



**October 16, 2023**

Ref: Sec/Sto/2023/10/02

**Corporate Relationship Department  
BSE Limited**

Phiroze Jeejeebhoy Towers, Dalal Street,  
Mumbai – 400001

**Subject: 58<sup>th</sup> Annual General Meeting of the Company**

**Ref:** [Scrip code: 505890] - Kennametal India Limited

Dear Sir / Madam,

We hereby inform you that:

1. The 58<sup>th</sup> Annual General Meeting ('**AGM**') of Kennametal India Limited ("**the Company**") will be held on Friday, November 10, 2023, at 11:00 AM at Hotel Taj Yeshwantpur, 2275, Tumkur Road, Yeshwantpur Industrial Area, Phase 1, Yeshwantpur, Bengaluru, Karnataka 560022.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, November 04, 2023, to Friday, November 10, 2023 (both days inclusive) for the purpose of the AGM.
3. The e-voting period commences on November 7, 2023 (09.00 A.M.) and ends on November 9, 2023 (05.00 P.M.) (both days inclusive).
4. The Company has entered into an arrangement with Central Depository Services Limited in support with the Registrar and Share Transfer Agents, viz., Integrated Registry Management Services Private Limited for facilitating e-voting, through CDSL's e-voting platform i.e., <https://www.evotingindia.com>.
5. The voting rights of the Members shall be in proportion to the extent of shares held by them on the cut-off date viz., November 3, 2023, subject to the provisions of the Companies Act, 2013, as amended from time to time.

6. In compliance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations, 2015], the Annual Report for the year 2022-23 along with the Notice calling the 58<sup>th</sup> AGM indicating the process and manner of e-Voting are being sent through electronic mode to those Members whose email addresses are registered with the Company / Depositories. For those Members whose email id is not registered with the Company / Depositories, a physical copy of the Notice calling the AGM and Annual Report is being couriered to the address registered with the Company / Depositories.
7. Pursuant to Regulation 34(1)(a) of SEBI (LODR) Regulations, 2015, please find enclosed:
  - a. A copy of the Notice calling the 58<sup>th</sup> AGM; and
  - b. Annual Report for the year 2022-23.
8. In terms of Regulation 46 of the SEBI (LODR) Regulations, 2015, the said Notice of AGM along with the Annual Report will also be available on the Company's Website at <https://www.kennametal.com/in/en/about-us/kil-financials/general-meetings---annual-reports.html>

We request you to kindly take the above on record.

Yours truly,

For **Kennametal India Limited**

**Naveen Chandra P**  
**General Manager – Legal & Company Secretary**  
**ICSI Membership No. A30057**

Encl.: As above



Kennametal India Limited  
CIN: L27109KA1964PLC001546  
Regd. Office: 8/9th Mile, Tumkur Road, Bengaluru - 560 073  
Phone: +91 (80) 28394321 Fax: +91 (80) 28397572  
e-mail: in.investorrelation@kennametal.com  
Website page: <http://www.kennametal.com/kennametalindia>

## NOTICE TO MEMBERS

**NOTICE** is hereby given that the **Fifty Eighth** (58<sup>th</sup>) Annual General Meeting (“**AGM**”) of Kennametal India Limited (the “**Company**”) will be held on Friday, November 10, 2023 at 11:00 AM at the Hotel Taj Yeshwantpur, 2275, Tumkur Road, Yeshwantpur Industrial Area, Phase 1, Yeshwantpur, Bengaluru, Karnataka 560022 to transact the following businesses:

### **ORDINARY BUSINESS:**

1. To receive, consider, approve, and adopt the audited financial statements of the Company for the financial year ended June 30, 2023, together with the reports of the Board of Directors and Auditors thereon.
2. To appoint Mr. Franklin Gerardo Cardenas Castro (DIN: 09050884), Director, who retires by rotation and being eligible, offers himself for re-appointment.
3. To confirm the interim dividend of ₹20/- per Equity Share (200%) on 2,19,78,240 Equity Shares of ₹10/- each already paid for the financial year 2022-23 (year ended June 30, 2023).

### **SPECIAL BUSINESS:**

4. **TO APPOINT MS. KELLY GOLDEN LYNCH (DIN: 10270042) AS A NON - EXECUTIVE AND NON - INDEPENDENT DIRECTOR OF THE COMPANY:**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** based on the recommendations of the Nomination and Remuneration Committee and the Board of Directors and pursuant to Articles of Association of the Company, Ms. Kelly Golden Lynch (DIN: 10270042), who was appointed as an Additional Director of the Company by the Board of Directors effective August 11, 2023 and who holds office up to the date of three months from the date of her appointment by the Board or the date of the next General Meeting, whichever is earlier, be and is hereby appointed as Director of the Company.

**RESOLVED FURTHER THAT** pursuant to the provisions of Section 152 and any other applicable provisions of the Act and the Companies (Appointment and Qualification of Directors) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Regulation 17(1)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Ms. Kelly Golden Lynch (DIN: 10270042), who is eligible for appointment, be and is hereby appointed as Non - Executive Non - Independent Director of the Company who shall be liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors of the Company and / or Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds and matters as may be considered or deemed necessary to give effect to above resolution, including but not limited to filing of e-forms / returns, intimation to be given to any Statutory Authorities/Stock Exchange, if any.”

5. **TO RATIFY REMUNERATION PAYABLE TO MESSRS. K. S. KAMALAKARA & CO, BENGALURU, COST AUDITORS OF THE COMPANY:**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, the remuneration payable to Messrs. K. S. Kamalakara & Co., Cost Auditors, Bengaluru (Firm Registration No: 0000296), appointed by the Board of Directors on August 11, 2023 based on the recommendation of the Audit Committee of the Company to conduct the audit of the cost records of the Company for the financial year ending June 30, 2024, amounting to ₹ 3,00,000/- (Rupees Three Lakhs only) excluding applicable taxes and reimbursement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified and confirmed.

**RESOLVED FURTHER THAT** the Board of Directors of the Company and/or the Company Secretary of the Company be and are hereby severally authorized to do all such acts, matters, deeds and things as may be necessary to give effect to the above said resolution also to take necessary steps to file necessary forms with the Registrar of Companies and comply with other formalities, if any, as may be required pursuant to the provisions of the Companies Act, 2013 or such other Regulations.”

6. **TO APPROVE THE PAYMENT OF COMMISSION, TO THE CHAIRMAN, EXCEEDING FIFTY PERCENT (50%) OF THE TOTAL COMMISSION PAYABLE TO ALL OTHER INDEPENDENT DIRECTORS:**

To consider and if thought fit, to pass the following resolution as a **Special Resolution:**

“**RESOLVED THAT** pursuant to Regulation 17(6)(a) and (ca) and other applicable Regulations, if any, of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable provisions, if any, of the Companies Act, 2013 and Rules made



thereunder, approval of Members of the Company be and is hereby accorded for payment of remuneration by way of Commission to Mr. B. Anjani Kumar (DIN: 00022417), Independent Non-Executive Director and Chairman, exceeding fifty percent (50%) of the total annual Commission payable to all Non-Executive Directors for the Financial Year 2022-23.

**RESOLVED FURTHER THAT** the Board of Directors of the Company and/or the Company Secretary of the Company be and are hereby severally authorized to do all such acts, matters, deeds and things as may be necessary to give effect to the above said resolution.”

By Order of the Board of Directors  
For **Kennametal India Limited**

**Naveen Chandra P**

General Manager - Legal &  
Company Secretary (ACS -30057)  
Address: 8/9<sup>th</sup> Mile, Tumkur Road,  
Bengaluru – 560073, Karnataka

Bengaluru  
August 30, 2023

## NOTES

1. A Statement setting out material facts pursuant to the provisions of Section 102(1) of the Companies Act, 2013 (the "Act") in respect of special businesses set out at Item Nos. 4 to 6 of the Notice is annexed hereto. Further, details of Directors whose re-appointment/appointment is/are proposed pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, respectively and Secretarial Standards on General Meeting (SS-2) is also appended hereto.

2. The Register of Members and the Share Transfer Books of the Company will remain closed from **Saturday, November 04, 2023 to Friday, November 10, 2023** (both days inclusive) for the purpose of the Annual General Meeting (AGM).

**3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a member holding more than ten percent of the total share capital of the Company may appoint a single person as proxy provided that such person shall not act as proxy for any other person or member. A Proxy Form is annexed to this notice.

If a Proxy is appointed for more than fifty Members, he/she shall choose any fifty Members and confirm the same to the Company before the commencement of period specified for inspection of proxy lodged. In case the Proxy fails to do so, the Company shall consider only the first fifty proxies received as valid.

**THE PROXY FORM SHOULD BE LODGED WITH THE COMPANY AT LEAST 48 HOURS BEFORE THE SCHEDULED TIME OF COMMENCEMENT OF THE MEETING.**

**IN CASE OF JOINT HOLDERS ATTENDING THE MEETING, ONLY SUCH JOINT HOLDER WHOSE NAMES APPEAR AS THE FIRST HOLDER IN THE REGISTER OF MEMBERS WILL BE ENTITLED TO VOTE.**

4. Members / Proxies / Representatives are requested to bring the attendance slip, annexed herewith for attending the meeting, duly completed and signed mentioning therein details of their DP ID and Client ID / Folio No.

Members are requested to bring their copies of the annual report to the AGM.

5. Electronic copy of the Notice of the 58<sup>th</sup> Annual General Meeting of the Company, *inter alia*, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/RTA/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email IDs, physical copies of the Notice of the 58<sup>th</sup> Annual General Meeting along with Annual Report of the Company, *inter alia*, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

Members may also note that the Notice of the 58<sup>th</sup> Annual General Meeting and the Annual Report for 2022-23 will also be available on the Company's website page at <https://www.kennametal.com/in/en/about-us/kil-financials/general-meetings---annual-reports.html> for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Bengaluru for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon a request for the same, by post/courier free of cost. For any communication, the Members may also send requests to the Company's investor email id: [in.investorrelation@kennametal.com](mailto:in.investorrelation@kennametal.com)

**6. Please note that except Members / Proxies / Authorised Representatives / Invitees of the Company, no other person shall be allowed to attend the Meeting at the venue. Relatives and acquaintances accompanying Members will not be permitted to attend the Meeting at the venue.**

7. The Register of Directors and Key Managerial Personnel and their shareholding, and the Register of Contracts or Arrangements in which the Directors are interested, maintained as per the Act will be available for inspection by the Members during the AGM. All the documents referred to in the Notice will also be available for inspection by the Members without any fee from the date of circulation of this notice up to the date of AGM i.e., November 10, 2023. Members seeking to inspect such documents may send an email to [in.investorrelation@kennametal.com](mailto:in.investorrelation@kennametal.com)

8. An interim dividend of ₹ 20/- per equity share of ₹ 10/- each (200% on the paid-up capital of the Company) was declared by the Board at its meeting held on May 12, 2023 for the financial year ended June 30, 2023 and May 25, 2023 was fixed as Record Date for the said purpose. The said interim dividend was paid on June 07, 2023.

9. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by

sending their request in advance on or before October 31, 2023 mentioning their name, demat account number/folio number, email id, mobile number at [in.investorrelation@kennametal.com](mailto:in.investorrelation@kennametal.com). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance on or before October 31, 2023 mentioning their name, demat account number/folio number, email id, mobile number at [in.investorrelation@kennametal.com](mailto:in.investorrelation@kennametal.com). These queries will be replied to by the company suitably by email.

10. As per Section 124 of the Act, the amount of Dividend remaining unpaid or unclaimed within 30 days from the date of declaration shall be transferred to 'unpaid dividend account' of the Company. Amount transferred to 'unpaid dividend account', which remains unpaid or unclaimed for a period of seven years from the date of transfer, is required to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Similarly, all the Shares in respect of which Dividend has not been paid or claimed for seven consecutive years or more shall be transferred to the IEPF.
11. In line with the provisions of Section 124 of the Act, Members who have not so far encashed the Dividend warrant(s) for any of the Dividends declared earlier are requested to make their claims to the Company immediately. Please note that in respect of unclaimed dividend amount and the Shares transferred to IEPF, Shareholders may claim the Dividend and corresponding Shares transferred to IEPF including all benefits accruing on such Shares, if any, from IEPF authorities after following the procedure prescribed in the Act and Investor Education Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.
12. Since this AGM is held physically, Route Map showing the location of and directions to reach the venue of the 58<sup>th</sup> AGM is attached to this Notice.
13. Members seeking clarifications / information on the Annual Report are requested to send an email to [in.investorrelation@kennametal.com](mailto:in.investorrelation@kennametal.com) on or before October 31, 2023. This would enable the Company to compile the information and provide replies at the Meeting.
14. The Shares of the Company are compulsorily traded in dematerialized form as per the directions of the Stock Exchange. Accordingly, Members who have not opted for dematerialization of Shares are once again reminded to take steps to dematerialize their holdings. Further, the Members may note that as per SEBI (Listing Obligations and Disclosure Requirements) Regulations (Fourth Amendment) Regulations, 2018, with effect from April 1, 2019, except in case of transmission or transposition of securities, no transfer of securities shall be processed unless the securities are held in the dematerialized form. Accordingly, Shareholders holding Equity Shares in physical form are urged to get their Shares dematerialized so that they will be able to transfer them freely and participate in corporate actions.
15. Members holding the shares in physical form are requested to communicate the changes, if any, in their addresses, bank account details and other necessary details to the Company's Registrar and Share Transfer Agent, Integrated Registry Management Services Private Limited, No.30, 'Ramana Residency', 4th Cross, Sampige Road, Malleswaram, Bengaluru- 560 003. Members holding the shares in dematerialized form are requested to communicate such changes to the concerned Depository Participant.
16. Members who are yet to register their e-mail address/Mobile No. are requested to register the same with the Depository through their

Depository Participants in respect of shares held in dematerialized form. Members holding the Shares in physical form may register their e-mail address/Mobile No. by writing to the Company's Registrar and Share Transfer Agent.

17. Non-resident Indian Shareholders are requested to immediately inform the Company or its Registrar and Share Transfer Agent or the concerned Depository Participant, as the case may be, about the following matters: -
  - a) the change in residential status on return to India for permanent settlement, and
  - b) the particulars of the NRE account with a bank in India, if not furnished earlier.
18. Members holding physical shares may kindly note that if they have any dispute against the Company or the registrar & share transfer agent (RTA) on delay or default in processing the request, they may file for arbitration with the stock exchanges in accordance with SEBI circular dated May 30, 2022.
19. SEBI, vide its circular nos. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated November 03, 2021, SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/687 dated December 14, 2021 and SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated March 16, 2023, has mandated Members holding shares in physical form to submit PAN, nomination, contact details, bank account details and specimen signature in specified forms. Members may access <https://www.kennametal.com/in/en/about-us/kil-financials/investor-corner.html> for Form ISR-1 to register PAN/email id/bank details/other KYC details, Form ISR-2 to update signature and Form ISR-3 for declaration to opt out. Members may make service requests by submitting a duly filled and signed Form ISR-4 & ISR-5, the format of which is available on the Company's website and on the website of the Company's Registrar and Transfer Agent.

In case a holder of physical securities fails to furnish PAN, nomination, contact details, bank account details and specimen signature by October 1, 2023, the RTA will be obligated to freeze such folios. The securities in the frozen folios shall be eligible to receive payments (including dividend) and lodge grievances only after furnishing the complete documents. If the securities continue to remain frozen as on December 31, 2025, the Registrar/the Company shall refer such securities to the administering authority under the Benami Transactions (Prohibitions) Act, 1988, and/or the Prevention of Money Laundering Act, 2002.

In compliance with SEBI guidelines, the Company had sent communication intimating about the submission of above details to all the Members holding shares in physical form.

20. Explanatory Statement pursuant to Section 102 of the Act, which sets out details relating to Special Business at the Meeting, is annexed hereto.
21. The Company urges the members to support its commitment to environmental protection by choosing to receive the Company's communication through email. Members holding shares in demat mode, who have not registered their email addresses are requested to register their email addresses with their respective Depository Participants (DP), and members holding shares in physical mode are requested to update their email addresses with the Company's RTA, [irg@integratedindia.in](mailto:irg@integratedindia.in), to receive copies of the Annual Report 2022-23 in electronic mode. Members may follow the process

detailed below for availing investor services, registration of email ID to obtain the report and update of bank account details for the receipt of dividend:

Type of holder	Process to be followed	
Physical	For availing the following investor services, send a written request in the prescribed forms to the RTA of the Company, Integrated Registry Management Services Private Limited either by email to <a href="mailto:irg@integratedindia.in">irg@integratedindia.in</a> or by post to No.30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bengaluru - 560003.	
	Form for availing investor services to register PAN, email address, bank details and other KYC details or changes / update thereof for securities held in physical mode	Form ISR-1
	Update of signature of securities holder	Form ISR-2
	For nomination as provided in the Rules 19 (1) of Companies (Share capital and debenture) Rules, 2014	Form SH-13
	Declaration to opt out	Form ISR-3
	Cancellation of nomination by the holder(s) (along with ISR-3) / Change of Nominee	Form SH-14
	Form for requesting issue of duplicate certificates and other service request for shares held in physical form	Form ISR-4
The forms for updating the above details are available at the Company's website at <a href="https://www.kennametal.com/in/en/about-us/kil-financials/investor-corner.html">https://www.kennametal.com/in/en/about-us/kil-financials/investor-corner.html</a>		
Demat	Please contact your DP and register your email address and bank account details in your demat account, as per the process advised by your DP.	

## 22. Remote E-Voting through electronic mode:

In compliance with the provisions of Section 108 and other applicable provisions, if any, of the Act read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (LODR) Regulations, 2015, the Company is providing the facility of remote e-voting to its Members in respect of the business to be transacted at the 58<sup>th</sup> AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited ('CDSL') for facilitating voting through electronic means, as the authorized e-voting agency. The facility to cast the votes by the Members using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

**The voting period begins on November 7, 2023 (9:00 AM) and ends on November 9, 2023 (5:00 PM). During this period, Members of the Company, holding Shares either in physical form or in dematerialized form, as on the cut-off date (Record date) of November 3, 2023 may cast their votes electronically. The e-voting module shall be disabled by CDSL for voting thereafter.**

Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

**The Notice is being sent to the members whose names appear on the register of members / list of beneficial owners as received from the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) (collectively, the "Depositories") as on September 30, 2023.**

To increase the efficiency of the e-voting process, SEBI, vide Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020, intended to enable e-voting to all the demat account holders by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders should be permitted to cast their votes without having to register again with the e-voting service providers, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process. As required by this Circular, Individual shareholders holding securities in demat mode are allowed to vote through their demat accounts maintained with Depositories and Depository Participants. Hence, Members are advised to update their mobile numbers and email ids in their respective demat accounts to access e-voting facility.

The resolutions as set out in this Notice are being conducted through e-voting. The said resolutions will not be decided by show of hands at the AGM. The members can opt for only one mode of voting i.e., either by remote e-voting or by electronic ballot at the meeting. The members who have cast their vote by remote e-voting are eligible to attend the AGM but shall not be entitled to cast their vote again. In case of any unforeseen technical failure or eventuality resulting into non - functionality of the electronic voting system at the meeting, members would be provided the ballot paper for casting their vote at the meeting.

The facility for voting through electronic voting system shall be made available at the AGM and the members (including proxies) attending the meeting who have not cast their vote by remote E voting shall be able to exercise the right to vote at the AGM.

### **THE INSTRUCTIONS OF SHAREHOLDERS FOR E-VOTING ARE AS UNDER:**

#### **CDSL e-Voting System – For Remote e-voting**

#### **A. Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.**

Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of SEBI (LODR) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/ 2020/242 dated December 9, 2020 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 advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with <b>CDSL Depository</b>	<p>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasitoken/Home/Login">https://web.cdslindia.com/myeasitoken/Home/Login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</p> <p>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</p> <p>3) If the user is not registered for Easi / Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration">https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration</a></p> <p>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>
Individual Shareholders holding securities in demat mode with <b>NSDL Depository</b>	<p>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> 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 company name or e-Voting service provider name and you will be re-directed to e-Voting</p>

	<p>service provider website for casting your vote during the remote e-Voting period.</p> <p>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select "Register Online for IDeAS "Portal or click" at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> 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 company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.</p>
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants (DP)</b>	<p>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 Successful 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 company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.</p>

**Important 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. CDSL and NSDL :**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

**B. Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.**

- (i) Login method for Remote e-Voting for Physical shareholders and shareholders other than individual holding in Demat form.
  - 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - 2) Click on “Shareholders” module.
  - 3) Now enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
  - 4) Next enter the Image Verification as displayed and Click on Login.
  - 5) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
  - 6) If you are a first-time user follow the steps given below:

<b>For Physical shareholders and other than individual shareholders holding shares in Demat</b>	
PAN	<ul style="list-style-type: none"> <li>• Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</li> <li>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<ul style="list-style-type: none"> <li>• Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</li> <li>• If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.</li> </ul>

- (ii) After entering these details appropriately, click on “SUBMIT” tab.
- (iii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (iv) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (v) Click on the EVSN for ‘Kennametal India Limited’ on which you choose to vote.
- (vi) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the

option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- (vii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (viii) After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (ix) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (x) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xi) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xii) There is also an optional provision to upload Board Resolution / Power of Attorney if any uploaded, which will be made available to scrutinizer for verification.

**(xiii) Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**

- Non-Individual shareholders (i.e., other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
- It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required mandatory to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz: [vijaykt@vjkt.in](mailto:vijaykt@vjkt.in) and to the Company at the email address viz: [in.investorrelation@kennametal.com](mailto:in.investorrelation@kennametal.com) , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES.**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), Aadhar (self-attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
2. For Demat shareholders - Please update your email id & mobile no. with your respective **Depository Participant (DP)**



**3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.**

**Other instructions:**

- (i) The voting rights of shareholders shall be in proportion to their Shares of the Paid-up Equity Share Capital of the Company as on the cut-off date of November 3, 2023.
- (ii) The Board of Directors has appointed Mr. Vijayakrishna K T (Membership No. FCS 1788), Practising Company Secretary, as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (iii) The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the Meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 2 working days of the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith. The result declared along with the Scrutinizer's Report shall be communicated to the Stock Exchange, CDSL and RTA and will also be displayed on the Company's website, [www.kennametal.com/kennametalindia](http://www.kennametal.com/kennametalindia)

A person who is not a member as on the cut-off date i.e., November 3, 2023, should treat this Notice for information purpose only.

If you have any queries or issues regarding e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at toll free no. 1800 22 55 33.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Future, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call at toll free no. 1800 22 55 33.

**24. Corporate members intending to send their authorized representative(s) to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.**

Brief resume and other information in respect of Director seeking appointment /re-appointment at the AGM as required under Regulation 36 of SEBI (LODR) Regulations, 2015 is annexed as **Annexure - A & Annexure - B** to this notice.

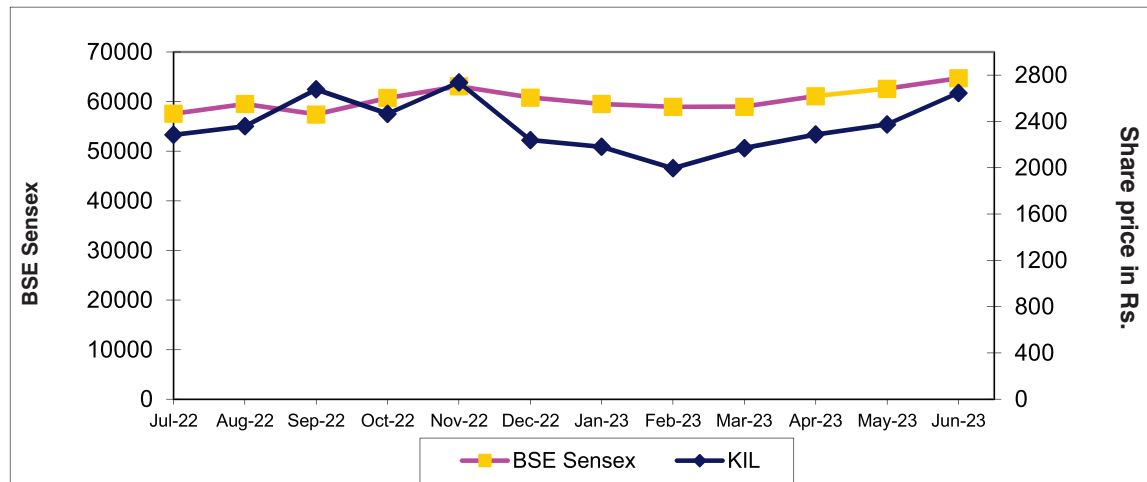
**25. Notes to the businesses to be transacted at the AGM is appended hereunder:**

**Company overview an on June 30, 2023 share price information :**

**Share Price Information :**

Share Price (INR)	52 Weeks High (INR)	52 Weeks Low (INR)	Market Cap (INR in millions)	No. of shareholders
2,647.10	2888.30	1814.45	58178.60	12,767

**Stock Price Trend – Share Price Performance in comparison with BSE Sensex:**



\*Based on BSE Sensex (close) / share price (close) on the last trading day of the month.

**Number of subsidiaries, Joint Ventures, Associate as on June 30, 2023:**

Subsidiaries	Associates	Joint Ventures
Nil	Nil	Nil

### Financial indicators

(₹ in Million)

Particulars	FY23	FY22	FY21
<b>Total revenue</b>	<b>10771</b>	<b>9907</b>	<b>8,537</b>
<b>Profit before exceptional items and tax</b>	<b>1176</b>	<b>1526</b>	<b>995</b>
Add/less-exceptional items income/(expense)	-	-	(10)
<b>Profit after exceptional items &amp; before tax</b>	<b>1176</b>	<b>1526</b>	<b>985</b>
Less: Tax Expense	299	385	252
<b>Current tax</b>	<b>286</b>	<b>405</b>	<b>253</b>
Deferred tax charge/ (credit)	2	(11)	(1)
Tax adjustment relating to earlier years	11	(9)	-
<b>Profit after tax</b>	<b>877</b>	<b>1141</b>	<b>733</b>
<b>Other comprehensive income for the year, net of tax</b>	<b>(15)</b>	<b>(12)</b>	<b>1</b>
<b>Total comprehensive income for the year</b>	<b>862</b>	<b>1129</b>	<b>734</b>
Earnings per share - Basic and Diluted	39.91	51.94	33.35

### Cash Flows

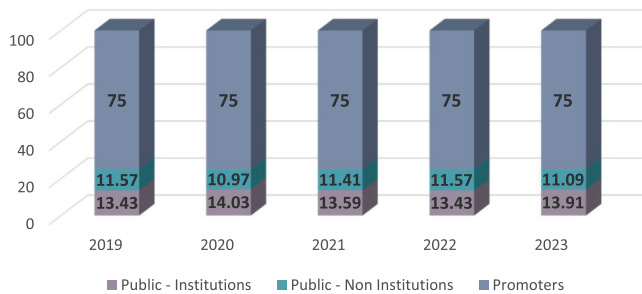
(₹ in Million)

Particulars	FY23	FY22	FY21
Cash flows from operating activities	1158	491	1662
Cash flows from investing activities	(453)	(619)	(247)
Cash flows from financing activities	(447)	(526)	(573)
Net changes	258	(654)	842

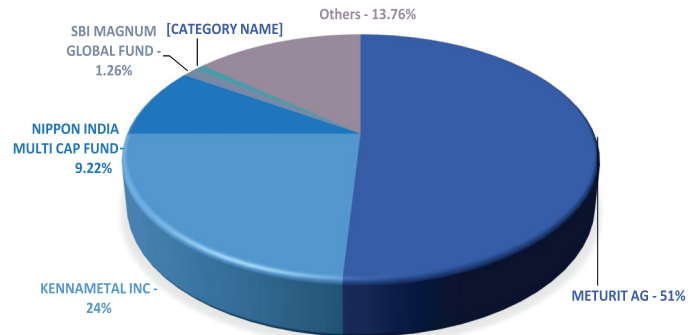
### Ownership Structure

Shareholding Pattern (percentage as of June 30, 2023):

#### Shareholding Pattern %

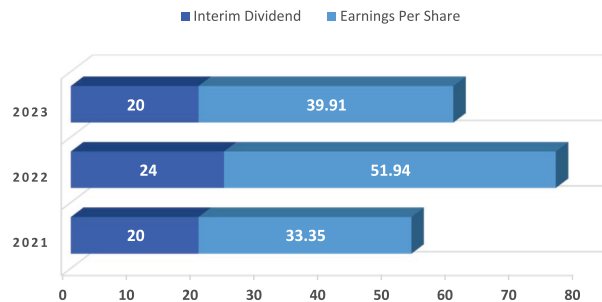


### Top 5 Shareholders as of June 30, 2023 (Public & Promoters)



### Details of Interim Dividend & Earnings Per Share (in ₹) for last three financial years:

#### DIVIDEND & EARNINGS



By Order of the Board of Directors  
For Kennametal India Limited

**Naveen Chandra P**  
General Manager - Legal &  
Company Secretary (ACS -30057)  
Address: 8/9<sup>th</sup> Mile, Tumkur Road,  
Bengaluru – 560073, Karnataka

Bengaluru  
August 30, 2023

## Explanatory Statement as required under Section 102 of the Companies Act, 2013 read with Rules made thereunder and pursuant to the SEBI (LODR) Regulations, 2015

### Item No. 4:

#### Appointment of Ms. Kelly Golden Lynch (DIN: 10270042) as a Non - Executive and Non - Independent Director of the Company:

In accordance with the global Code of Conduct and the Nomination and Remuneration Policy of the Company, the Nomination and Remuneration Committee ("NRC") is focused on building diversity in the Board from not only gender perspective but also pooling in the right expertise to support sustainable growth of the Company. In this connection, the NRC has identified the combination of expertise required on the Board so as to build diverse Board. Further, the NRC has deemed it necessary to have an expert from the finance field. In accordance with rigorous process for identification of right talent on the Board, the members of the NRC along with other Directors interviewed Ms. Kelly Golden Lynch before considering her recommendation to the NRC for approval. Accordingly, the NRC having deliberated the proposal at length recommended its proposal to the Board for approval.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on August 11, 2023 has appointed Ms. Kelly Golden Lynch (DIN: 10270042) as an Additional Director (categorized as Non-Executive and Non-Independent), as per Section 161 of the Act, with effect from August 11, 2023 and who shall hold office upto the date of three months from the date of her appointment by the Board or approval of the Members at the General Meeting, whichever is earlier.

