Regulations.
- Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing.

- 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.

**4. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee comprises of four 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, Mr. A. N. Alawani and Mr. Y. S. Bhave.

The Company Secretary acts as the Secretary to the Committee.

During the financial year 2020–2021, two meetings of the Nomination and Remuneration Committee were held on 8 June 2020 and 16 October 2020.

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 | 1 | 1 |
| Mr. Atul Kirloskar | Non – Independent and Non – Executive | 2 | 2 |
| Mr. A. N. Alawani | Non – Independent and Non – Executive | 2 | 2 |
| Mr. Y. S. Bhave | Independent and Non – Executive | 2 | 2 |
| Mr. A. R. Jamenis | Independent and Non – Executive | 1 | 1 |

**Notes :**

1. Mr. M. V. Kotwal has been appointed as the Chairman of the Committee with effect from 13 August 2020.
2. Mr. A. R. Jamenis retired as Independent Director on 12 August 2020.

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 same 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 :

(a) identify persons, who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down,

(b) recommend to the Board the appointment and/or removal of Directors and senior management,

(c) carry out evaluation of every Director's performance,

(d) 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, senior management personnel and other employees,

(e) formulation of criteria for evaluation of performance of independent directors and the board of directors,

(f) devising a policy on diversity of board of directors,

(g) 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,

(h) 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,

(i) recommend to the Board, all remuneration, in whatever form, payable to senior management,

(j) perform such functions as may be assigned by the Board of Directors from time to time, and

(k) perform such functions as required as per the provisions of the Companies Act, 2013, rules thereof and the Listing 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. 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 the 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 2020–2021 are as given below :

| **Particulars** | **Amount (₹)** |
|---|---|
| Salary | 11,340,000 |
| Leave Travel Assistance | 90,000 |
| Contribution to Provident Fund | 1,260,000 |
| Contribution to Superannuation Fund | 1,575,000 |
| Perquisites | 292,689 |
| Perquisite value for stock options | 15,057,890 |
| Gratuity | 922,056 |
| Leave Encashment | 706,871 |
| Commission | 65,000,000 |
| Total | 96,244,506 |

Salary includes basic salary, special allowance and house rent allowance.

Perquisites include reimbursement of medical expenses, personal accident insurance and mediclaim insurance premium.

In view of impact of covid-19 pandemic on business operations of the Company during first quarter of the financial year 2020–2021 and upon recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 9 June 2020 had reduced the remuneration to the Managing Director by around 30 percent for a period of three months.

Thereafter, based on performance of the Company for the quarter and six months ended 30 September 2020 and upon recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 28 October 2020 has reinstated the remuneration to the Managing Director, which was deducted earlier for a period of three months.

Pursuant to KFIL Employee Stock Option Scheme 2017; the Nomination and Remuneration Committee at its meeting held on 3 November 2017 has granted 500,000 employee stock options at an exercise price of ₹ 50 per option to Mr. R. V. Gumaste, Managing Director and these employee stock options would be vested over a period of 4 years subject to fulfillment of vesting conditions. As of 31 March 2021; 3,62,500 employee stock options were vested and 3,62,500 employee stock options have been exercised by him.

**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 2020–2021 are as given below :

| Name of Director | Amount (₹) |
|---|---|
| Mr. Atul Kirloskar | 700,000 |
| Mr. Rahul Kirloskar | 700,000 |
| Mr. A. N. Alawani | 4,450,000 |
| Mrs. Nalini Venkatesh | 1,200,000 |
| Mr. R. Sampathkumar | 700,000 |
| Mr. Y. S. Bhave | 700,000 |
| Mr. M. R. Chhabria | 5,700,000 |
| Mr. M. V. Kotwal | 2,650,000 |
| Mr. V. M. Varma | 1,150,000 |
| Mr. A. R. Jamenis | 1,000,000 |
| Mr. B. S. Govind | 1,000,000 |
| Total | 19,950,000 |

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 sitting fees payable to a Non Executive Director from ₹ 25,000 to ₹ 50,000 for attending a meeting of the Board of Directors and the Committees thereof.

In view of impact of covid-19 pandemic on business operations of the Company during first quarter of the financial year 2020–2021 and upon recommendation of the Nomination and Remuneration

Committee, the Board of Directors at its meeting held on 9 June 2020 had reduced the sum of Sitting Fees from ₹ 50,000 to ₹ 35,000 payable to a Non Executive Director for attending a meeting of the Board of Directors or any committee thereof with effect from 1 April 2020.

Thereafter, based on performance of the Company for the quarter and six months ended 30 September 2020 and upon recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 28 October 2020 has reinstated the sum of Sitting Fees from ₹ 35,000 to ₹ 50,000 payable to a Non Executive Director for attending a meeting of the Board of Directors or any committee thereof with effect from 16 November 2020.

Details of Sitting Fees paid to Non Executive Directors during financial year 2020–2021 are as under:

| Name of Director | Amount (₹) |
|---|---|
| Mr. Atul Kirloskar | 445,000 |
| Mr. Rahul Kirloskar | 425,000 |
| Mr. A. N. Alawani | 635,000 |
| Mrs. Nalini Venkatesh | 410,000 |
| Mr. R. Sampathkumar | 375,000 |
| Mr. Y. S. Bhave | 360,000 |
| Mr. M. R. Chhabria | 290,000 |
| Mr. M. V. Kotwal | 445,000 |
| Mr. V. M. Varma | 460,000 |
| Mr. A. R. Jamenis | 245,000 |
| Mr. B. S. Govind | 140,000 |
| Total | 4,230,000 |

**6. Stakeholders Relationship Committee**

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

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

During the financial year 2020–2021, two meetings of the Stakeholders Relationship Committee were held on 6 May 2020 and 8 January 2021.

Details of attendance by 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 | 2 | 2 |
| Mr. A. N. Alawani | Non–Independent and Non–Executive | 2 | 2 |
| Mr. V. M. Varma | Independent and Non – Executive | 1 | 1 |
| Mr. A. R. Jamenis | Independent and Non–Executive | 1 | 1 |

Notes :

1. Mr. V. M. Varma has been appointed as the Member of the Committee with effect from 13 August 2020.
2. Mr. A. R. Jamenis retired as an Independent Director on 12 August 2020.

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

a) Resolving the grievances of the security holders 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.,

b) Review of measures taken for effective exercise of voting rights by shareholders,

c) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent,

d) 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 or 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 411 003
Tel (020) 66084664 Fax (020) 25813208 / 25810209

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 2020. Two investor complaints were received and two investor complains were redressed during the financial year 2020–2021. No complaint was pending as on 31 March 2021.

**7. General Body Meetings**

Details of last three Annual General Meetings held are as given below :

| Annual General Meeting | Financial Year | Date, Time and Place |
|---|---|---|
| 27th Annual General Meeting | 2017 – 2018 | 25 July, 2018<br>12 Noon<br>Pudumjee Hall, Mahratta Chamber of Commerce, Industries and Agriculture, Tilak Road, Near Nehru Stadium, Swargate Corner, Pune 411002 |
| One special resolution was passed :<br>Appointment of Mr. A. R. Jamenis as an Independent Director of the Company to hold office for a second term of two consecutive years upto 12 August 2020. | | |
| 28th Annual General Meeting | 2018 – 2019 | 23 July, 2019<br>10.30 a.m<br>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 :<br>1. 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.<br>2. 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.<br>3. 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. | | |

| Annual General Meeting | Financial Year | Date, Time and Place |
|---|---|---|
| 29th Annual General Meeting | 2019 – 2020 | 11 August 2020<br>11.30 a.m<br>The Annual General Meeting was held through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM') facility, in compliance of provisions of the Companies Act, 2013 and rules thereof, read with the circulars issued by the Ministry of Corporate Affairs and the SEBI. |
| One special resolution was passed :<br>Continuation of directorship of Mr. A. N. Alawani as a Non Executive Non Independent Director after attainment of age of seventy five years. | | |

No resolution was passed through postal ballot during the financial year 2020–2021.

**8. Means of Communication**

In compliance with requirements of the SEBI LODR Regulations; the Company regularly intimates financial results to 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 on financial results and 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 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.

**9. General Shareholders' Information**

| | |
|---|---|
| **Corporate Identification Number (CIN)** | L27101PN1991PLC063223 |
| **Day, Date and Time** | Tuesday, 27 July 2021 at 11:30 a.m. (IST) |
| **Venue** | Through Video Conferencing or Other Audio Visual Means (VC / OAVM) |
| **Books Closure** | 18 July 2021 to 27 July 2021 (both days inclusive) |
| **Financial Year** | For the financial year from 1 April 2020 to 31 March 2021; financial results were announced as under :<br>First Quarter 29 July 2020<br>Second Quarter 28 October, 2020<br>Third Quarter 25 January 2021<br>Annual 5 May 2021 |
| **ISIN** | INE884B01025 |
| **Dividend payment date** | On or before 13 August 2021 |
| **Listing on stock exchange** | BSE Limited (scrip code : 500245) |

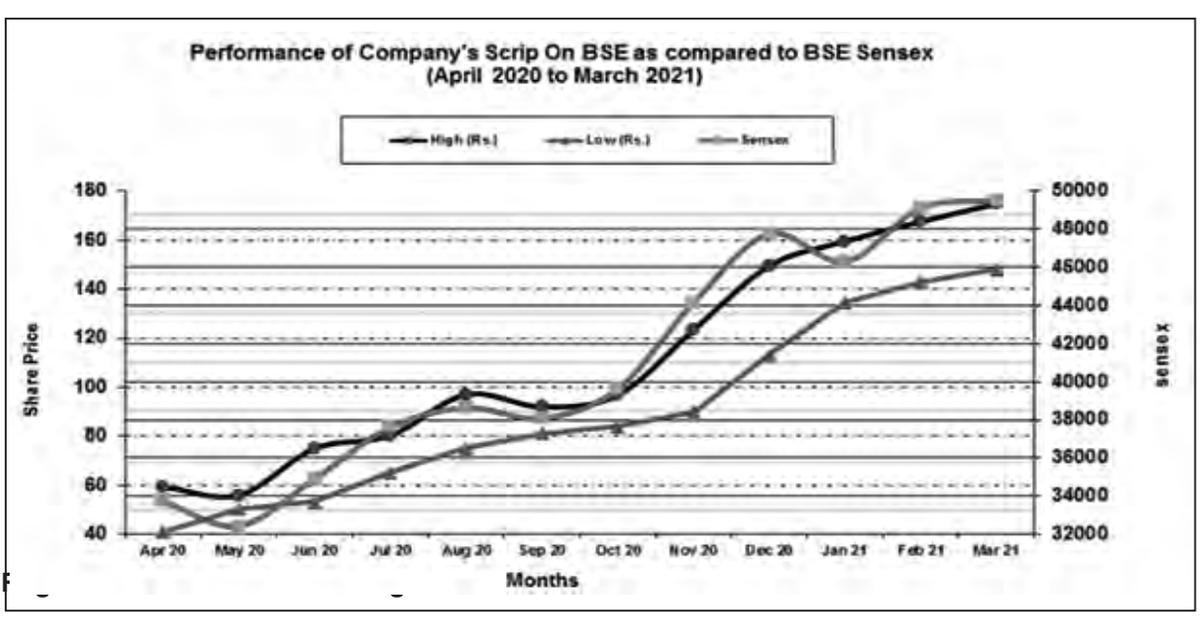
The annual listing fee for the financial year 2020–2021 have been paid and no sum outstanding as on date.

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 2020–2021 are as given below :

| Year | Month | High (₹) | Low (₹) |
|---|---|---|---|
| 2020 | April | 59.30 | 41.00 |
| | May | 55.90 | 50.30 |
| | June | 75.00 | 53.10 |
| | July | 80.25 | 65.25 |
| | August | 97.00 | 75.20 |
| | September | 91.95 | 81.10 |
| | October | 96.75 | 84.00 |
| | November | 123.30 | 90.05 |
| | December | 149.50 | 113.10 |
| 2021 | January | 159.50 | 134.45 |
| | February | 167.50 | 143.00 |
| | March | 174.75 | 148.10 |




The Company has appointed Link Intime India Private Limited (a SEBI Registered Registrar and Share Transfer Agent) to maintain activities in relation to share transfer facility.

Contact details of the Registrar and Share Transfer Agent are as given below :

Link Intime India Private Limited

Akshay Complex, Block No 202, Second Floor, Off Dhole Patil Road,

Near Ganesh Temple, Pune 411 001

Tel No. (020) 26161629 / 26160084 Fax No. (020) 26163503

Email : pune@linkintime.co.in

**Share Transfer System**

Pursuant to the Notification No. LIST/COMP/15/2018-19 dated 5 July 2018 issued by the SEBI, transfer of securities held in physical form has not been permitted after 31 March 2019. However, there is no restriction on transmission / transposition of securities held in physical form.

Applications for transfer of equity shares in physical form are processed by the Registrar and Share Transfer Agent of the Company 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. Transfer applications are approved at regular intervals.

**Shareholding Pattern as on 31 March, 2021**

| Category | Number of Shares | Percentage of Shareholding |
|---|---|---|
| Promoters and Promoters Group | 81,783,822 | 59.11 |
| Mutual Funds | 18,634,533 | 13.47 |
| Domestic Companies | 2,904,186 | 2.10 |
| Investor Education and Protection Fund (IEPF) | 1,797,353 | 1.30 |
| Alternate Investments Funds | 539,522 | 0.39 |
| Foreign Institutional Investors | 28,500 | 0.02 |
| Foreign Portfolio Investors | 130,695 | 0.09 |
| Financial Institutions / Banks | 500 | 0.00 |
| NBFCs registered with RBI | 25,000 | 0.02 |
| Non Resident Indians | 1,518,972 | 1.10 |
| Directors and their relatives | 731,888 | 0.53 |
| Employees | 618,800 | 0.45 |
| Hindu Undivided Families (HUF) | 1,445,868 | 1.05 |
| Clearing Members | 127,278 | 0.09 |
| Trusts | 1,175 | 0.00 |
| General Public | 28,060,589 | 20.28 |
| **Total** | **138,348,681** | **100.00** |

**Distribution of Shareholding as on 31 March, 2021**

| Nominal Value of Shares (₹) | | Shareholders | | Shares | |
|---|---|---|---|---|---|
| From | To | Number | Percentage to Total | Number | Percentage to Total |
| 1 | 5,000 | 45,400 | 94.29 | 8,132,307 | 5.88 |
| 5,001 | 10,000 | 1,044 | 2.17 | 1,650,482 | 1.19 |
| 10,001 | 20,000 | 712 | 1.48 | 2,040,588 | 1.48 |
| 20,001 | 30,000 | 331 | 0.69 | 1,678,224 | 1.21 |
| 30,001 | 40,000 | 139 | 0.29 | 976,722 | 0.71 |
| 40,001 | 50,000 | 144 | 0.30 | 1,362,267 | 0.98 |
| 50,001 | 100,000 | 179 | 0.37 | 2,615,353 | 1.89 |
| 100,001 and above | | 198 | 0.41 | 119,892,738 | 86.66 |
| **Total** | | **48,147** | **100.00** | **138,348,681** | **100.00** |

**Equity Shares in electronic form**

As on 31 March 2021, 97.70 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 2021 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 has also adopted operational measures to mitigate price risks.

For further details, please refer to Note No. 38(i)(c) forming part of the Financial Statements.

**Foreign exchange risk and hedging activities**

During the financial year 2020-2021, 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. The details of foreign currency exposure are disclosed in Note No. 38(i)(b) forming part of the Financial Statements.

**Plant Locations**

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

**Address for correspondence**

| | |
|---|---|
| Kirloskar Ferrous Industries Limited<br>13, Laxmanrao Kirloskar Road,<br>Khadki, Pune 411 003<br>Tel (020) 66084645<br>Fax (020) 25813208 / 25810209<br>Email : kfilinvestor@kirloskar.com | Link Intime India Private Limited<br>Akshay Complex, Block No 202,<br>Second Floor, Off Dhole Patil Road,<br>Near Ganesh Temple, Pune 411 001<br>Tel No. (020) 26161629 / 26160084<br>Fax No. (020) 26163503<br>Email : pune@linkintime.co.in |

**List of Credit Ratings obtained**

ICRA Limited has assigned the rating [ICRA] A1+ (pronounced as ICRA A one plus) in respect of borrowing by issue of Commercial Paper for ₹ 100 Crores. However, the Company has not borrowed any fund by issue of Commercial Paper during the financial year 2020–2021.

**10. Other Disclosures**

a) **Disclosure on Related Party Transactions**

During the financial year 2020–2021, 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 same has been uploaded and 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) 10 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 | **2020-2021** | | 2019-2020 | |
|---|---|---|---|---|---|---|
| | | | **Transaction value** | **Outstanding amount carried in balance sheet** | Transaction value | Outstanding amount carried in balance sheet |
| Kirloskar Industries Limited | Promoter Group | Dividend | **14.13** | **-** | 21.19 | - |
| | | 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 matters related to capital markets during last three 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 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 :**

i. The Board :

Mr. Atul Kirloskar is Non Executive Chairman of the Company. The Company does not bear any expenses for maintaining the office of the Chairman.

ii. 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 same are not sent individually to each member.

iii. Modified opinion(s) in audit report :

Audited Financial Statements of the Company for the financial year ended 31 March 2021 does not contain any modified audit opinion.

iv. Reporting of Internal Auditor:

Internal Auditor reports to the Audit Committee and has direct access to the Audit Committee.

e) The Company has no subsidiary company. Accordingly, no policy has been adopted for determining material subsidiaries.

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

A certificate has been obtained from Mr. Mahesh J. Risbud, Practising Company Secretary 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, the Board of Directors has accepted all recommendations given by the Committees of the Board, which are mandatorily required.

i) During the year under review, the Company has paid the fees for statutory audit, taxation matters, certification and other services and reimbursed out of pocket expenses. Details of which are disclosed in Note No. 35(iii) forming part of the Financial Statements.

j) Disclosures in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013:

| | |
|---|---|
| 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

Email ID: parkhilimaye@hotmail.com

The Cost Audit Report for the financial year ended 31 March 2020 has been filed with the Central Government on 24 August 2020.

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 Report 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 5 May 2021.

**Registration of bank details 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 mode are requested to register latest bank account details with their Depository Participants and those holding shares in physical form are requested to register latest bank account details with the Company's Registrar and Share Transfer Agent, viz. Link Intime India Private Limited.

**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 2021 (₹) |
|---|---|---|---|---|---|
| 2013-2014 | 25 | 13/08/2014 | 02/09/2014 | 12/09/2021 | 4,381,620 |
| 2014-2015 | 25 | 30/07/2015 | 21/08/2015 | 31/08/2022 | 4,595,955 |
| 2015-2016 (Interim) | 25 | 10/03/2016 | 29/03/2016 | 09/04/2023 | 4,762,865 |
| 2016-2017 | 35 | 03/08/2017 | 22/08/2017 | 08/09/2024 | 6,628,513 |
| 2017-2018 | 25 | 25/07/2018 | 27/07/2018 | 29/08/2025 | 3,524,353 |
| 2018-2019 (Interim) | 20 | 30/01/2019 | 27/02/2019 | 04/03/2026 | 2,758,816 |
| 2018-2019 (Final) | 20 | 23/07/2019 | 30/07/2019 | 28/08/2026 | 2,665,374 |
| 2019-2020 (Interim) | 40 | 05/03/2020 | 20/03/2020 | 11/04/2027 | 7,114,746 |
| 2020-2021 (Interim) | 40 | 02/03/2021 | 25/03/2021 | 08/04/2028 | 23,215,357 |

Pursuant to provisions of Rule 5 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the details of amounts relating to unclaimed dividend as on the date of Annual General Meeting (i.e. 11 August 2020) have been filed in Form No. IEPF–2 with the Ministry of Corporate Affairs and have been 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, the Company has transferred 141,073 number of equity shares of ₹ 5 each in October 2020 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.

**Nomination in respect of shares held in physical form / electronic form**

Members holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be vested in the event of death of the registered shareholder(s). Prescribed nomination form can be obtained from the Company or the Registrar and Share Transfer Agent.

Nomination facility for shares held in electronic form is available with the depository participants as per the bye laws and business rules applicable to NSDL and CDSL.

**Income Tax PAN mandatory for transfer of securities**

As per guidelines issued by the SEBI and as informed from time to time by the Company, a copy of Income Tax PAN Card is required to be submitted in following cases :

a) Deletion of name of deceased member(s)

b) Transmission of shares

c) Transposition of shares.

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## 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

Pune : 5 May 2021

## 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 2021 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 number: 105215W/W100057

Suhas Deshpande
Partner
Membership No. 031787
UDIN : 21031787AAAAAW6537
Pune: 5 May 2021

## 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, Automotives 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 deposits 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 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 2019-2020, “No Bake” foundry project was installed and commissioned at Solapur plant for manufacturing of large Grey iron castings weighing in the range of 500 to 2,500 kgs.

KFIL has a unique manufacturing set up that has integration from “Mines to Machined Castings”.

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 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 | 2020–2021 | |
| 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 |
| | | - |
| 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 | 69.17 |
| 2 | Total Turnover | 2,038.08 |
| 3 | Total Profit after Taxes | 302.11 |
| 4 | Total spending on Corporate Social Responsibility (CSR) as a percentage of average profit for last 3 financial years | 3.61 |

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? | No |
| 2 | Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company?<br>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?<br>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 ISO 9001: IATF Guidelines, ISO 14001, OHSMS 45001 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 6 months | - | - | - | - | - | - | - | - | - |
| 5 | It is planned to be done within the next 1 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 the Code of Conduct adherence 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. No complaint in this respect has been received during the year under review.

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 stakeholder.

The company has an Internal Complaint Committee (ICC) to redress complaints received with respect to sexual harassment at work place. There were no complaint 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.

| Unit | Description | 2020-2021 | 2019-2020 |
|---|---|---|---|
| Pig Iron Plant | Specific Energy Consumption (KWh/MT) | 164 | 169 |
| Foundry (Koppal) | Specific Energy Consumption (KWh/MT) | 1,252 | 1,203 |
| KFIL (Koppal) | Specific Water Consumption (Cu.mtr / MT) | 2.44 | 1.10 |
| Foundry (Solapur) | Specific Energy Consumption (KWh/MT) | 1,745 | 1,577 |
| | Specific Water Consumption (Cu.mtr / MT) | 0.79 | 1.00 |

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 which has the effect on specific energy consumption. 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 HTP 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 | 1,354 | 56 % | 67 % |
| Permanent Female | 6 | 93 % | 90% |
| Temporary | 322 | 83 % | 70% |
| Disabled Employees | 1 | 100% | 100% |

The Company has recognised trade unions for its workmen, who constitute around 40 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 and pending at the end of 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 'Enriching Lives' of 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, 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. Installed 100 KW roof top solar PV unit at new administrative building meeting the 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 2.11 percent compared to previous year in terms of tons of CO2 from 8,44,450 in 2019-2020 to 8,26,577 in 2020-2021.

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.

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 by planting around 1,86,000 plants and 8,500 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.

Coke oven gas (CO gas) is a by-product gas produced during the production of metallurgical coke in a coke oven battery. This waste heat coke oven gas 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 and pending at the end of 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, 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 ₹ 3.60 Crores in the areas of Health and Hygiene, Education, Environment 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 five 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 and pending at the end of the financial year.

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.