Ms. Lynch is liable to retire by rotation and is not entitled for sitting fees for attending the Meetings of the Board of Directors or Committees thereof and / or any commission. The brief resume in relation to her experience, functional expertise is set out in **Annexure - B** to this Notice.

The Board of Directors recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the Members.

Except Ms. Kelly Golden Lynch, none of other Directors, Key Managerial Personnel or their relatives, are interested or concerned financially or otherwise in the resolution, by virtue of their directorships and to the extent of their shareholding in the Company.

#### Board structure after considering Ms. Kelly Lynch's appointment:

A bird's eye view of the Board structure is depicted hereunder:

Board Size	No. of Independent Directors (IDs)	Executive Director	Non-Executive Directors	% of Independent Directors on the Board
7#	3*	1 ^	3	43%

# Includes 3 women Directors.

\* Includes Independent Chairman and an Independent Woman Director.

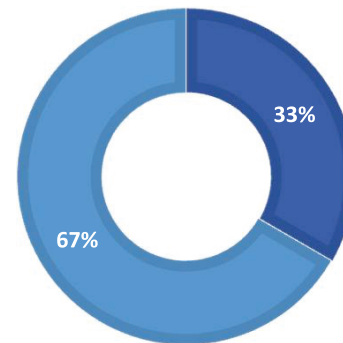
^ Managing Director.

Name	Mr. B. Anjani Kumar	Mr. Vinayak K Deshpande	Ms. Bhavna Bindra	Mr. Franklin Gerardo Cardenas Castro	Mr. Vijay Krishnan Venkatesan	Ms. Kelly Marie Boyer	Ms. Kelly Golden Lynch
Age	71	66	46	55	49	64	53
Male / Female	M	M	F	M	M	F	F
Tenure of office as at August 11, 2023	8.7 years*	8.7 years*	3.5 years	2.4 years	2.8 years	1.2 years	-

\*Appointed as an Independent Director of the Company effective November 04, 2014.

### GENDER COMPOSITION ON BOARD

■ Women Directors ■ Male Directors



**Key Board Qualifications:**

Key Board Qualifications	Board of Directors as at August 11, 2023						
	Anjani Kumar	Vinayak Kashinath Deshpande	Bhavna Bindra	Franklin Cardenas	Vijaykrishnan Venkatesan	Kelly Boyer	Kelly Lynch
<b>Area of Expertise</b>							
<b>REGULATORY MATTERS:</b>							
Financial Expert as per SEBI (LODR) Regulations, 2015	✓	-	-	-	-	✓	✓
Independent Director as per sec 149 of companies act, 2013 and SEBI (LODR) Regulations, 2015	✓	✓	✓	-	-	-	-
<b>EXPERIENCE / SKILLS:</b>							
CEO Experience	-	✓	✓	✓	✓	-	-
Corporate Finance (public Company)	✓	-	-	-	-	✓	✓
Corporate Governance / Corporate Responsibility	✓	✓	✓	✓	✓	✓	✓
Current or Recent Executive Experience	-	✓	✓	✓	✓	✓	-
Diversity	-	✓	✓	✓	✓	-	-
Environmental / Health / Safety	✓	✓	✓	✓	✓	✓	✓
Government / Military	-	✓	-	-	✓	-	-
Industry / Manufacturing Knowledge	✓	✓	✓	✓	✓	✓	✓
International	✓	-	✓	✓	✓	✓	✓
Legal – Transactions	✓	-	-	-	-	✓	-
Operations / Production	-	✓	✓	✓	✓	-	-
Public Company Board Experience	✓	✓	✓	-	✓	-	-
Risk Management	✓	✓	✓	✓	✓	✓	✓
Sales & Marketing	-	✓	✓	✓	✓	-	-
Strategic Planning	✓	✓	✓	✓	✓	✓	✓
Technology / Engineering	-	✓	-	-	✓	-	-

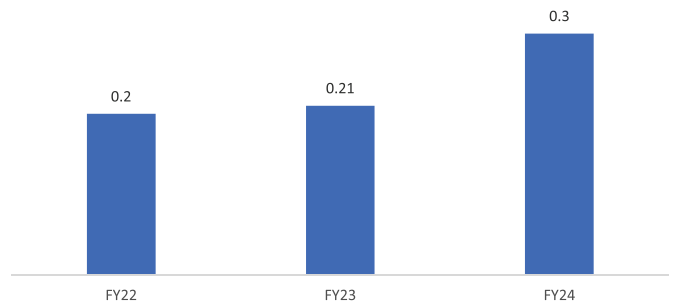
**Item No. 5:**

**To ratify remuneration payable to Messrs. K. S. Kamalakara & Co, Bengaluru, Cost Auditors of the company:**

The Board of Directors of the Company at its Meeting held on August 11, 2023 based on the recommendation of the Audit Committee, approved the appointment and remuneration of Messrs. K.S. Kamalakara & Co., Cost Auditors, Bengaluru (FRN: No:0000296), to conduct the audit of the cost records of the Company for the financial year ending June 30, 2024 and has in this regard approved payment of ₹ 3,00,000 (Indian Rupees Three Lakhs Only) (excluding applicable taxes and re-imbursment of out of pocket expenses) as cost audit fees for FY 24. Further, out of the total turnover of the Company for FY23 viz., ₹ 10,771 million, only 59.66% viz., ₹ 6,427 million was subject to cost audit.

**A bird's eye view of the remuneration to the Cost Auditors is depicted hereunder:**

(Cost Audit Fee ₹ in million)



The Board after considering the recommendation of the Audit Committee have enhanced the remuneration payable to the Cost Auditors vis-à-vis the earlier year i.e., from INR 2.1 million in FY23 to INR 3 million in FY24, subject to ratification by the members.

In terms of the provisions of Section 148(3) of the Act read with Rule 14 (a) (ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditors for the year 2024 as set out in the Resolution aforesaid.

None of the Directors, Key Managerial Personnel of the Company and their relatives, is 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 by the Members.

**Item No. 6: Approval to pay commission, to the Chairman, exceeding fifty percent (50%) of the total commission payable to all Independent Directors:**

In terms of the approval already accorded by the Shareholders earlier at the annual general meeting held on November 10, 2021, Independent Directors of the Company are paid commission based on the criteria approved by the Board, which includes Chairmanship of the Board / Committees of the Board, individual responsibilities and additional contribution to the Company. The Non-Executive Directors (other than Independent Directors) are not entitled to any remuneration.

While all the Independent Directors are entitled to uniform commission, Chairman of the Board and Chairman of the Audit Committee are entitled to additional commission on account of their duties, responsibilities and obligations which they carry. The other Directors have approved said payment of commission subject to the approval of the Shareholders.

Mr. B. Anjani Kumar, Chairman of the Board and the Audit Committee, who is an Independent Director, has no connections with the promoters or other Board members of the management group of your Company. The additional commission to the Chairman (commission more than what is paid to other Independent Directors) is purely on account of the roles, responsibilities and obligations that the position carries and is not individual specific. In the past, all earlier Chairmen were entitled to commissions, based on same parameters. Payment of commission based on these well-defined parameters will not affect the independence of Mr. B. Anjani Kumar.

As per Regulation 17(6) (a) and (ca) of SEBI (LODR) Regulations, 2015 if the annual remuneration payable to single Non-Executive Director exceeds fifty percent (50%) of the total annual remuneration payable to all the Non-Executive Directors, the same shall require approval of Shareholders by way of a Special Resolution. In compliance with the said Regulations, the Board of Directors has recommended the Special Resolution set out at Item No. 6 of the Notice for approval by the Members by way of Special Resolution.

Mr. B. Anjani Kumar is concerned or interested in the Resolution set out at item no. 6 of the Notice. None of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the said resolution.

By Order of the Board of Directors  
For **Kennametal India Limited**

**Naveen Chandra P**  
General Manager - Legal &  
Company Secretary (ACS -30057)  
Address: 8/9<sup>th</sup> Mile, Tumkur Road,  
Bengaluru – 560073, Karnataka

Bengaluru  
August 30, 2023

**Brief Particulars of Director seeking re-appointment:**

Name of the Director	Mr. Franklin Gerardo Cardenas Castro
DIN	09050884
Date of first appointment on Board	05 February 2021
Designation	Director
Date of Birth (Age)	20 May 1968
Relationship between Directors inter-se	None
Experience	<p>Mr. Franklin Gerardo Cardenas Castro was appointed in Kennametal India Limited ('KIL') as Non-Executive Director on February 5, 2021.</p> <p>Mr. Castro is currently Vice President of Kennametal Inc., Ultimate Holding Company of KIL and President of the Infrastructure segment.</p> <p>Mr. Castro has global responsibility for the Infrastructure segment of Kennametal group entities and is accountable for advancing the business strategy, driving operational excellence and delivering profitable growth in the advanced materials, earth cutting tools, engineered components, additive manufacturing and ceramics businesses within the segment.</p> <p>Mr. Castro spent nearly 25 years with Donaldson Company, Inc., starting with the company in Mexico in 1995. He has deep global experience having held various business and general management roles, with responsibility for commercial and operations, during his time with the company. He held management positions covering Mexican and Latin American markets prior to being named Managing Director, Latin America in 2005 and Vice President, Global Engine Aftermarket, in 2010. In his most recent role, he was the Vice President of Asia Pacific, and was responsible for accelerating profitable growth, driving market share and improving productivity.</p>
Expertise in specific functional area	Sales, Marketing and Leadership
Qualifications	Mr. Castro earned a Bachelor of Science degree in industrial and systems engineering and a Master of Business Administration from Tec de Monterrey in Mexico City.
List of Directorships in other Public Companies (excluding Foreign, Private and Section 8 Companies) (except KIL) and Memberships of Committees of the Board in India (includes only Audit Committee and Stakeholders Relationship Committee)	None
List of other Public Companies in India from which from which he has resigned in the past three years	None
No. of Shares held in Kennametal India Limited	Nil
No. of Board Meetings attended during the financial year 2022-23 as a Director	4 (Four)
Terms and conditions of Appointment	Re-appointment in terms of Section 152(6) of the Companies Act, 2013

**Brief Particulars of Director seeking appointment:**

Name of the Director	Ms. Kelly Golden Lynch
DIN	10270042
Designation	Director
Date of Birth (Age)	04 June 1970
Relationship between Directors inter-se	None
Experience	<p>Ms. Kelly Golden Lynch is the Director Finance Infrastructure Segment at Kennametal Inc, (Ultimate holding Company of Kennametal India Limited), having an illustrious career of 25+ years in the field of financial planning &amp; operations, risk management, accounting and internal audit &amp; controls. Ms. Lynch is responsible for the financial governance of +\$700 million global business segment including 20 manufacturing plants. She has managed global extended team of finance professionals in United States and China, plus matrix team in Europe and has partnered with Infrastructure Segment President to identify and prioritize key initiatives.</p> <p>Ms. Lynch has a proven track record of making key contributions that increased shareholders value, reduced costs and minimized risk. Ms. Lynch also has an extensive experience under Internal audit covering comprehensive audit program such as financial, operational, and internal control audits. As a Director Internal Audit, she has managed global team of professionals including in United States and China. She has developed and implemented enterprise-wide risk-based audit planning process and performed annual risk assessment and developed internal audit plan. Ms. Lynch has led company's transition to COSO 2013 framework including gap assessment, transition plan and implementation.</p> <p>Ms. Lynch is a Bachelor of Science in Accounting from University of Delaware – Newark, Delaware 19717 with Concentration in Finance.</p>
Expertise in specific functional area	Financial governance and direct financial operations of global business segment.
Qualifications	Graduate of University of Delaware – Bachelor of Science in Accounting.
Name of Companies (other than this Company) in which Ms. Lynch also holds the directorship and the membership of Committees of the Board	None
List of other Public Companies in India from which from which she has resigned in the past three years	None
No. of Shares held in Kennametal India Limited	Nil

By Order of the Board of Directors  
For **Kennametal India Limited**

**Naveen Chandra P**  
General Manager - Legal &  
Company Secretary (ACS -30057)  
Address : 8/9th Mile, Tumkur Road,  
Bengaluru – 560073, Karnataka

Bengaluru  
August 30, 2023

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Kennametal India Limited  
 (CIN: L27109KA1964PLC001546)  
 Regd. Office: 8/9th Mile, Tumkur Road, Bengaluru - 560 073  
 Phone: +91 (80) 28394321 Fax: +91 (80) 28397572  
 e-mail: in.investorrelation@kennametal.com  
 Website page: http://www.kennametal.com/kennametalindia

**PROXY FORM**  
**(Form MGT-11)**

[Pursuant to Section 105(6) of the Companies Act. 2013 and Rule 19 (3) of the Companies  
 (Management and Administration Rules, 2014)]

**58<sup>th</sup> Annual General Meeting on November 10, 2023**

Name of the member(s) : .....

Registered Address: .....

E-mail ID: .....

Folio No./Client ID: .....

DP ID .....

I / We being the member(s) of ....., Shares of the above named company hereby appoint

1. Name:	2. Name:	3. Name:
Address	Address	Address
e-mail id:	e-mail id:	e-mail id:
Signature	Signature	Signature
.....	.....	.....
Or failing him	Or failing him	Or failing him

as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 58<sup>th</sup> Annual General Meeting of the Company to be held on Friday, November 10, 2023 at 11.00 AM at Hotel Taj Yeshwantpur, 2275, Tumkur Road, Yeshwantpur Industrial Area, Phase 1, Yeswantpur, Bengaluru, Karnataka 560022 and at any adjournment thereof in respect of such resolutions, as are indicated below:



Resolution No.	Resolutions	Vote		
		For	Against	Abstain
<b>Ordinary Business</b>				
1.	To receive, consider, approve and adopt the audited financial statements of the Company for the financial year ended 30th of June, 2023, together with the reports of the Board of Directors and Auditors thereon;			
2.	To appoint Mr. Franklin Gerardo Cardenas Castro (DIN: 09050884), Director, who retires by rotation and being eligible, offers himself for re-appointment.			
3.	To confirm the interim dividend of ₹ 20/- per Equity Share (200%) on 2,19,78,240 Equity Shares of ₹ 10/- each already paid for the financial year 2022-23 (year ended June 30, 2023).			
<b>Special Business</b>				
4.	To appoint Ms. Kelly Golden Lynch (DIN: 10270042) as a Non - Executive and Non - Independent Director of the Company:			
5.	To ratify remuneration payable to M/s K. S. Kamalakara & Co, Bengaluru, Cost Auditors of the company			
6.	To approve the payment of commission, to the Chairman, exceeding fifty percent (50%) of the total commission payable to all other Independent Directors			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Revenue  
Stamp

.....  
Signature of the Shareholder

.....  
Signature of the Proxy

**Notes:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting. The proxy need not be a Member of the Company.
2. It is optional to indicate your preference. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she may deem appropriate.

3. Please complete all details including your membership details in above box before submission. Blank/Incomplete Proxies shall be considered as invalid.
4. In case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.



Kennametal India Limited  
(CIN: L27109KA1964PLC001546)  
Regd. Office: 8/9th Mile, Tumkur Road, Bengaluru - 560 073  
Phone: +91 (80) 28394321 Fax: +91 (80) 28397572  
e-mail: in.investorrelation@kennametal.com  
Website page: <http://www.kennametal.com/kennametalindia>

## ATTENDANCE SLIP

PLEASE HAND OVER THE ATTENDANCE SLIP AT THE ENTRANCE OF THE AGM HALL

DP. ID		NAME AND ADDRESS OF THE REGISTERED MEMBER
Client ID / Folio No.		
No. of Shares		

I hereby record my presence at the 58<sup>th</sup> Annual General Meeting of the Company held at Hotel Taj Yeshwantpur, 2275, Tumkur Road, Yeshwantpur Industrial Area, Phase 1, Yeswantpur, Bengaluru, Karnataka 560022 on Friday, November 10, 2023 at 11.00 AM.

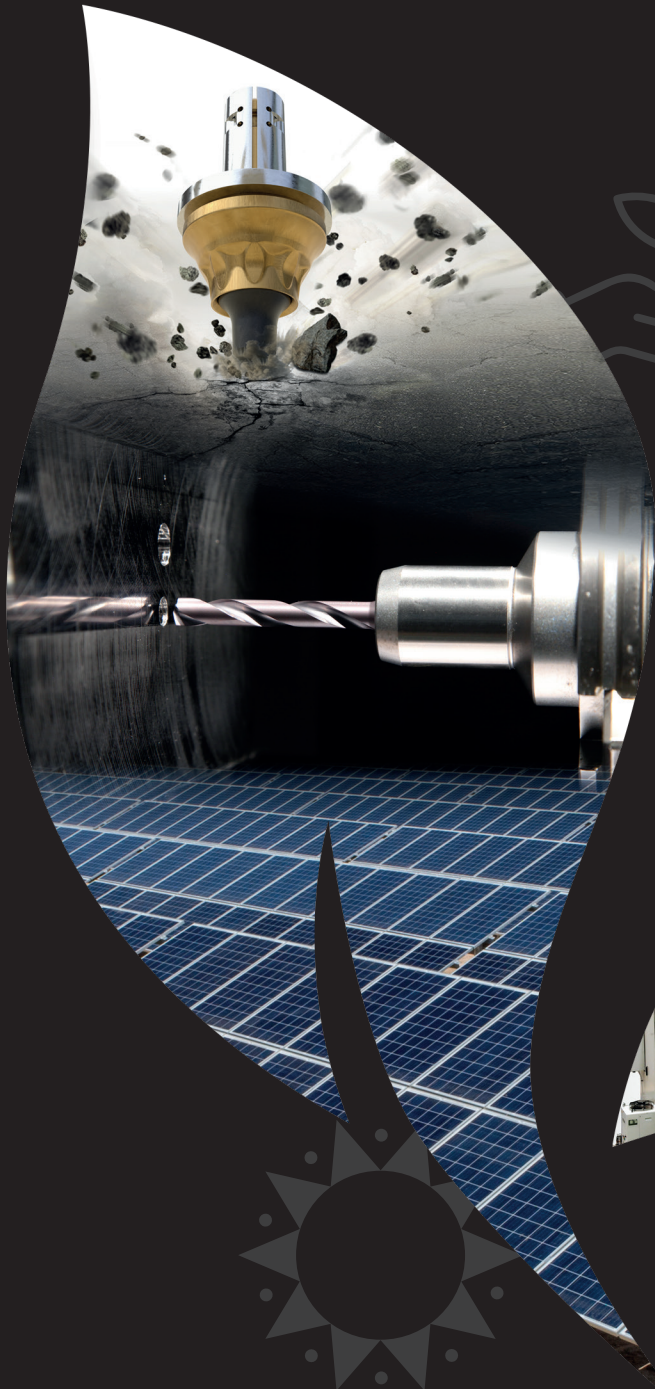
Full name of the Proxy, if attending the Meeting:

Signature of the Member / Joint Member / Proxy attending the Meeting:

**Note:** Persons attending the Meeting are requested to bring this Attendance Slip with them.

### Route Map to the Meeting Venue:





# TRANSFORMING HOW EVERYDAY LIFE IS BUILT.

Our customers build things that touch our everyday lives. They make products that enable people to drive, fly, power and build...and their products are made possible by Kennametal innovation.

By continuously transforming ourselves, our products and our solutions, we are helping our customers to transform everyday life.



# KENNAMETAL INDIA LIMITED

(CIN: L27109KA1964PLC001546)

## Directors

Mr. B. Anjani Kumar  
Chairman  
Mr. Vijaykrishnan Venkatesan  
Managing Director  
Mr. Vinayak Kashinath Deshpande  
Ms. Bhavna Bindra  
Mr. Franklin Gerardo Cardenas Castro  
Ms. Kelly Marie Boyer

Mr. Devi Parameswar Reddy  
(Ceased to be Non-Executive Director  
effective closing of February 10, 2023)

Ms. Kelly Golden Lynch  
(Appointed as an Additional Director  
effective August 11, 2023)

## Key Managerial Personnel

Mr. Vijaykrishnan Venkatesan  
Managing Director  
Mr. K. V. Suresh Reddy  
Chief Financial Officer  
Mr. Naveen Chandra Prakash  
General Manager - Legal & Company Secretary

## India Leadership Council (ILC)

Mr. Vijaykrishnan Venkatesan  
Mr. Prashant Shetty  
Mr. M. T. Swamy  
Mr. Rajashekar Venkat  
Mr. K.V. Suresh Reddy  
Mr. Manu Kidave  
Mr. Naveen Chandra Prakash  
Ms. Swastika Mukherjee  
Mr. M. N. Bhaskara Rao  
Mr. Raghavendra S (Effective January 01, 2023)

## Registered Office and Factory

8/9<sup>th</sup> Mile, Tumkur Road  
Bengaluru - 560 073 Karnataka, India  
Phone: + 91 (80) 28394321  
Fax: + 91 (80) 28390129  
website: [www.kennametal.com/kennametalindia](http://www.kennametal.com/kennametalindia)

## Auditors

### Statutory Auditors

Price Waterhouse & Co. Chartered Accountants LLP  
Chartered Accountants

### Internal Auditors

Messrs Ernst and Young LLP  
Chartered Accountants

### Cost Auditors

Messrs K. S. Kamalakara & Co.

### Secretarial Auditor

Mr. Vijayakrishna K. T., Company Secretary

### Bankers

Bank of America  
HDFC Bank Limited  
ICICI Bank Limited  
State Bank of India  
Mizuho Bank Limited

### Registrar & Share Transfer Agent

Integrated Registry Management Services Private Limited  
30, 'Ramana Residency' 4th Cross, Sampige Road  
Malleswaram, Bengaluru — 560 003  
Phone: + 91 (80) 23460815-818  
Fax: + 91 (80) 23460819  
e-mail: [irg@integratedindia.in](mailto:irg@integratedindia.in)

## 58<sup>th</sup> Annual General Meeting

Friday, November 10, 2023 at 11:00 AM

at Hotel Taj Yeshwantpur, 2275, Tumkur Road, Yeshwantpur Industrial Area, Phase 1, Yeshwantpur, Bengaluru, Karnataka 560022

# CONTENTS

**06**

Chairman's Message

**28**

Corporate Governance  
Report

**09**

Message from the  
Managing Director

**68**

Business Responsibility and  
Sustainability Report

**15**

Board's Report

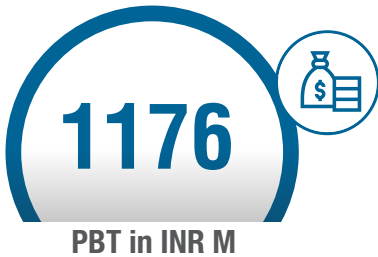
**94**

Financial Statements  
and Notes

**22**

Management Discussion and  
Analysis Report

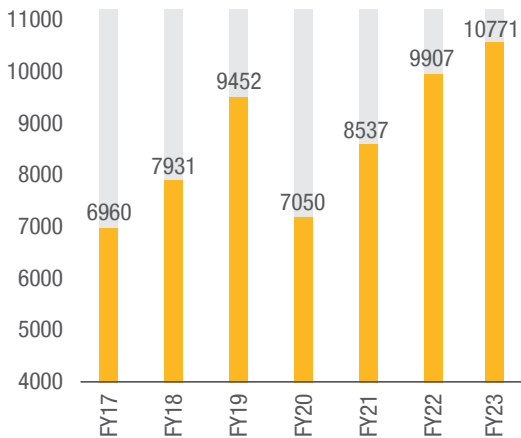




## FINANCIAL PERFORMANCE

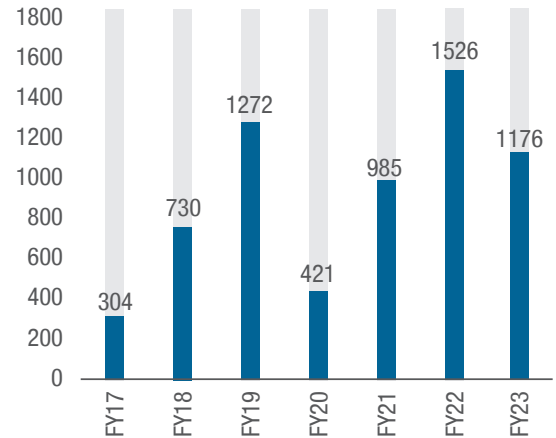
### Revenue in INR M

Revenue was at INR 10771 M, grew at 8.72% over previous year

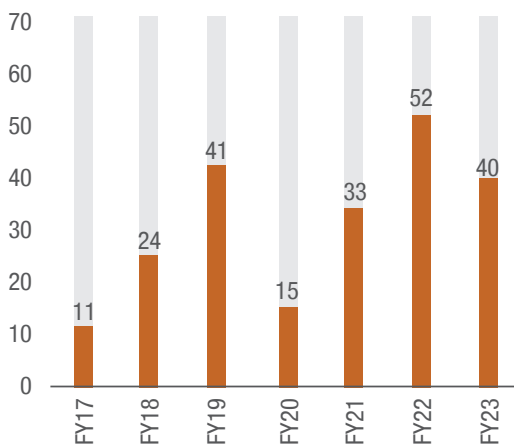


### Profit before Tax (PBT) in INR M

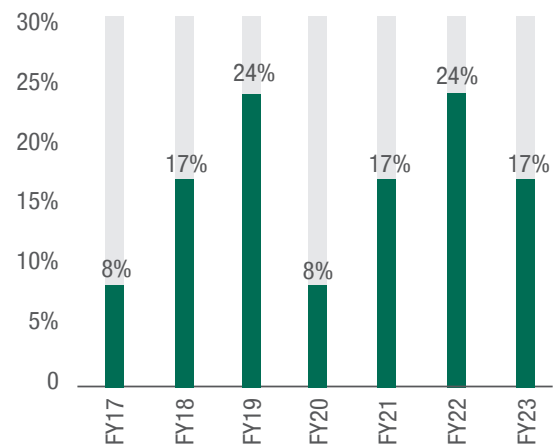
PBT was at INR 1176 M, decreased by 23% over previous year



### Earning Per Share (EPS) in INR

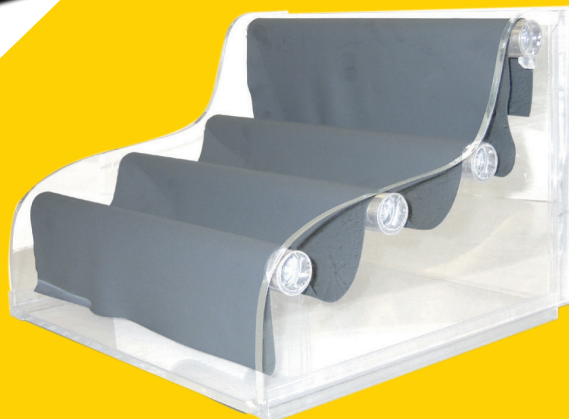
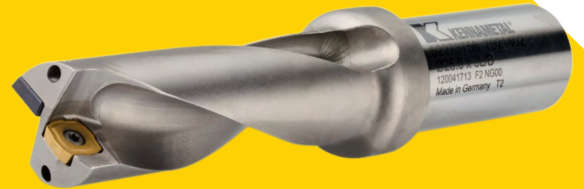


### Return on Capital Employed (ROCE) in percentage



# PRODUCT PORTFOLIO

Kennametal India has effectively positioned itself as a reliable industrial technology leader in materials science, tooling and wear resistant solutions for customers across industries such as aerospace, earthworks, energy, general engineering and transportation. With strong business verticals under Hard Metals and Machine Tools, the company has a balanced business portfolio.





**PEOPLE**

We value our employees, whose skill and innovation helps us deliver industry-leading tools and technologies.



Employees being recognized for outstanding performance during FY 22 at the Annual IKON Awards event



**COMMUNITY**

Through credible NGO partners, we have been continuously involved in various projects aligned with our three-pronged CSR framework of promoting technical education, involvement in community and protecting our planet.



Our Team concluded the Devanahalli Lake restoration project in partnership with United Way India. The project spans nearly 17 acres of land, and the lake itself has a capacity of over 535 million liters of water. This initiative is expected to raise the groundwater table and improve the moisture content in the soil, benefiting up to 5,000 people living in and around the area



**CUSTOMERS**

During the year, we engaged with our network of customers and channel partners to bolster our partnership and showcase our innovations.



Sanjay Chowbey, President, Metal Cutting, Kennametal Inc. and Vijaykrishnan Venkatesan, MD, Kennametal India Ltd. inaugurating the Master Inserts Plant at our Bengaluru facility



**INNOVATION**

During the year, we kept up our focus on innovation and launched several new products to deliver value to our customers.





# CHAIRMAN'S MESSAGE

“Your Company’s growth was driven by strong domestic demand and the team’s commitment to executing strategic initiatives.”

**B. Anjani Kumar**  
Chairman



## Dear Shareholders,

On behalf of the Board of Kennametal India Limited, I am privileged to present the 58<sup>th</sup> Annual Report of the Company for the financial year ended June 30, 2023. I am pleased to share that your company continued its growth momentum over the previous year, clocking total sales of ₹10,771 million which was a growth of almost 9%. The growth was driven by strong domestic demand and the team’s commitment to executing strategic initiatives. In line with this, we invested in capacity building by establishing the new master inserts plant within our Bengaluru manufacturing facility, thereby improving our value to customers in India and abroad.

### Global Economy – an overview

Following a year that saw the peak of global economic turmoil on the back of COVID aftereffects and geopolitical tensions, FY 22-23 reeled from the spillover of these uncertainties and continued to slow down. The surge in commodity inflation, leading to tightening of global monetary policies have stalled the growth in the major economies of US and Europe, while the recovery in China has been far more tepid than anticipated, owing to prolonged lockdowns. As a result, the global economic growth is expected to drop to around 2.1% in 2023 and marginally improve to 2.7% in 2024 as per World Bank estimates. The uncertain situation in the major economies has also aggravated the headwinds faced by emerging markets and developing economies with rising debt, elevated inflation rates and multiple other crises. The growth in these economies is expected to

be in the range of 4% in 2023. Further deepening of financial woes raises the concern of some of even the large global economies heading towards recession.

### Manufacturing Sector in India

According to the Index of Industrial Production (IIP) data, India’s industrial output grew by 5.1% in FY 22-23 (financial year ending March 2023), albeit much lower than 11.4% in the previous fiscal which was over a weak base in FY 21 due to COVID. Growth in industrial production and strong output from manufacturing, mining and power generation were the key drivers. Continuing the positive trend into the April- June quarter, IIP went up 5.2% Y-o-Y in May from 4.2% in April and is expected to moderate to ~3-4% in June. The capex spends by companies including those from capital-intensive sectors was on a rise during the year where the total GFAs (Gross Fixed Assets) grew by 16%, reflecting India Inc.’s confidence in a stable domestic macro environment, and healthy balance sheets. In the long term, the IIP is projected to trend around 4.9% in 2024 and 5% in 2025.