# INDEPENDENT AUDITORS' REPORT

To The Members of

**Kirloskar Ferrous Industries Limited**

Report on the Audit of the Financial Statements

**Opinion**

We have audited the accompanying financial statements of Kirloskar Ferrous Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, 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, 2021, 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 specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the 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 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**<br><br>The Company is involved in direct and indirect tax litigations amounting to ₹ 23.18 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:<br>• 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.<br>• 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.<br>• Assessed management's discussions held with their legal consultants and understanding precedents in similar cases.<br>• 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**<br><br>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 capitalise 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:<br>• Review of CAPEX business process, flow of documents/ information and their control's effectiveness.<br>• 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.<br>• 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 where, required.<br>• We have reviewed the policy and the procedure of physical verification of PPE.<br>• 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 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 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 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 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, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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.

2. 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 current year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

3. 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.

4. As required by the Companies (Auditor's Report) Order, 2016 ("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.

**For Kirtane & Pandit LLP**
Chartered Accountants
Firm Registration No.105215W/W100057

**Suhas Deshpande**
Partner
Membership No.: 031787
UDIN: 21031787AAAAAX2632

Pune, May 05, 2021

## 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, 2021 in conjunction with our audit of the 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 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, 2021, 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: 21031787AAAAAX2632
Pune, May 05, 2021

## Annexure "B" to the Independent Auditor's Report

**(Referred to in paragraph 4 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) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of verification to cover all the items of fixed assets 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, fixed assets 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 are held in the name of the Company.

ii. As informed to us, the physical verification of inventory has been conducted by the management at reasonable intervals and the discrepancies noticed during such physical verification were not material. Stocks lying with third parties at the year-end have been confirmed.

The discrepancies noticed on physical verification of Inventory as compared to the book records have been properly dealt with the Books of Account.

iii. The Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act. Accordingly, paragraph 3(iii) of the Order is not applicable.

iv. In our opinion and according to the information and explanations given to us, the Company has not given loans, made investments, given guarantees and provided securities which are covered by the provisions of Section 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable.

v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2021 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company. No order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal for contravention of these sections or any other relevant provision(s) of the Act and the relevant rules.

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.

(b) 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, 2021 for a period of more than six months from the date they became payable.

(c) 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, 2021 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 | Tax on sale of Black Waste Sand, Plastic Waste & Wooden Waste | 2,48,421/- | FY 2015-16 and FY 2017-18 | Assistant Commissioner of Central Tax & Central Excise, Hospet |
| 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 | Assistant Commissioner of Central Tax & Central Excise, 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 |

| Name of the statute | Nature of the dues | Amount under dispute (₹) | Period(s) to which the amount relate | Forum where such dispute is pending |
|---|---|---|---|---|
| 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 |
| 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 |
| Provident Fund and Miscellaneous Provisions Act, 1952 | Demand for differential PF dues | 1,18,33,110/- | FY 2012-13 to FY 2015-16 | EPFO, Bellary |

(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. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.

ix. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The Company had not raised money by way of initial public offer or further public offer (including debt instruments) during the current financial year.

x. 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.

xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable Indian accounting standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year 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. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Kirtane & Pandit LLP**

Chartered Accountants

Firm Registration No.105215W/W100057

**Suhas Deshpande**

Partner

Membership No.: 031787

UDIN: 21031787AAAAAX2632

Pune, May 05, 2021

# Financial Statements
# and
# Notes forming part of Financial Statements

## BALANCE SHEET AS AT 31ST MARCH, 2021

(₹ in Crores)

| Particulars | Note No. | As at 31st March, 2021 | As at 31st March, 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | **5** | **1,010.31** | 852.01 |
| Capital work-in-progress | **5** | **149.08** | 137.69 |
| Intangible assets | **6** | **1.51** | 2.10 |
| Intangible assets under development | **6** | **13.14** | 6.06 |
| Financial assets | | | |
| (i) Investments | **7** | **0.55** | 0.50 |
| (ii) Loans | **8** | **10.50** | 10.78 |
| (iii) Other financial assets | **9** | **0.09** | 0.08 |
| Other non-current asset | **10** | **24.64** | 10.94 |
| **Total non-current assets** | | **1,209.82** | 1,020.16 |
| **Current assets** | | | |
| Inventories | **11** | **284.38** | 236.44 |
| Financial assets | | | |
| (i) Trade receivables | **12** | **360.72** | 292.59 |
| (ii) Cash and cash equivalents | **13** | **10.07** | 6.96 |
| (iii) Bank balances other than (ii) above | **13** | **5.96** | 4.08 |
| (iv) Loans | **14** | **1.01** | 0.69 |
| (v) Other financial assets | **15** | **0.61** | 3.46 |
| Current tax assets (net) | **16** | **20.33** | 20.65 |
| Other current assets | **17** | **39.67** | 34.23 |
| **Total current assets** | | **722.75** | 599.10 |
| **TOTAL ASSETS** | | **1,932.57** | 1,619.26 |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | **18** | **69.17** | 68.91 |
| Other equity | **19** | **930.20** | 653.07 |
| **Total equity** | | **999.37** | 721.98 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | **20** | **128.83** | 157.73 |
| Provisions | **21** | **3.55** | 2.85 |
| Deferred tax liabilities (Net) | **22** | **88.44** | 114.28 |
| **Total non-current liabilities** | | **220.82** | 274.86 |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | **23** | **85.00** | 83.00 |
| (ii) Trade payables | **24** | | |
| - Total outstanding dues of micro enterprises and small enterprises | | **19.69** | 14.62 |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | | **349.56** | 360.97 |
| (iii) Other current financial liabilities | **25** | **218.15** | 145.96 |
| Other current liabilities | **26** | **31.41** | 10.55 |
| Provisions | **27** | **8.57** | 7.32 |
| **Total current liabilities** | | **712.38** | 622.42 |
| **Total liabilities** | | **933.20** | 897.28 |
| **TOTAL EQUITY AND LIABILITIES** | | **1,932.57** | 1,619.26 |

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 5th May, 2021

For and on behalf of the Board of Directors

| | | |
|---|---|---|
| ATUL C. KIRLOSKAR | R.V.GUMASTE | |
| Chairman | Managing Director | |
| DIN 00007387 | DIN 00082829 | |
| MAYURESH GHARPURE | R.S.SRIVATSAN | |
| Company Secretary | Chief Financial Officer | |
| Pune 5th May, 2021 | Koppal 5th May, 2021 | |

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ in Crores)

| Particulars | Note No. | For the Year ended | |
|---|---|---|---|
| | | **31st March, 2021** | 31st March, 2020 |
| **INCOME** | | | |
| Revenue from operations | **28** | **2,038.08** | 1,849.66 |
| Other Income | **29** | **2.83** | 15.64 |
| **Total Income** | | **2,040.91** | 1,865.30 |
| **EXPENSES** | | | |
| Cost of materials consumed | **30** | **1,048.79** | 1,131.40 |
| Purchases of stock-in-trade | | **-** | - |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | **31** | **3.45** | 1.67 |
| Employee benefits expense | **32** | **106.62** | 96.40 |
| Finance costs | **33** | **25.16** | 17.26 |
| Depreciation and amortization expense | **34** | **75.98** | 57.51 |
| Other expenses | **35** | **417.72** | 404.88 |
| **Total expenses** | | **1,677.72** | 1,709.12 |
| **Profit/(Loss) before tax** | | **363.19** | 156.18 |
| **Tax expenses** | | | |
| (1) Current tax | | **87.49** | 28.59 |
| (2) Short/ (excess) for the earlier years | | **(0.84)** | (5.68) |
| (3) Deferred tax | | **(25.57)** | 20.90 |
| **Profit for the year** | | **302.11** | 112.37 |
| **Other Comprehensive Income** | | | |
| Items that will not be reclassified to profit or (loss) | | | |
| Remeasurements of post-employment benefit obligations | | **(1.14)** | (1.92) |
| Income Tax relating to above | | **0.28** | 0.67 |
| Fair value changes on equity Instruments through other comprehensive income | | **0.05** | - |
| Income Tax relating to above | | **(0.01)** | - |
| **Other Comprehensive Income for the year, net of tax** | | **(0.82)** | (1.25) |
| **Total Comprehensive Income for the period (Comprising profit and Other Comprehensive Income for the year)** | | **301.29** | 111.12 |
| Earnings per equity share (for continuing operations) | **36** | | |
| Basic (₹) | | **21.89** | 8.16 |
| Diluted (₹) | | **21.82** | 8.15 |

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 5th May, 2021

For and on behalf of the Board of Directors

ATUL C. KIRLOSKAR
Chairman
DIN 00007387

MAYURESH GHARPURE
Company Secretary

Pune 5th May, 2021

R.V.GUMASTE
Managing Director
DIN 00082829

R.S.SRIVATSAN
Chief Financial Officer

Koppal 5th May, 2021

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

(₹ in Crores)

| Particulars | As at 31st March, 2021 | | As at 31st March, 2020 |
|---|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES :** | | | |
| Net Profit / (Loss) before tax | | **363.19** | 156.18 |
| Add : | | | |
| Depreciation | **75.98** | | 57.51 |
| (Profit) / Loss on sale of assets | **(0.20)** | | 0.72 |
| Provision for doubtful debts | **2.74** | | - |
| Bad debts written off | **0.12** | | - |
| Unrealised Foreign exchange (Gain)/Loss | **(5.41)** | | 8.84 |
| Employee share-based payment expense | **1.09** | | 1.64 |
| Remeasurements of post-employment benefit obligations | **(1.14)** | | (1.92) |
| Fair value changes on equity Instruments | **0.05** | | - |
| Fair value changes in derivative financial instrument | **1.88** | | (2.70) |
| Finance Costs | **25.16** | | 17.26 |
| | | **100.27** | 81.35 |
| Less : | | **463.46** | 237.53 |
| Interest Income | **(0.79)** | | (1.22) |
| Dividend Income | **-** | | - |
| Provision no longer required written back | **(1.29)** | | (0.58) |
| Sundry Credit balances appropriated | **(0.13)** | | (0.20) |
| | | **(2.21)** | (2.00) |
| Operating profit before working capital changes | | **461.25** | 235.53 |
| Movements in working capital: | | | |
| Decrease / (increase) in inventories | **(47.94)** | | 9.83 |
| Decrease / (increase) in trade receivables | **(70.99)** | | 87.62 |
| Decrease / (increase) in non-current loans | **0.28** | | (2.09) |
| Decrease / (increase) in other non-current assets | **(3.95)** | | (0.58) |
| Decrease / (increase) in current loans | **(0.32)** | | 0.17 |
| Decrease / (increase) in other current assets | **(5.44)** | | (19.21) |
| Decrease / (increase) in other financial assets | **0.82** | | - |
| Increase / (decrease) in non-current provisions | **0.70** | | 0.39 |
| Increase / (decrease) in trade payables | **(1.32)** | | (67.48) |
| Increase / (decrease) in other current financial liabilities | **16.39** | | (3.48) |
| Increase / (decrease) in other current liabilities | **20.86** | | (8.10) |
| Increase / (decrease) in current provisions | **1.24** | | 1.18 |
| | | **(89.67)** | (1.75) |
| Cash generated from Operations | | **371.58** | 233.78 |
| Taxes paid | | **(86.33)** | (30.15) |
| **Net cash from Operating Activities ( A )** | | **285.25** | 203.63 |
| **B. CASH FLOW FROM INVESTING ACTIVITIES :** | | | |
| Purchase of property, plant and equipment including CWIP and Capital Advances | **(214.15)** | | (319.64) |
| Purchase of Investments | **-** | | (0.49) |
| Fair value changes in Investments | **(0.05)** | | - |
| Proceeds from sale of property, plant and equipment | **0.70** | | 3.04 |
| Investment in other Financial Assets | **-** | | (0.02) |
| Interest Received | **0.95** | | 1.23 |
| **Net Cash from Investing Activities ( B )** | | **(212.55)** | (315.88) |
| **C. CASH FLOW FROM FINANCING ACTIVITIES :** | | | |
| Interest paid | **(24.79)** | | (17.06) |
| Other Borrowing Costs | **(0.35)** | | (0.21) |
| Proceeds from long term borrowings (net) | **(21.48)** | | 175.24 |
| Proceeds/(Repayment) from short term borrowings | **2.00** | | 9.12 |
| Increase/(Decrease) on issue of equity shares | **2.70** | | 0.93 |
| Dividend Paid | **(27.67)** | | (41.33) |
| Tax on Dividend Paid | **-** | | (8.50) |
| **Net Cash from Financing Activities ( C )** | | **(69.59)** | 118.19 |
| **Net Increase/(Decrease) in Cash and Cash Equivalents ( A + B + C )** | | **3.11** | 5.94 |
| **Cash and Cash Equivalents at the beginning of the year (Refer Note 13A)** | **6.96** | | 1.02 |
| **Cash and Cash Equivalents at the end of the year (Refer Note 13A)** | **10.07** | | 6.96 |

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 5th May, 2021

For and on behalf of the Board of Directors

ATUL C. KIRLOSKAR
Chairman
DIN 00007387

MAYURESH GHARPURE
Company Secretary

Pune 5th May, 2021

R.V.GUMASTE
Managing Director
DIN 00082829

R.S.SRIVATSAN
Chief Financial Officer

Koppal 5th May, 2021

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

### A. Equity Share Capital (Note 18)

(₹ in Crores)

| Opening Balance as on 1st April, 2019 | Changes in equity share capital during the year | Closing Balance as on 31st March, 2020 |
|---|---|---|
| 68.82 | 0.09 | 68.91 |

| 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 |

### 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, 2019** | 196.65 | 55.00 | 334.63 | - | 3.01 | - | 589.29 |
| **Total Comprehensive Income** | | | | | | | |
| Profit for the year | - | - | 112.37 | - | - | - | 112.37 |
| Other Comprehensive Income | - | - | (1.25) | - | - | - | (1.25) |
| Transfer to General Reserve | - | 5.00 | (5.00) | - | - | - | - |
| Employee stock option expense | - | - | - | - | 1.64 | - | 1.64 |
| Share application money received | - | - | - | - | - | 0.07 | 0.07 |
| Transfer from Share option account to Securities premium | 1.45 | - | - | - | (0.67) | - | 0.78 |
| Issue of equity shares on account of exercise of employee stock options | - | - | - | - | - | - | - |
| **Distribution to shareholders** | | | | | | | |
| Final Dividend | - | - | (13.77) | - | - | - | (13.77) |
| Dividend distribution tax on Final Dividend | - | - | (2.83) | - | - | - | (2.83) |
| Interim Dividend | - | - | (27.56) | - | - | - | (27.56) |
| Dividend distribution tax on Interim Dividend | - | - | (5.67) | - | - | - | (5.67) |
| **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) | 0.04 | - | - | (0.82) |
| Transfer to General Reserve | - | 5.00 | (5.00) | - | - | - | - |
| Employee stock option expense | - | - | - | - | 1.08 | - | 1.08 |
| Share application money received | - | - | - | - | - | 2.70 | 2.70 |
| Issue of equity shares on account of exercise of employee stock options | 4.45 | - | - | - | (2.08) | (2.64) | (0.27) |
| Lapse of employee stock options | - | - | 0.15 | - | (0.15) | - | - |
| **Distribution to shareholders** | | | | | | | |
| Final Dividend | - | - | - | - | - | - | - |
| Dividend distribution tax on Final Dividend | - | - | - | - | - | - | - |
| Interim Dividend | - | - | (27.67) | - | - | - | (27.67) |
| Dividend distribution tax on Interim Dividend | - | - | - | - | - | - | - |
| **Balance as on 31st March, 2021** | **202.55** | **65.00** | **659.65** | **0.04** | **2.83** | **0.13** | **930.20** |

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 5th May, 2021

For and on behalf of the Board of Directors

ATUL C. KIRLOSKAR
Chairman
DIN 00007387

MAYURESH GHARPURE
Company Secretary

Pune 5th May, 2021

R.V.GUMASTE
Managing Director
DIN 00082829

R.S.SRIVATSAN
Chief Financial Officer

Koppal 5th May, 2021

**Notes to and forming part of the Financial Statements for the Year ended 31st March, 2021**

(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 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**

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.

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 upto ₹ 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.

**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.

- **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.

**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 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.

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:

- 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 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.

## 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.

## 5. PROPERTY, PLANT AND EQUIPMENTS

(₹ 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, 2019 | 8.01 | 4.42 | 207.32 | 851.02 | 0.07 | 3.25 | 6.28 | 5.66 | 3.76 | 1,089.79 | 56.73 |
| Additions | - | - | 13.86 | 292.08 | - | 0.07 | 0.82 | 0.65 | 0.19 | 307.67 | 388.63 |
| Disposals | 0.02 | - | 0.24 | 11.36 | - | 0.11 | 1.37 | 0.30 | 0.16 | 13.56 | 307.67 |
| Adjustments | - | - | - | - | - | - | - | - | - | - | - |
| **As at 31st March, 2020** | **7.99** | **4.42** | **220.94** | **1,131.74** | **0.07** | **3.21** | **5.73** | **6.01** | **3.79** | **1,383.90** | **137.69** |
| Additions | 5.80 | 1.94 | 36.53 | 187.46 | - | 0.13 | 0.33 | 0.96 | 0.65 | 233.80 | 245.19 |
| Disposals | - | - | - | 1.15 | - | - | 0.27 | 0.01 | 0.02 | 1.45 | 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** |
| **DEPRECIATION** | | | | | | | | | | | |
| As at 31st March, 2019 | - | - | 77.30 | 396.53 | 0.02 | 1.79 | 3.16 | 4.43 | 2.29 | 485.52 | - |
| For the year | - | - | 7.52 | 46.42 | 0.01 | 0.24 | 0.83 | 0.64 | 0.51 | 56.17 | - |
| Disposals | - | - | 0.15 | 8.01 | - | 0.11 | 1.07 | 0.30 | 0.16 | 9.80 | - |
| Adjustments | - | - | - | - | - | - | - | - | - | - | - |
| 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** | **-** |
| **NET CARRYING AMOUNT** | | | | | | | | | | | |
| **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 | 696.80 | 0.04 | 1.29 | 2.81 | 1.24 | 1.15 | 852.01 | 137.69 |

## 6. INTANGIBLE ASSETS

(₹ in Crores)

| Particulars | Mining Rights | Computer software | Total | Intangible assets under development |
|---|---|---|---|---|
| **GROSS CARRYING AMOUNT** | | | | |
| As at 31st March, 2019 | 0.11 | 10.90 | 11.01 | 5.42 |
| Additions | - | 0.10 | 0.10 | 0.74 |
| Disposals | - | - | - | 0.10 |
| Adjustments | - | - | - | - |
| 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** |
| **DEPRECIATION** | | | | |
| As at 31st March, 2019 | 0.11 | 7.56 | 7.67 | - |
| For the year | - | 1.34 | 1.34 | - |
| Disposals | - | - | - | - |
| Adjustments | - | - | - | - |
| 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** | **-** |
| **NET CARRYING AMOUNT** | | | | |
| **As at 31st March, 2021** | **-** | **1.51** | **1.51** | **13.14** |
| As at 31st March, 2020 | - | 2.10 | 2.10 | 6.06 |

## 7. INVESTMENTS (NON-CURRENT)

(₹ in Crores)

| Particulars | As at 31st March | |
|---|---|---|
| | **2021** | 2020 |
| **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) | **0.54** | 0.49 |
| 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** | **0.55** | 0.50 |

**Note :**

* 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.

## 8. LOANS (NON-CURRENT)

(₹ in Crores)

| Particulars | As at 31st March | |
|---|---|---|
| | **2021** | 2020 |
| **Unsecured, considered good** | | |
| Security deposits | **10.37** | 10.52 |
| Loans to contractors | **0.06** | 0.16 |
| Loans to employees | **0.07** | 0.10 |
| **Total** | **10.50** | 10.78 |

## 9. OTHER FINANCIAL ASSETS (NON-CURRENT)

(₹ in Crores)

| Particulars | As at 31st March | |
|---|---|---|
| | **2021** | 2020 |
| **Unsecured, considered good** | | |
| Non-current bank balances | | |
| Margin money deposit | **0.02** | 0.01 |
| Deposits with more than 12 months maturity | **0.07** | 0.07 |
| **Total** | **0.09** | 0.08 |

## 10. OTHER NON-CURRENT ASSETS

(₹ in Crores)

| Particulars | As at 31st March | |
|---|---|---|
| | **2021** | 2020 |
| **Unsecured, considered good** | | |
| Capital advances | **19.35** | 9.59 |
| **Advances other than capital advances** | | |
| Prepaid expenses | **0.07** | 0.14 |
| Advance to suppliers | **5.22** | 1.21 |
| **Unsecured, considered doubtful** | | |
| Claims receivable | **0.54** | 0.40 |
| Less: Provision | **(0.54)** | (0.40) |
| **Total** | **24.64** | 10.94 |

## 11. INVENTORIES

(₹ in Crores)

| Particulars | As at 31st March | |
|---|---|---|
| | **2021** | 2020 |
| Raw materials at site | **72.22** | 46.56 |
| Raw materials in transit | **119.10** | 96.75 |
| | **191.32** | 143.31 |
| Work-in-progress | **31.01** | 38.49 |
| Finished goods | **9.77** | 8.95 |
| Stores and spares | **46.94** | 43.52 |
| Stores and spares in transit | **0.59** | 0.63 |
| By-products | **4.75** | 1.54 |
| **Total** | **284.38** | 236.44 |

**Details of Work-in-progress**

(₹ in Crores)

| Particulars | As at 31st March | |
|---|---|---|
| | **2021** | 2020 |
| a. Castings | **24.50** | 32.36 |
| b. Others | **6.51** | 6.13 |
| **Total** | **31.01** | 38.49 |

**Details of Finished Goods**

(₹ in Crores)

| Particulars | As at 31st March | |
|---|---|---|
| | **2021** | 2020 |
| a. Pig iron | **4.61** | 6.90 |
| b. Castings | **5.16** | 2.05 |
| **Total** | **9.77** | 8.95 |

## 12. TRADE RECEIVABLES

(₹ in Crores)

| Particulars | As at 31st March | |
|---|---|---|
| | **2021** | 2020 |
| **Trade receivables (Unsecured) :** | | |
| Receivables considered good | **360.72** | 292.59 |
| Receivables which have significant increase in credit risk | **5.35** | 2.61 |
| | **366.07** | 295.20 |
| Less: Allowance for bad and doubtful trade receivables | **(5.35)** | (2.61) |
| **Total** | **360.72** | 292.59 |

**Movement in allowance of bad and doubtful trade receivables**

| Particulars | ₹ In Crores |
|---|---|
| At 1st April, 2019 | 2.70 |
| Provided during the year | - |
| Amount written off | - |
| Amount written back | (0.09) |
| At 31st March, 2020 | 2.61 |
| Provided during the year | **2.74** |
| Amount written off | **-** |
| Amount written back | **-** |
| **At 31st March, 2021** | **5.35** |

## 13. CASH AND BANK BALANCES

(₹ in Crores)

| Particulars | As at 31st March | |
|---|---|---|
| | **2021** | 2020 |
| **A. Cash and Cash Equivalents** | | |
| Balances with banks | | |
| In Current accounts | **10.06** | 6.95 |
| Cash on hand | **0.01** | 0.01 |
| **Total (A)** | **10.07** | 6.96 |
| **B. Other Bank balances** | | |
| Earmarked balances (unpaid dividend accounts) | **5.96** | 4.08 |
| **Total (B)** | **5.96** | 4.08 |