India stood out in comparison to the muted growth witnessed by other major countries, and concluded the fiscal as one of the fastest growing economies in the world with a GDP of 7.2% during FY 23 (Year ended 31.03.23.). This growth was underpinned by a surge in private consumption alongside the Government’s huge capex

push. The GDP in Q1 FY 24 (April – June) is estimated at 7.9%, the bright spots being manufacturing and construction, with sustained buoyancy in services. This outlook is likely to sustain through FY 24 leading to a growth projection between 6-6.5%. The continued robust service exports and narrowing trade deficit in merchandise is expected to augur well in helping the Central government achieve its fiscal deficit target of 5.9% of GDP in FY 24. After witnessing an elevated inflation in the first half, there was a steep decline and the year ended at 4.8%, well below the threshold of RBI and forecasted to moderate at 5.1% in the subsequent year. Overall, India’s ability to absorb global shocks has set it on a trajectory for accelerated growth, though downside risks continue to prevail from external slowdown.

**Performance of the Indian Auto Sector**

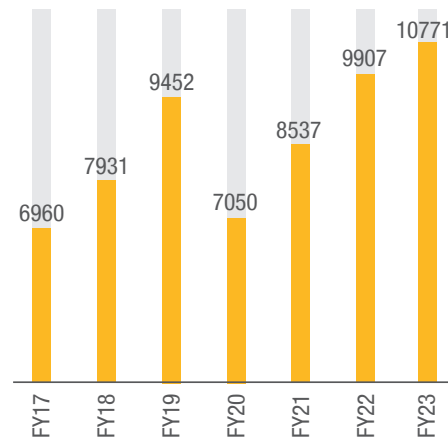
After two years of slump brought on by COVID, followed by the global chip shortage issue, the automobile industry bounced back in FY 23 to become a \$108Bn (INR 8.7 lakh crore) industry. While the two-wheeler segment grew in volume, the Passenger Vehicle (PV) segment saw a value growth with shifting preference of consumers towards higher end vehicle models. The former grew 16.9% in the fiscal, whereas the latter saw a growth of 26.9% as released by the Society of Indian Automobile Manufacturers (SIAM). Commercial vehicles topped the chart with 34.3% higher sales over last fiscal. This overall spike in sales has propelled India to rank first in production of two-wheelers and third in PVs. While e-mobility increased its share in the pie, the segment is still at a nascent stage, two-wheelers being the highest contributors. With the growth indicators expected to remain steady, the domestic automobile industry’s sales volume is expected to grow by 7%-9% during FY 24, mainly driven by commercial and passenger vehicles. The tractor industry on the other hand, benefitted from conducive agricultural conditions and farmer prices. Production volumes peaked to more than 1 million units for the first time, while domestic volumes grew 12% according to Tractor & Mechanization Association (TMA). This growth is expected to moderate in FY 24, owing to a high base and prediction of below “normal” monsoons.

The auto components industry registered double-digit growth in FY 23 with domestic volumes recuperating to pre pandemic levels and moderation of global supply chain constraints. The industry revenue is expected to grow 5-8 per cent in FY 24, touching a revenue figure of over ₹2.5 lakh crore on increased domestic demand, premiumization of vehicles, focus on localization and improved export and regulatory norms.

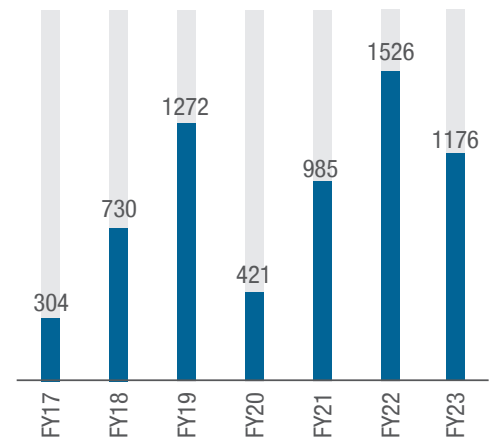
**Financial Performance**

Your Company’s revenues recorded a total of ₹ 10,771 Million in FY 23 showing a growth of 8.7% over the prior year, and the Profit before Tax (PBT) was ₹ 1176 Million for FY 23, which was 22.9% below the prior year.

**Revenue in INR M**



**PBT in INR M**



There was a negative impact on the PBT due to macroeconomic factors and geopolitical tensions leading to a slowdown in various parts of the world including China which led to a reduction in our exports from both the Machining Solutions and Hard Metals Group. The drop in profitable exports, the underutilisation of capacity during the year and the expenses connected to the establishment of the new master inserts plant including the movement of all the machines to the new plant affected our profit before tax as you can see from the chart above and from the financial statements forming part of this Annual Report.

### Changes to the Constitution of the Board

During FY 23, your Company witnessed one change to the Board constitution with Mr. Parameshwar Reddy, Non-Executive Director & nominee of Kennametal Inc., resigning from the directorship of the Company. Mr. Reddy's resignation from the directorship was consequent to his resignation from the role of Director-Finance, Asia Pacific, Kennametal Singapore Pte. Ltd. to pursue opportunities outside of Kennametal. The Board has placed on record its appreciation of the valuable services & contribution rendered by Mr. Reddy during his tenure as a Director on our Board.

Subsequent to the end of FY 23, the Board appointed Mrs. Kelly Golden Lynch as an Additional Director on 11<sup>th</sup> August 2023, based on the recommendation of the Nomination and Remuneration Committee. Her appointment is also being proposed for approval by the shareholders in the ensuing Annual General Meeting.

The Board of your Company therefore remains well-constituted with optimal representation of experts from various realms that adheres to all governance norms.

### Corporate Governance & Environment, Social and Governance (ESG)

Corporate governance is an essential part of decision making and conducting business at Kennametal. While ensuring governance, your Company is always committed to safety, ethics and the wellbeing of all its stakeholders as part of its ESG initiatives. During the year under review, your Company has for the first time published the Business Responsibility and Sustainability Report that enlists various ESG initiatives of your Company. I am proud to state that many of these ESG initiatives were started and followed by your company well before they became any kind of a legal or mandatory requirement as Kennametal highly values these initiatives and actions forming part of its Environment, Health and Safety (EHS) & ESG policies.

### CSR: Corporate Social Responsibility

During FY 23, your Company's CSR initiatives have been centred around the three long standing focus areas of (i) Protecting our Planet (ii) Tech Education as part of Promotion of Education and (iii) Kennametal in the Community. The Company has spent ₹19.22 Million towards projects aligned with these three pillars as part of its CSR initiatives in FY 23 and met the statutory requirements for CSR expenditure during the financial year. The Managing Director's report will provide you with more details on the well planned actions taken under your Company's CSR programme.

### Summary and The Way Ahead

Amid a strong domestic demand and the Government's stimulus towards investments in India, your company delivered a sales growth of 8.7% over the prior year, registering growth across both Hard Metals and Machine Tools segments. The Kennametal India team continued to partner with customers and endeavoured to deliver on our vision to "Transform how everyday life is built". The company registered a broad-based growth, leveraging opportunities across transportation, aerospace, energy, engineering, and earthworks. We continued to deliver on our three-pronged CSR strategy of protecting our planet, supporting technical education and increasing our involvement in the community. We intensified our focus on people initiatives by strengthening our safety practices, driving employee engagement, supporting Diversity & Inclusion initiatives and building a robust talent pipeline.

As we move into FY 24 which appears to have both opportunities and challenges, I am confident that our ethical business policies, our dedicated management team and our robust Balance Sheet, will strongly support your company's profitable growth.

On behalf of the Board of Directors, I would like to sincerely thank all our employees once again, for their dedication and focus on the Company's goals and priorities. I would be failing in my duty if I did not acknowledge the significant contributions of our loyal customers, distribution partners, vendors and bankers in our growth and success. I would also like to take this opportunity to thank all the regulatory authorities and our loyal shareholders for their continued support and encouragement.

Before I conclude, I would also like to sincerely thank my fellow Board Members for their encouragement and guidance to the management led by Mr. Vijaykrishnan Venkatesan, our Managing Director, who along with the Senior Leadership Team has ensured that your company continues its focus on both business performance and business ethics.

I wish the Kennametal team continued success in all its endeavours in the years to come.

Thank you,

**B. Anjani Kumar**  
Chairman

# MESSAGE FROM THE MANAGING DIRECTOR

“Kennametal India Limited concluded the year at ₹10,771 million, growing at 8.7% over a strong base last fiscal.”

**Vijaykrishnan Venkatesan**  
Managing Director



## Dear Shareholders,

It gives me immense pleasure to connect with you through this issue of the Annual Report and share operational updates of your company during the year 2022-23. Needless to say, your faith in the company as well as your unwavering support has helped us focus on long-term value creation for our stakeholders.

FY 23 was a year of stability and buoyancy for the Indian economy, with an estimated 7.2% GDP growth, driven by the Government's push on infrastructure development, increase in CAPEX, resilience in consumer sentiments and a boost to 'Atmanirbhar Bharat' through Production Linked Incentive (PLI) schemes. With this thrust on driving growth-oriented policies, we are today a \$3.2 trillion economy - the fifth largest in the world. Coming to our key sectors, viz. transportation, general engineering, energy, construction and mining, a majority of them witnessed post COVID recovery. This strong momentum in the market, backed by our focus on strategic initiatives helped us achieve volume growth, especially in the Hard Metals segment. Our price realization efforts helped mitigate cost pressures stemming from the heightening of commodity inflation. On the other hand, the Machining Solutions Group grew in the domestic market, but the overall performance was affected due to slower than expected recovery in China. Kennametal India Limited concluded the year at ₹ 10,771 million, growing at 8.7% over a strong base last fiscal. Our PBT was ₹ 1,176 million, down 23%.

## Partnering for success

Innovation being at our core, the year saw several new products being rolled out – KenGOLD™, our proprietary, next generation of multi-layer CVD coating technology, which sets a new standard for wear and productivity in steel turning; VT850 – the first standard machine from the Vertical Turning Lathe portfolio that is a powerful 'plug and play' solution for machining large components, and composite rods for hardfacing that contain large carbides for extended life, to name a few. We are already seeing good traction among customers - a testimony to the efficacy of our launch process and technology.

The Hard Metals segment continued its momentum in securing sustained business from key customers through the Kennametal and WIDIA brands, while increasing its penetration into the Medium, Small and Micro Enterprises (MSME) segment through the new MRW (Metal Removal by WIDIA) brand. Our wear solutions team supported customers in increasing their overall productivity for varied industrial processes. Coming to the Machining Solutions Group (WIDMA), we expanded our installed base of Vertical Turning Lathes and Tool & Cutter grinding machines, helping the business to achieve growth, despite the slowdown in the China market. Customer outreach efforts continued through seminars, open houses, and tradeshow, and we also engaged with our channel partners through a two-day in-person Distributors Meet.

### **Driving manufacturing excellence with focus on Safety**

Staying cognizant of our customers' dynamic needs, and as a means of effectively catering to them, Kennametal has deployed advanced manufacturing technology and equipment that will enable improved quality, product performance, innovation, and delivery for customers across India and beyond. During the fiscal, we celebrated the launch of Kennametal's new inserts manufacturing facility located in our Bengaluru, India campus. This new facility incorporates intelligent manufacturing systems for improved quality, consistency, and lead times. In line with these advancements, we have invested in training the workforce to equip them with the specific skillsets needed to leverage these technologies to the fullest. Additionally, the new facility simplifies operations by way of consolidating inserts manufacturing operations, which were previously housed in multiple production units within the same plant location.

In line with our 'Safety First' approach, we celebrated the month of March as a Safety Month to amplify the awareness and importance of the theme across the organization. Our focus stayed the course through the year via initiatives like fall protection mitigation by deploying over 30 tons of steel guarding, establishing robust procedures and rigor in the usage of various safety tools, and introducing AI to enhance safety controls for all Power Industrial Vehicles (PIVs) present in our Bengaluru, India facility. The 360° Safety System incorporates sensors that track the location of equipment and provide detailed reports on events, vehicle, and driver movements, thereby significantly minimizing the risk of injuries due to unsafe vehicle movement.

### **Furthering our Environment, Social and Governance (ESG) efforts**

On the People front, Kennametal India introduced an Allyship Program in FY 23 to drive awareness about the importance of Diversity & Inclusion in the workplace and encourage conscious actions to support underrepresented groups in being seen, heard, valued, and celebrated for who they are. We celebrated International Women's Day around the theme of 'Embrace Equity' as well that included a myriad of activities such as interactive sessions on gender diversity from acclaimed industry leaders, at thought-provoking panel discussion on equality versus equity at the workplace, and time for our women colleagues to bond.

We also rolled out a 6-month 'Mentorship Program' within the organization to provide current managers, the opportunity to develop leadership and mentoring skills, and for mentees to receive guidance related to career advancement, people management skills, and business-insights. In all, 25 mentors and 52 mentees across

levels were identified after careful, comprehensive evaluation and mapped to each other. Our People Development Council (PDC) program for high potential employees and the Graduate Engineer Trainee program - EMERGE to infuse the next generation of talent pool progressed well into their second year of inception.

Staying committed to "Protecting Our Planet", we celebrated the World Environment Day around the theme of beat plastic pollution, strengthening our water and waste management practices and increasing consumption of solar energy from 67% to 73% this year. An initiative worth mentioning is the new process deployed for managing hazardous wastes by repurposing them for other industrial processes in a safe and compliant manner, thereby reducing their environmental impact substantially.

Our CSR engagements through credible NGO partners continued with focused programs for underprivileged children, including early childcare, child education and youth skill development. In fiscal 2023, Kennametal India donated ₹ 1.8 million to support Sparsha Trust, a non-governmental organization by sponsoring rain-water harvesting facility and a school bus for the Makkala Dhama residential home and training center for 450 underprivileged young girls in Devanahalli, Bangalore. In partnership with United Way India and our on ground implementation partner, Environmentalist Foundation of India, we completed a restoration project at the Devanahalli lake, spanning nearly 17 acres of land and holding more than 535 million liters of water. This restoration effort will support the community of up to 5,000 people living in and around the area.

In steering all the mentioned initiatives, we remained true to the Kennametal Code of Conduct that defines the principles under which we operate our business, win with integrity in the marketplace and put our customers first. We ensured participation of all salaried employees and executives at Kennametal in mandatory trainings on Code of Conduct, ethics and compliance throughout the year, and extended the training to our vendors.

I am happy to share that we will be presenting our first Business Responsibility and Sustainability Report (BRSR) in this edition of the Annual Report as a significant milestone in our journey towards sustainability, at the same time, ensuring alignment with the statutory ESG mandate.

### **Sustaining the momentum with an integrated approach**

As we move into another fiscal where the economy is expected to grow by 6.2 to 6.5%, we expect domestic demand to remain positive in the short-term. To leverage this momentum, our



strategic imperatives remain constant - Accelerate growth by deploying our strategic plans, driving operational efficiency to shore up profitability; sustain our ESG efforts to become a benchmarked organization; and focus on People initiatives around talent acquisition, development, and retention.

On a concluding note, I would like to thank our Chairman, Mr. Anjani Kumar, and Board of Directors for being our guiding light in realizing our growth aspirations. My sincere gratitude towards our customers, channel partners, suppliers, employees, government authorities and partners for their constant support in this journey.

Regards,

**Vijaykrishnan Venkatesan**

Managing Director

# BOARD OF DIRECTORS

Audit Committee - Chairman

Nomination and Remuneration Committee - Member

Stakeholders Relationship Committee - Chairman

Risk Management Committee - Member

Corporate Social Responsibility Committee - Member

Environmental, Social and  
Governance (ESG) Committee - Member



**B. Anjani Kumar**  
Chairman (Independent)



**Vijaykrishnan Venkatesan**  
Managing Director

Audit Committee - Member

Stakeholders Relationship Committee - Member

Risk Management Committee - Member

Corporate Social Responsibility Committee - Chairman

Share Transfer Committee - Chairman

ESG Committee - Chairman



**Vinayak K. Deshpande**  
Independent Director

Audit Committee - Member

Nomination and Remuneration Committee - Chairman

Risk Management Committee - Member

ESG Committee - Member



**Bhavna Bindra**  
Independent Director

Audit Committee - Member

---

Nomination and Remuneration Committee - Member

---

Risk Management Committee - Chairperson

---

Corporate Social Responsibility Committee - Member

---

ESG Committee - Member

---

Stakeholders Relationship Committee - Member



**Franklin Gerardo Cardenas Castro**  
Non - Executive,  
Non - Independent Director

Nomination and Remuneration Committee - Member

---

Corporate Social Responsibility Committee - Member

---

ESG Committee - Member



**Kelly Marie Boyer**  
Non - Executive,  
Non - Independent Director

Stakeholders Relationship Committee - Member

---

Risk Management Committee - Member



Statutory  
Reports

## BOARD'S REPORT

Your Directors are pleased to present the 58<sup>th</sup> Annual Report along with the Audited Financial Statements for the financial year ended June 30, 2023:

### FINANCIAL RESULTS

Particulars	₹ In Million)	
	FY23	FY22
Revenue from operations	10771	9907
<b>Profit before tax</b>	<b>1176</b>	<b>1526</b>
Less: tax expense	299	385
Current tax	286	405
Tax adjustment relating to earlier years	11	(9)
Deferred tax (credit)/charge	2	(11)
<b>Profit after tax</b>	<b>877</b>	<b>1141</b>
Other comprehensive income/(loss) for the year, net of tax	(15)	(12)
<b>Total comprehensive income for the year</b>	<b>862</b>	<b>1129</b>
Add: balance brought forward from previous year	6243	5637
<b>Total available for appropriation</b>	<b>7105</b>	<b>6766</b>
Interim dividend	(440)	(527)
Share based compensation adjustment	(2)	4
Balance transferred to balance sheet	6663	6243

\*Previous period figures have been regrouped and/or reclassified wherever necessary to confirm with the current period presentation in compliance with Ind AS requirement.

### STATE OF COMPANY'S AFFAIRS

#### Operating results

Profit Before Tax (PBT) for the year was ₹ 1176 Million, down 22.9% over previous year. The Company's profit was down in comparison with the previous year on account of one-time expenses incurred towards shifting of manufacturing facilities and movement of machines to a large new modern plant within the factory premises, slower recovery in China which affected the Company's exports and under absorption of costs due to lower manufacturing activity to correct the inventory.

#### Return on capital and cash flows

Return on Capital Employed (ROCE) was 17% in FY23 comparing to 24% in FY22. Return (PAT) on net worth was 13% in FY23 comparing to 18% in FY22. Net operational cash flow generated during the year increased from ₹491 million in FY22 to ₹1158 Million in FY23. The increase in the operating cash flows is mainly due to working capital improvement.

#### Dividend and reserves

An Interim Dividend of ₹ 20/- per Equity Share of ₹10/- (Rupees Ten only) each (200% on the Paid-up Share Capital of the Company) was declared by the Board for the financial year ended June 30, 2023 and May 25, 2023 was fixed as Record Date for the said purpose. The said Interim Dividend was paid on June 7, 2023. The Board of Directors has decided to treat the Interim Dividend as Final Dividend for the financial year ended June 30, 2023.

The Company has not transferred any amounts to general reserves for the financial year ended June 30, 2023.

#### Dividend distribution policy

Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter referred as 'SEBI (LODR) Regulations, 2015'], the Board of Directors of the Company had formulated a Dividend Distribution Policy. All the policies of the Company including Dividend Distribution Policy is available on the website of the Company at <https://www.kennametal.com/in/en/about-us/kil-financials/policies.html>

#### CHANGES IN SHARE CAPITAL

There were no changes in the Share Capital of the Company during the financial year.

#### STATEMENT OF DEVIATION(S) OR VARIATION(S) IN SHARE CAPITAL

During the year under review, there was no instance to report Statement of Deviation(s) or Variation(s) in share capital as per Regulation 32 of the SEBI (LODR) Regulations, 2015.

#### CAPITAL STRUCTURE OF THE COMPANY

The Authorized Share Capital of the Company is ₹219,782,400 divided into 21,978,240 (Twenty-One Million, Nine Hundred and Seventy-Eight Thousand, Two Hundred and Forty only) Equity Shares of ₹10/- each. The Issued, Subscribed and Paid-up Share Capital of the Company as on date is ₹219,782,400 divided into 21,978,240 Equity Shares of ₹10/- each.

**DISCLOSURE REGARDING ISSUE OF EQUITY SHARES WITH DIFFERENTIAL VOTING RIGHTS**

During the financial year under review, the Company has not issued Equity shares with Differential Voting Rights.

**DISCLOSURE REGARDING ISSUE OF EMPLOYEE STOCK OPTIONS**

During the financial year under review, the Company has not issued Shares under Employee Stock Options.

**DISCLOSURE REGARDING ISSUE OF SWEAT EQUITY SHARES**

During the financial year under review, the Company has not issued Sweat Equity Shares.

**MATERIAL CHANGES AND COMMITMENTS**

There has been no material changes and commitments, affecting the financial performance of the Company which occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report.

**MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis ('MD&A') Report is annexed to this report as "Annexure I" as required under Regulation 34 of SEBI (LODR) Regulations, 2015.

**DIRECTORS AND KEY MANAGERIAL PERSONNEL****Directors Retiring by Rotation**

In accordance with the provisions of Section 152 of the Companies Act, 2013 and Articles of Association of the Company, Mr. Franklin Gerardo Cardenas Castro (DIN: 09050884), is due to retire by rotation at the forthcoming Annual General Meeting ('AGM') and, being eligible, offers himself for re-appointment. The Board recommends his re-appointment at the forthcoming AGM.

A brief profile of Mr. Franklin Gerardo Cardenas Castro as required under Regulation 36(3) of SEBI (LODR) Regulations, 2015 is furnished along with the Notice convening 58<sup>th</sup> AGM.

**Annual Declaration from Independent Directors**

The Company has received declarations from all the Independent Directors of your Company confirming that they meet the criteria of Independence as mentioned under sub-section (6) of Section 149 of the Companies Act, 2013 and as per the SEBI (LODR) Regulations, 2015 and criteria of independence from the Management. The Independent Directors possess the requisite integrity, expertise and experience (including proficiency) necessary for acting as Independent Directors of the Company.

On October 22, 2019, the Ministry of Corporate Affairs ('MCA') had released the Companies (Accounts) Amendment Rules, 2019, the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019 and the Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019. These rules have come into force on December 1, 2019, and your Company has complied with these requirements.

**Directors' appointment and remuneration**

The policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, Independence of Director and remuneration for Key Managerial Personnel and other

employees' forms part of Corporate Governance Report of this Annual Report. The web-link for the said policy is <https://www.kennametal.com/in/en/about-us/kil-financials/policies.html>

**Directors' interest**

No Director was materially interested in any contracts or arrangements existing during or at the end of the year in relation to the business of the Company.

No Director holds any shares in the Company as on June 30, 2023, except Mr. B. Anjani Kumar, Chairman & Non-Executive Independent Director, who holds 10 Equity Shares of ₹10/- each in the Company.

**Appointment / Cessation / Resignation of Directors**

As detailed in the Corporate Governance report, it is worthwhile here to reiterate some of the changes to the constitution of the Board.

Mr. Devi Parameswar Reddy (DIN: 03450016), who acted as Director of the Company for over 4 years resigned from the Office of Director of the Company effective closing of business hours of February 10, 2023. The Board of Directors places its sincere appreciation for the commendable contribution to the Board by Mr. Devi Parameswar Reddy during his tenure as the Director of the Company.

There were no other changes to the composition to the Board of Directors of the Company during the financial year ending June 30, 2023. However, Ms. Kelly Golden Lynch (DIN: 10270042) was appointed as an Additional Director (Non-Independent, Non-Executive) of the Company effective August 11, 2023. Further, her appointment as Director is being proposed to the Shareholders of the Company at the ensuing 58<sup>th</sup> Annual General Meeting of the Company to be held on November 10, 2023.

**INVESTOR EDUCATION AND PROTECTION FUND (IEPF)**

Pursuant to the applicable provisions of the Companies Act, 2013, read with the IEPF Authority Accounting, Audit, Transfer and Refund) Rules, 2016 ("the IEPF Rules"), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF, established by the Government of India, after the completion of seven years from the date of transfer to unpaid dividend account. Further, according to the IEPF Rules, the shares on which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account of the IEPF Authority. During the year, the Company has transferred the unclaimed and unpaid dividends to the IEPF. Further, shares on which dividends were unclaimed for seven consecutive years were transferred as per the requirements of the IEPF rules, however in one case the shares could not be transferred to IEPF by the depositories, despite the Company's best endeavour, due to shareholder's demat account was suspended. Details on the shares transferred to IEPFs are available on our website at <https://www.kennametal.com/in/en/about-us/kil-financials/investor-corner.html>

**DIRECTORS RESPONSIBILITY STATEMENT**

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory, cost and secretarial auditors and external consultant(s) including audit of internal financial controls over financial reporting by the Statutory Auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee and Risk Management Committee, the Board is of the opinion

that the Company's internal financial controls were adequate and effective during FY23.

Accordingly, pursuant to the provisions of Section 134(3)(c) and Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of its knowledge and ability, report that:

- The applicable accounting standards have been followed in the preparation of the financial statements, along with proper explanations relating to material departures, if any;
- selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as of June 30, 2023 and profit of the Company for the year ended on that date;
- proper and sufficient care has been taken for the 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 fraud and other irregularities;
- prepared the annual accounts on a going concern basis;
- laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### DEPOSITS

During the financial year, your Company has not invited / accepted any Public Deposits pursuant to the provisions of Chapter V of the Companies Act, 2013.

#### SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

##### Scheme of Amalgamation

Your Company had a Wholly Owned Subsidiary viz., WIDIA India Tooling Private Limited which was merged with the Company vide the Order of the Hon'ble National Company Law Tribunal ("NCLT"), Bengaluru bench dated October 17, 2022, which have been duly signed by Deputy / Assistant Registrar NCLT, Bengaluru bench on November 11, 2022.

Your Company does not have any subsidiary as on year ended June 30, 2023 pursuant to the approval of the aforementioned Scheme. Hence, the requirement of enclosing financial statement of subsidiary in Form AOC-1 to the Board's Report and preparation of Consolidated financial statements does not arise for the year ended June 30, 2023. The Company has taken due care of relevant accounting treatment prescribed under the said scheme and the post-merger compliances have been duly adhered.

As at June 30, 2023 there are no joint venture/s and/ or Associate/s of your Company.

#### CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statement is not applicable for the financial year ended June 30, 2023 considering the merger of its subsidiary viz., WIDIA India Tooling Private Limited with the Company as mentioned above.

#### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The details of Loans and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Notes to the Financial Statements forming part of Annual Report. The Company has not provided any loans and guarantees during the Financial Year.

#### SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the financial year under review, there were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its future operations.

#### CHANGE IN THE NATURE OF BUSINESS

There were no changes in the nature of business of the Company during the financial year ended on June 30, 2023.

#### EVALUATION OF THE BOARD'S PERFORMANCE

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board had adopted a formal mechanism for evaluating its performance and that of its Committees and Directors, including the Chairman of the Board. During the financial year, the evaluation exercise was carried out through a structured evaluation process covering various aspects of the functioning of the Board and Committees such as their composition, experience & competencies, performance of specific duties & obligations, governance issues etc. A separate exercise was carried out to evaluate the performance of each Director including the Board's Chairman who were evaluated on parameters such as contribution at the meetings, independent judgment, attendance and other relevant aspects. The Board was satisfied with the evaluation results, which reflected the overall engagement of the Board, Committees and the Directors of the Company.

Your Company has laid out the criteria for evaluating the independence of Independent Directors and had in place a robust evaluation of performance of Directors, even before the promulgation of SEBI (LODR) (Amendment) Regulations, 2018.

#### FAMILIARIZATION PROGRAMME

The Company has a structured familiarization program for Independent Directors of the Company which is also extended to other Non-Executive Directors to ensure that Directors are familiarized with the operations of the Company; the markets where the Company operates; the product lines; strategy of the Company and its implementation status; Enterprise Risk Management and status of mitigation plans; Governance structure; Board protocols including the manner of conducting Board meetings; the roles, responsibilities and duties expected of a Director in India as per the extant Companies Act, 2013 and SEBI (LODR) Regulations, 2015 amongst others.

The Board of Directors has complete access to the information within the Company. Presentations are regularly made to the Board of Directors and to the members of the Committees of the Board on various matters, where Directors get an opportunity to interact with Senior Management and understand status of strategy implementation, business model, operations, markets, organization structure, product offerings, finance, risk management framework, quarterly and annual results, human resources, technology, quality and such other areas as may arise from time to time.

A document on the familiarization programme is available on our website at <https://www.kennametal.com/in/en/about-us/kil-financials/corporate-governance.html>

The Company also issues appointment letters to the Independent Directors which, *inter-alia*, incorporate their roles, duties and responsibilities. The format of the said letter of appointment is available on our website at <https://www.kennametal.com/in/en/about-us/kil-financials/policies.html>

#### CORPORATE GOVERNANCE

Pursuant to Regulation 34(3) read with Schedule V(C) of SEBI (LODR) Regulations, 2015, a report on Corporate Governance along with a certificate from Mr. Vijayakrishna K T, Practising Company Secretary regarding compliance of conditions of Corporate Governance is annexed as "Annexure II A" and "Annexure II B" respectively and a Certificate as required under Schedule V Part C(10) (i) of SEBI (LODR) Regulations, 2015 from Mr. Vijayakrishna KT, Practising Company Secretary is annexed as "Annexure III" which forms part of this report. Further, in compliance with the SEBI (LODR) Regulations, 2015, your Board has adhered to the Corporate Governance requirements / Code.

As required by SEBI (LODR) (Amendment) Regulations, 2018, 'Annual Secretarial Compliance Report' issued by Mr. Vijayakrishna KT, Practising Company Secretary for the financial year ended June 30, 2023 is annexed as "Annexure IV" which forms part of this report.

#### COMPLIANCE WITH THE CODE OF CONDUCT

A declaration signed by the Managing Director affirming compliance with the Company's Code of Conduct by your Directors and Senior Management of your Company, for the financial year under review, as required under SEBI (LODR) Regulations, 2015 is annexed as "Annexure V" and forms part of this report.

The Kennametal Code of Business Ethics & Conduct is a major component of the Kennametal Value Business System ('KVBS'). The Code addresses the importance of fair dealing and compliance in all aspects of your Company's business and focuses on the concept of doing the right thing every day.

Further details on the Code of Conduct and enforcement of the code are elucidated in the Corporate Governance report. Your Company insists on its employees to embrace the Code of Business Ethics & Conduct to ensure maintenance of strong ethical culture. The Code of Conduct is available on the website of the Company at <https://www.kennametal.com/in/en/about-us/kil-financials/policies.html>

#### CEO/MD AND CFO CERTIFICATE

A Certificate from the Managing Director and the Chief Financial Officer dated August 07, 2023, on the Financial Statements of the Company for the financial year ended June 30, 2023 is annexed as "Annexure- VI" and forms part of this report.

#### WHISTLE-BLOWER POLICY / VIGIL MECHANISM

Even before the promulgation of Section 177 of the Companies Act, 2013, your Company had a Whistle Blower Policy / mechanism. Pursuant to Section 177 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board of Directors have approved and adopted robust Vigil Mechanism / Whistle Blower Policy. The Whistle Blower Policy provides the following avenues for stakeholders including employees to raise complaints freely:

- Audit Committee of Kennametal India Limited;
- Compliance Officer - Kennametal India Limited;
- Ethics Alert Line (toll-free and anonymous): 000-117+1-877-781-7319
- K-Corp Ethics Mailbox: k-corp.ethics@kennametal.com; and
- Office of Ethics and Compliance Fax: + 1 724-539-3839 Telephone: + 1 724-539-4031, Mailing Address: Office of Ethics and Compliance, 1600 Technology Way, Latrobe, Pennsylvania (USA) 15650.

The Complainants duly receive feedback on action taken and this ensures that stakeholders including employees are protected against victimization for any "Whistle Blower" intimation made by them in good faith.

Your Company affirms that no personnel have been denied access to the Audit Committee. Whistle Blower Policy for vigil mechanism is available on website of the Company at <https://www.kennametal.com/in/en/about-us/kil-financials/policies.html>

#### The Kennametal Ethics Helpline

Anyone can make a complaint about the violation of the Code of Conduct of the Company. Reports made to the helpline can be done via the phone or the web on a confidential and anonymous basis, where allowed by local law. The helpline is administered by an independent third-party and is available 24 hours a day, 7 days a week.

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO ETC.

A report in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014, is annexed as "Annexure VII" to this report.

#### STATUTORY AUDITORS & THEIR REPORT

Messrs. Price Waterhouse & Co. Chartered Accountants LLP, Chartered Accountants (FRN: 304026E / E-300009) were appointed as Statutory Auditors of the Company at the 57<sup>th</sup> AGM held on November 11, 2022, for a period of 5 (Five) years to hold the office until the conclusion of 62<sup>nd</sup> AGM.

The Independent Auditors' Reports to the Members on the Financial Statements of the Company for the financial year ended June 30, 2023 does not contain any qualification, reservation or adverse remarks. The notes on financial statements referred to in the Independent Auditors' Report are self-explanatory and do not call for any further comments.

#### REPORTING OF FRAUDS

There was no instance of fraud during the financial year under review, which required the Statutory Auditors to report to the Audit Committee and / or the Board, as required under Section 143(12) of the Companies Act, 2013 and Rules framed thereunder.

#### SECRETARIAL AUDITOR

Mr. Vijayakrishna K.T, Practising Company Secretary (FCS: 1788 & COP: 980) carried out Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the financial year 2022-23 and submitted his report, which is annexed to this report as "Annexure VIII".

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.



**COST AUDITORS**

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the cost audit records maintained by the Company in respect of the products covered under the said rules are required to be audited by a Cost Accountant. Accordingly, the Board of Directors of the Company upon recommendation of the Audit Committee has re-appointed Messrs. K. S. Kamalakar & Co., Cost Accountants (Firm Registration No: 0000296), as the Cost Auditors of the Company for the financial year 2023-24. As required under Section 148 of the Companies Act, 2013, the Shareholders' approval for the remuneration payable to Messrs K. S. Kamalakar & Co., Cost Auditors is being sought at the ensuing 58<sup>th</sup> AGM.

The Cost Audit Report for FY23 does not contain any qualification, reservation or adverse remarks.

**INTERNAL FINANCIAL CONTROL**

Details of internal financial control and its adequacy are included in the Management Discussion and Analysis Report which is annexed to this Report as "Annexure - I".

**INTERNAL AUDITORS OF THE COMPANY**

Pursuant to the provisions of Section 138 of the Companies Act, 2013, the Board of Directors of the Company upon recommendation of the Audit Committee had appointed Messrs. Ernst & Young LLP, as the Internal Auditors of the Company for the financial year 2022-23.

**CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES**

Pursuant to the provisions of Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI (LODR) Regulations, 2015, the Related Party Transactions ('RPTs') that were entered into during the financial year 2022-23 were at arm's length basis and were in the ordinary course of business. Further, there were no material related party transactions during the financial year under review with the Directors or Key Managerial Personnel of the Company. All related party transactions were placed before the Audit Committee and the Board for approval as applicable under Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI (LODR) Regulations, 2015.

The Policy on RPTs as approved by the Board is uploaded on the Company's website at <https://www.kennametal.com/in/en/about-us/kil-financials/policies.html> The Particulars of RPTs in Form AOC - 2 is annexed to the Report as "Annexure IX".

**PARTICULARS OF DISCLOSURES AS REQUIRED UNDER SECTION 197 OF THE COMPANIES ACT, 2013**

Pursuant to Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, the ratio of the remuneration of each Director to the median employee's remuneration for the financial year 2022-23 and such other details as prescribed are set out in the "Annexure X" to this report.

A statement showing details of employees of the Company employed throughout the financial year and employees employed for part of the year who were in receipt of remuneration of ₹ 10.2/- million or more per annum or ₹0.85/- million or more per month respectively is annexed herewith as "Annexure XI" to this report.

**DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

Your Company has an Internal Complaints Committee ('ICC') as required under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Your Company had received 1 (one) complaint under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, during the year under review, which was duly redressed to the satisfaction of the complainant.

**REVISION OF FINANCIAL STATEMENT OR THE REPORT**

There was no revision of Financial Statements of the Company in the preceding three financial years.

**INSOLVENCY AND BANKRUPTCY CODE, 2016**

There was no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the financial year.

**DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF**

During the FY 2022-23, there were no Insolvency Proceedings initiated against the Company and hence there were no instances of one-time settlement during the Financial Year.

**INAUGURATION OF NEW METAL CUTTING INSERTS MANUFACTURING FACILITY**

During the year under review, your Company had inaugurated its new metal cutting inserts manufacturing facility in the existing factory premises. This state-of-the-art facility supports your company to meet growing demand for Kennametal brand and WIDIA brand inserts from customers.

**CREDIT RATING OF SECURITIES**

During the year under review, India Ratings & Research (the "Credit Rating Agency"), vide their report dated July 18, 2022, have assigned your Company, a Long-Term Issuer Rating of "IND AA-" and the outlook is Stable.

**REMUNERATION RECEIVED BY MANAGING DIRECTOR FROM HOLDING OR SUBSIDIARY COMPANY**

During the year under review, no Commission or Remuneration was paid to the Managing Director from the Holding / Subsidiary Company of your Company.

**INSURANCE**

Your Company has sufficient insurance coverage not only on all its assets but also from most of the anticipated risks. All insurance policies are reviewed and renewed from time to time.

**RESEARCH & DEVELOPMENT (R&D)**

The Research, Development and Engineering ('RD&E'), works on new Product and Process Developments with specific focus on materials, coatings and machining technology. The RD&E, Bangalore works on the market requirements in terms of new products, custom solutions, cost saving projects, process developments, product benchmarking and basic research. It is also recognized by the Ministry of Science & Technology - Department of Scientific and Industrial Research - Government of India.

## ENVIRONMENT, HEALTH AND SAFETY (EHS)

A cleaner, healthier and safer environment is a value we demand of ourselves and others and is integrated into everything we do. Environmental, Health and Safety (EHS) are fundamental to your Company's business and its ability to deliver the promise of safety to all the stakeholders, including its employees, customers, shareholders and the public. EHS vision is communicated to all, almost every day. Employees are encouraged and empowered to demonstrate their commitment to Kennametal's EHS protocols.

**Brief on some of the initiatives undertaken by the Company during the financial year under review are as follows:**

**Protecting Our Planet** - Providing sustainable solutions by reducing the total environmental impact of our products and operations. During the year under review, the Company has got Hazardous Waste Authorization by the Karnataka State Pollution Control Board (KSPCB) which is valid for a period of 5 years. Your Company has been working towards protecting our planet by continuously improving the management of energy and natural resources, promoting recycling & recovery of materials and preventing pollution. 73% of the power consumption at your Company's premises is from renewable source of energy. Your Company is cognizant of preserving the ground water table and in this regard has been closely working with organized NGOs. 'One Billion Drops' - 60 Percolation wells in identified parks under Dasarahalli Zone of BBMP (in the vicinity of KIL) are being implemented to improve the ground water table which helps to aid the growth of trees and plants in these parks, this will also help in avoiding water logging or wastage of water due to these rain-water harvesting pits.

- **Lake Restoration project at Devanahalli** - Restoration of quality of water in the lake, free from garbage, effluents & other pollutants:
  - Revival of eco-system in and around the lake by creating microclimate for aquatic flora & fauna;
  - Sustained ground water table, water conservation both in quantity & quality;
  - Flood mitigation and erosion control; improved vegetation & good oxygen.
- **Urban Afforestation Project** - 10,000 saplings were planted to improve Karnataka's natural green cover (Miyawaki type plantation in Government approved land/area at S. Bingipura). The plantation will be maintained for 2 years. This urban afforestation project will ensure a diverse and firmly rooted forest cover in the area and will positively impact the ecosystem.

Your Company continued to monitor the hazardous and non-hazardous waste, according to waste stream and disposal route, with performance assessed on the basis of waste intensity. These initiative will add value to the society and cater to the cause of sustainable development.

## GREEN INITIATIVES

In addition to the above and as part of its efforts to reduce consumption of paper and thereby protect the environment, your Company has ensured that electronic copies of the Annual Report and the notice of the 58<sup>th</sup> AGM are being sent to all such Members whose e-mail addresses are registered with the Company / its Registrar and Transfer Agent.

To the other Members, physical copies of the Annual Report and Notice of the 58<sup>th</sup> AGM are being sent through permitted modes of dispatch. However, Members who have received the said documents in electronic mode but desire to seek physical copies of the same, can send their request to the Company Secretary of the Company at [in.investorrelation@kennametal.com](mailto:in.investorrelation@kennametal.com)

## Safety Performance:

100% Safety - Pursuing a goal of zero injuries, illnesses, and incidents by living the belief that all are preventable. Your Company is pursuing the goal of zero incidents through senior leader ownership of safety, preventative actions and processes, and by establishing leadership roles for employees in safety.

As part of continual initiatives in raising the bar of safety performance, your Company has during FY23 brought about considerable improvements in the safety performance:

**ISO 14001 & 180 45001**: Your Company was re-certified for the ISO 14001 the Environmental Management System and ISO 45001 the Occupational Health and Safety Management system by TUV, a third-party agency without any Non-conformance.

**EHS regulatory compliance**: The Company strives to meet all applicable EHS regulatory compliance by regular review mechanism and regular updates are provided to the Management.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Pursuant to the provisions of Section 134(3) (o) of the Companies Act, 2013 and rules made thereunder, the Corporate Social Responsibility Policy of the Company and initiatives undertaken by the Company on CSR activities during the financial year ended June 30, 2023, are set out in "Annexure XII" to this report. The CSR Policy is available on Company's website at <https://www.kennametal.com/in/en/about-us/kil-financials/policies.html>

Your Company has spent ₹19.22 million on the CSR for the year 2022-23 as against the total budget of ₹19.21 million, thereby spending an excess of ₹2,628/-.

## PERSONNEL / INDUSTRIAL RELATIONS

During the financial year under review, your Company maintained cordial industrial relations at all levels. Your Directors record their appreciation for the contribution made by the employees.

## RISK MANAGEMENT

Enterprise Risk Management (ERM) at the Company is driven by the Risk Management Committee and Board of Directors through their routine oversight responsibilities. The Management team plays a primary role in identification, monitoring and minimizing risks as also to identify business opportunities and threats. As a process, any risk associated with the business is identified and prioritized based on severity, occurrence and effectiveness of detection. The Risks are being reviewed by the Management team periodically and reported to the Risk Management Committee at regular intervals for their review. The Department Leaders have the responsibility to monitor and implement the ERM framework approved by the Risk Management Committee.

The Company has formulated a Risk Management Policy and Risk Committee Charter and a mechanism to inform the Risk Management Committee of the Board about the risk assessment activity performed from time to time. The detailed Risk Management mechanism is provided in the

Management Discussion and Analysis (MD&A) Report.

The Risk Management Committee is constituted with the Board of Directors of the Company as its members. The Chairperson of the Committee is Ms. Bhavna Bindra. As an established practice, the Board of Directors are being updated on risks identification and steps taken to mitigate the same. Risk Management Policy and Charter are uploaded on the Company's website at <https://www.kennametal.com/in/en/about-us/kil-financials/policies.html>

The Company has also been employing the services of Ernst and Young LLP ('EY'), India as its Internal Auditors and EY India regularly conducts internal audits of various parts of the company's operations, as per an Annual Audit Plan which is agreed every year with the Audit Committee of the Board.

#### ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with applicable rules, a copy of the Annual Return for the FY 2022-23 is uploaded on the website of the Company and the same is available at <https://www.kennametal.com/in/en/about-us/kil-financials/corporate-governance.html>

#### BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

Pursuant to Regulation 34 of the SEBI (LODR) Regulations, 2015 your Company is required to include Business Responsibility & Sustainability Report (BRSR) in the Annual Report describing the initiatives taken by the Company from Environmental, Social and Governance perspective. The BRSR is enclosed as "Annexure XIII" to the Board's Report.

#### POLICIES / CODES

The Company has adopted various policies / codes which are reviewed by the Board and its Committees at regular intervals and are amended as and when required. These Policies / Codes are available on the website of the Company at <https://www.kennametal.com/in/en/about-us/kil-financials/policies.html>

#### NUMBER OF BOARD MEETINGS

The Board of Directors met Five (5) times during the financial year 2022- 23. The details of the Board meetings and the attendance of the Directors are provided in the Corporate Governance Report.

The Agenda of the Meeting is circulated to the Directors in advance. The Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal and approval.

#### COMMITTEES OF THE BOARD OF DIRECTORS

Details of memberships and attendance of various Committee Meetings of the Company including a separate Meeting of the Independent Directors are given in the Corporate Governance Report.

#### COMPLIANCE WITH THE APPLICABLE SECRETARIAL STANDARDS

The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India on the Board Meetings and General Meetings.

#### ACKNOWLEDGEMENTS

Your Directors place on record their appreciation for the untiring efforts and unflinching commitment of the employees of your Company and the vendors who were instrumental in maintaining manufacturing excellence, so as to ensure customer delight. Your Directors also place on record their sincere appreciation for the continued support and cooperation of the investor community, the Company's bankers, the regulatory authorities and the Company's customers in FY 23.

For and on behalf of the Board of Directors of  
Kennametal India Limited

B. Anjani Kumar  
Chairman & Independent Director  
DIN: 00022417

Vijaykrishnan Venkatesan  
Managing Director  
DIN: 07901688

Bengaluru  
August 30, 2023

## Annexure I to the Board’s Report

# Management Discussion and Analysis Report

### Overview

#### 1. Global Economy

The global economy is expected to slowdown significantly in 2023 to 2.1% from 3.1% in 2022 according to World Bank's latest Global Economic Prospects report, given the lingering impact of COVID, the Russia – Ukraine war, and the sharp tightening of monetary policy to contain high inflation. The first half of the year saw signs of recovery in the major economies with re-opening in China, and resilient consumption in the United States. However, with inflation expected to prevail, the overall growth is likely to be lower as compared to the last year. Analysts expect growth in the United States to reduce to 1.5%, Euro growth to be 0.8% and a rebound in China to 5.3% this year. The Emerging Markets and Developing Economies are expected to witness a tepid growth of 4% as a fallout of rising debt levels, inflationary pressures, and other pre-existing vulnerabilities.

#### 2. Indian Economy

Contrary to the global economic slowdown, India registered an impressive 7.2% GDP in FY23, notwithstanding the challenges arising from geopolitical and economics headwinds. It was also encouraging to note that the GDP peaked to 6.1% in the fourth quarter, hinting a solid performance in FY24 moving ahead. Earlier this year, the Union Budget announced growth-conducive investments towards green initiatives, PLI schemes, infrastructure development and youth empowerment that have led to an upbeat in consumer sentiments and accelerated CAPEX spends. With supply chain shortages easing for the automotive sector, production volumes peaked to pre COVID levels, bolstered by strong domestic demand. The government’s thrust on the nation’s infrastructure development had a cascading effect on the core sectors and growth of the construction equipment industry. While challenges continue to persist in the coming fiscal, the economy is expected to continue doing well in the short term due to strong domestic investment and India’s growth forecast in FY24 is expected to be around 6.1% to 6.5%.

#### 3. Business Segments

Your Company has been successful in positioning itself as a reliable industrial technology leader in materials science, tooling and wear resistant solutions for customers across the aerospace, earthworks, energy, general engineering, and transportation industries. With strong business verticals under the Hard Metals and Machining Solutions Group (MSG), your Company is well positioned with a balanced business portfolio.

The hard metal segment is dedicated to delivering world-class metalworking solutions and services through our two trusted brands viz., Kennametal and WIDIA. Through these brands your Company offers a complete portfolio of precision-engineered products and custom solution services. With an array of milling, turning, hole making, threading, and tooling systems products, backed by a skilled network of authorized distributor partners and spares support, your Company is positioned to service the customers end-to-end. Your Company is a market leader in wear solutions, engineered components and earth cutting and construction tools that deliver productivity, reliability, and extended life to a wide range of industries with the ability to deliver high performance in a challenging environment. The years of expertise and innovation in matching advanced material solutions and technologies to various applications, helps customers solve wear problems, avoid costly downtime, prevent catastrophic failures and aids them in achieving significant savings.

Machining Solutions Group (MSG): The Machining Solutions Group MSG manufactures special purpose machines, tool and cutter grinding machines as well as fixture and tooling solutions through the "WIDMA" brand. With an expanding customer base, MSG has set high standards in the industry by engineering the most complex components with high precision, be it micro tools or large structural parts for railways and aerospace.

#### 4. Enterprise Risk Framework

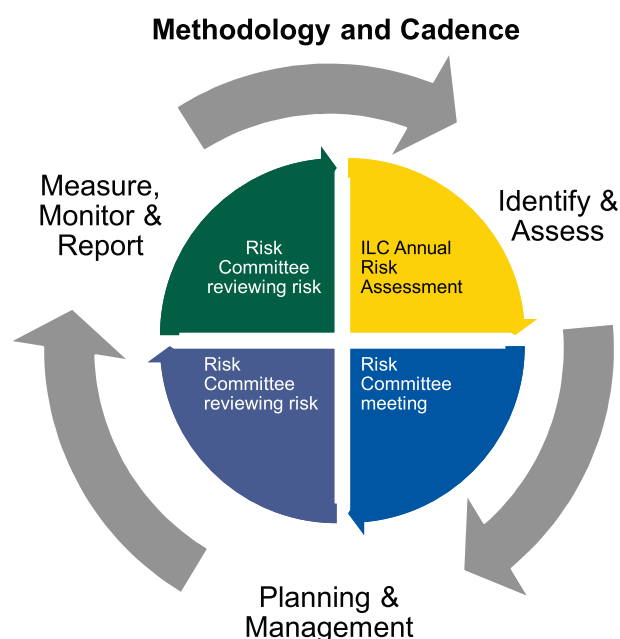
Before delving into risk & opportunities, we append hereunder a brief overview of your Company's ERM framework.

##### Enterprise Risk Management Framework- an Overview:

Your Company has a structured and scientific process of risk identification, assessment, and evolving risk mitigation strategies at two levels:

- (i) **Operational level:** Operational Risk Groups (ORG) comprising representatives from key areas such as sourcing, logistics, customer support, sales, production, inventory, admin staff, security, finance personnel and human resource personnel which are monitored by the Legal Counsel's Office and reported to the Managing Director based on materiality of the impact assessment. These ORGs meet on a regular basis to understand operational risks and arrest these risks at the grass roots level. The risk appetites prescribed for each of the functions alongside the delegation of authority matrix helps in tightening internal controls from time to time and obviates smaller risks from growing into enterprise risks.
- (ii) **Enterprise level:** At the enterprise level, your Company follows a structured methodology in identifying, assessing, and mitigating risks:

*At Kennametal, focus is always on having in place an enterprise risk overview and a mitigation monitoring program that is strategic, comprehensive, practical and embedded in the heart of every decision making - the 'Kennametal Way'.*



**Risk Identification:**

The India Leadership Council ("ILC") brainstorms before inking the macro level risks from their respective areas. Risks having an impact of 5% or more on the profit after tax of the previous year are pegged as a threshold for risks identification.

The internal and external risks identified by the ILC takes into account a number of factors that are operating in the environment, including external market conditions, technology disruptions, changing customer dynamics, regulatory situation, uncertainty surrounding continuity in operations due to the pandemic outbreak, risks identified for the year under review by the parent Company - Kennametal Inc., and so on.

**Risk Assessment:**

The risks identified are assessed and ranked by scientifically assigning Risk Priority Numbers (RPNs) to each of the risks. RPN is derived from three parameters - probability of occurrence of a risk, severity if the said risk were to occur and the plausible mitigation plans that are available to counter the said risk. These three factors are measured on a scale of 1 to 9. The risks with highest priority numbers rank first followed by the lower RPNs. Risk stakeholders corresponding to the top 20 risks are mapped and an active monitoring of the said 20 risks is set into action.

**Monitoring the Risk Mitigation Plans & Re-assessing Risks Periodically:**

Of the 20 top risks assessed by the ILC, the top 7 risks with largest RPNs are supervised periodically by the Risk Management Committee of the Board of Directors. The remaining risks are monitored internally by the Office of General Manager - Legal & Company Secretary in coordination with the Managing Director's office. Any significant observations emanating from those internal risks are brought to the attention of the Risk Management Committee and the Board of Directors, from time to time, as part of risk re-assessment exercise.

Risk mitigation plans are presented by the risk owners and subsequently implemented with a strong sense of accountability. Risk owners in collaboration with cross functional teams chart out the list of activities with timelines and periodically update the ILC. This helps the ILC in understanding as to whether, the risk mitigation plans are working in the desired direction. The Risk Management Committee meets periodically to monitor the status of the risk mitigation plans and review the RPNs.

Once in every 6 (six) months or earlier, as the case may be, the risks are re-assessed and re-ranked based on RPNs. This granular level of monitoring helps re-ranking/ re-positioning the risks and aids in bringing requisite changes in risk mitigation strategies from time to time.

**5. Risks & Opportunities:****Lockdown in China**

Manufacturing activity in Asia saw a contraction with lockdown being announced in China and consequent slowdown in consumption by China. Exports particularly from South Korea and Vietnam saw major contractions. Export from India to China shrunk and this did have its share of impact on your Company's export of machines to China. To mitigate the slower than expected recovery in China, your Company's

MSG business expanded its foot prints in domestic markets and also took decisive steps to expand into Thailand and Vietnam. These mitigation plans have immensely helped your Company in obviating any major impact to your Company's FY23 performance.

**Global chip shortage**

The COVID-19 pandemic, followed by the trade tensions between the China-United States and Russia-Ukrainian war fuelled the Global chip shortage issue and disrupted the availability of wafers & raw materials that are essential for manufacture of Integrated Circuit Chips. The global shortage of chips posed challenges to all industries, leading to delays in delivery timelines for most industries and spiking the prices for end customers. While some chip shortages could remain through 2023 and into 2024, supply of semiconductors and raw materials have generally bounced back witnessing an improved performance in the auto industry which stood at \$108Bn (INR 8.7 lakh crore). Initiatives of the Government of India to provide impetus to the local manufacture of integrated circuit chips is expected to only improve the situation in India.

**6. Threats & concerns****Trade tensions and inflationary trends:**

The trade tensions between US-China, Australia-China, localization drive of China and the Russia-Ukraine war impacted global supply chains during FY23. On the other hand, this also opened up a lot of opportunities for countries desiring to localize their production and meet their demand needs.

Inflation in the US that oscillated between 7 and 6.5% during FY23 added fuel to the surging prices globally. With steep decline in the inflation rate in the US and India reporting inflation at 4.8%, which was below the threshold prescribed by the Reserve Bank of India RBI, India's ability to absorb global shocks has set it on a trajectory for accelerated growth, though downside risks continue to prevail from external slowdown.

Your Company being a subsidiary of a US based MNC, is well positioned in different geographies to make sure that supplies to customers globally remain unhindered and geographical risks are minimized. With a state-of-the-art facility in Bengaluru, your Company is also well positioned to capitalize the localization drive and 'Atmanirbhar Bharat' initiative of the government for supply to public sector and government undertakings. With most of the supply chain for India's operations being locally sourced, there is likely to be very less impact on sourcing.

Your Company's MSG business vertical continues its efforts to increasing foot print in China and other parts of South Asia, catering to a broad base customer portfolio. A number of brand building initiatives are underway to build a robust business model.

**Retaining talents amidst dynamic changes:**

In the light of overall increase in industry attrition and preference for higher paying sectors the risk of retaining talents did not see a reduction during the year under review. Some of the initiatives undertaken by your Company which included, putting in place new learning programs for employees, increasing the frequency of 'on our mind' sessions with the employees, 'be heard' employee surveys to understand & take corrective actions, looking into 'well-being' of employees, aided in obviating any major concerns.

All these initiatives which will be pursued through FY24 are expected, in the long run, to improve work culture and well being of employees.

Your Company has rolled out several initiatives in retaining talented resources with well laid out career development plans, succession planning, development of talent via movement across geographies, active collaboration to hire and maintain diverse minds at Kennametal, among others.

The focus on talent management and building talent pipeline in your Company has received an additional boost with the launch of People Development Council (PDC) for India. PDC process was initiated to identify opportunities and programs to support talent development in the businesses and ensure continuous engagement throughout the year. The main objectives were to ensure that there are successors to key roles in the businesses as well as to focus on developing and retaining high potential talent in the organization.

## 7. Operations

Your Company has recorded 8.7% year-on-year growth with operational revenue of ₹10771 Million during FY23 against ₹9907 Million during FY22. To grow in this challenging market, your Company is continuously focused on development of new products and initiatives to bring operational effectiveness as well as cost optimization to become competitive in the marketplace. With a clearly laid out strategy for growth in both hard metals and MSG businesses, your Company is well positioned to retain and grow its market share.

### Segment-wise performance/reporting:

Your Company's business has been categorized into two broad segments in line with Accounting Standard 17 - Segment Reporting. The primary segments and secondary segments have been categorized based on the nature of the products and services offered by the Company and the business risks associated with the above products /services in markets served.

### The primary segments for financial reporting continue to be:

- (i) Hard Metal Products and
- (ii) Machining Solutions Group

Apart from the primary business segments, the secondary segmental reporting is based on the geographical locations of the customers, viz. domestic and international. Common allocable costs are allotted to each segment to the extent of services utilized and activities involved.

## 8. Company's Outlook

While domestic demand is expected to grow, your Company remains cautious in its outlook for FY 24 amid the prevailing global economic uncertainties.

The intensity of competition is expected to continue with almost all global players making India a manufacturing location for production of tools. The trend of raw material price increase is also expected to continue because of sustained demand as well as weakening of the Indian Rupee against the US Dollar. Despite these headwinds, the management continues to focus on various growth initiatives and development of new products as key drivers to maintain a profitable growth. Profitability improvement with high focus on top line growth and cost optimization will continue to remain a key priority area for FY24.

With the automotive segment in India recovering to pre-pandemic levels your Company is geared to benefit from the demand recovery and easing of chip shortage issue, though factors like geo- political tensions and commodity inflation may continue to impact the segment. With a well-designed strategy to expand its footprint in aerospace, general engineering, defense and other segments, your Company continues to be confident to compete in these markets. Leveraging its state-of-the-art manufacturing facility at Bengaluru, your Company is well positioned to actively participate as a supplier to Public Sector Undertakings (PSU) under the localization drive/ "Atmanirbhar Bharat". To remain cost effective amidst the spike in raw material prices, your Company is focused on optimizing costs and improving its bottom-line through a number of initiatives. The metal cutting brand strategy helps Kennametal to remain efficient while being a strong player to deliver on its commitment to customers. With wider choice of cutting tools from different brands suitable for different applications, your Company is well poised to participate in all the three segments of the market viz., full solution, performance and performance value.

The Machining Solutions Group with its expanding footprint in China and Southeast Asia, sees greater potential from a broader customer base. The growing trade tensions also make India an attractive destination for safe investments for both sales in India and for exports from India.

Your Company's mindful investment in increasing identified capacities in the hard metals segment has enhanced the confidence of all stakeholders and your Company shall continue to remain focused on incremental investments in deserving areas. The launch of the new inserts manufacturing facility at Bengaluru reinstates Kennametal's commitment to growing in India and strengthening local manufacturing capabilities. Your Company will continue to drive growth through efforts aimed at offering the best service and differentiated products to its customers in the coming years.

## 9. Internal Control Systems and their Adequacy

Your Company has established adequate internal control procedures, commensurate with the nature of its business and size of its operations. These controls have been designed to provide a reasonable assurance regarding maintaining of proper accounting controls for ensuring orderly and efficient conduct of its business, monitoring of operations, reliability of financial reporting, accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, protecting assets from unauthorized use or losses, prevention and detection of frauds and errors, and compliance with regulations. The Company has in place a robust internal audit process, run by Ernst and Young (E&Y) India and monitored by the Internal Audit Department of Kennametal Inc., which is designed to provide reasonable assurance that assets are safeguarded against loss or damage and that accounting records are reliable for preparing financial statements. Internal controls are evaluated by the Internal Auditors and reviewed by Management and the Audit Committee. All audit observations and follow up actions thereon are tracked for resolution by the Internal Control function and reported to the Audit and Risk Management Committee. In addition, employees across the organization are required to undergo quarterly and annual refresher training on the Kennametal Code of Conduct which includes within its scope transparency in financial reports, ethical conduct, regulatory compliance, conflicts of interests review and reporting of concerns. The Company also has an active Anti Bribery and Whistle Blower policy and procedure in place.