## 14. LOANS (CURRENT)

(₹ in Crores)

| Particulars | As at 31st March | |
|---|---|---|
| | **2021** | 2020 |
| **Unsecured, considered good** | | |
| Loan to employees | **0.28** | 0.29 |
| Loan to contractors | **0.73** | 0.40 |
| **Total** | **1.01** | 0.69 |

## 15. OTHER FINANCIAL ASSETS (CURRENT)

(₹ in Crores)

| Particulars | As at 31st March | |
|---|---|---|
| | **2021** | 2020 |
| **Unsecured, considered good** | | |
| Interest accrued on deposits | **0.61** | 0.76 |
| **Derivative assets** | | |
| Foreign currency forward contract | **-** | 2.70 |
| **Total** | **0.61** | 3.46 |

## 16. CURRENT TAX ASSETS (NET)

(₹ in Crores)

| Particulars | As at 31st March | |
|---|---|---|
| | **2021** | 2020 |
| Income Tax (Net) | **20.33** | 20.65 |
| **Total** | **20.33** | 20.65 |

## 17. OTHER CURRENT ASSETS

(₹ in Crores)

| Particulars | As at 31st March | |
|---|---|---|
| | **2021** | 2020 |
| **Unsecured, considered good** | | |
| Advances to suppliers | **26.97** | 16.18 |
| Balances with Government authorities | **9.69** | 16.66 |
| Prepaid expenses | **3.01** | 1.39 |
| **Total** | **39.67** | 34.23 |

## 18. SHARE CAPITAL

(₹ in Crores)

| Particulars | As at 31st March | |
|---|---|---|
| | **2021** | 2020 |
| **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** | | |
| 13,83,48,681 (13,78,21,991) Equity Shares of ₹ 5 each | **69.17** | 68.91 |
| **Total** | **69.17** | 68.91 |

**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.

| Particulars | Year ended 31st March, 2021 | | Year ended 31st March, 2020 | |
|---|---|---|---|---|
| | **Number** | **(₹ in Crores)** | Number | (₹ in Crores) |
| **Equity shares** | | | | |
| Balance at the beginning of the year | **137,821,991** | **68.91** | 137,649,041 | 68.82 |
| Shares issued during the year | **526,690** | **0.26** | 172,950 | 0.09 |
| Shares bought back during the year | **-** | **-** | - | - |
| Balance at the end of the year | **138,348,681** | **69.17** | 137,821,991 | 68.91 |

### 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 | Year ended 31st March, 2021 | | Year ended 31st March, 2020 | |
|---|---|---|---|---|
| | **No. of shares held** | **Percentage of holding** | No. of shares held | Percentage of holding |
| Kirloskar Industries Limited* | **70,643,754** | **51.06** | 70,643,754 | 51.26 |

* Kirloskar Industries Limited is the only shareholder holding more than 5 percent of the total equity shares.

## 19. OTHER EQUITY

(₹ in Crores)

| Particulars | As at 31st March | |
|---|---|---|
| | **2021** | 2020 |
| **a. Securities premium** | | |
| Opening balance | **198.10** | 196.65 |
| Add : On account of exercise of employee stock options | **4.45** | 1.45 |
| Closing balance **Total (a)** | **202.55** | 198.10 |
| **b. General reserves** | | |
| Opening balance | **60.00** | 55.00 |
| Add: Current year transfer from Surplus | **5.00** | 5.00 |
| Closing balance **Total (b)** | **65.00** | 60.00 |
| **c. Surplus - balance in the Statement of Profit and Loss** | | |
| Opening balance | **390.92** | 334.63 |
| Add : | | |
| Profit for the year | **302.11** | 112.37 |
| Other comprehensive income / (loss) | **(0.86)** | (1.25) |
| Transfer from Share Options on account of lapse of employee stock options | **0.15** | - |
| Less : Appropriations | | |
| Final Dividend on equity shares * | **-** | (13.77) |
| Dividend Distribution Tax on Final Dividend * | **-** | (2.83) |
| Interim Dividend on equity shares ** | **(27.67)** | (27.56) |
| Dividend Distribution Tax on Interim Dividend ** | **-** | (5.67) |
| Amount transferred to General reserve | **(5.00)** | (5.00) |
| Closing balance **Total (c)** | **659.65** | 390.92 |
| **d. Share options outstanding account** | | |
| Opening balance | **3.98** | 3.01 |
| Add: Employee stock option expense | **1.08** | 1.64 |
| Less: Transfer to profit and loss on account of lapse of employee stock options | **(0.15)** | - |
| Less: Transfer to securities premium on account of exercise of employee stock options | **(2.08)** | (0.67) |
| Closing balance **Total (d)** | **2.83** | 3.98 |
| **e. Equity Instruments through Other Comprehensive Income** | | |
| Opening balance | **-** | - |
| Add: Fair value changes net of deferred tax | **0.04** | - |
| Add: Deductions during the year | **-** | - |
| Closing balance | **0.04** | - |

## 19. OTHER EQUITY

(₹ in Crores)

| Particulars | As at 31st March | |
|---|---|---|
| | **2021** | 2020 |
| **f. Share Application Money pending allotment** | | |
| Opening balance | **0.07** | - |
| Add: Amount received on exercise of stock options | **2.70** | 0.07 |
| Less: Issue of equity shares on account of exercise of employee stock options | **(2.64)** | - |
| Closing balance **Total (e)** | **0.13** | 0.07 |
| **Total (a+b+c+d+e)** | **930.20** | 653.07 |

**Notes :**

* ₹ 13.77 Crores and ₹ 2.83 Crores pertains to FY 2018-19.

** ₹ 27.67 Crores pertains to FY 2020-21 and ₹ 27.56 Crores and ₹ 5.67 Crores pertains to FY 2019-20.

**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 31st March | |
|---|---|---|
| | **2021** | 2020 |
| **Unsecured** | | |
| Term Loans | | |
| From Bank | **128.83** | 157.73 |
| **Total** | **128.83** | 157.73 |

**Details of unsecured term loan from banks**

| Name of bank | Loan availed (₹ in Crores) | Interest rate per annum payable monthly | Tenure | Principal Repayment |
|---|---|---|---|---|
| BNP Paribas | 15 | 7.45% | 48 months | 45 equal installments of ₹ 1 Crore from September 2018. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 19th June, 2018. At every put and call option date interest rate will be reset. |
| BNP Paribas | 30 | 7.45% | 48 months | |
| BNP Paribas | 20 | 6.77% | 48 months | Repayment in 39 monthly installments (ie. 38 installment of ₹ 0.52 Crore and last installment will be of ₹ 0.24 Crore). Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 19th August, 2019. At every put and call option date interest rate will be reset. |
| The Hongkong and Shanghai Banking Corporation Limited (HSBC) | 70 | 7.90% | 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 Ltd. | 30 | 6.10% | 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 Ltd. | 40 | 6.10% | 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. |

| Name of bank | Loan availed (₹ in Crores) | Interest rate per annum payable monthly | Tenure | Principal Repayment |
|---|---|---|---|---|
| Kotak Mahindra Bank Ltd. | 50 | 6.10% | 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. |
| DBS Bank India Ltd | 25 | 6.25% | 36 months | Repayment in 36 monthly installments of ₹ 0.69 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. interest rate will be reset on quarterly basis. |

The amount repayable within 12 months from the reporting date, i.e. ₹ 77.94 Crores has been reflected in 'Current maturities of long term borrowings' under the Note no. 25 Other Current Financial Liabilities.

## 21. PROVISIONS (NON-CURRENT)

(₹ in Crores)

| Particulars | As at 31st March | |
|---|---|---|
| | **2021** | 2020 |
| **Provision for employee benefits** | | |
| Leave encashment | **3.55** | 2.85 |
| **Total** | **3.55** | 2.85 |

## 22. DEFERRED TAX LIABILITIES (NET)

The major components of income tax expense for the years ended 31st March, 2021 and 31st March, 2020 are as given below:

(₹ in Crores)

| Particulars | For the year ended 31st March | |
|---|---|---|
| | **2021** | 2020 |
| **Statement of Profit and Loss section** | | |
| **Current income tax:** | | |
| Current income tax charge | **87.49** | 28.59 |
| Short/ (excess) for the earlier years | **(0.84)** | (5.68) |
| **Deferred tax:** | | |
| Relating to origination and reversal of temporary differences | **(25.57)** | 20.90 |
| **Income tax expense reported in the Statement of Profit and Loss** | **61.08** | 43.81 |
| **OCI Section** | | |
| Deferred tax related to items recognised in OCI during the year: | | |
| Deferred tax net loss/(gain) on actuarial gains and losses | **0.28** | 0.67 |
| Fair value changes on equity Instruments | **(0.01)** | - |
| **Income tax charged to OCI** | **0.27** | 0.67 |

**Reconciliation of actual income tax and effective income tax**

(₹ in Crores)

| Particulars | For the year ended 31st March | |
|---|---|---|
| | **2021** | 2020 |
| Accounting profit before tax | **363.19** | 156.18 |
| At India's statutory income tax rate of 25.168% (31st March, 2020: 34.944%) | **91.41** | 54.58 |
| Tax effects on adjustments which are not deductible (taxable) in calculating taxable income | | |
| Tax of earlier years | **(0.84)** | (5.68) |
| 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 | | (4.83) |
| Other Items which are not deductible (taxable) in calculating taxable income | **0.16** | (4.65) |
| Others | **2.32** | 4.39 |
| Income tax expense reported in the statement of profit and loss | **61.08** | 43.81 |

**Deferred tax relates to the following**

(₹ in Crores)

| Particulars | Deferred tax asset / (liability) | | Movement in deferred tax | |
|---|---|---|---|---|
| | As at 31st March | | For the Year ended 31st March | |
| | **2021** | 2020 | **2021** | 2020 |
| Property, plant and equipment and intangible assets | **(94.00)** | (120.39) | **(26.39)** | 20.89 |
| Disallowances under section 43B of Income tax Act, 1961 | **4.22** | 5.19 | **0.97** | (0.69) |
| Provision for doubtful debts and advances | **1.35** | 0.92 | **(0.43)** | 0.03 |
| Others | **(0.01)** | - | **0.01** | - |
| **Total** | **(88.44)** | (114.28) | **(25.84)** | 20.23 |

(₹ in Crores)

| Breakup of movement in Deferred Tax Liabilities, Net | As at 31st March | |
|---|---|---|
| | **2021** | 2020 |
| **Opening balance** | **114.28** | 94.05 |
| Tax expense during the year recognised in statement of profit and loss | **(25.57)** | 20.90 |
| Tax expense during the year recognised in OCI | **(0.27)** | (0.67) |
| **Sub-total** | **(25.84)** | 20.23 |
| **Closing balance** | **88.44** | 114.28 |

(₹ in Crores)

| Reflected in the Balance Sheet as follows: | As at 31st March | |
|---|---|---|
| | **2021** | 2020 |
| Deferred Tax Liabilities | **94.01** | 120.38 |
| Deferred Tax Assets | **5.57** | 6.10 |
| **Deferred Tax Liabilities, Net** | **88.44** | 114.28 |

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.

In the financial year 2019-20, new section 115BAA has been introduced by the CBDT. As per this section, option is given to all existing companies to either pay Income tax as per existing rates ( i.e. 25% or 30% plus applicable surcharge and cess) or as per concessional rate of 22% plus applicable surcharge and cess. This new rate is available only if company forgoes certain exemptions and deductions. Since this new rate is beneficial, company has adopted the new tax rate of 25.168% (i.e.22% including surcharge and cess) for computing Income tax & deferred Tax for year ended 31st March, 2021 (the rate for 31st March 2020 was 34.944%).