As indicated in the overview of ERM framework, the Operational Risk Groups actively engages in bringing about necessary changes to the systems from time to time, on need basis, to strengthen internal controls and obviate excessive authority being vested in any one area. The enterprise level ERM is actively monitored by the Risk Management Committee of the Board.

The quarterly compliance reporting system in place has digitally mapped all stakeholders (compliance owners) to the tasks expected to be completed by them. Each of these tasks are updated as and when completed within the timelines. Auto generated emails from the system helps in reminding the stakeholders of their deliverables to ensure adherence to the extant laws. A compliance report generated on a quarterly basis accompanied by certification by all functional heads to the effect that all laws are complied with is placed before the Board of Directors at the quarterly Board meetings.

In addition, the Company has policies and directions based on internationally accepted standards or best practices and wherever applicable, in line with Kennametal Inc. (ultimate holding Company) global policies and practices. These are periodically updated to align with changing developments and global best practices.

#### 10. Financial Performance

Your Company has recorded operational revenue of ₹10771 Million in FY23 with a growth of 8.7% as compared to the previous year. Profit Before Tax (PBT) for the year was ₹ 1176 Million, down 22.9% over previous year. The Company's profit was down in comparison with the previous year on account of one-time expense incurred towards

establishment of the new master inserts plant within the factory premises including movement of machines to the new plant, underutilisation of capacity in the year under review and slower than expected recovery in China leading to loss of profitable exports from the MSG segment.

In order to cope with the logistical challenges related to deliveries from other global plants of Kennametal Inc and also to meet the customer's expectation of faster delivery of products, your Company continues to invest in stocking more SKUs of fast-moving imported products.

Your Company continues to have strong focus on receivables and the collection of outstanding receivables were on track with adequate support from your Company's distributors and direct customers. The Company was able to maintain a healthy cash position and meet its obligations to all the stakeholders in a timely manner.

Return on Capital Employed (ROCE) was 17% in FY23 comparing to 24% in FY22. Return (PAT) on net worth was 13% in FY23 comparing to 18% in FY22. Net operational cash flow generated during the year increased from ₹491 million in FY22 to ₹1158 Million in FY23. The increase in the operating cash flows is mainly due to working capital improvement.

There has been no accounting treatment different from that prescribed in the Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) or as notified under the Companies Act, 2013.

Key financial ratios and changes from last financial year are depicted in the table below :

Key Financial Ratios*	FY23	FY22	% Change FY 23 vs. FY 22	Reason for Variance
Debtors Turnover Ratio ^	7.72	7.90	-2%	Not Applicable
Inventory Turnover Ratio ^	4.41	3.72	19%	Not Applicable
Current Ratio ^	3.17	2.72	16%	Not Applicable
Debt Equity Ratio	0.004	0	-100%	Debt represents lease liability, and it was accounted for during the current year.
Operating Profit Margin (%)	11%	15%	-29%	The Company's profit was down in comparison with the previous year on account of one-time expenses incurred towards shifting of manufacturing facilities and movement of machines to a large new modern plant within the factory premises, slower recovery in China which affected the Company's exports and under absorption of costs due to lower manufacturing activity to correct the inventory.
Net Profit Margin (%)	8%	12%	-29%	
Return on Capital Employed (ROCE) (%)	17%	24%	-28%	
Return (PAT) on Net Worth (%)	13%	18%	-28%	

^ Explanations have been provided for any change in the ratio by more than 25% as compared to June 30, 2022.

\*Interest Coverage Ratio is not applicable as the Company has no debt as on June 30, 2022 and June 30, 2023.

## 11. Material Developments in Human Resources & Industrial Relations

Your Company continues to place Safety of our employees as a key priority. In that respect, we have put several measures in place, including awareness sessions, education, enhance Safety policies, to ensure that Safety is always at the top of our employee's mind. Our endeavour is to drive Safety Culture, together with our Manufacturing Leaders, Managers and Shop-floor employees.

A few initiatives and actions stood out for us this year. This was cutting across Businesses and Functions, positively impacting all employees in your Company in the following ways:

In FY23, we embarked on our EMERGE program. EMERGE is our early-career rotational leadership focused on young engineers for building emerging leaders within Kennametal through diverse experiences, to expand their perspectives, develop functional expertise and accelerate career development. We on-boarded 9 EMERGE trainees in FY 23 and they were given diverse experience in our Manufacturing, Sales and Machine Building Businesses, apart from the class-room training on various aspects of Business and Personal development.

'Our True North' journey continues and so does our emphasis on our Cultural Beliefs. In that direction in FY23, we covered all our shop-floor employees and trained them on our Cultural beliefs, through Culture Huddles and Classroom sessions. We believe this will further our cause to build a robust Culture for the organization and help lay a strong foundation to achieve our key results around Customers, Financials, Our People, and Innovation.

Further, we have made progress on our Diversity & Inclusion (D&I) journey, which we had embarked on a couple of years ago. India Regional D & I council has been active in ensuring that the various initiatives under the different pillars (viz. Awareness, Acquisition, Development and Community) find traction and get us closer to our goal of being recognized as a Company which embraces Diversity in a big way. Our most successful initiative under the D & I has been the launch of the Mentoring program. We have mid to Senior Leaders in the Organization who volunteered to be mentors for High Potential employees. This initiative has been well received by both, the mentors and mentees.

We organized more events under Awareness pillar to communicate our vision and also make more employees ally to this cause. We are collaborating with external agencies who will support our effort to hire a more gender diverse workforce, thus furthering our effort to promote Kennametal as an employer of choice for diverse candidates. We are working on increasing our presence in Social media through active branding initiatives and posting milestones, product launches, events which would reach out to our future potential employees.

We continue to invest in Community through our diverse philanthropic and educational events through our CSR initiatives and actions. Your Company has partnered with an NGO which supports STEM education for education for girl students.

We believe that our Employees growth and development is key to the success of an Organization. We encourage all employees to discuss their development actions with their managers and ensure they have a plan in place for the year. Our endeavor is to ensure that employees get all the required support to achieve that goal. This could in the form of On-the-job training, Job Rotations, Class-room trainings, Strategic Projects, and of course on-line training.

This year we rolled out our training calendar for employees covering all Businesses and functions. We kick-started this with an Out Bound Program for Team Building and Collaboration. This was done in 4 phases to cover the Manufacturing and Sales teams in the Organization.

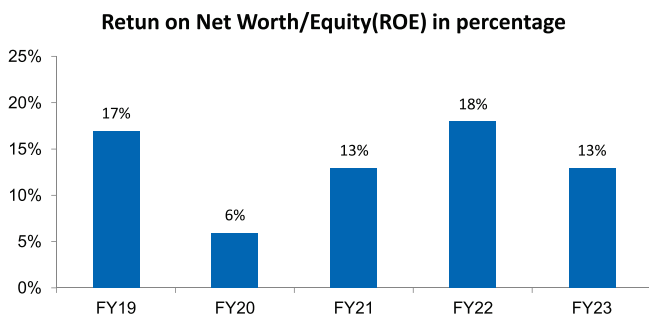
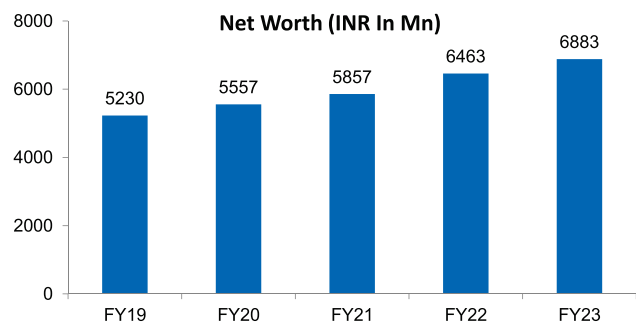
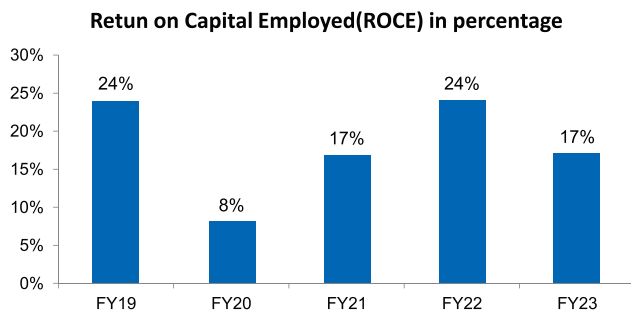
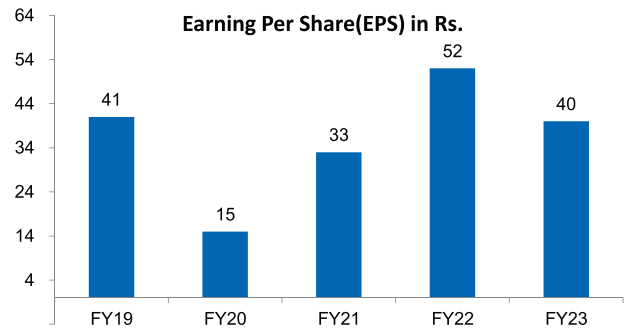
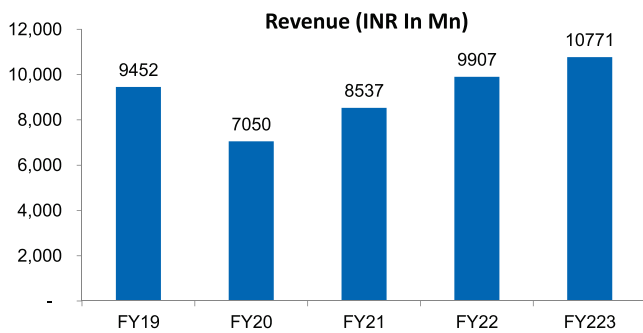
Further, we equipped our Sales team with Value Driven Negotiation and Key Account Management Skills. This was followed by programs focused on Mentoring, Business Finance Acumen and Campus to Corporate programs for different sections of our employees. We also encourage employees to undertake online programs, related to their development, through our on-line learning portal. This portal is accessible to all employees at Kennametal.

Even during these difficult times, your Company continued its focus on building technical skills, which we believe enables our employees to support customers. The Knowledge Center (KC) team supported Sales, Customer and Distributor teams on the technical front, with 110 training days with 45 classroom programs & 21 online programs across the country, covering 2455 Participants.

The total number of permanent employees in your Company as of June 30, 2023 was 739.



### FIVE YEARS CHART FOR KEY FINANCIAL INDICATORS



For and on behalf of the Board of Directors of Kennametal India Limited

B. Anjani Kumar  
Chairman & Independent Director  
DIN: 00022417

Vijaykrishnan Venkatesan  
Managing Director  
DIN: 07901688

Bengaluru  
August 30, 2023

**Annexure II A to the Board's Report**

**CORPORATE GOVERNANCE REPORT**

**Company's Philosophy on Code of Governance**

Good Corporate Governance is at the core of your Company's belief system and is at the heart of our business practices globally. Corporate governance is about maximizing shareholders value legally, ethically and on a sustainable basis. At Kennametal, the goal of corporate governance is to ensure fairness for every stakeholder of your Company, be it, the customers, investors, vendors, channel partners, the community, or the Governments of the countries in which we operate. We believe that sound corporate governance is critical to enhance & retain investors trust. Corporate Governance is a reflection of Kennametal's culture, policies, its relationship with stakeholders and commitment to values. At Kennametal, performance is driven by integrity.

In the following paragraphs, your Company's adherence to various corporate governance requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ['SEBI (LODR) Regulations, 2015'] and other applicable regulations, are detailed below.

**1. Composition of the Board of Directors as at June 30, 2023**

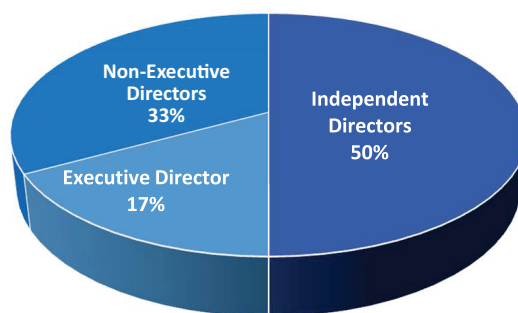
A bird's eye view of the Board structure is depicted hereunder:

<b>Board Size</b>	<b>No. of Independent Directors (IDs)</b>	<b>Executive Director</b>	<b>Non-Executive Directors</b>	<b>% of Independent Directors on the Board</b>
6	3*	1 ^	5	50%

\* Includes Independent Chairman and an Independent Woman Director.

^ Managing Director.

**Board Metrics**

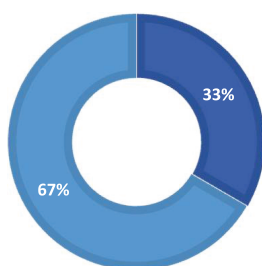


■ Independent Directors   ■ Executive Director   ■ Non-Executive Directors

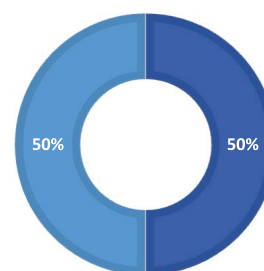
**INDEPENDENT WOMAN DIRECTOR  
V/S  
NON - EXECUTIVE WOMAN DIRECTOR**

**GENDER COMPOSITION ON BOARD**

■ Women Directors   ■ Male Directors



■ Independent Woman Director   ■ Non - Executive Woman Director



Your Company's Board comprises of 6 (six) members (as on June 30, 2023), comprising of 3 (three) Independent Directors, 2 (two) Non-Executive Directors and 1 (one) Managing Director. The Company has a Non-Executive Independent Director as its Chairman and the three Independent Directors constitutes half of the total number of Directors on Board. Chairman is neither a Promoter of the Company nor is he related to any Promoter or person occupying Management positions at the Board level or at one level below the Board as defined under Regulation 17(1) (b)

of SEBI (LODR) Regulations, 2015. Thus, the composition of the Board is in conformity with the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The Directors are inducted to the Board based on the skill sets that they bring to the table. The Board's requirement of various skill sets, from time to time, is assessed and recommended by the Nomination & Remuneration Committee of the Board. This ensures that the Board, at all times, is well balanced with optimal combination of experts from various realms.

#### Tenure of Directors:

Sl. No.	Name	Designation	Original date of Appointment*	Date of re-appointment / approval by the shareholders*	Due date of current term*
1	Mr. Bidadi Anjani Kumar	Chairman (Independent Director)	02/04/2010	04/11/2019	03/11/2024
2	Mr. Vinayak Kashinath Deshpande	Independent Director	06/09/2010	04/11/2019	03/11/2024
3	Ms. Bhavna Bindra	Independent Director	03/01/2020	11/11/2020	02/01/2025
4	Mr. Vijaykrishnan Venkatesan	Managing Director	17/09/2020	11/11/ 2020	16/09/2025
5	Mr. Franklin Gerardo Cardenas Castro	Non-Executive Director	05/02/2021	10/11/2021	Liable to retire by rotation
6	Ms. Kelly Marie Boyer	Non-Executive Director	11/05/2022	15/06/2022	Liable to retire by rotation
7	Mr. Devi Parameswar Reddy**	Non-Executive Director	23/08/2018	11/11/2022	Resigned effective 10/02/2023

\*Dates to be read in DD/MM/YYYY format throughout this report.

\*\*Mr. Devi Parameswar Reddy resigned from the office of Non-Executive Director effective closing of business hours on February 10, 2023.

#### Chairman of the Board and his responsibilities:

The Board at Kennametal India Limited has always been led by an Independent Director as Chairman of the Board. The Chairman's roles, duties and responsibilities are clearly demarcated from other Board members and there is obviously no overlap between the responsibilities of the Managing Director and that of the Chairman.

Mr. B. Anjani Kumar, Chairman comes with 47+ years of rich experience in Finance and Accounts, Compliance, Corporate Governance, M&A and Due Diligence. He is a Chartered Accountant by qualification. Mr. B. Anjani Kumar is also on the Boards of The Hi-Tech Gears Limited and Mikrotek Machines Limited.

The Chairman of your Company leads the Board and is responsible for fostering integrity and governance on the Board while encouraging active participation of all Board members on all matters.

The Chairman presides over the meetings of the Board and of the Shareholders of the Company and takes a lead role in managing the Board and facilitating effective communication among Directors. He is responsible for overseeing matters pertaining to governance, including the organization, composition and effectiveness of the Board and its Committees and the performance of individual Directors towards fulfilling their responsibilities. The Chairman provides independent leadership to the Board and oversees the management of the Board's administrative activities, such as meetings, schedules, agenda, communication and documentation. The Chairman of the Board works actively with the Nomination & Remuneration Committee ("NRC") members and its Chairman to plan the composition of the Board & its Committees in order to ensure that there is optimal combination of experts from varied realms at all points in time and the Board is 'well balanced'. The Chairman also actively participates in charting out attributes expected from new Directors, interviewing the new Directors, Board succession planning and meeting

auditors/ individual Directors independently ('one on one') to receive & provide constructive feedback from time to time.

#### Managing Director and his responsibilities:

Mr. Vijaykrishnan Venkatesan is the Managing Director of the Company.

The Managing Director is responsible for formulating and executing strategies for your Company to achieve the vision, mission and foster growth on a sustainable basis based on strong foundation of Governance, Risk Management and Compliance ('GRC').

The Managing Director being responsible for execution of annual and long-term business targets of the Company by providing strong and positive leadership to the management of the Company, reports the performance of the Company to the Board on a quarterly basis. The Managing Director has a deep understanding of the domestic and international competitive landscape, opportunities for expansion, customers, markets, new product developments and standards and implementing the organization's corporate strategies. The Managing Director acts as the link between the management and the Board and keeps the Board informed about macro level risks impacting the organization and plausible pragmatic mitigation strategies.

The Managing Director is guided by the Chairman and other Members of the Board from time to time.

#### Lead Independent Director

The Chairman of the Board acts as the Lead Independent Director. Role of the Lead Independent Director is to hear the ideas, opinions, and concerns (if any) of the Independent Directors from time to time and ensure implementation of same wherever needed. The Lead Independent Director also engages in communication with other Independent Directors and the other Directors to discuss on matters of interests pertaining to

Board management, management leadership, business performance or any other topic related to the Company. The Lead Independent Director also ensures Board's effectiveness through effective participation of the Independent Directors and encouraging leadership.

#### Role of the Board of Directors

The primary role of the Board is that of trusteeship to protect and enhance shareholder value through strategic direction to the Company. As trustee, the Board has fiduciary responsibility to ensure that the Company has clear goals aligned to shareholders value and its growth. The Board exercises its duties with care, skill and diligence and exercises independent judgment. It sets strategic goals and seeks accountability for their fulfilment. It also directs and exercises appropriate control to ensure that the Company is managed in a manner that fulfils stakeholders' aspirations and societal expectations.

The Board is vested with the responsibility to monitor top risks and the implementation status of the mitigation plans which are presented to the Board at the beginning of the calendar year. The Board has a dedicated Risk Management Committee which oversees the Enterprise Risk Management and updates the collective Board members at the Board meeting.

#### Board membership criteria

The Directors are expected to possess the required qualifications, integrity, expertise and experience for their positions. They are also required to

possess deep expertise and insights in sectors/ areas relevant to the Company and ability to contribute to the Company's growth. From time to time, the Nomination & Remuneration Committee advises the skill-sets required on the Board to ensure that the Board is 'well-balanced'.

The age limit for Non-Executive Director / Independent Directors is 73 (seventy-three) years and for Whole - time Director / Managing Director, it is 70 (seventy) years.

Based on the disclosures received from all the Independent Directors and also in the opinion of the Board, the Independent Directors are independent of the Management and do fulfil the conditions specified in the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

#### Key Board qualifications, expertise and attributes

Your Company's Board comprises of qualified members who bring in the required skills, competence and expertise that allow them to make effective contributions to the Board and its committees. The Board members are committed to ensuring highest standards of corporate governance.

In the table below, the specific areas of focus or expertise of individual Director have been highlighted. However, the absence of a mark against a member's name does not necessarily mean the member does not possess the corresponding qualification or skill. It only means that the Director is not an expert in that particular area.

Key Board Qualifications	Board of Directors as at June 30, 2023					
	Anjani Kumar	Vinayak Kashinath Deshpande	Bhavna Bindra	Franklin Cardenas	Vijaykrishnan Venkatesan	Kelly Boyer
Area of Expertise						
<b>REGULATORY MATTERS:</b>						
Financial Expert as per SEBI (LODR) Regulations, 2015	✓	-	-	-	-	✓
Independent Director as per Section 149 of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015	✓	✓	✓	-	-	-
<b>EXPERIENCE / SKILLS:</b>						
CEO Experience	-	✓	✓	✓	✓	-
Corporate Finance (Public Company)	✓	-	-	-	-	✓
Corporate Governance / Corporate Responsibility	✓	✓	✓	✓	✓	✓
Current or Recent Executive Experience	-	✓	✓	✓	✓	✓
Diversity	-	✓	✓	✓	✓	-
Environmental / Health / Safety	✓	✓	✓	✓	✓	✓
Government / Military	-	✓	-	-	✓	-
Industry / Manufacturing Knowledge	✓	✓	✓	✓	✓	✓
International	✓	-	✓	✓	✓	✓
Legal – Transactions	✓	-	-	-	-	✓
Operations / Production	-	✓	✓	✓	✓	-
Public Company Board Experience	✓	✓	✓	-	✓	-
Risk Management	✓	✓	✓	✓	✓	✓
Sales & Marketing	-	✓	✓	✓	✓	-
Strategic Planning	✓	✓	✓	✓	✓	✓
Technology / Engineering	-	✓	-	-	✓	-

### Selection of new Directors

The Nomination and Remuneration Committee is responsible for screening and selection of new Directors to the Board. Based on defined criteria elucidated above and taking into account the need of experts from various realms, from time to time, the Nomination & Remuneration Committee decides on the qualifications and experience expected of the new Director and accordingly puts up its recommendation to the Board for approval.

### Process for appointing Independent Directors

As a first step, the Nomination and Remuneration Committee decides on the skills sets, knowledge and experience that are expected by the Board from the proposed independent director (to be appointed) and puts it up to the Board for approval. The skill sets requirement from the proposed independent director, to be appointed, is based on a number of parameters including 'board diversity'; having optimal representation of experts from various realms after understanding the gaps in skill sets in the Board from time to time.

The Chairman of NRC takes the lead in appointing professional agencies to search for suitable candidates based on the requirement sheet provided to the said professional agency. No personal connections are considered in the process of identifying suitable candidates. Not less than three profiles are shortlisted for interview by the NRC. The panel of interviewers comprises of the NRC Members, Chairman of the Board and representatives from Kennametal Inc, the ultimate holding company of Kennametal India Limited. Unanimous decision of the panel is presented before the NRC for recommendation of the appointment of the new independent director followed by approvals of the Board and Shareholders.

As per the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the appointed Independent Director is issued a formal letter of appointment. The formal letter of appointment issued by your Company to Independent Directors are disclosed on the website of the Company at <https://www.kennametal.com/in/en/about-us/kil-financials/policies.html>

All Independent Directors of the Company have registered themselves in the data bank of Independent Directors as required by the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019 and the Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019. Annual Declarations received from them pursuant to Section 149(6) of the Companies Act 2013 and Regulation 25(8) of SEBI (LODR) Regulations for the year 2022-23 and the same contains affirmations regarding registrations in the data bank.

There has been no change in the circumstances affecting their status as independent directors of the Company. The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Companies Act 2013.

### Familiarization program for the Directors:

All Directors appointed go through a structured familiarization program which exhaustively covers the operations of the Company; the markets where the Company operates; the product lines; strategy of the Company and its implementation status; Enterprise Risk Management and status of mitigation plans; Governance structure; Board protocols including the manner of conducting Board meetings; the roles, responsibilities and duties expected of a Director in India as per the extant Companies Act, 2013 and SEBI (LODR) Regulations, 2015, amongst others.

The familiarization program document is also disclosed on the website of the Company at <https://www.kennametal.com/in/en/about-us/kil-financials/corporate-governance.html>

As required under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, brief profile and other particulars of the Director/s seeking re-appointment/ appointment are exhibited in the Notice convening the 58<sup>th</sup> Annual General Meeting.

### Declaration under Schedule V, Part C, Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018

All the Directors have confirmed that they are neither debarred nor disqualified from being appointed or continuing as Director by Securities and Exchange Board of India / The Ministry of Corporate Affairs or any such statutory authority. The Company has obtained a Certificate to this effect from Mr. Vijayakrishna K.T., Practising Company Secretary, Bangalore as mandated under Schedule V, Part C, Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.

### Succession planning

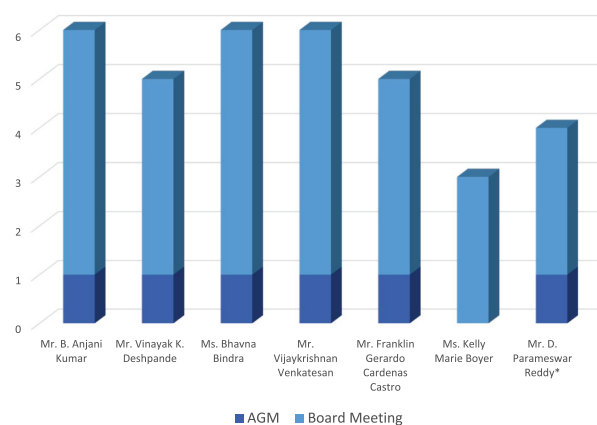
The NRC works with the Board on the leadership succession planning to ensure orderly succession in appointments to the Board and the senior management. The Company strives to maintain appropriate balance of skills and experience within the organization and the Board in an endeavour to introduce new perspectives while maintaining experience and continuity.

### Number of Board Meetings held during the period along with the dates of the Meetings:

During the financial year under review, five (5) Meetings of the Board of Directors were held on the following dates:

- ◆ August 12, 2022;
- ◆ November 10, 2022;
- ◆ February 10, 2023;
- ◆ May 12, 2023; and
- ◆ May 31, 2023.

### Attendance of Directors at the Board Meetings and the Annual General Meeting (AGM) of the Company are stated below:



\* Mr. Devi Parameswar Reddy resigned from the office of Non-Executive Director effective closing of business hours of February 10, 2023.

#### Attendance to the Independent Directors Committee meeting

During the year, two separate Meetings of the Independent Directors were held on August 11, 2022 and May 11, 2023 without the attendance of non-independent Directors and members of the Management.

#### Memberships of Directors in other company's Boards

None of the Directors is Director in more than ten (10) Public Limited Companies or holds directorship in more than seven (7) listed companies or acts as an Independent Director in more than seven (7) Listed Companies. Further, none of the Directors of the Board serves as a member of more than ten (10) Committees across all Public Limited Companies or acts as Chairman of more than five (5) Committees (Committees being Audit Committee and Stakeholders' Relationship Committee, as per Regulation 26(1) of the SEBI (LODR) Regulations, 2015) across all Listed Entities. The Managing Director of the Company does not serve as an Independent Director on any listed company. There is no relationship amongst Directors inter-se.

An Executive Director may, with the prior consent of the Board, serve on the Board of two other business entities, provided that such business entities are not in direct competition with our operations and the appointment shall be subject to the restrictions laid down under the Companies Act, 2013 / SEBI (LODR) Regulations, 2015. Executive Directors are also allowed to serve on the boards of corporate or government bodies whose interests are germane to the future of the similar industry or the key economic institutions of the nation, or whose prime objective is to benefit society.

Independent Directors are not expected to serve on the boards of competing companies. All procedures are adhered to ensure that the Company in which Independent Directors hold Directorship is not a material supplier or a material customer to the Company. In line with Kennametal Inc's protocols, efforts are put in to make sure that the companies in which Independent Directors hold directorships are compliant with Foreign Corrupt Practices Act ('FCPA') and allied legislations. There are no other limitations on the ability of the Independent Directors to take Directorships in other companies, except those imposed by law and good corporate governance practices.

#### Board's Profile as at June 30, 2023:

Directors ^	Age	Men / Women	Tenure of office as at June 30, 2023	Attendance for FY22		Directorship including KIL			Board Committees / including KIL#	
				Board	AGM	Total (LC+PC)	LC	PC	Chairmanship	Membership
<b>Independent Directors</b>										
Mr. B. Anjani Kumar	71	M	8.7 years*	5/5	✓	3	2	1	2	-
Mr. Vinayak K Deshpande	66	M	8.7 years*	4/5	✓	4	2	2	1	2
Ms. Bhavna Bindra	46	W	3.5 years	5/5	✓	2	2	-	-	3
<b>Non-Executive and Non- Independent Directors</b>										
Mr. Franklin Gerardo Cardenas Castro	55	M	2.4 years	4/5	✓	1	1	-	-	-
Ms. Kelly Marie Boyer	64	W	1.2 years	3/5	-	1	1	-	-	1
<b>Executive Director (Managing Director)</b>										
Mr. Vijaykrishnan Venkatesan	49	M	2.8 years	5/5	✓	1	1	-	-	2

^ Mr. Devi Parameshwar Reddy and Ms. Kelly Golden Lynch has not been considered in the above table as Mr. Parameshwar ceased to be a Director effective February 10, 2023 and Ms. Kelly was appointed effective August 11, 2023

\* Appointed as an Independent Director of the Company effective November 4, 2014

# Only the Audit and Stakeholders' Relationship Committees are considered.

AGM - Annual General Meeting

LC - Listed Companies

PC - Public Companies

As on June 30, 2023, following are the particulars of Directorships, Memberships of Board Committees held at other companies:

Name of the Directors	Other Directorships held*	Board Committees# (in other companies)		Directorship in other listed entities
		Chairman	Member	
<b>Non-Executive, Independent Directors</b>				
Mr. B. Anjani Kumar, Chairman	2	0	0	The Hi-Tech Gears Limited (Non-Executive & Non-Independent Director)
Mr. Vinayak K. Deshpande	3	1	1	Voltas Limited (Non-Executive & Non-Independent Director)
Ms. Bhavna Bindra	1	0	1	Automotive Stampings and Assemblies Limited (Non- Executive & Independent Director)
<b>Managing Director – Executive &amp; Non-Independent</b>				
Mr. Vijaykrishnan Venkatesan	1	0	0	Nil
<b>Non-Executive Directors &amp; Non-Independent ^</b>				
Mr. Franklin Gerardo Cardenas Castro	0	0	0	Nil
Ms. Kelly Marie Boyer	0	0	0	Nil

^ Mr. Franklin Gerardo Cardenas Castro and Ms. Kelly Marie Boyer represents Kennametal Inc., the Foreign Promoter. No sitting fee is paid to Non-Executive- Non-Independent Directors.

# Only the Audit and Stakeholders' Relationship Committees are considered.

\*Excluding office of Alternate Directors, Non-Profit Associations, Private & Foreign Companies.

The composition of the Board and Directorships held (all categories of companies) including Kennametal India Limited as on June 30, 2023 are as follows:

Mr. B. Anjani Kumar, Chairman and Independent Director:

Sl. No.	Names of the Companies / bodies corporate / firms / association of individuals	Nature of interest or concern / Change in interest or concern	Shareholding	Date on which interest or concern arose / changed
1.	Kennametal India Limited	Chairman & Independent Director	10 shares	April 02, 2010
2.	The Hi-Tech Gears Limited	Director	Nil	November 03, 2015
3.	Mikrotek Machines Limited	Director	Nil	June 16, 2017

Mr. Vinayak K. Deshpande, Independent Director:

Sl. No.	Names of the Companies / bodies corporate / firms / association of individuals	Nature of interest or concern / Change in interest or concern	Shareholding	Date on which interest or concern arose / changed
1.	Kennametal India Limited	Independent Director	Nil	September 06, 2010
2.	Voltas Limited	Director	Nil	February 14, 2012
3.	Signify Innovation India Limited	Director	Nil	April 27, 2016
4.	Universal Mep Projects and Engineering Services Limited	Director	Nil	September 15, 2021

Ms. Bhavna Bindra, Independent Director:

Sl. No.	Names of the Companies / bodies corporate / firms / association of individuals	Nature of interest or concern / Change in interest or concern	Shareholding	Date on which interest or concern arose / changed
1.	Kennametal India Limited	Independent Director	Nil	January 03, 2020
2.	Automotive Stampings and Assemblies Limited	Independent Director	Nil	July 15, 2019
3.	Rehau Polymers Private Limited	Managing Director	Nil	March 15, 2021

**Mr. Vijaykrishnan Venkatesan, Managing Director:**

Sl. No.	Names of the Companies / bodies corporate / firms / association of individuals	Nature of interest or concern / Change in interest or concern	Shareholding	Date on which interest or concern arose / changed
1.	Kennametal India Limited	Managing Director	Nil	September 17, 2020
2.	Indian Machine Tool Manufacturers Association	Director	Nil	September 20, 2021

**Mr. Franklin Gerardo Cardenas Castro, Non-executive Director:**

Sl. No.	Names of the Companies / bodies corporate / firms / association of individuals	Nature of interest or concern / Change in interest or concern	Shareholding	Date on which interest or concern arose / changed
1.	Kennametal India Limited	Director	Nil	February 5, 2021

**Ms. Kelly Marie Boyer, Non-Executive Director:**

Sl. No.	Names of the Companies / bodies corporate / firms / association of individuals	Nature of interest or concern / Change in interest or concern	Shareholding	Date on which interest or concern arose / changed
01.	Kennametal India Limited	Director	Nil	May 11, 2022

**Notes:**

- There are no inter-se relationships between the Board members. The Company does not have any pecuniary relationship with any of the Non-Executive, Non-Independent Directors.
- Directorship / Interest in Indian companies / body corporates are considered (listed, unlisted public and private limited companies).

**Compliance with the Code of Conduct and Ethics:**

The Company has adopted the KIL Code of Business Conduct and Ethics for Board Members and its Senior Management which is available on the Company website at <https://www.kennametal.com/in/en/about-us/kil-financials/policies.html>

All Board Members confirm in writing, on an annual basis, their adherence to the KIL Code of Business Conduct and Ethics.

**Erudition program to Board Members:**

Every quarter, the Board of Directors are educated on significant amendments to the legislations that have an impact on the Company and the roles of Directors. During the year under review, all Directors underwent a training program on Business Responsibility and Sustainability Reporting (BRSR) which was imparted by KPMG, knowledge partner to your Company's BRSR initiatives.

**Enforcing any violation of the code of conduct:**

All and any violations to the Code of Conduct are dealt seriously with there being a formal investigation process that is set into motion to look into the merits, if any, of the alleged violations. All complaints, be it anonymous or otherwise, are investigated by the General Manager – Legal & Company Secretary. However, behaviour related issues are dealt by the Head of Human Resources and all sexual harassment complaints are looked into by the Internal Complaints Committee formulated under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act of 2013.

Periodical code of conduct trainings are conducted to remind all stakeholders (viz., distributors, suppliers, customers, job contractors etc.) of the provisions of code of conduct. In particular, specific trainings were conducted during the year under review, to all Directors and Designated Persons, during the year, on Prohibition of Insider Trading. Amongst numerous other topics that were covered during the year as part of training, personnel were trained on prevention of sexual harassment, fostering

culture of speaking up for what is not right, export trade compliance regulation training and preserving confidential information.

In compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated the "Policy governing inquiry in case of leak of Unpublished Price Sensitive Information", "Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information" and "Code of conduct for sharing of UPSI with Insiders and Connected Persons" which are available on the Company's website at <https://www.kennametal.com/in/en/about-us/kil-financials/policies.html>

For the complainants to post any grievances, your Company has a whistle blower policy in place, a copy of which is disclosed at <https://www.kennametal.com/in/en/about-us/kil-financials/policies.html> ("Whistle Blower Policy")

All stakeholders have been provided access to the Audit Committee amongst other options available to them under the Whistle Blower Policy viz., Kennametal Helpline is available 24x7 to lodge any grievance/concern at any point in time.

Apart from access to the Audit Committee, the Company also has a dedicated hotline number and email ID to which any person (internal or external) can share their grievances.

Anonymous complaints are treated with the same care as non-anonymous complaint.

In suitable demanding cases, to maintain the independency of the investigation, the Company does engage third party investigators. The complainant (if the identity and address is mentioned by the complainant) is reported back on the investigation conducted and is made aware about the findings and the implementation of the findings.

As per the non-retaliation policy, your Company does not tolerate any retaliation, in any manner, against the complainant and/ or the witnesses or those who support the investigation.



Disciplinary actions are decided based on 'decision making tree' analysis of the findings which is a structured process to make sure that the Company decides the same way for same kind of offences. All disciplinary actions are inflicted without hesitation on the delinquent personnel/ agency/ contractor and reported to the Audit Committee from time to time.

## 2. Audit Committee

The Audit Committee has the powers, roles and terms of reference as per SEBI (LODR) Regulations, 2015 read with the provisions of Section 177 of the Companies Act, 2013. The Company has setup a qualified and independent Audit Committee and the terms of reference of the Audit Committee are set out below:

- i. The Audit Committee shall have minimum three Directors as members. Two-thirds of the members of the Audit Committee shall be Independent Directors.
- ii. All members of Audit Committee shall be financially literate and at least one member shall have accounting or related financial management expertise.
- iii. Chairman of the Audit Committee shall be an Independent Director.
- iv. Chairman of the Audit Committee shall be present at the Annual General Meeting to answer shareholder queries.
- v. The Audit Committee may invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the Meetings of the Committee, but on occasions it may also meet without the presence of any executives of the Company. The Chief Financial Officer (CFO), the Internal Auditors and a representative of the Statutory Auditors may be present as invitees for the meetings of the Audit Committee.
- vi. The Company Secretary shall act as the Secretary to the Committee.
- vii. The Audit Committee shall meet at least four times in a year and not more than 120 days shall elapse between two meetings. The quorum shall be either two members or one third of the members of the audit committee whichever is greater, but there should be a minimum of two independent Directors present.

### Powers of the Audit Committee:

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

### Role of Audit Committee :

#### The role of the Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company.
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.

4. Reviewing, with the management, the annual Financial Statements and Auditor's 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. Compliance with listing and other legal requirements relating to financial statements.
  - e) Disclosure of any related party transactions.
  - f) Modified opinion(s) in the draft Audit Report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing and monitoring the Auditor's Independence, performance and effectiveness of Audit process.
8. Approval or any subsequent modification of transactions of the company with related parties.
9. Scrutiny of inter-corporate loans and investments.
10. Valuation of undertakings or assets of the Company, wherever it is necessary.
11. Evaluation of internal financial controls and risk management systems.
12. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
13. 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.
14. Discussion with internal auditors of any significant findings and follow up there on.
15. 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.
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

17. 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.
  18. To review the functioning of the Whistle Blower Mechanism.
  19. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate.
  20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
  21. 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 as on the date of coming into force of this provision.
  22. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
3. Internal audit reports relating to internal control weaknesses;
  4. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee; and
  5. Statement of deviations:
    - a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to Stock Exchange(s) in terms of Regulation 32(1).
    - b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

**Composition and details of the Audit Committee Meetings during the financial year :**

As on June 30, 2023, the Audit Committee consists of four (4) members inclusive of three (3) Non-Executive Independent Directors and all of them have financial and accounting knowledge. Chairman of the Audit Committee is a financial expert with 47+ years' experience in various facets. The members of the Committee are (i) Mr. B. Anjani Kumar, Chairman of the Committee (ii) Mr. Vinayak K. Deshpande (iii) Ms. Bhavna Bindra and (iv) Mr. Vijaykrishnan Venkatesan.

During the year under review, four (4) Meetings of the Audit Committee of Directors were held on the following dates: August 12, 2022, November 10, 2022, February 9, 2023 and May 12, 2023.

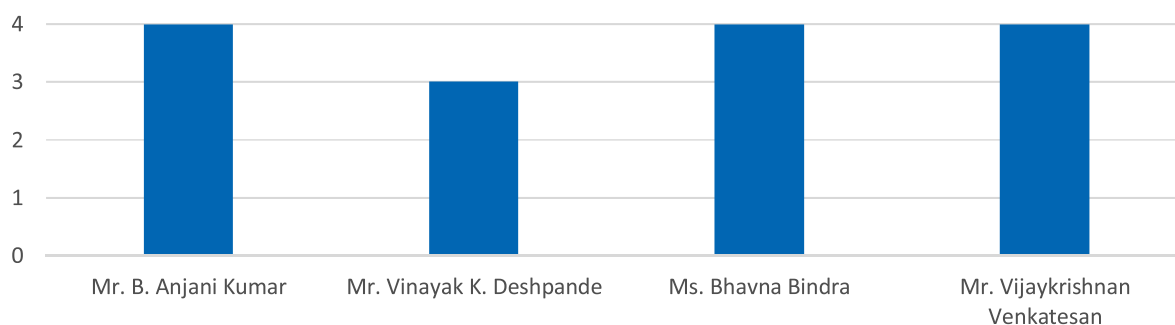
**Review of information by the Audit Committee**

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Management letters / letters of internal control weaknesses issued by the Statutory Auditors;

The particulars of the members and their attendance at the Meetings held during the year are as below:

**Attendance at the Audit Committee Meeting held during FY23**



The Chief Financial Officer (CFO), Internal Auditors and the Statutory Auditors are invited to attend the Meetings of the Audit Committee.

The Company Secretary is the Secretary to the Audit Committee.

**3. Nomination and Remuneration Committee**

In compliance with the provisions of Section 178 of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015, the terms of reference of the Committee, inter alia, includes the following:

1. The Committee shall comprise of at least three Directors.
2. All Members of the Committee shall be Non-Executive Directors and at least two-thirds of the Members shall be Independent Directors.

3. Chairman of the Committee shall be an Independent Director as may be elected by the members of the Committee.
4. The quorum for a meeting of the NRC shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.
5. The Chairperson of the nomination and remuneration committee may be present at the annual general meeting, to answer the shareholders' queries.
6. The Nomination and Remuneration committee shall meet at least once in a year.

**The Nomination and Remuneration Committee has the following roles:**

- i. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
  - ii. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
    - a) Use the services of an external agencies, if required;
    - b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
    - c) consider the time commitments of the candidates.
  - iii. Formulation of criteria for evaluation of performance of Independent Directors and the Board.
  - iv. Devising a Policy on Board diversity.
  - v. Identifying persons who are qualified to become Directors and who may be appointed in senior management roles in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.
  - vi. 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.
  - vii. Recommend to the Board, all remuneration, in whatever form, payable to Senior Management.
- A. The Nomination & Remuneration Policy of the Company is enclosed to this report as **Annexure-A**.

**B. Performance Evaluation**

The Nomination & Remuneration Committee carries out evaluation of performance of every Director, KMP and Senior Management Personnel at regular intervals (yearly) as per the performance management system of the Company.

**Performance evaluation criteria for Independent Directors**

The Nomination and Remuneration Committee of the Board laid down the evaluation criteria for performance of all its Directors including the Independent Directors. The performance evaluation of the Independent Directors has been done by the entire Board of Directors, except the Director concerned being evaluated. Some of the performance indicators, based on which the independent Directors, are evaluated includes:

- Knowledge of the business.
- Attendance and participations in the Meetings and timely inputs on the minutes of the meetings.
- Raising of valid concerns to the Board and constructive contribution to resolution of issues at meetings.

- Understanding regulatory and ethical issues and adhering to the highest norms.
- Generating a supportive environment in meetings, communicating effectively with others.
- Value addition to the Board and contributing significantly in his / her area of expertise.

**C. Criteria for selection of Directors/KMPs and Senior Management Personnel :**

1. The NRC shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his /her appointment.
2. A person should possess adequate qualifications, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether the qualifications, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
3. An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a Special Resolution by the Company and disclosure of such appointment in the Board's Report.
4. The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Remuneration should be:
  - Market competitive
  - Driven by role played by the individual
  - Reflective of size of the Company, complexity of the industry in which it operates
  - Consistent with recognized best practices
  - Aligned to the regulatory requirements, if any.

**D. Board Diversity:**

The Company believes that a diverse board will enhance the decision-making ability of the Board by utilizing the different skills, experience and background, geographical and industry experience, ethnicity, gender, knowledge and length of services, and other distinguishing qualities of the members of the Board. Diversity will be considered in determining the optimum composition of the Board, and all appointments will be based on merit, having due regard to the overall effectiveness of the Board.

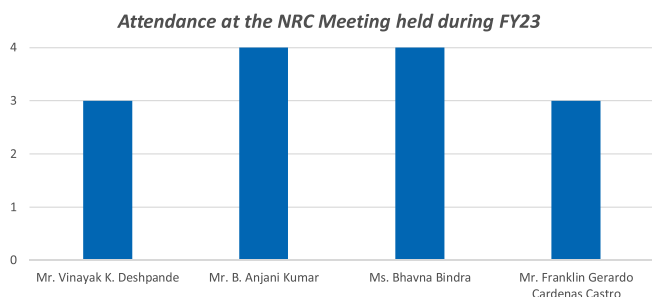
The Committee is responsible for reviewing and assessing the composition of the Board and will make recommendations to the Board on the appointment of new Directors. The Committee will also review the structure, size and diversity of the Board annually and make recommendations on any proposed changes to the Board to complement the Company's objectives and strategy.

The Nomination and Remuneration Policy, Performance Evaluation and Policy on Board Diversity are available on the website of the Company at <https://www.kennametal.com/in/en/about-us/kil-financials/policies.html>

**E. Composition and details of the Nomination and Remuneration Committee Meetings during the financial year:**

As on June 30, 2023, the Nomination and Remuneration Committee of the Company consisted of Four (4) Non-Executive Directors. The members of the Committee are (i) Mr. Vinayak K. Deshpande, Chairman of the Committee (ii) Mr. B. Anjani Kumar (iii) Ms. Bhavna Bindra and (iv) Mr. Franklin Gerardo Cardenas Castro.

During the year under review, the Committee met four (4) times on, August 11, 2022, November 10, 2022, February 9, 2023 and May 11, 2023 and the attendance of the members at the said Meetings are given below:



#### Directors' Remuneration

Remuneration paid to Directors for the year under review is provided in Table I and II.

**Table I:** Remuneration paid to Managing Director in respect of financial year 2022-23:

Managing Director	Amount (₹ in Million)*
Mr. Vijaykrishnan Venkatesan	₹ 26.79

\*Includes salary, fixed allowance, housing, leave travel allowance, contribution to retiral benefits, performance pay, etc. It also includes Stock options of ₹ 3.52 Million granted by Kennametal Inc., (the ultimate holding company), which was vested during the year and the same was cross - charged to Kennametal India Limited. Performance pay is based on the results achieved against the targets and criteria as set out by the Board. The Board of Directors appointed Mr. Vijaykrishnan Venkatesan as an Additional Director and Managing Director at its meeting held on August 19, 2020 after considering the recommendation of Nomination & Remuneration Committee, for a period of five years from September 17, 2020 to September 16, 2025. The contract can be terminated with a notice period of three months or such notice as may be mutually determined as per the Agreement dated September 17, 2020 with no severance fees. The Shareholders have confirmed the appointment of Mr. Vijaykrishnan Venkatesan as a Managing Director at the 55<sup>th</sup> Annual General Meeting for the aforementioned period as recommended by the Board.

**Table II:** Remuneration paid / payable to Non-Executive Directors for the year under review:

Non-Executive Directors	Commission (₹ in Million) *	Sitting Fees (₹ in Million)
Mr. B. Anjani Kumar	2.18	0.64
Mr. Vinayak K. Deshpande	0.91	0.43
Mr. Bhavna Bindra	0.91	0.59
Mr. D. Parameswar Reddy#	Nil	Nil
Mr. Franklin Gerardo Cardenas Castro	Nil	Nil
Ms. Kelly Marie Boyer	Nil	Nil

\* Payable in FY2023-24

# Mr. D Parameswar Reddy has resigned from the Board of Directors of the Company effective February 10, 2023

The criteria for determination of commission to Non-Executive Independent Directors as approved by the Board, includes Chairmanship of the Board / Committees of the Board, individual responsibilities and additional contribution to the Company.

The criteria for making payments to non-executive directors is elucidated in the Nomination & Remuneration Committee Policy of the Company which is enclosed as "Annexure A" to this report and is also available on the website of the Company at <https://www.kennametal.com/in/en/about-us/kil-financials/policies.html>

The Company presently has no Employee Stock Option Plan.

#### 4. Stakeholders' Relationship Committee (SRC)

In compliance with the provisions of Section 178(5) of the Companies Act, 2013 and the provisions of the SEBI (LODR) Regulations, 2015 the Board had formed the "Stakeholders' Relationship Committee".

1. The quorum shall be either two members or one third of the members of the stakeholders' relationship committee whichever is greater.
2. The chairperson of this committee shall be a non-executive director.
3. At least three directors, with at least one being an independent director, shall be members of the Committee.
4. The Chairperson of the Stakeholders Relationship Committee shall be present at the annual general meetings to answer queries of the security holders.
5. The Stakeholders' relationship committee shall meet at least once in a year.

The terms of Reference/Role/Powers of the Committee are as under:

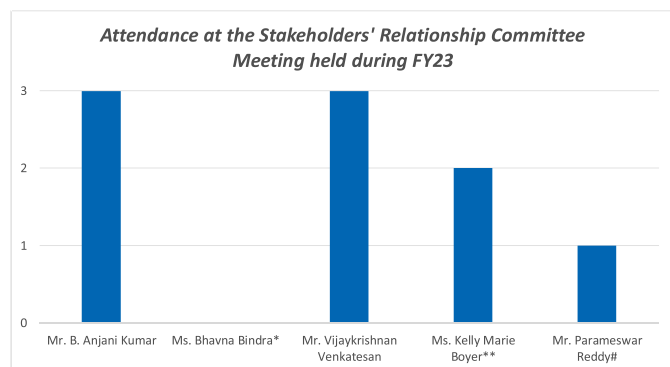
1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. 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.
4. 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.

#### Composition and details of the Stakeholders' Relationship Committee Meeting during the financial year:

As on June 30, 2023, the Stakeholders' Relationship Committee comprises of (a) Mr. B. Anjani Kumar, Chairman who heads the Committee (b) Mr. Vijaykrishnan Venkatesan and (c) Ms. Bhavna Bindra and (d) Ms. Kelly Marie Boyer.

Mr. Naveen Chandra P, GM - Legal & Company Secretary is the Compliance Officer of the Company.

During the year under review, three (3) Meetings of the said Committee were held on November 10, 2022, February 09, 2023 and May 11, 2023. The particulars of the members and their attendance at the Meetings are provided herein the below Table:



# Consequent upon the resignation of Mr. D Parameswar Reddy from the Board of Directors of the Company effective closing of February 10, 2023, Mr. D Parameswar Reddy ceased to be a member of the SRC.

\*Ms. Bhavna Bindra was inducted as a member of the SRC by the Board of Directors at its meeting held on May 12, 2023.

\*\* Ms. Kelly Marie Boyer was inducted as a member of the SRC effective November 10, 2022.

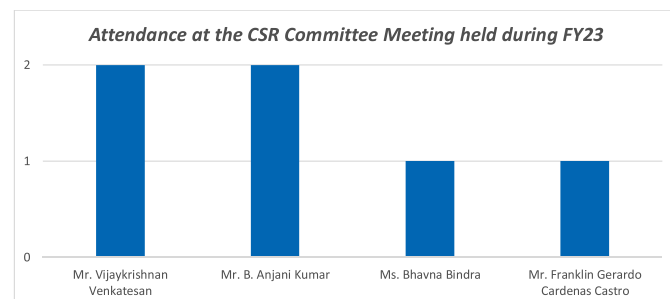
During the year, the Company has not received any complaint from the shareholders of the Company.

### 5. Corporate Social Responsibility Committee

The Board has constituted a Corporate Social Responsibility (CSR) Committee which shall formulate and recommend to the Board, a Corporate Social Responsibility Policy in terms of Schedule VII of the Companies Act, 2013; recommend the amount of expenditure to be incurred on the CSR activities; review the Corporate Social Responsibility Policy of the Company from time to time; and to act in terms of any consequent statutory modification(s)/amendment(s)/revision(s) to any of the applicable provisions to the said Committee.

The Committee comprises of (a) Mr. Vijaykrishnan Venkatesan, Chairman (b) Mr. B. Anjani Kumar (c) Ms. Bhavna Bindra and (d) Mr. Franklin Gerardo Cardenas Castro as on June 30, 2023.

During the year, two (2) Meetings of the said Committee were held. The Committee met on August 11, 2022 and February 9, 2023 during the year under review and the attendance of the members at the said Meetings is provided in the below table as follows:



The Corporate Social Responsibility Policy is also disclosed on the website of the Company at <https://www.kennametal.com/in/en/about-us/kil-financials/policies.html>

### 6. Risk Management Committee

The terms of reference of the Risk Management Committee (“RMC”), inter alia, include the following:

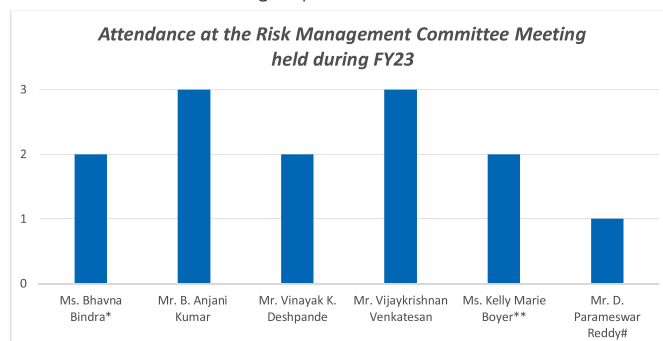
1. To formulate a detailed risk management policy which shall include:
  - a. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - b. Measures for risk mitigation including systems and processes for internal control of identified risks.
  - c. Business continuity plan.
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.
5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken.
6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

As of June 30, 2023, the Risk Management Committee comprised of (a) Ms. Bhavna Bindra, Chairperson of the Committee (b) Mr. B Anjani Kumar (c) Mr. Vijaykrishnan Venkatesan (d) Mr. Vinayak Deshpande and (e) Ms. Kelly M Boyer.

The quorum for a meeting of the Risk Management Committee is either two members or one third of the members of the committee, whichever is higher, including at least one member of the board of directors in attendance.

The Committee met thrice on July 20, 2022, January 13, 2023 and May 11, 2023 during the financial year under review and the attendance of the members at the said Meetings is provided in the below table as follows:



\* Mr. Anjani Kumar ceased to be Chairman of RMC effective May 31, 2023 and Ms. Bhavna Bindra took over as Chairperson effective May 31, 2023.

\*\* Ms. Kelly Marie Boyer was inducted as a member of the RMC effective November 10, 2022.

# Consequent upon the resignation of Mr. D Parameswar Reddy from the Board of Directors of the Company effective February 10, 2023, Mr. D Parameswar Reddy ceased to be a member of the NRC.

**7. The Board has also constituted other Committees which are as follows:**

- A. Share Transfer Committee: The Share Transfer Committee deals with matters relating to transmissions / transposition / consolidation / deletion of name / issue of Share Certificates in exchange for sub – divided / consolidated / defaced share certificates / issue of duplicate Share Certificates by means of letter of confirmation, re-materialization of Shares etc.

- B. Environmental, Social & Governance (ESG) Committee: The ESG Committee formulates, monitors and implements ESG policy and procedures including the establishment of ESG vision, goals & targets and assess progress towards achieving those targets.
- C. Stakeholders' Grievance Committee: The Stakeholders' Grievance Committee provides a channel for Stakeholders of the Company (internal & external) to voice their concerns and lay down a framework to formulate procedures for proper, fair, transparent & expeditious redressal of Stakeholders' Grievances in an efficient manner.

**8. Senior Management Personnel**

The Board, on the basis of the recommendation of NRC, at its meeting held on November 10, 2022, appointed Mr. Raghavendra S, as General Manager – Manufacturing & Factory Manager of the Company with effect from January 01, 2023.

The Senior Management Personnel of Kennametal India Limited as on June 30, 2023, are as follows:

Sl. No.	Name	Position
<b>India Leadership Council</b>		
1.	Mr. Vijaykrishnan Venkatesan	Managing Director (KMP)
2.	Mr. Prashant Shetty	Director Sales
3.	Mr. M.T. Swamy	Director Sales
4.	Mr. Rajashekar Venkat	Director Sales
5.	Mr. Suresh Reddy K V	Chief Financial Officer (KMP)
6.	Mr. Naveen Chandra Prakash	General Manager – Legal & Company Secretary (KMP)
7.	Ms. Swastika Mukherjee	General Manager - Strategic Marketing
8.	Mr. Manu Kidave	General Manager – Human Resources
9.	Mr. Raghavendra S	Director - Manufacturing & Factory Manager
10.	Mr. Bhaskara Rao M N	Vice President - Manufacturing
<b>Other Functional Heads</b>		
1.	Mr. Venugopal Thirumurthy	Deputy General Manager - Quality

**9. General Meetings**

Date and Time	Location	Special Resolutions passed
55 <sup>th</sup> AGM, November 11, 2020 12.00 Noon	Through Video Conferencing (VC)	Appointment of Mr. Vijaykrishnan Venkatesan (DIN: 07901688) as Director & Managing Director of the Company.
56 <sup>th</sup> AGM, November 10, 2021 12.00 Noon	Through Video Conferencing (VC)	Approval to pay commission, to the Chairman, exceeding fifty percent (50%) of the total commission payable to all Independent Directors.
57 <sup>th</sup> AGM, November 11, 2022 12.00 Noon	Through Video Conferencing (VC)	Approval to pay commission, to the Chairman, exceeding fifty percent (50%) of the total commission payable to all Independent Directors.

**10. Postal Ballot:**

During the year under review, the Company had on one occasion approached the Shareholders through Postal Ballot for two proposals, all of which were ordinary resolutions, and no special resolutions was passed. The said postal ballot exercise was conducted by Mr. Vijayakrishna KT (FCS 1788, COP 980), Practising Company Secretary and the resolutions were passed by the members of the Company on June 16, 2023. No special resolution is proposed to be conducted through postal ballot as on the date of this report.

**Procedure for postal ballot:**

Pursuant to the provisions of Section 110 of the Act read with Rule 22 of Companies (Management and Administration) Rules, 2014 (Management Rules), as amended, the Company had issued Postal Ballot Notice dated May 12, 2023 to the Members, seeking their consent with respect to approval of material related party transactions with Kennametal Inc. USA and Kennametal Europe GmbH, Switzerland. In compliance with provisions of Section 108 and Section 110 and other applicable provisions, of the Act read with the Management Rules, the Company had provided remote e-voting facility to all the Members of the Company. The Company engaged the services of Central Depository Services Limited (CDSL) for

facilitating e-voting to enable the Members to cast their votes electronically. The Board of Directors had appointed Mr. Vijayakrishna K T (FCS 1788, COP 980), Practising Company Secretary, to act as the Scrutinizer for Postal Ballot process. The voting period commenced on Tuesday, May 18, 2023, 9:00 AM IST and ended on Wednesday, June 16, 2023, 5:00 PM IST. The cut-off date, for the purpose of determining the number of Members was Thursday, May 12, 2023. The Scrutinizer, after the completion of scrutiny, submitted his report to Mr. Naveen Chandra P, GM Legal and Company Secretary, who was duly authorised by the Chairman to accept, acknowledge and countersign the Scrutinizer's Report as well as declare the voting results in accordance with the provisions of the Act, the Rules framed thereunder and the Secretarial Standard - 2 issued by the Institute of Company Secretaries of India.

The consolidated results of the voting by Postal Ballot and e-voting were announced on June 20, 2023. The results were also displayed on the website of the Company at - <https://www.kennametal.com/in/en/about-us/kil-financials/general-meetings---annual-reports.html> and was also communicated to BSE Limited (BSE).

#### 11. Disclosures

- The Company has adopted a Policy for determination of materiality for disclosure of Events or Information and a policy for preservation of documents and archival in accordance with SEBI (LODR) Regulations, 2015. The said policies can be accessed at

<https://www.kennametal.com/in/en/about-us/kil-financials/policies.html>

The Company has in place a Code of Conduct applicable to the Board of Directors as well as the Senior Management. Managing Director has confirmed and declared that all the members of the Board and Senior Management personnel have affirmed compliance with the Code of Conduct for the financial year 2023.

- As on June 30, 2023, following Director hold the Shares of the Company:

Sl. No.	Name of the Directors	No. of Shares held as on June 30, 2023
1	Mr. B. Anjani Kumar	10

No other Director holds any shares in the Company apart from the above.