## 23. BORROWINGS (CURRENT)

(₹ in Crores)

| Particulars | As at 31st March | |
|---|---|---|
| | **2021** | 2020 |
| **Secured** | | |
| **Loans payable on demand** | | |
| Short term loans | **58.00** | 83.00 |
| Cash credit from banks | **-** | - |
| **Total (a)** | **58.00** | 83.00 |
| **Unsecured** | | |
| **Loans payable on demand** | | |
| Working capital facilities from banks | **-** | - |
| Short term loans | **27.00** | - |
| **Total (b)** | **27.00** | - |
| **Total ( a + b )** | **85.00** | 83.00 |

**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.

**Net Debt position**

(₹ in Crores)

| Particulars | As at 31st March | |
|---|---|---|
| | **2021** | 2020 |
| **Cash and Bank Balance** | | |
| Cash and cash equivalents | **10.07** | 6.96 |
| **Borrowings** | | |
| Current Borrowings | **(85.00)** | (83.00) |
| Long term borrowings (including current maturities) | **(206.77)** | (228.24) |
| | **(291.77)** | (311.24) |
| **Net debt** | **(281.70)** | (304.28) |

**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 |
| Borrowings during the year | - | - | - |
| Net debt as at 31st March, 2021 | **10.07** | **(291.77)** | **(281.70)** |

**Net debt reconciliation as at 31 March, 2020**

(₹ in Crores)

| Particulars | Cash and bank balance | Borrowings | Total |
|---|---|---|---|
| Net debt as at 31st March, 2019 | 1.02 | (126.88) | (125.86) |
| Cash flows | 5.94 | - | 5.94 |
| Foreign exchange adjustment | - | - | - |
| Interest accrued but not due as on 1st April, 2019 | - | 0.01 | 0.01 |
| Interest accrued but not due as on 31st March, 2020 | - | (0.01) | (0.01) |
| Interest expense | - | 17.05 | 17.05 |
| Interest paid | - | (17.05) | (17.05) |
| Borrowing / (Repayment) (Net) - Short term | - | (9.12) | (9.12) |
| Borrowing / (Repayment) (Net) - Long term | - | (175.24) | (175.24) |
| Net debt as at 31st March, 2020 | **6.96** | **(311.24)** | **(304.28)** |

## 24. TRADE PAYABLES

(₹ in Crores)

| Particulars | As at 31st March | |
|---|---|---|
| | **2021** | 2020 |
| Total outstanding dues of micro enterprises and small enterprises | **19.69** | 14.62 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | |
| Acceptances | **215.59** | 154.04 |
| Others | **133.97** | 206.93 |
| **Total** | **349.56** | 360.97 |

## 25. OTHER FINANCIAL LIABILITIES (CURRENT)

(₹ in Crores)

| Particulars | As at 31st March | |
|---|---|---|
| | **2021** | 2020 |
| **Derivative liabilities** | | |
| Foreign currency forward contract | **1.88** | - |
| **Other financial liabilities** | | |
| Current maturities of long term borrowings | **77.94** | 70.51 |
| Interest accrued but not due on borrowings | **0.02** | 0.01 |
| Unclaimed dividend # | **5.96** | 4.08 |
| Payable for capital purchases | **99.55** | 51.27 |
| Payable to employees | **24.53** | 14.14 |
| Creditors for expenses | **8.24** | 5.92 |
| Security deposit | **0.03** | 0.03 |
| **Total** | **218.15** | 145.96 |

# There is no amount due and outstanding as at balance sheet date to be credited to Investor Education and Protection Fund.

(₹ in Crores)

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

| Particulars | As at 31st March | |
|---|---|---|
| | **2021** | 2020 |
| **Total outstanding to MSME Suppliers (not due)** | | |
| i. Trade payables | **19.69** | 14.62 |
| ii. Other Current Liabilities - Creditors for capital goods | **0.79** | 1.38 |
| 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 31st March | |
|---|---|---|
| | **2021** | 2020 |
| Advance from customers | **13.92** | 7.27 |
| Taxes and duties (Net) | **16.86** | 2.69 |
| Provident fund payable | **0.63** | 0.59 |
| **Total** | **31.41** | 10.55 |

## 27. PROVISIONS (CURRENT)

(₹ in Crores)

| Particulars | As at 31st March | |
|---|---|---|
| | **2021** | 2020 |
| **Provision for employee benefits** | | |
| Contribution to Superannuation funds | **0.24** | 0.23 |
| Gratuity | **2.44** | 1.44 |
| Leave encashment | **5.04** | 4.60 |
| **Provision for expected sales returns** | **0.85** | 1.05 |
| **Total** | **8.57** | 7.32 |

## 28. REVENUE FROM OPERATIONS

(₹ in Crores)

| Particulars | For the year ended 31st March | |
|---|---|---|
| | **2021** | 2020 |
| **Sale of products** | | |
| Pig iron | **1,067.32** | 1,070.00 |
| Castings | **874.40** | 734.21 |
| By-products | **36.49** | 27.37 |
| **Other operating income** | | |
| Scrap / Coke / miscellaneous sales | **59.87** | 18.08 |
| **Total** | **2,038.08** | 1,849.66 |

## 29. OTHER INCOME

(₹ in Crores)

| Particulars | For the year ended 31st March | |
|---|---|---|
| | **2021** | 2020 |
| Interest income from financial assets at amortised cost | **0.79** | 1.22 |
| Profit on sale of Assets (Net) | **0.20** | - |
| Other non-operating income | | |
| Incentive from Industrial Promotion Scheme | **-** | 13.18 |
| Rental income | **0.21** | 0.28 |
| Provision no longer required written back | **1.29** | 0.58 |
| Sundry credit balances appropriated | **0.13** | 0.20 |
| Miscellaneous income | **0.21** | 0.18 |
| **Total** | **2.83** | 15.64 |

## 30. COST OF MATERIAL CONSUMED

(₹ in Crores)

| Particulars | For the year ended 31st March | |
|---|---|---|
| | **2021** | 2020 |
| Stock at the beginning of the year | **143.31** | 152.41 |
| Add : Purchases | **1,096.80** | 1,122.30 |
| | **1,240.11** | 1,274.71 |
| Less : Stock at the end of the year | **191.32** | 143.31 |
| Cost of material consumed | **1,048.79** | 1,131.40 |

## 31. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND BY-PRODUCT

(₹ in Crores)

| Particulars | For the year ended 31st March | |
|---|---|---|
| | **2021** | 2020 |
| **At the end 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 (A)** | **45.53** | 48.98 |
| **At the beginning of the year** | | |
| a. Finished goods | **8.95** | 12.40 |
| b. By-Products | **1.54** | 0.92 |
| c. Work-in-Progress | **38.49** | 37.33 |
| **Total (B)** | **48.98** | 50.65 |
| **(Increase)/Decrease ( B-A )** | **3.45** | 1.67 |

## 32. EMPLOYEE BENEFITS EXPENSE

(₹ in Crores)

| Particulars | For the year ended 31st March | |
|---|---|---|
| | **2021** | 2020 |
| Salaries, wages and incentives | **91.62** | 80.26 |
| Contributions to | | |
| Provident fund | **3.16** | 2.97 |
| Superannuation scheme | **0.24** | 0.25 |
| Gratuity (Refer Note no.41) | **1.51** | 1.23 |
| Others | **0.16** | 0.19 |
| Employee share-based payment expense (Refer Note no. 42) | **1.09** | 1.64 |
| Staff welfare expenses | **8.84** | 9.86 |
| **Total** | **106.62** | 96.40 |

## 33. FINANCE COSTS

(₹ in Crores)

| Particulars | For the year ended 31st March | |
|---|---|---|
| | **2021** | 2020 |
| Interest on term loan | **13.78** | 2.64 |
| Interest expense | **11.02** | 14.41 |
| Other borrowing costs | **0.36** | 0.21 |
| **Total** | **25.16** | 17.26 |

## 34. DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Crores)

| Particulars | For the year ended 31st March | |
|---|---|---|
| | **2021** | 2020 |
| Property, plant and equipment (Refer Note No. 5) | **75.00** | 56.17 |
| Intangible assets (Refer Note No. 6) | **0.98** | 1.34 |
| **Total** | **75.98** | 57.51 |

## 35. OTHER EXPENSES

(₹ in Crores)

| Particulars | For the Year ended 31st March | |
|---|---|---|
| | **2021** | 2020 |
| **a. OPERATIONAL EXPENSES** | | |
| Consumption of stores and spare parts | **82.59** | 67.48 |
| Consumption of Consumables | **89.17** | 75.21 |
| Power, fuel and water [Note (i)] | **81.11** | 109.32 |
| Machinery hire charges | **2.46** | 2.46 |
| Repairs and maintenance | | |
| Machinery | **16.07** | 12.71 |
| Buildings | **2.01** | 2.15 |
| Fettling and other manufacturing expenses | **21.71** | 19.61 |
| Other processing expenses | **20.00** | 13.73 |
| **Total (a)** | **315.12** | 302.67 |
| **b. SELLING EXPENSES** | | |
| Freight and forwarding expenses (net) | **67.70** | 61.33 |
| Advertisement | **0.16** | 1.22 |
| Royalty | **4.69** | 4.36 |
| Other selling expenses | **0.16** | 0.48 |
| **Total (b)** | **72.71** | 67.39 |

## 35. OTHER EXPENSES

(₹ in Crores)

| Particulars | For the Year ended 31st March | |
|---|---|---|
| | **2021** | 2020 |
| **c. ADMINISTRATIVE EXPENSES** | | |
| Rent [Note (ii)] | **0.12** | 0.73 |
| Rates and taxes | **1.63** | 2.12 |
| Insurance | **1.59** | 0.71 |
| Other repairs and maintenance | **0.98** | 1.19 |
| Travelling expenses | **1.04** | 2.60 |
| Legal and professional charges | **3.15** | 4.77 |
| Communication expenses | **0.38** | 0.52 |
| Printing and stationery | **0.21** | 0.41 |
| Auditors remuneration [Note (iii)] | **0.35** | 0.37 |
| Miscellaneous expenses | **8.72** | 7.17 |
| Directors' commission | **2.00** | 0.84 |
| Bad debts written off (Net) | **0.12** | - |
| Provision for doubtful debts | **2.74** | - |
| Directors' sitting fees | **0.42** | 0.47 |
| CSR expenses [Note (iv)] | **3.61** | 2.28 |
| Net loss on foreign currency transactions | **2.83** | 9.92 |
| Loss on assets sold, demolished, discarded and scrapped | **-** | 0.72 |
| **Total (c)** | **29.89** | 34.82 |
| **Total (a+b+c)** | **417.72** | 404.88 |

**Note (i) - Power, fuel and water**

- The Company has received incentive from Industrial Promotion Scheme by way of reduction of electricity duty. The above "Power, fuel and water" expenditure is net of electricity duty amounting to ₹ 1.45 Crores ( Previous year : ₹ 1.74 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 | |
|---|---|---|
| | **2021** | 2020 |
| Expenses relating to short-term leases | **0.12** | 0.73 |

**Note (iii) Payments to auditors**

(₹ in Crores)

| Particulars | For the Year ended 31st March | |
|---|---|---|
| | **2021** | 2020 |
| a. As auditors | **0.28** | 0.28 |
| b. For Taxation matters | **0.04** | 0.04 |
| c. For certification fees and other services | **0.02** | 0.02 |
| d. Reimbursement of expenses | **0.01** | 0.03 |
| **Total** | **0.35** | 0.37 |

**Note (iv) Details of CSR Expenditure**

(₹ in Crores)

| Particulars | For the Year ended 31st March | |
|---|---|---|
| | **2021** | 2020 |
| **Gross amount to be spent during the year** | **2.38** | 2.25 |
| **Amount spent in cash during the year on:** | | |
| Construction/acquisition of any asset | **-** | - |
| Others | | |
| Education | **3.11** | 1.62 |
| Environment | **-** | 0.06 |
| Health | **0.20** | 0.32 |
| Rural development | **0.30** | 0.28 |
| **Total** | **3.61** | 2.28 |

**Note (v) Research and Development expediture**

(₹ 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 | |
|---|---|---|
| | **2021** | 2020 |
| Cost of materials/consumables/spares | **0.02** | 0.01 |
| Employee related expense | **3.03** | 3.13 |
| Other expenses | **0.22** | 0.01 |
| **Total** | **3.27** | 3.15 |

(₹ 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 | |
|---|---|---|
| | **2021** | 2020 |
| **Tangible Assets** | | |
| Plant and machinery | **0.35** | - |
| Building | **-** | - |
| Computers | **-** | - |
| Office equipment | **0.07** | - |
| Furniture and fixtures | **-** | - |
| **Intangible assets** | **-** | - |
| **Total** | **0.42** | - |

**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.

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.

The following reflects the income and share data used in the basic and diluted EPS computations:

| Particulars | For the Year ended 31st March | |
|---|---|---|
| | **2021** | 2020 |
| a. Net Profit after tax considered for the calculation of EPS (₹ in Crores) | **302.11** | 112.37 |
| b. Number of equity shares outstanding at the end of year | **138,348,681** | 137,821,991 |
| c. Weighted average number of equity shares used in computing earnings per equity share | **138,025,172** | 137,702,515 |
| d. Effects of dilution on account of Stock options granted under ESOS | **408,459** | 214,462 |
| e. Weighted average number of equity shares adjusted for the effect of dilution* | **138,433,631** | 137,916,977 |
| f. Earnings per share | | |
| Basic (₹) | **21.89** | 8.16 |
| Diluted (₹) | **21.82** | 8.15 |
| 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, 2021**

(₹ in Crores)

| Particulars | Amortised cost | FVTPL | FVTOCI |
|---|---|---|---|
| **Financial assets** | | | |
| Investments in unquoted equity shares | - | - | 0.55 |
| Loans | 11.51 | - | - |
| Trade receivables | 360.72 | - | - |
| Cash and cash equivalents | 10.07 | - | - |
| Other bank balances | 5.96 | - | - |
| Other financial assets excluding derivative assets | 0.70 | - | - |
| Derivative assets on forward exchange foreign contracts | - | - | - |
| **Total** | **388.96** | **-** | **0.55** |
| **Financial liabilities** | | | |
| Borrowings | 213.83 | - | - |
| Trade payables | 369.25 | - | - |
| Other financial liabilities excluding derivative liabilities | 216.27 | - | - |
| Derivative liabilities on foreign currency forward contracts | - | 1.88 | - |
| **Total** | **799.35** | **1.88** | **-** |

**Financial instruments by category as at 31st March, 2020**

(₹ in Crores)

| Particulars | Amortised cost | FVTPL | FVTOCI |
|---|---|---|---|
| **Financial assets** | | | |
| Investments in unquoted equity shares | - | - | 0.50 |
| Loans | 11.47 | - | - |
| Trade receivables | 292.59 | - | - |
| Cash and cash equivalents | 6.96 | - | - |
| Other bank balances | 4.08 | - | - |
| Other financial assets excluding derivative assets | 0.84 | - | - |
| Derivative assets on forward exchange foreign contracts | - | 2.70 | |
| **Total** | **315.94** | **2.70** | **0.50** |
| **Financial liabilities** | | | |
| Borrowings | 240.73 | - | - |
| Trade payables | 375.59 | - | - |
| Other financial liabilities excluding derivative liability | 145.96 | - | - |
| Derivative liabilities on foreign currency forward contracts | - | - | - |
| **Total** | **762.28** | **-** | **-** |

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, 2021** | **(1.88)** | **-** | **(1.88)** | **-** |
| **As at 31st March, 2020** | **2.70** | **-** | **2.70** | **-** |
| Equity Instruments through Other Comprehensive Income | | | | |
| Date of Valuation | | | | |
| 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.

**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 |
|---|---|---|
| Perpetual growth rate | Increase by 50 basis points | 0.03 |
| Perpetual growth rate | Decrease by 50 basis points | (0.01) |
| Risk adjusted cost of equity | Increase by 50 basis points | (0.02) |
| Risk adjusted cost of equity | Decrease by 50 basis points | 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. |

| 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. |
| 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.<br>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, 2021 and 31st March, 2020. 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, 2021 | 31st March, 2020 |
|---|---|---|
| **Fixed rate borrowings** | | |
| Term loan from banks | **185.24** | 158.24 |
| **Variable rate borrowings** | | |
| Term loan from banks | **21.53** | 70.00 |
| Loans repayable on demand | **85.00** | 83.00 |
| **Total variable rate borrowings** | **106.53** | 153.00 |

(₹ in Crores)

| Particulars | 31st March, 2021 | 31st March, 2020 |
|---|---|---|
| Impact on profit before tax and pre-tax equity | | |
| Increase by 50 basis points | **(0.53)** | (0.77) |
| Decrease by 50 basis points | **0.53** | 0.77 |

**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. 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, 2021** | | | | |
| **Payables** | **USD** | **2.24** | **166.90** | **Within 6 Months** |
| As at 31st March, 2020 | | | | |
| Payables | USD | 1.46 | 108.56 | 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, 2021** | | | |
| **Payables** | **USD** | **0.80** | **58.27** |
| | **EURO** | **0.01** | **0.65** |
| | **YEN** | **11.18** | **7.76** |
| As at 31st March, 2020 | | | |
| Payables | USD | 1.08 | 81.65 |
| | EURO | 0.00 | 0.01 |

**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, 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** |
| For 31st March, 2020 | USD | +5% | (4.08) | (4.08) |
| | | -5% | 4.08 | 4.08 |
| | EURO | +5% | (0.00) | (0.00) |
| | | -5% | 0.00 | 0.00 |

**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**

| Commodity | Unit of Measurement | Purchases | | Trade Payables as on | |
|---|---|---|---|---|---|
| | | **FY 2020-21** | FY 2019-20 | **31-Mar-21** | 31-Mar-20 |
| Coke | MT | **47,007** | 299,591 | **-** | - |
| | ₹ Crores | **84.71** | 669.58 | **1.13** | 204.79 |
| Coal | MT | **422,853** | 55,457 | | |
| | ₹ Crores | **440.31** | 66.57 | **217.44** | 64.56 |
| Iron Ore | MT | **646,106** | 649,186 | | - |
| | ₹ Crores | **282.85** | 228.45 | **10.62** | 5.74 |

| Commodity | Unit of Measurement | Sales | | Trade Payables as on | |
|---|---|---|---|---|---|
| | | **FY 2020-21** | FY 2019-20 | **31-Mar-21** | 31-Mar-20 |
| Pig Iron | MT | **313,690** | 358,146 | **-** | - |
| | ₹ Crores | **1,067.32** | 1,070.00 | **144.27** | 116.11 |

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, 2021** | **Coke** | **+5%** | **(4.24)** | **(4.24)** |
| | | **-5%** | **4.24** | **4.24** |
| | **Iron Ore** | **+5%** | **(14.14)** | **(14.14)** |
| | | **-5%** | **14.14** | **14.14** |
| | **Pig Iron** | **+5%** | **53.37** | **53.37** |
| | | **-5%** | **(53.37)** | **(53.37)** |
| | **Coal** | **+5%** | **22.02** | **22.02** |
| | | **-5%** | **(22.02)** | **(22.02)** |
| For 31st March, 2020 | Coke | +5% | (33.48) | (33.48) |
| | | -5% | 33.48 | 33.48 |
| | Iron Ore | +5% | (11.42) | (11.42) |
| | | -5% | 11.42 | 11.42 |
| | Pig Iron | +5% | 53.50 | 53.50 |
| | | -5% | (53.50) | (53.50) |

**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 creditworthiness 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** | **31st March, 2021** | | 31st March, 2020 | |
|---|---|---|---|---|
| | **Amount** | **Percentage** | Amount | Percentage |
| - Less than one year | **359.69** | **99.71%** | 288.04 | 98.44% |
| - one year to three years | **0.92** | **0.26%** | 4.55 | 1.56% |
| - three years and above | **0.11** | **0.03%** | - | 0.00% |
| **Total** | **360.72** | **100.00%** | 292.59 | 100.00% |

**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, 2021** | | | | |
| Borrowings - Current | 85.00 | - | - | 85.00 |
| Borrowings - Non-current | - | 120.97 | 7.86 | 128.83 |
| Trade payables | 369.25 | - | - | 369.25 |
| Any other financial liabilities | 218.15 | - | - | 218.15 |
| **Total** | **672.40** | **120.97** | **7.86** | **801.23** |
| As at 31st March, 2020 | | | | |
| Borrowings - Current | 83.00 | - | - | 83.00 |
| Borrowings - Non-current | - | 110.53 | 47.20 | 157.73 |
| Trade payables | 375.59 | - | - | 375.59 |
| Any other financial liabilities | 145.96 | - | - | 145.96 |
| **Total** | **604.55** | **110.53** | **47.20** | **762.28** |

**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, 2021 and 31st March, 2020.

**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 | For the Year ended 31st March | |
|---|---|---|
| | **2021** | 2020 |
| a. Employer's contribution to provident fund | **3.16** | 2.97 |
| b. Employer's contribution to superannuation fund | **0.24** | 0.25 |

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)

| | Particulars | Gratuity (Funded) | |
|---|---|---|---|
| | | For the Year ended 31st March | |
| | | **2021** | 2020 |
| a. | Asset and Liability | | |
| | Present Value of Obligation | **27.97** | 24.95 |
| | Fair Value of Plan Assets | **25.53** | 23.51 |
| | Surplus/ (Deficit) | **(2.44)** | (1.44) |
| b. | Expenses Recognized during the year | | |
| | In income Statement | **1.51** | 1.23 |
| | In Other Comprehensive Income | **1.14** | 1.92 |
| | Total Expenses Recognized during the year | **2.65** | 3.15 |

| | Particulars | Gratuity (Funded) | |
|---|---|---|---|
| | | For the Year ended 31st March | |
| | | **2021** | 2020 |
| c. | Changes in the Present Value of Obligations (PVO) | | |
| | PVO at beginning of Period | **24.95** | 21.44 |
| | Current Service Cost | **1.41** | 1.23 |
| | Interest Expenses or Cost | **1.60** | 1.60 |
| | Re-measurement ( or actuarial) ( Gain) / Loss arising from: | | |
| | change in Demographic assumptions | **-** | - |
| | change in Financial assumptions | **0.18** | 1.72 |
| | experience Variance ( i.e., actual experience vs assumptions) | **-** | 0.13 |
| | Others | **1.07** | - |
| | Past Service Cost | **0.01** | - |
| | Effect of Change in Foreign exchange rates | **-** | - |
| | Benefits paid | **(1.25)** | (1.17) |
| | Acquisition Adjustment | **-** | - |
| | Effect of Business Combinations or Disposals | **-** | - |
| | PVO at end of period | **27.97** | 24.95 |
| d. | Bifurcation of Present Value of Obligation | | |
| | Current Liability ( Short term) | **2.43** | 2.32 |
| | Non-Current Liability ( Long term) | **25.54** | 22.63 |
| | Present Value of Obligation | **27.97** | 24.95 |
| e. | Changes in Fair Value of Plan Assets | | |
| | Fair Value of Plan Assets as at the beginning | **23.51** | 21.40 |
| | Investment income | **1.51** | 1.60 |
| | Employer's Contribution | **1.65** | 1.75 |
| | Employee's Contribution | **-** | - |
| | Benefit Paid | **(1.25)** | (1.17) |
| | Return on plan Assets, Excluding amount recognised in net interest expense | **0.11** | (0.07) |
| | Acquisition Adjustment | **-** | - |
| | Fair Value of Plan Assets at the end of period | **25.53** | 23.51 |
| 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 | **1.41** | 1.23 |
| | Past Service Cost | **0.01** | - |
| | Loss/(Gain) on Settlement | **-** | - |
| | Net interest cost/ (Income) on the net Defined Benefit Liability / (Asset) | **0.09** | - |
| | Expenses Recognized in the income Statement | **1.51** | 1.23 |

| | Particulars | Gratuity (Funded) | |
|---|---|---|---|
| | | For the Year ended 31st March | |
| | | **2021** | 2020 |
| h. | Effect on Other Comprehensive income | | |
| | Actuarial (gains) / losses | | |
| | change in Demographic Assumptions | **-** | - |
| | change in financial Assumptions | **0.18** | 1.72 |
| | Experience variance (i.e. Actual experience vs. assumptions) | **-** | 0.13 |
| | others | **1.07** | - |
| | Return on plan assets, excluding amount recognized in net interest expense | **(0.11)** | 0.07 |
| | 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 | **1.14** | 1.92 |
| i. | Actuarial Assumptions | | |
| | Mortality | **100% (% of IALM 2012-14)** | 100% (% of IALM 2012-14) |
| | Discount Rate | **6.30%** | 6.48% |
| | Rate of increase in compensation | **7.00%** | 7.00% |
| | Withdrawal rates | **4.00%** | 4.00% |