- No penalties were imposed or strictures passed on the Company by BSE Limited, SEBI or any statutory authority on any matter relating to capital markets during the last three years except the following:
  - BSE Limited had levied a fine of INR 1,45,000 + GST on the alleged non-compliance stating that the Declaration under Regulation 33 (3)(d) of the SEBI (LODR) Regulations, 2015 on the Annual Financials for FY21 filed soon after the Board Meeting dated August 18, 2021, was not submitted for Consolidated financials of the Company for the year ended June 30, 2021. The Company has represented that, in its letter dated August 18, 2021, that it has submitted the financial results of the Company containing unmodified opinion and had further attached both Standalone & Consolidated Financial Results along with Audit Reports (Standalone & Consolidated). In this regard, the Company has contested the matter by depositing applicable fine "UNDER PROTEST".
  - BSE Limited had levied a fine of INR 25,000 + GST on the alleged non-compliance stating that the Annual Report for FY21 does not contain a weblink of Dividend Distribution Policy. The Company has

represented that all applicable weblinks were provided in the Annual Report and that the Company has in this regard provided adequate references to BSE Limited.

- All the Equity Shares of your Company are listed with BSE Limited.
- The Company places the requisite information about related party transactions before the Audit Committee from time to time. Please refer to Notes on Accounts for materially significant related party transactions. None of the said transactions were potentially in conflict with the interest of the Company at large. The Related Party Transaction Policy of the Company can be accessed from the website of the Company at <https://www.kennametal.com/in/en/about-us/kil-financials/policies.html>
- There has been no accounting treatment different from that prescribed in the Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) or as notified under the Companies Act, 2013.
- The Company being a part of Kennametal Group ("the group") complies with the whistle blower policy of the group which is applicable to all employees of the group. A mechanism is in place whereby any employee of the Company has access to the Chairman of the Audit Committee to report any concerns. No person has been denied access to the Chairman to report any concern.
- The Senior Management personnel have declared to the Board of Directors that none of them or their relatives had any material, financial, commercial transactions that were potentially in conflict with the interests of the Company.
- Managing Director and Chief Financial Officer have furnished Certification to the Board in accordance with Regulation 17(8) of SEBI (LODR) Regulations, 2015, for the year ended June 30, 2023.
- The Company had a wholly owned subsidiary namely "WIDIA India Tooling Private Limited" which was merged with your Company during the year under review. Weblink of policy for determining 'material subsidiary' is below: <https://www.kennametal.com/in/en/about-us/kil-financials/policies.html>
- The Company has formulated Dividend Distribution Policy as required under Regulation 43A of the SEBI (LODR) Regulations, 2015 and the same is annexed to this report and also available on the website of the Company at <https://www.kennametal.com/in/en/about-us/kil-financials/policies.html>
- The Company has not made any capital issues during the financial year ended June 30, 2023.
- The details of the total fees for all services paid by the Company to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part is given below:

Particulars	Amount FY23 (₹ in Million)
Statutory audit	1.65
Audit of tax account and tax audit	0.50
Limited reviews	1.20
Group audit fees	0.20
Others	0.20
<b>Total</b>	<b>3.75</b>



- Disclosures relating to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 have been provided in the Board's Report forming part of this Annual Report.
- The Company has complied with all applicable mandatory requirements in terms of SEBI (LODR) Regulations, 2015. As regards the non-mandatory requirements the extent of compliance has been stated in this report against each item.
- Details of utilization of funds raised through preferential allotment or qualified institutional placement (QIP) as specified under Regulation 32(7A): The Company does not have funds raised through preferential allotment and / or QIP which are unutilised.
- Details of disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount': Not applicable.
- Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries: Not applicable
- The Company has complied with Corporate Governance requirements as prescribed under SEBI (LODR) Regulations, 2015 including the requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (LODR) Regulations, 2015.

## 12. Adoption of non-mandatory requirements

### i. Chairman's Office

The Company has a Non-Executive Independent Director as Chairman. However, no separate Chairman's office is maintained at the Company's expense.

### ii. Shareholder Rights

The Company's quarterly/half-yearly/annual financial results including summary of the significant events are published in the newspapers and the financial results are also uploaded on the Company's website. No individual intimations have ever been sent to the Shareholders.

### iii. Audit qualifications

There are no qualifications / modified audit opinion in the Auditors' Report on the Audited Annual Accounts for the financial year ended June 30, 2023.

### iv. Separate posts of the Chairman and the CEO/MD

Mr. Anjani Kumar, Chairman of the Board is an independent Director who has no relationship with any other Director or management. Mr. Vijaykrishnan Venkatesan, Managing Director has no relationship with the Chairman or other Board members.

### v. Reporting of Internal Auditor

The Internal Auditor / Audit Firm report directly to the Audit Committee. The internal auditors also have a one-on-one discussion with the Chairman on their audit observations.

## 13. Means of Communication

- a) Quarterly / half-yearly / annual financial results of the Company are uploaded on the BSE Listing Centre immediately after the Board Meetings so as to enable hosting the same on the Company's website and the results are also published in Financial

Express (English) and Sanjevani (Kannada) newspapers within 48 hours from the conclusion of the Board Meetings.

- b) During the financial year, the Company had meetings with the various institutional investors / analysts on September 14, 2022, March 02, 2023, May 19, 2023 and June 6, 2023 to discuss overview of the industry in which the Company operates, general matters of the economy, reports on markets developments and few elements of published financials of the Company. The Company has not made any presentations to the Institutional Investors or to the Analysts and no futuristic statements have been made during the discussions. All disclosures and compliance have been observed in this regard. The Company issues press release on a quarterly basis.
- c) As per SEBI (LODR) Regulations, 2015, the requisite details of the Company in terms of Regulation 46 are maintained on the website viz. [www.kennametal.com/kennametalindia](http://www.kennametal.com/kennametalindia)
- d) Management Discussion and Analysis Report is annexed to the Board's Report.

### General Shareholders' information

The 58<sup>th</sup> Annual General Meeting of the Company is scheduled to be held on November 10, 2023 at 11:00 am at Hotel Taj Yeshwantpur, 2275, Tumkur Road, Yeshwantpur Industrial Area, Phase 1, Yeshwantpur, Bengaluru, Karnataka 560022.

### Dividend Payment Date:

The Company had declared Interim Dividend 2022-23 at its Board Meeting held on May 12, 2023 and the said Dividend was paid out on June 07, 2023.

### Book Closure:

The Register of Members and share transfer books will remain closed from Saturday, November 4, 2023 to Friday, November 10, 2023 (both days inclusive).

### Financial Calendar:

The Company follows July 1 to June 30 as its financial year. Financial calendar for the financial year 2023-24 is as follows:

Event	Month (tentative)
Un-audited results for the first quarter ending September 30, 2023	November, 2023
Un-audited results for the second quarter ending December 31, 2023	February, 2023
Un-audited results for the third quarter ending March 31, 2024	May, 2024
Audited results for the fourth quarter and year ending June 30, 2024	August, 2024

### Stock Exchange:

The Equity Shares of the Company are listed with BSE Limited, Phiroze Jeejeebhoy Towers, 18<sup>th</sup> & 19<sup>th</sup> Floor, Dalal St, Fort, Mumbai, Maharashtra 400001 (Scrip code: 505890) and the listing fee has been paid for the financial year 2023-24.

### Annual Custody / Issuer Charges:

The Company has paid the Annual Custody / Issuer charges for the financial year 2023-24 to NSDL and CDSL.



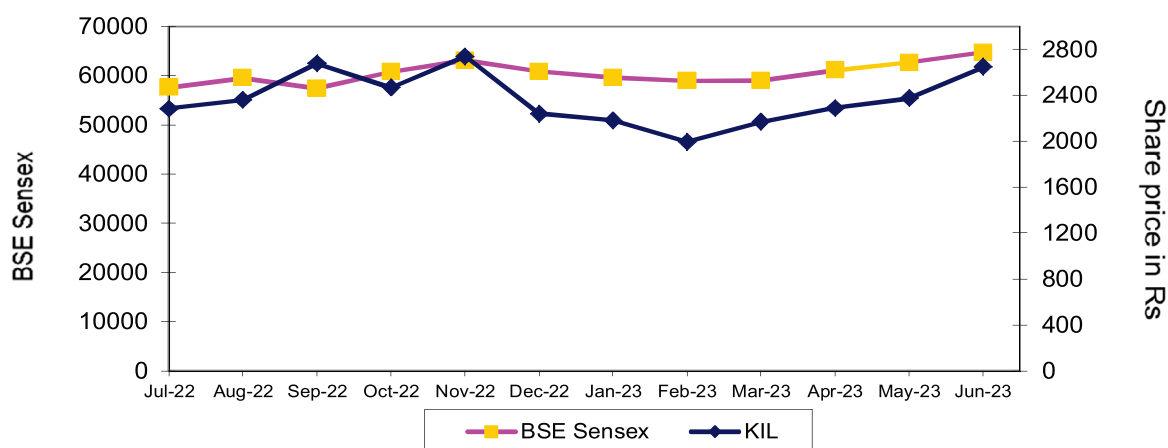
## Stock Price Data for the Financial year 2022-23:

Market Price Data – High &amp; Low on BSE Limited and Number of shares traded from July 01, 2022 to June 30, 2023, under review as follows:

Month and Year	Open Price (₹)	High Price (₹)	Low Price (₹)	Close Price (₹)	No. of Shares	No. of Trades
Jul-22	1851.5	2299	1814.45	2285.05	20465	5897
Aug-22	2399	2487.1	2220	2359.25	38097	12090
Sep-22	2352.65	2888.3	2348.95	2677.85	70520	22368
Oct-22	2677.85	2742.5	2450.7	2466.4	27817	10678
Nov-22	2475.1	2887.45	2396.45	2738.3	70687	17748
Dec-22	2739.3	2751.9	2165.65	2239.3	37819	11926
Jan-23	2162.05	2414.05	2110	2181.2	32222	8444
Feb-23	2203.15	2397	1968.5	1996.6	29776	6040
Mar-23	2016.7	2195.85	1990.1	2170	41451	7409
Apr-23	2180.05	2340	2133.1	2287.75	11898	3783
May-23	2369.95	2550	2200	2374.45	29765	6685
Jun-23	2372.5	2802.9	2355.55	2647.1	24291	4907

Source: Website of the BSE Limited - www.bseindia.com

## Share price performance in comparison with BSE Sensex



\*Based on BSE Sensex (close) / share price (close) on the last trading day of the month.

## Registrar and Share Transfer Agents

Works related to both physical / demat shares are handled by Integrated Registry Management Services Private Limited as common Registrar & Share Transfer Agent. All correspondence relating to change of the address for Shares held in physical form, dematerialization of shares etc. are to be addressed to Integrated Registry Management Services Private Limited, No.30, "Ramana Residency", 4th Cross, Sampige Road, Malleswaram, Bengaluru — 560 003, Phone: 080 - 23460815 to 818. Fax: 080- 23460819. E-mail: irg@integratedindia.in

## Share transfer system

The authority relating to transmission, dematerialization of Shares etc. has been delegated to the Share Transfer Committee. The Committee meets as often as may be necessary to ensure that the transfer process is completed without any delay.

Additionally, an Independent Practicing Company Secretary undertakes audit and scrutiny of the system quarterly and furnishes requisite Reports / Certificates which are submitted to the Stock Exchange subsequently.

## Pattern of shareholding as of June 30, 2023 is as follows:

Category	No. of shares	Percentage (%)
A) Promoters (Foreign)	16,483,680	75.00
Meturit AG. -	11,208,840	
Kennametal Inc. -	5,274,840	
B) Public (Institutions)		
Mutual Funds	2,856,386	13.00
Foreign Portfolio Investors	155,541	0.71
Alternate Investment Funds	44,458	0.20
Financial Institutions/Banks	960	0.01
C) Public (Non- Institutions)	2,437,215	11.08
<b>Total (A+B+C)</b>	<b>21,978,240</b>	<b>100.00</b>

#### Dematerialization of shares

The Company's Shares are admitted into both the depositories viz. National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL] and the ISIN allotted for the Equity Shares of the Company is INE717A01029. 99.40% of the Equity Shares of the Company are held in demat form as on June 30, 2023.

There are no outstanding GDRs / ADRs /Warrants or any other convertible instruments.

Distribution of Shares as on June 30, 2023 is as follows:

No. of Shares	No. of Shareholders	% to Total	Shares held	% to Total
Up to 5000	12,666	99.21	15,37,454	7.00
5001 to 10000	56	0.44	3,91,832	1.78
10001 to 20000	26	0.20	3,75,494	1.71
20001 to 30000	6	0.05	1,42,740	0.65
30001 to 40000	1	0.01	39,792	0.18
40001 to 50000	2	0.02	91,618	0.42
51001 to 100000	3	0.02	1,83,428	0.83
100001 and above	7	0.05	1,92,15,882	87.43
<b>Total</b>	<b>12,767</b>	<b>100</b>	<b>2,19,78,240</b>	<b>100</b>

#### Commodity price risk and foreign exchange risk and hedging activities

The Company does not deal in Commodities. For a detailed note on foreign exchange risk and hedging activities, please refer to Management Discussion and Analysis Report.

#### Credit Rating:

The Company has obtained a Credit Rating during the year 2022-23 from the India Ratings & Research (the "Credit Rating Agency"). The Credit Rating Agency have assigned the Company, a Long-Term Issuer Rating of IND AA-' and the Outlook is Stable.

#### Plant location

Kennametal India Limited  
(CIN: L27109KA1964PLC001546)  
8/9th Mile, Tumkur Road Bengaluru - 560 073, Karnataka, India

Please write to us for all matters relating to Shares, demat, annual report etc

Address for correspondence:	For dividend queries and other general matters:
<b>Integrated Registry Management Services Private Limited</b>	<b>The Company Secretary Kennametal India Limited</b>
Unit: Kennametal India Limited	8/9th Mile, Tumkur Road, Bengaluru – 560 073
No. 30, "Ramana Residency",	Karnataka, India
4th Cross, Sampige Road, Malleswaram,	Phone: 080-28394321 and 080-22918345
Bengaluru - 560 003,	Fax: 080 28390129
Phone: 080 - 23460815	E-mail: in.investorrelation@kennametal.com
to 818.	<i>For the purpose of addressing investor complaints and also to take necessary follow-up action.</i>
Fax: 080 - 23460819.	
E-mail: irg@integratedindia.in	

## Annexure – A to the Corporate Governance Report

## Kennametal India Limited Nomination and Remuneration Policy

This Nomination and Remuneration Policy (the “Policy”) applies to the Board of Directors (the “Board”), Key Managerial Personnel (the “KMP”) and the Senior Management Personnel of Kennametal India Limited (“KIL” or the “Company”).

“India Leadership Council” means leadership team comprising of personnel holding the following positions by whatever designation conferred by the Company:

- Managing Director;
- Chief Financial Officer;
- General Counsel and Company Secretary, India;
- Business Heads representing different business segments;
- Head of Manufacturing Operations;
- Head of Human Resources;
- Head of Strategic Marketing; and
- such other senior leaders as recommended by the Managing Director and approved by the Nomination & Remuneration Committee of the Board, from time to time.

“Key Managerial Personnel” means

- Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-Time Director;
- Chief Financial Officer;
- Company Secretary; and
- such other officer as may be prescribed under the applicable laws from time to time.

“Senior Management” or “Senior Management Personnel” means personnel of the company who are members of the India Leadership Council excluding the Board of Directors, members of the management who are one level below Chief Executive Officer or Managing Director or Whole Time Director or Manager and shall also include functional heads of the Company.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 or under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be amended from time to time shall have the meaning respectively assigned to them therein.

This Policy is in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time).

### 1. Purpose

The primary objective of the Policy is to provide a framework and set standards for the nomination, remuneration and evaluation of the Directors, Key Managerial Personnel and Senior Management. The Company aims to achieve a balance of merit, experience and skills amongst its Directors, Key Managerial Personnel and Senior Management.

### 2. Nomination and Remuneration Committee

Role of Nomination and Remuneration Committee (“NRC”) include the following:

1. Formulation of the criteria for determining qualifications, positive

attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

1A. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

- a. use the services of an external agencies, if required;
- b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
- c. consider the time commitments of the candidates.

2. Formulation of criteria for evaluation of performance of independent directors and the board of directors;

3. Devising a policy on diversity of board of directors;

4. 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.

5. 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.

6. Recommend to the board, all remuneration, in whatever form, payable to senior management.

7. Periodically reviewing the size and composition of the Board to have an appropriate mix of executive non-executive and independent Directors to maintain its independence and separate its functions of governance and management and to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company. The Committee shall also assist the Board in ensuring the Board nomination process is in line with the diversity policy of the Board relating to differences in thought, perspective, regional and industry experience, cultural and geographical background, age, ethnicity, race, gender, knowledge & skills.

8. Establishing and reviewing Board, KMP and Senior Management succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management.

9. Carrying out any other functions required to be undertaken by the Nomination and Remuneration Committee under applicable law.

The Nomination and Remuneration Committee charter sets out the composition, membership and responsibilities of the Nomination and Remuneration Committee.

### 3. Policy for appointment and removal of Director, KMP and Senior Management

#### 3.1. Appointment criteria and qualifications

- a) The Committee shall identify and ascertain the integrity,

qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

### 3.2 Term / Tenure

- i) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Managing Director or Executive Director for a term not exceeding five years at a time. No re- appointment shall be made earlier than one year before the expiry of term.

- ii) Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company, subject to approval of shareholders by passing special resolution and will be eligible for re-appointment on passing of a special resolution by the Shareholders of the Company. Every appointment of an Independent Director shall be disclosed in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each in compliance of the Companies Act, 2013, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time).
- Independent Directors shall register themselves in the databank of Independent Directors in accordance with the provisions of Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019

- Unless exempt, the Independent Directors shall pass the online proficiency self- assessment test as per the provisions of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019.

### 3.3. Evaluation

The Committee shall carry out evaluation of performance of every Director at regular interval (yearly) as per the performance management system of the Company.

### 3.4 Removal

Subject to the provisions of the Companies Act, 2013 and rules made thereunder or any other applicable Act, rules and regulations thereunder, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel.

### 3.5. Retirement

- a) The Managing Director/Whole-time Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company. The Company provided retirement benefits as applicable.
- b) The retirement age for Non-executive Directors is 73 years. The extension of the retirement age shall be considered by the Board on case to case basis beyond 73 years upon the recommendation of the Nomination and Remuneration Committee with appropriate reasoning subject to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time).

## 4. Policy relating to the Remuneration for the Managing Director, Whole-time Director, KMP, and Senior Management Personnel

### 4.1. General:

- a) The remuneration / compensation /performance pay/ Variable pay etc. of the Managing/Whole-time Director, KMP and Senior Management Personnel will be recommended by the Committee to the Board for approval. The remuneration / compensation / commission etc. of directors shall be subject to the prior/post approval of the shareholders of the Company and with the limit permitted under the Companies Act, 2013 and rules made thereunder.
- b) The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Remuneration should be:
  - Market competitive
  - Driven by role played by the individual
  - Reflective of size of the Company, complexity of the industry in which it operates
  - Consistent with recognized best practices
  - Aligned to the regulatory requirements, if any.
- c) The Committee may recommend increments to the existing remuneration/ compensation structure to the Board which should be within the limit approved by the Shareholders in the case of Managing Director.



- d) Where any Director and officers liability (D&O) insurance is taken by the Company on behalf of its Directors, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

#### 4.2 Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

##### a) Annual Guaranteed Cash/Fixed Remuneration and Performance Pay:

The Managing Director/Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Nomination & Remuneration Committee. The breakup of the Annual Guaranteed Cash comprising of Basic Salary, Housing Allowance, Special allowance, LTA, Medical allowance and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees and performance/Variable pay etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders.

##### b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing/Whole-time Director in accordance with the provisions of Schedule V of the Act, subject to the approval of shareholders of the Company in accordance with Section 197 read with Schedule V of Companies Act 2013.

##### Statutory requirements:

- Section 197(1) of the Companies Act, 2013 provides for the total managerial remuneration payable by the Company to its directors, including managing director and whole-time director, and its manager in respect of any financial year shall not exceed eleven percent of the net profits of the Company computed in the manner laid down in Section 198 in the manner as prescribed under the Act.
- The Company may with Board resolution authorise the payment of remuneration upto five percent of the net profits of the Company to its anyone Managing Director/Whole Time Director/Manager and ten percent in case of more than one such official.

##### c) Provisions for excess remuneration:

If any Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act, he / she shall refund such sums to the Company within two years or such lesser period as may be allowed by the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless approved by the Company by special resolution within two years from the date the sum becomes refundable.

#### 4.3. Remuneration to Non- Executive / Independent Director:

##### a) Remuneration / Commission:

The remuneration / commission shall be payable and fixed as per the provision of the Companies Act, 2013 and rules made thereunder as amended from time to time. Such remuneration / commission shall be based on the structure as may be determined by the Board, and is revised from time to time, depending on individual contribution, Company's performance, and the provisions of relevant laws.

##### b) Sitting Fees:

The Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof as approved by the Board. Provided that the amount of such fees shall not exceed the amount prescribed under the Companies Act, 2013 and rules/regulations/notification applicable thereunder.

##### c) Commission:

The Company may pay the Commission to Independent Directors within the limit approved by shareholders and subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

##### d) Stock Options:

An Independent Director shall not be entitled to any stock option of the Company or its promoter's company.

- e) In addition to the sitting fees and commission, the company may pay to any Director such fair and reasonable expenditure, as may have been incurred by the director while performing his/her role as a director of the Company. This could include reasonable expenditure incurred by the director for attending Board/Board Committee meetings, general meetings, court convened meetings, site visits, induction and training (as permitted by the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) and obtaining professional advice from independent advisors in furtherance of his/her duties as Director.

#### 5. Succession Plan for the Board, KMP and Senior Management

The Nomination and Remuneration Committee of the Company shall oversee and review succession plan from time to time and recommend the same to the Board.

##### i) Succession Plan for the Board

The Nomination and Remuneration Committee shall proactively review the succession requirements for the Board and carry out the due diligence process to determine the suitability of every person who is being considered for being appointed or re-appointed as a Director of the Company based on his educational qualification, relevant experience, track record, reputation etc.

The proposed candidate shall be evaluated by the Nomination and Remuneration Committee to determine the eligibility and proper criteria as per the Companies Act 2013, and if any, and thereafter such candidate shall be recommended to the Board for its consideration and approval.

**ii) Succession Plan for KMP and Senior Management Personnel**

Based on the inputs received from the Human Resource Department, the Nomination and Remuneration Committee shall periodically review any vacancy / probable vacancy in the position of KMP / Senior Management Personnel which may arise on account of retirement, resignation, death, removal, transfer, business expansion, incapacity whether temporary or permanent or otherwise.

For Key Managerial Personnel, the Nomination and Remuneration Committee shall evaluate the suitability of any person based on factors viz., educational qualification, experience, age, health, leadership qualities, suitability to external market requirement / expectation etc., and recommend his/ her candidature to the Board well before such vacancy arises to facilitate smooth transition.

The Nomination and Remuneration Committee shall also identify the competency requirements of Board/key positions, assess potential candidates and develop required competency through planned development and learning initiatives. The Nomination and Remuneration Committee may utilize the services of professional search firms to assist in identifying and evaluating potential candidates.

In the event of any unexpected occurrence in respect of any member in the core management team, the next person as per the organization chart and hierarchy or any other suitable person as may be identified shall take interim charge of the position, pending a regular appointment in terms of the succession plan.

In addition to the above, the appointment of Key Managerial Personnel shall be made in compliance with all applicable provisions of the Companies Act, 2013 (including the rules made there under), SEBI Listing Regulations and applicable laws for the time being in force.

Succession planning for the critical roles be it, KMP or the Senior Management shall be discussed, deliberated at the Nomination & Remuneration Committee and suitable directions shall be passed from time to time to the management for any corrective actions as may be necessary.

**6. Policy review:**

- (a) This Policy is framed based on the provisions of the Companies Act, 2013 and rules thereunder and the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- (b) In case of any subsequent changes in the provisions of the Act or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.
- (c) This policy shall be reviewed by the Nomination and Remuneration Committee, periodically. Any changes or modification to the policy as recommended by the Committee would be placed before the Board of Directors for its approval.

## Annexure II B to the Board's Report

### **AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS REQUIRED UNDER SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To

The Members  
Kennametal India Limited  
Bengaluru

I have examined all the relevant records of Kennametal India Limited ('the Company') for the purpose of certifying the compliances of the conditions of Corporate Governance by the Company for the year ended 30<sup>th</sup> June 2023 as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

The compliance of the conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated under the Listing Regulations.

I 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.

Place : Bengaluru  
Date : August 21, 2023

Vijayakrishna K T  
Practising Company Secretary  
FCS - 1788 COP - 980  
UDIN: F001788E000833509



## Annexure III to the Board's Report

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS (Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members  
Kennametal India Limited  
8/9, Mile, Tumkur Road  
Bangalore - 560073

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Kennametal India Limited having CIN: L27109KA1964PLC001546 and having its Registered Office at 8/9, Mile, Tumkur Road, Bangalore – 560073 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C Sub clause 10(i) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ended on 30th June, 2023 has been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, the Ministry of Corporate Affairs, or any such other Statutory Authority:

Sl. No.	Name of Director	DIN	Date of appointment in Company
1.	Mr. Bidadi Anjani Kumar	00022417	02.04.2010
2.	Mr. Vinayak Kashinath Deshpande	00036827	06.09.2010
3.	Ms. Bhavna Bindra	07314422	03.01.2020
4.	Mr. Venkatesan Vijaykrishnan	07901688	17.09.2020
5.	Mr. Franklin Gerardo	09050884	05.02.2021
6.	Ms. Kelly Marie Boyer	09540001	11.05.2022

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the Management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place : Bengaluru  
Date : August 21, 2023

Vijaykrishna K T  
Practising Company Secretary  
FCS.:1788 CP.: 980  
UDIN: F001788E000833520



**Annexure IV to the Board's Report**

**SECRETARIAL COMPLIANCE REPORT OF  
KENNAMETAL INDIA LIMITED  
FOR THE FINANCIAL YEAR ENDED 30<sup>TH</sup> JUNE, 2023**

I, Vijayakrishna K T, Practising Company Secretary have conducted the review of the compliance of the applicable statutory provisions and the adherence to good corporate practices by KENNAMETAL INDIA LIMITED (hereinafter referred as 'the listed entity') having CIN: L27109KA1964PLC001546 and having its Registered Office at 8/9, Mile, Tumkur Road, Bangalore 560073, Karnataka, India. Secretarial Review was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and to provide my observations thereon. Based on my verification of the listed entity's books, papers, minutes books, forms and returns filed and other records maintained by the listed entity and also the information provided by the listed entity, its officers, agents and authorized representatives during the conduct of Secretarial Review, I hereby report that the listed entity has, during the review period covering the financial year ended on 30.06.2023 complied with the statutory provisions listed hereunder in the manner and subject to the reporting made hereinafter:

I, Vijayakrishna K T, Practising Company Secretary have examined:

- (a) all the documents and records made available to me and explanation provided by Kennametal India Limited ("the listed entity"), the filings/submissions made by the listed entity to the stock exchanges,
- (b) website of the listed entity,
- (c) any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the year ended 30th June, 2023 ("Review Period") in respect of compliance with the provisions of:
  - (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

- (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018;
- (e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- (f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- (g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
- (h) circulars/ guidelines issued thereunder;

Based on the above examination, I hereby report that, during the review period:

- I. (a) I hereby report that, during the Review Period: The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:

Sr. No.	Compliance Requirement (Regulations/ circulars/ guide -lines including specific clause)	Regulations/ Circular No.	Deviations	Action Taken by	Type of Action	Details of Violation	Fine Amount	Observations / Remarks of the Practising Company Secretary	Management Response	Remarks
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NIL

(b) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Regulations/ Circular No.	Deviations	Action Taken by	Type of Action	Details of Violation	Fine Amount	Observations / Remarks of the Practicing Company Secretary	Management Response	Remarks
1	Declaration under Regulation 33 (3)(d) of the SEBI (LODR) Regulations, 2015 on the Annual Financials for FY21 filed soon after the Board Meeting dated August 18, 2021, has not been submitted for Consolidated financials of the Company for the year ended June 30, 2021.	Declaration under Regulation 33 (3)(d) of the SEBI (LODR) Regulations, 2015	Not submitted for Consolidated financials of the Company for the year ended June 30, 2021.	BSE Limited	Levied a fine	Declaration under Regulation 33 (3)(d) of the SEBI (LODR) Regulations, 2015 not submitted for Consolidated financials of the Company for the year ended June 30, 2021.	INR 1,45,000 + GST	The Company has represented in its letter dated August 18, 2021, that it has submitted the financial results of the Company containing unmodified opinion and had further attached both Standalone & Consolidated Financial Results along with Audit Reports. In this regard, the Company has contested the matter by depositing applicable fine "UNDER PROTEST". (Standalone & Consolidated).	In this regard, the Company has contested the matter by depositing applicable fine "UNDER PROTEST". (Standalone & Consolidated).	Necessary action be taken as required by SEBI Regulations
2	The Annual Report does not contain a weblink of Dividend Distribution Policy.		The Annual Report does not contain a weblink of Dividend Distribution Policy.	BSE Limited	Levied a fine of INR 25,000 + GST	The Annual Report does not contain a weblink of Dividend Distribution Policy.	INR 25,000 + GST	The Company has represented that all applicable weblinks were provided in the Annual Report and that the Company has in this regard provided adequate references in this regard to BSE Limited.	The Company has represented that all applicable weblinks were provided in the Annual Report and that the Company has in this regard provided adequate references in this regard to BSE Limited.	The Company has provided the weblink in the current year.