**Sensitivity Analysis**

(₹ in Crores)

| **Particulars** | **31st March, 2021** | | 31st March, 2020 | |
|---|---|---|---|---|
| **Defined Benefit Obligation (Base)** | | **27.97** | | 24.95 |
| | **Decrease** | **Increase** | Decrease | Increase |
| Discount Rate (-/+0.01%) | **29.92** | **26.21** | 26.76 | 23.32 |
| (% Change compared to base due to sensitivity) | **7.0%** | **(6.3%)** | 7.4% | (6.6%) |
| Salary Growth Rate (- / + 1 %) | **26.23** | **29.88** | 23.32 | 26.72 |
| (% Change compared to base due to sensitivity) | **(6.2%)** | **6.8%** | (6.7%) | 7.3% |
| Attrition Rate (-/ + 50% of attrition rates | **28.14** | **27.83** | 25.09 | 24.83 |
| (% Change compared to base due to sensitivity) | **0.6%** | **(0.5%)** | (0.2%) | 0.2% |
| Mortality Rate ( - / + 10% of mortality rates) | **27.98** | **27.97** | 24.95 | 24.94 |
| (% Change compared to base due to sensitivity) | **0.0%** | **0.0%** | 0.0% | 0.0% |

**Effect of Plan on entity's future cash flows**

**a) Funding arrangements and funding policy**

The Company has purchased and 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 | 3.82 |

**c) Maturity Profile of defined benefit Obligation**

(₹ in Crores)

| **Particulars** | **For the year ended 31st March** | |
|---|---|---|
| | **2021** | 2020 |
| **Expected cash flows over the next (Valued on Undiscounted basis):** | | |
| 1 Year | **2.43** | 2.31 |
| 2 to 5 years | **11.80** | 10.47 |
| 6 to 10 years | **15.24** | 13.13 |
| More than 10 years | **15.58** | 15.38 |

**Major category of Fair Value of Plan Assets at the end of the year is as under :**

| **Particulars** | **As at 31st March 2021** | | As at 31st March 2020 | |
|---|---|---|---|---|
| | **₹ in Crores** | **Percent** | ₹ in Crores | Percent |
| Balances in Current Accounts with scheduled Banks | **0.01** | **0.03%** | 0.01 | 0.04% |
| Funds with Life Insurance Corporation of India | **25.53** | **99.97%** | 23.51 | 99.96% |
| **Total** | **25.54** | **100.00%** | 23.52 | 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 option scheme

**KFIL Employee Stock Option Scheme – 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 | 1,765,000 |
| 30th October, 2018 | 120,000 |
| 18th October, 2019 | 100,000 |
| 16th October, 2020 | 130,000 |

| **Particulars** | **As at 31st March, 2021** | | As at 31st March, 2020 | |
|---|---|---|---|---|
| | **Weighted average exercise price per share per option (₹)** | **Number of options** | Weighted average exercise price per share per option (₹) | Number of options |
| Opening Balance | **50** | **1,360,490** | 50 | 1,505,940 |
| Granted during the year | **55** | **130,000** | 50 | 100,000 |
| Exercised during the year | **50** | **539,790** | 50 | 185,450 |
| Forfeited during the year | **50** | **37,500** | 50 | 60,000 |
| Closing Balance | **51** | **913,200** | 50 | 1,360,490 |
| Options exercisable at the end of the period | **50** | **246,950** | 50 | 347,990 |

Weighted average share price as on the date of exercise is ₹ 125.52 (Previous year : ₹ 65.42).

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 2021** | Options outstanding as at 31 March 2020 |
|---|---|---|---|---|---|
| Vesting 1 | 3rd November, 2017 | 3rd November, 2021 | 50 | **9,800** | 48,190 |
| Vesting 2 | 3rd November, 2017 | 3rd November, 2022 | 50 | **57,500** | 283,200 |
| Vesting 3 | 3rd November, 2017 | 3rd November, 2023 | 50 | **131,650** | 411,250 |
| Vesting 4 | 3rd November, 2017 | 3rd November, 2024 | 50 | **401,250** | 411,250 |
| Vesting 1 | 30th October, 2018 | 30th October, 2022 | 51 | **10,000** | 16,600 |
| Vesting 2 | 30th October, 2018 | 30th October, 2023 | 51 | **15,000** | 30,000 |
| Vesting 3 | 30th October, 2018 | 30th October, 2024 | 51 | **30,000** | 30,000 |
| Vesting 4 | 30th October, 2018 | 30th October, 2025 | 51 | **30,000** | 30,000 |
| Vesting 1 | 18th October, 2019 | 18th October, 2023 | 50 | **23,000** | 25,000 |
| Vesting 2 | 18th October, 2019 | 18th October, 2024 | 50 | **25,000** | 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 | **32,500** | - |
| 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** | - |
| Total | | | | **913,200** | 1,360,490 |
| **Weighted average remaining contractual life of the options outstanding at the end of the period** | | | | **3.54 years** | 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 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** |

**Fair value and assumptions for the equity-settled grant made on 18 October 2019**

| **Grant: KFIL ESOS 2017** | **Vesting date 18th October** | | | |
|---|---|---|---|---|
| **Grant Date: 18th October, 2019 Exercise price- ₹ 50** | **2020** | **2021** | **2022** | **2023** |
| Input variables | | | | |
| Share Price (₹) | 60.30 | 60.30 | 60.30 | 60.30 |
| Standard Deviation (Volatility) | 36.44% | 39.36% | 39.16% | 40.80% |
| Risk-free rate | 5.88% | 6.17% | 6.34% | 6.46% |
| Exercise price (₹) | 50.00 | 50.00 | 50.00 | 50.00 |
| Time to maturity (in years) | 2.50 | 3.50 | 4.50 | 5.50 |
| Dividend yield | 2.15% | 2.15% | 2.15% | 2.15% |
| **Output** | | | | |
| **Fair value of option (₹)** | **19.63** | **22.90** | **24.82** | **26.98** |

**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 ₹ 1.09 Crores (Previous year : ₹ 1.64 Crores) for the options issued to the employees.

**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, 2020 | Provisions for the year | Amounts used during the year | Closing balance as on 31st March, 2021 |
|---|---|---|---|---|
| Casting rejections | 1.05 | 0.85 | 1.05 | 0.85 |

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 |

(₹ in Crores)

| Name of related party and nature of relationship | | Nature of transaction | 2020-2021 | | 2019-2020 | |
|---|---|---|---|---|---|---|
| | | | Transaction value | Outstanding amounts carried in Balance Sheet | Transaction value | Outstanding amounts carried in Balance Sheet |
| **A.** | **Holding Company** | | | | | |
| | Kirloskar Industries Limited | Dividend | **14.13** | **-** | 21.19 | - |
| | | 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 | **0.13** | **-** | 0.10 | - |
| | | Compensation | **9.62** | **-** | 5.66 | - |
| | | Compensation payable | **-** | **6.60** | - | 4.10 |
| | Mr. Mayuresh Ghapure - Company Secretary | Dividend | **-** | **-** | - | - |
| | | Compensation | **0.21** | **-** | 0.18 | - |
| | | Compensation payable | **-** | **0.02** | - | 0.01 |
| | Mr. R.S. Srivatsan - Chief Financial Officer | Dividend | **0.02** | **-** | 0.01 | - |
| | | Compensation | **1.25** | **-** | 0.96 | - |
| | | Compensation payable | **-** | **0.06** | - | 0.06 |
| | | Total Compensation | **11.08** | | 6.80 | |

**Notes :**

(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 | |
|---|---|---|
| | **2021** | 2020 |
| Short term employee benefits | **10.48** | 7.08 |
| Post employment benefits | **0.31** | 0.50 |
| Other long term benefits | **0.08** | 0.02 |
| Share-based payments | **0.21** | 0.08 |
| **Total** | **11.08** | 7.68 |

**45. Contingent Liabilities and Commitments**

(₹ in Crores)

| Particulars | As at 31st March | |
|---|---|---|
| | **2021** | 2020 |
| **Claims against the Company not acknowledged as debt** | | |
| Central Excise and Customs | **0.07** | 0.78 |
| Service Tax | **3.02** | 3.45 |
| Income Tax | **17.59** | 17.59 |
| Sales Tax | **0.83** | 1.21 |
| Labour Matters to the extent quantifiable | **0.44** | 0.42 |
| Provident Fund Matters | **1.86** | 1.86 |
| **Guarantees excluding financial guarantee** | | |
| Bank Guarantee | **13.96** | 15.42 |
| **Capital and Other Commitments** | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | **143.98** | 49.99 |

**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.

**46. Borrowing cost capitalized**

(₹ in Crores)

| Particulars | For the Year ended 31st March | |
|---|---|---|
| | **2021** | 2020 |
| Amount of borrowing costs capitalized | **1.71** | 9.21 |

**47. C.I.F. value of imports and expenditure in foreign currencies:**

(₹ in Crores)

| Particulars | For the Year ended 31st March | |
|---|---|---|
| | **2021** | 2020 |
| a. C.I.F. value of imports | | |
| i. Capital goods | **25.38** | 90.53 |
| ii. Raw materials | **316.76** | 436.79 |
| iii. Spare parts | **3.71** | 3.58 |
| b. Expenditure in foreign currencies | | - |
| i. Interest | **1.28** | 3.45 |
| ii. Capital | **2.01** | 10.22 |
| iii. Professional fee | **-** | - |
| iv. Others | **0.10** | 0.54 |

**48. Recent accounting pronouncements**

The Ministry of Corporate Affairs (MCA) has not issued any new standards nor amended any existing standards which are effective for reporting periods beginning on or after 1 April 2021.

On 24 March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 1 April 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.
- The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

**49.** 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 and on behalf of the Board of Directors |
| For Kirtane & Pandit LLP | ATUL C. KIRLOSKAR | R.V.GUMASTE |
| Chartered Accountants | Chairman | Managing Director |
| Firm Registration No. 105215W/ W100057 | DIN 00007387 | DIN 00082829 |
| SUHAS DESHPANDE | MAYURESH GHARPURE | R.S.SRIVATSAN |
| Partner | Company Secretary | Chief Financial Officer |
| Membership No. 031787 | | |
| Pune 5th May, 2021 | Pune 5th May, 2021 | Koppal 5th May, 2021 |

## NOTES

Enriching Lives


**KIRLOSKAR FERROUS INDUSTRIES LIMITED**

A Kirloskar Group Company

**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:** L27101PN1991PLC063223



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