## II. Compliances related to resignation of statutory auditors from listed entities and their material subsidiaries as per SEBI Circular CIR/CFD/CMD1/114/2019 dated 18th October, 2019:

Sr. No.	Particulars	Compliance Status (Yes/No/NA)	Observations / Remarks by PCS
1.	<b>Compliances with the following conditions while appointing/ re-appointing an auditor</b>		
	i. If the auditor has resigned within 45 days from the end of a quarter of a financial year, the auditor before such resignation, has issued the limited review/ audit report for such quarter; or ii. If the auditor has resigned after 45 days from the end of a quarter of a financial year, the auditor before such resignation, has issued the limited review/ audit report for such quarter as well as the next quarter; or iii. If the auditor has signed the limited review/ audit report for the first three quarters of a financial year, the auditor before such resignation has issued the limited review/ audit report for the last quarter of such financial year as well as the audit report for such financial year.	NA	During the period under review, there has been no change in the Statutory Auditors
2.	<b>Other conditions relating to resignation of Statutory Auditor</b>		
	i. Reporting of concerns by Auditor with respect to the listed entity/ its material subsidiary to the Audit Committee: a. In case of any concern with the management of the listed entity/ material subsidiary such as non-availability of information/ non-cooperation by the management which has hampered the audit process, the auditor has approached the Chairman of the Audit Committee of the listed entity and the Audit Committee shall receive such concern directly and immediately without specifically waiting for the quarterly Audit Committee meetings. b. In case the auditor proposes to resign, all concerns with respect to the proposed resignation, along with relevant documents has been brought to the notice of the Audit Committee. In cases where the proposed resignation is due to non-receipt of information/ explanation from the company, the auditor has informed the Audit Committee the details of information /explanation sought and not provided by the management, as applicable. c. The Audit Committee / Board of Directors, as the case may be, deliberated on the matter on receipt of such information from the auditor relating to the proposal to resign as mentioned above and communicate its views to the management and the auditor.	NA	During the period under review, there has been no change in the Statutory Auditors
	ii. Disclaimer in case of non-receipt of information: The auditor has provided an appropriate disclaimer in its audit report, which is in accordance with the Standards of Auditing as specified by ICAI/ NFRA in case where the listed entity/ its material subsidiary has not provided information as required by the auditor.	NA	Nil
3.	The listed entity / its material subsidiary has obtained information from the Auditor upon resignation, in the format as specified in Annexure A in SEBI Circular CIR/CFD/CMD1/114/2019 dated 18 <sup>th</sup> October, 2019.	NA	Nil

III. I/we hereby report that during the review period the compliance status of the listed entity is appended as below:

Sr. No.	Particulars	Compliance Status (Yes/No/NA)	Observations / Remarks by PCS
1.	<b>Secretarial Standards:</b> The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries India (ICSI), as notified by the Central Government under Section 118 (10) of the Companies Act, 2013 and mandatorily applicable.	YES	
2.	<b>Adoption and timely updation of the Policies:</b> <ul style="list-style-type: none"> <li>• All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entities</li> <li>• All the policies are in conformity with SEBI Regulations and have been reviewed &amp; updated on time, as per the regulations/ circulars/ guidelines issued by SEBI</li> </ul>	YES	
3.	<b>Maintenance and disclosures on Website:</b> <ul style="list-style-type: none"> <li>• The Listed entity is maintaining a functional website</li> <li>• Timely dissemination of the documents/ information under a separate section on the website</li> <li>• Web-links provided in annual corporate governance reports under Regulation 27 (2) are accurate and specific which re-directs to the relevant document(s)/ section of the website</li> </ul>	YES	
4.	<b>Disqualification of Director:</b> None of the Director(s) of the Company is/ are disqualified under Section 164 of Companies Act, 2013 as confirmed by the listed entity.	YES	
5.	<b>Details related to Subsidiaries of listed entities have been examined w.r.t.:</b> <ul style="list-style-type: none"> <li>(a) Identification of material subsidiary companies</li> <li>(b) Disclosure requirement of material as well as Other subsidiaries</li> </ul>	YES	
6.	<b>Preservation of Documents:</b> The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015.	YES	
7.	<b>Performance Evaluation:</b> The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year/ during the financial year as prescribed in SEBI Regulations.	YES	
8.	<b>Related Party Transactions:</b> <ul style="list-style-type: none"> <li>(a) The listed entity has obtained prior approval of Audit Committee for all related party transactions; or</li> <li>(b) The listed entity has provided detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/rejected by the Audit Committee, in case no prior approval has been obtained.</li> </ul>	YES	
9.	<b>Disclosure of events or information:</b> The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.	YES	



Sr. No.	Particulars	Compliance Status (Yes/No/NA)	Observations / Remarks by PCS
10.	<b>Prohibition of Insider Trading:</b> The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015.	YES	
11.	<b>Actions taken by SEBI or Stock Exchange(s), if any:</b> No action (s) has been taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder .	YES	
12.	<b>Additional Non-compliances, if any:</b> No additional non compliance observed for any SEBI regulation/ circular/ guidance note etc.	YES	

#### Assumptions & Limitation of scope and Review:

- Compliance of the applicable laws and ensuring the authenticity of documents and information furnished, are the responsibilities of the management of the listed entity.
- Our responsibility is to report based upon our examination of relevant documents and information. This is neither an audit nor an expression of opinion.
- We have not verified the correctness and appropriateness of financial Records and Books of Accounts of the listed entity.
- This Report is solely for the intended purpose of compliance in terms of Regulation 24A (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is neither an assurance as to the future viability of the listed entity nor of the efficacy or effectiveness with which the management has conducted the affairs of the listed entity.

Place : Bengaluru  
Date : August 21, 2023

Vijaykrishna K T  
Practising Company Secretary  
FCS.:1788 CP: 980  
UDIN: F001788E000833575

## Annexure V to the Board's Report

### **MANAGING DIRECTOR'S CERTIFICATION (Code of Conduct for Directors and Senior Management)**

To  
The Members  
Kennametal India Limited

I hereby confirm that all the Members of the Board of Directors and the Senior Management of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended June 30, 2023.

For Kennametal India Limited

Bengaluru  
August 11, 2023

Vijaykrishnan Venkatesan  
Managing Director  
DIN: 07901688

**Annexure VI to the Board's Report****CHIEF EXECUTIVE OFFICER (CEO) / MANAGING DIRECTOR (MD) AND  
CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION**

To  
The Members  
Kennametal India Limited

We, Vijaykrishnan Venkatesan, Managing Director and KV Suresh Reddy, Chief Financial Officer of Kennametal India Limited, to the best of our knowledge and belief, certify that:

- A. We have reviewed the Audited financial results for the fourth quarter and year ended June 30, 2023, and that to the best of our knowledge and belief:
1. Audited financial results do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. Audited financial results together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the quarter and year ended June 30, 2023, which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the

audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps that we have taken or propose to take to rectify the identified deficiencies.

- D. We have indicated to the Auditors and the Audit Committee
1. significant changes in internal control over financial reporting during the Quarter;
  2. significant changes in accounting policies during the Quarter and year that the same have been disclosed in the notes to the Audited financial results; and
  3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

We declare that all Board members and Senior Management personnel have affirmed compliance with the Code of Conduct for the year ended June 30, 2023.

Vijaykrishnan Venkatesan  
Managing Director

K. V. Suresh Reddy  
Chief Financial Officer

Bengaluru  
August 07, 2023

Bengaluru  
August 07, 2023

**Annexure VII to the Board's Report****CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND  
FOREIGN EXCHANGE EARNINGS AND OUTGO****(Section 134(3)(m) of the Companies Act, 2013 read with  
Rule 8(3) of the Companies (Accounts) Rules, 2014)****A. Conservation of Energy**

Your Company continued to undertake various energy conservation initiatives during the year. Some of the energy conservation measures taken by the Company are given below:

**Energy Conservation Measures implemented in FY23:**

1. Replaced CFL / Fluorescent Lighting fixtures with LED lights in the plant.
2. Installed Variable Frequency Drive (VFD) controlled Heating, ventilation, and air conditioning (HVAC) system which reduces power consumption based on the load.
3. Installed Electronically Commutated (EC) controlled energy efficient adiabatic cooler which reduces the power consumption based on the demand. Also, the system is controlled through VFD controlled pumping system which vary the output based on the demand which further reduces the energy consumption.
4. Installed compressed air boosters to increase the air pressure without use of new additional compressor which helped in bringing down the power requirement to larger extent.
5. Around 73% of facilities power was catered by Solar Power.
6. Installed motion sensors / time switches for auto switching of the room lightings, where the personal interference is very rare.
7. Initiated installation of solar operated streetlights across the plant.

**Impact of the Above Measures:**

Due to the above energy conservation measures, your Company conserved about 7,25,145 units which contributed to savings of 595 ton of CO<sub>2</sub>.

The total annual CO<sub>2</sub> reduction, inclusive of energy conservation and usage of green power was 4255 mT.

**B. Technology Absorption**

The Research, Development and Engineering (RD&E), works on new product and process developments with specific focus on materials, coatings and machining technology.

RD&E, Bengaluru works on the market requirements in terms of new products, custom solutions, cost saving projects, product benchmarking and basic research. It is also recognized by the Ministry of Science & Technology - Department of Scientific and Industrial Research - Government of India.

**i. Research & Development (R&D)**

The Research, Development and Engineering (RD&E) of your Company continues in its endeavor to develop and indigenize products and processes with specific focus on materials, processes, coatings and machining technology in collaboration with the parent company - Kennametal Inc., to reduce cost, develop and improve processes, improve product efficiency and enhance performance of its products.

**RD&E department of your Company has the following objectives:**

1. Development of new range of products contributing to better market penetration, conversion and retention.

2. New process development and improvement in powder metallurgy processes, surface treatments, hard coatings and joining.
3. Support to manufacturing for improved quality and reduced cost of production for better customer experience through process developments.
4. Support marketing for developing custom solution products by leveraging the combination of Kennametal's strength in substrates, coatings and engineering.
5. Support Kennametal Knowledge Centre to train customers and sales engineers on cutting tool material.
6. Basic research on new material and new manufacturing processes
7. Rapid product development by conducting benchmarking test and simulating field machining condition in the lab.
8. Exploring new technologies in machining & grinding processes and automation.

**ii. Specific areas in which R&D is carried out:**

1. Implementation of new Chemical Vapour Deposition (CVD) coating recipes and upgrade of grades.
2. Qualification and implementation of new equipment for manufacturing of inserts.
3. Qualification and establishing the process for manufacturing close tolerance tools.
4. Indigenization and implementation of refractory carbide manufacturing.
5. Process development and implementation for inhouse powder manufacturing as an import substitution.
6. Process development to reduce raw material powder cost.
7. Benchmarking of new PVD coating for cutting tool.
8. Qualification of global grades.
9. Continued research and process development on powder metallurgy processes & coatings to improve quality & performance.
10. New product testing and validation tests for tools.
11. Benchmarking tests for assessment of product performance.
12. Analysis and evaluation of test results for product compliances to standards.
13. Reverse engineering work for both metal cutting and infrastructure product lines.
14. Process improvement of brazing of carbide on steel.
15. Improvement of steel surface properties by different techniques.



iii. Benefits derived

1. New processes contributed to the improvement in product quality and consistency, reduction in material cost and manufacturing lead time. New products and improvement in performance of existing products yielded a good value proposition for customers. Our efforts led to standardization of products and processes and developed new capabilities in the manufacturing process.
2. Established quality standards for the products, cost and cycle time assessment.
3. Process development to help manufacturing to stream line the activities to achieve quality product.

iv. Future plan of action

1. Develop improved powder metallurgy and coating manufacturing processes
2. Establish product and process for import substitution
3. Continue efforts towards quality enhancement, evolution of new products aligned with customer needs and with reduction in costs and lead time
4. Global consolidation & standardization of grades including substrates & coatings
5. Continued focus on basic research and open innovation
6. Work on advanced technology processes and instrumentation for improving the quality of products and manufacturing processes
7. Continued efforts to recycle and re-use materials
8. Develop competency in steel material and establish manufacturing guidelines
9. Reverse engineering and validation of design requirement to prototype tools and components
10. Develop competency in different material and establish manufacturing guidelines

v. Expenditure on R & D: (₹ in Million)

Particulars	FY23	FY22
Capital Expenditure	28	25
Recurring Expenditure	53	72
<b>Total Expenditure</b>	<b>81</b>	<b>97</b>
Total R&D expenditure (as a percentage of turnover)	0.75%	0.98%

vi) Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:
  - Establishment of standardized and improved manufacturing processes
  - Continued modernization of analytical techniques in metallography lab, process equipment in manufacturing plants, prototype lab capabilities in machining technology lab.

2. Benefits derived as a result of the above efforts:

Up-gradation of products and process performance, increased alignment with global process standardization, import substitution, cost reduction opportunities, supporting raw material qualification and basic research activities.

In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information is furnished:

Sl. No.	Processes/ Products	Technology From	Year	Status of Implementation / Absorption
1.	New CVD Coatings	Kennametal Inc.	2014-15	Full
2.	New CVD Coatings	Kennametal Inc.	2015-16	Full
3.	New CVD Coatings	Kennametal Inc.	2016-17	Full
4.	Sintering Cycles	Kennametal Inc.	2017-18	Full
5.	New Coating Process	Kennametal Inc.	2018-20	Full
6.	New CVD Coatings	Kennametal Inc.	2020-21	Full
7.	New CVD Coatings	Kennametal Inc.	2021-22	Full
8.	New Brazing Cycles	Kennametal Inc.	2022-23	Full

C. Foreign Exchange earnings and outgo

i. Initiatives taken to increase exports

1. MSG business is focused on developing new overseas markets for its products with machines positioned at competitive price points and continues to seek global opportunities for further growth.
2. Surplus manufacturing capacities are being leveraged to support global requirements as and when opportunity exists for exports.

ii. Foreign Exchange used: (₹ in Million)

Particulars	FY23	FY22
Capital Expenditure	222	143
Raw Materials	4710	4355
Cross Charge	222	181
Royalty	20	22
Expenditure	20	13
<b>Total</b>	<b>5194</b>	<b>4714</b>

iii. Total foreign exchange used and earned : FY23 (₹ in Million)

i. Foreign Exchange earned:	1898
ii. Foreign Exchange used:	5194

For and on behalf of the Board of Directors of Kennametal India Limited

B. Anjani Kumar  
Chairman & Independent Director  
DIN: 00022417

Vijaykrishnan Venkatesan  
Managing Director  
DIN: 07901688

Bengaluru  
August 30, 2023

**Annexure VIII to the Board's Report**

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 30.06.2023**  
**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies**  
**(Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To  
The Members  
Kennametal India Limited  
Bengaluru

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kennametal India Limited (CIN: L27109KA1964PLC001546) (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 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 30.06.2023 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 30.06.2023 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;
  - (v) The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
    - (a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - (c) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
    - (d) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
    - (e) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
    - (f) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
    - (g) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
    - (h) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and
  - (i) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations');
  - (j) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013
  - (k) Circulars/Guidelines issued thereunder;
- (vi) There are no specific laws applicable to the Company pursuant to the business carried by the Company.
- (vii) The other general laws as may be applicable to the Company including the following:
- (1) Employer/Employee Related laws & Rules:**
- i. The Factories Act, 1948;
  - ii. The Employees State Insurance Act, 1948;
  - iii. The Employees Provident Fund & Miscellaneous Provisions Act, 1952;
  - iv. The Contract Labour (Regulation & Abolition) Act, 1970;
  - v. The Minimum Wages Act, 1948;
  - vi. The Payment of Wages Act, 1936;
  - vii. The Payment of Gratuity Act, 1972;
  - viii. The Payment of Bonus Act, 1965;
  - ix. The Maternity Benefits Act, 1961;
  - x. The Equal Remuneration Act, 1976;
  - xi. The Employment Exchanges (Compulsory notification of Vacancies) Act, 1959;
  - xii. The Karnataka Labour Welfare Fund Act, 1965;
  - xiii. The Apprentices Act, 1961;
  - xiv. The Industrial Employment (Standing Orders) Act, 1946;
  - xv. The Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013;
  - xvi. The Karnataka Industrial Establishments (National and Festival Holidays) Act, 1963;
  - xvii. The Karnataka Public Safety (Measures) Enforcement Act, 2017;
  - xviii. The Karnataka Shops & Establishments Act, 1961;
- (2) Environment Related Acts & Rules:**
- i. The Environment Protection Act, 1986;
  - ii. The Water (Prevention & Control of Pollution) Act, 1974;
  - iii. The Air (Prevention & Control of Pollution) Act, 1981;
  - iv. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008;
  - v. The Karnataka Ground Water (Regulation for Protection of Sources of Drinking Water) Act, 1999;



**(3) Economic/Commercial Laws & Rules:**

- i. The Competition Act, 2002;
- ii. The Indian Contract Act, 1872;
- iii. The Sales of Goods Act, 1930;
- iv. The Forward Contracts (Regulation) Act, 1952;
- v. The Indian Stamp Act, 1899;
- vi. The Transfer of Property Act, 1882;
- vii. The Patents Act, 1970;
- viii. The Trade Marks Act, 1999;
- ix. The Explosives Act, 1884;
- x. The Legal Metrology Act, 2009;

I have also examined compliances with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India on the Board and General Meetings i.e. SS - 1 and SS - 2.

I further state that during the period under review and based on my verification of the records maintained by the Company and also on the review of compliance reports/statements by respective department heads/Chief Financial Officer/ Company Secretary taken on record by the Board of Directors of the Company, in my opinion, adequate systems and process and control mechanism exist in the Company to monitor and ensure compliance with applicable Labour Laws, environmental laws and other applicable laws as mentioned above.

Further, I report that with regard to financial and taxation matters, I have relied on the Audit Report, Limited Review Report and the Internal Audit Report provided by the Statutory/Internal Auditor as the case may be.

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 which 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, 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.

Majority decision is carried through while the dissenting Members' views are captured and recorded as part of the minutes as per the practice followed. However, during the period under report, there was no such case instance.

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.

Place : Bengaluru  
Date : August 11, 2023

Vijayakrishna K T  
Practising Company Secretary  
FCS: 1788 C P: 980  
UDIN: F001788E000785340

**Note:** This report is to be read with my letter of even date which is annexed as Annexure and forms an integral part of this report.

'Annexure'

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, I have followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company including records under Income Tax Act, Central Excise Act, Customs Act, Goods and Service Tax Act.

4. Where ever required, the Company has represented about the compliance of laws, rules and regulations and happening of events etc as applicable from time to time.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
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.

Place : Bengaluru  
Date : August 11, 2023

Vijayakrishna K T  
Practising Company Secretary  
FCS: 1788 C P: 980



**Annexure IX to the Board's Report**

**Form AOC - 2**

**Form for disclosure of particulars of Contracts / Arrangements entered into by the Company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto. (Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

1. Details of contracts or arrangements or transactions not at arm's length basis: **NIL**

2. Details of material contracts or arrangement or transactions at arm's length basis

(a) Name(s) of the related party and nature of relationship:

1. Kennametal INC., USA, Ultimate Holding (Parent) Company of the Company
2. Kennametal Europe GmbH, Switzerland

(b) Nature of Contracts/arrangements/transactions-

Sl. No.	Nature of Transactions
1	Purchase
2	Sales
3	IT
4	Royalty
5	Cross Charge-Debits
6	Cross Charge-Revenue
7	Professional Service

The above transactions are in the ordinary course of business and on arm's length basis.

(c) Duration of the Contracts / Arrangements / Transactions: **Ongoing, will be continuous year after year.**

(d) Salient terms of the Contracts or Arrangements or Transactions, including the value, if any :

Sl. No.	Nature of Transactions	Salient terms
1	Purchase	Payment in respective country currency made within 30 days from date of receipt of material
2	Sales	Billing in country currency; Within 21 days from end of the month billing
3	IT	Payment in respective country currency made within 30 days of issue of debit note
4	Royalty	Payment in respective country currency made within 30 days of issue of credit note
5	Cross Charge-Debits	Payment in respective country currency made within 30 days of issue of debit note
6	Cross Charge-Revenue	Billing in country currency; Within 21 days from end of the month billing
7	Professional Service	Payment in respective country currency made within 30 days of issue of debit note

a) Date of approval by the Board / Audit Committee, if any - Omnibus approval for the estimated value of the transactions for the year 2022-2023 was obtained at the Audit Committee Meeting held on May 11, 2022 and the approval of the transactions were obtained at the Audit Committee / Board meetings held on August 12, 2022, November 10, 2022, February 9, 2023 and May 12, 2023.

(b) Amounts paid as advances, if any: Nil

1) Particulars of transactions with Kennametal INC., USA (₹ In Mn)

Sl. No.	Nature of Transactions	Actual Transaction value for financial year July 01, 2022 to June 30, 2023 i.e. FY23 amount	Approved Value of Transactions per Annum effective financial year commencing July 1, 2023 to June 30, 2024 i.e. FY24 amount
1.	Sales of products/components (receipts)	606.9	850
2.	Cross Charge Revenue	31.5	50
3.	Cross Charge- Debits expenses (Payable)	37.3	70
4.	IT Cross charges (payment)	170.3	225
5.	Professional Services- Expenses	10.1	20
6.	Purchase of components/raw materials (payment)	1,355.5	2,000
7.	Purchase- Capital Goods	-	100
8.	Royalty (payment)	10.5	30

2) Particulars of transactions with Kennametal Europe GmbH (₹ In Mn)

Sl. No.	Nature of Transactions	Actual Transaction value for financial year July 01, 2022 to June 30, 2023 i.e. FY23 amount	Approved Value of Transactions per Annum effective financial year commencing July 1, 2023 to June 30, 2024 i.e. FY24 amount
1.	Sales of products / components (receipts)	727	1,000
2.	Purchase of components / raw materials (payment)	1,813.7	2,250
3.	Cross Charge-Revenue	-	10

For and on behalf of the Board of Directors of Kennametal India Limited

**B. Anjani Kumar**  
Chairman & Independent Director  
DIN: 00022417

**Vijaykrishnan Venkatesan**  
Managing Director  
DIN: 07901688

Bengaluru  
August 30, 2023

**Annexure X to the Board's Report****Statement Pursuant to Section 197(12) of the  
Companies Act, 2013 Read with Rule 5(1) of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014**

1. The Board of Directors of the Company consists of 1 Managing Director, 2 Non-Executive Directors and 3 Independent Directors.
2. The Non-Executive Directors were not paid any remuneration. The Independent Directors were paid sitting fees and commission only. Details of the remuneration, sitting fees and Commission paid to the Directors are provided under the Corporate Governance Report.
3. Disclosure as required under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:
  - i. the ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year: **1:21.65**.
  - ii. the percentage increase / (decrease) in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:
    - ◆ Managing Director: **5.35%**
    - ◆ CFO: **18.53%**
    - ◆ Company Secretary: **30.57%**
  - iii. the percentage increase / (decrease) in the median remuneration of employees in the financial year: **-22.77%\***
  - iv. the number of permanent employees on the rolls of Company: **739**
  - v. average percentile increase / (decrease) 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: **-11.20%\***
  - vi. It is hereby affirmed that the remuneration paid is as per the Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other employees.

*\* Includes arrears of salary paid in FY22 (May 2022) for the period July 2019 to April 2022 on account of memorandum of settlement signed with workers union.*



## Annexure XI to the Board's Report

### Information as per Section 197(12) of the Companies Act, 2013 read with Rule 5 (2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended June 30, 2023

Name	Mr. Vijaykrishnan Venkatesan	Mr. Suresh Reddy K V	Mr. Prashant Ramesh Shetty	Mr. Swamy Mahanthappa	Mr. Bhaskara Rao M N
Designation / Nature of duties	Managing Director	Chief Financial Officer	Director Sales	Director Sales	Vice President - Manufacturing
Age (in years)	49	52	52	52	60
Qualifications	B.E. (Mechanical) and MBA (Marketing)	ICAI- Institute of Chartered Accountants of India	B.E (Mechanical) and Post Graduate Certificate in Business Management	B.E (Mechanical) and M.B.A (Marketing & Finance)	B.E. (Mechanical)
Experience (in years)	25	27	31	28	39
Date of Joining	17-09-2020	15-06-2016	30-11-2015	23-07-2007	22-10-2007
Remuneration Received (₹ in Million) ^	₹ 26.79	₹ 11.52	₹ 13.26	₹ 11.26	₹ 10.71
Particulars of last employment held	3M India Limited	Sun Pharmaceutical Industries Limited	Castrol India Limited	Castrol India Limited	TATA BP Solar Limited

^ Including following stock options granted by Kennametal Inc, which was vested during the year and the same was cross-charged to Kennametal India Limited:

Mr. Vijaykrishnan Venkatesan	: ₹3.52 million
Mr. Suresh Reddy K V	: ₹3.06 million
Mr. Prashant Ramesh Shetty	: ₹4.21 million
Mr. Swamy Mahanthappa	: ₹3.42 million
Mr. Bhaskara Rao M N	: ₹3.04 million

#### Notes:

- Designation of the employee indicates the nature of his / her duties.
- Other terms and conditions are as per rules of the Company
- None of above employees hold more than 2% equity share of the Company.
- None of these employees is relative of any Director of the Company



## Annexure XII to the Board's Report

### ANNUAL REPORT ON CSR ACTIVITIES

#### 1. Brief Outline of the Corporate Social Responsibility (CSR) Policy of the Company

Your Company's CSR policy is in line with the CSR activities permitted by the Companies Act, 2013 and rules made thereunder.

Kennametal India Limited's CSR strategy is in line with the guidelines adopted by your ultimate holding Company, Kennametal Inc. Kennametal has several policies and standards in place in line with its Core Values, covering Business Ethics and Governance, the Code of Conduct, and policies such as Environment, Health, and Safety (EHS); Quality; Living Our Values, Protecting our planet.

Your Company's CSR is focused on enhancing the lives of the local community in which it operates. This takes shape by way of providing new skills and in general, creating a better quality of life for the people in the communities in which the Company operates. We strongly believe in contributing towards the betterment of society and endeavour to create a positive impact, while achieving our business goals.

**Kennametal focuses on these areas:**

- a. **Tech Education towards Promotion of Education** — Includes the support for Secondary, Post-Secondary and University Educational opportunities with an emphasis on studies in the areas of technical engineering, machine skill training and materials and environmental sciences.
- b. **Kennametal in the Community** - Focusing on the importance of our employees' volunteering in the communities where they live and work. We encourage and recognize volunteerism as a key component of our culture. The goal is to create a partnership in which a community organization may be supported monetarily by the Company when it offers a significant volunteering opportunity for our employees.
- c. **Protecting Our Planet** — Providing sustainable solutions by reducing the total environmental impact of our products and operations. We will protect our planet by continuously improving our management of energy and natural resources, promoting recycling and recovery of materials, and preventing pollution across our global footprint.

Kennametal Employees have been voluntarily participating actively in the activities of Sparsha Trust. "NERALLU" is an NGO which has brought new hope and opportunities for a bright future into the lives of around 500 underprivileged kids over the past 12 years. Kennametal has joined hands with this organization to attain the aims and objectives of:

- Eradication of child labour
- Helping poor children to get access to quality education
- Empowerment of street children and women by providing them with education and skills-oriented training.

As part of our continued engagement with Sparsha Trust, your Company supported Sparsha Trust by sponsoring rain-water harvesting facility for 'Makkala Dhama' which is an accommodation for the underprivileged girls at Devanahalli. KIL also sponsored a school bus which will be used for the underprivileged children to go to the nearby schools.

Your Company has joined hands with the NGO, India Literacy Project (ILP) for its Multi- Dimensional Learning Space (MDLS)

program which is a during-school and after-school program that provides multi-dimensional learning opportunities for school children to explore, experiment, discover, and learn in multiple ways.

The concept of schools as multi-dimensional learning space is based on the foundation that:

- Equal importance should be given to all aspects of the curriculum
- Learning is not restricted to a curriculum. It should extend to help holistic and balanced development of a child
- One learning style doesn't work for all. Learning should involve visual, auditory and experiential methods
- Learning does not stop at school, and it can happen anywhere and anytime

During the year, Kennametal India Limited continued to support 7 Government schools around its vicinity with MDLS facility by providing infrastructure for smart classrooms through ILP. Kennametal India Limited also sponsored computer labs, library, science kits for experimentation and continued support of a computer teacher and a science teacher for the 7 Government schools to assist in teaching students and training teachers on the MDLS concept.

The vision of schools with MDLS is to offer a wide variety of academic inputs and non-academic exposure to children so that they do well not only in studies, but also learn about themselves, discover their interests and abilities. Through this effort, the Company hopes to develop individuals who are capable, confident, inquisitive and value conscious.

To promote STEM education in Government schools, Kennametal India distributed science experiment kits to 437 government schools in Haveri & Dakshina Kannada districts, Karnataka, in partnership with India Literacy Project. This initiative aims to promote STEM education among high school students, who can use these kits to easily perform science experiments and gain hands-on learning experience. The Science experiment Kits with a product life of 3 years can cover 150 experiments. Teachers were trained at taluk level to implement experiential learning for children in schools in the districts of Haveri & Dakshina.

The Company, through its CSR initiative of promoting Tech Education have extended support to 'Katalyst' by sponsoring professional degree education expense for 20 young girls from lower income communities till they complete the professional degree course of 4 years and qualify as graduates.

Katalyst India is an award-winning non-governmental organization (NGO) that stands for the economic empowerment of women. The Katalyst program supports meritorious young girls whose family income is less than ₹4500 per annum to pursue their ambition of acquiring professional education. In the last decade, Katalyst has impacted the lives of 900 girls, who went on to positively catalyze their families, their communities and the society at large. This initiative of empowering girls from low-income communities, aims to create an enabling environment, helping them fulfil goals of higher education leading towards economic empowerment and self-reliance.

Katalyst follows an innovative enrolment process to evaluate the eligibility of each student. The process involves a thorough background verification by a third-party agency on the family's income and is further assessed through indicators such as household assets and consumption patterns. Each parameter is scored and evaluated through a proprietary scorecard for final selection.



Through this intervention program of 4 years, Katalyst achieves its objective through a blend of unique development interventions, including 600-hour proprietary and scientifically researched curriculum. Over their four years in the program, they also provide one-to-one mentorship, access to best-in-class technology, assistance with internships, world-class industry exposure and corporate interactions. Established in 2007 with 10 young women, Katalyst now has chapters in Mumbai, Pune, Bangalore and Delhi, and has impacted the lives of almost 1200 girls, with 650 currently in the program.

Kennametal Leaders extend their support to these girls by mentoring them, guiding them and exposing them to new set of experiences and perspectives. The mentoring program thus aims at helping the girls define themselves, learn essential life skills and evaluate various career options. Kennametal India is exploring to provide Internship to the Katalyst girls which will give them an exposure to the practical side of what they have learnt so far in the course, and help validate their decision. It further enhances their hard skills and soft skills and helps them build network of people to eventually succeed in life. This intervention bridges the gap between academic curriculum and industry.

The support provided to Katalyst prepares the young girls to lead change in their professional and personal sphere to achieve success and empower themselves. This initiative definitively prepares young women for leadership roles, thereby creating a wider talent pool for India Inc and helping bridge the gender divide.

The Company through its CSR initiative of 'Protect our Planet' has identified the following projects.

• **Lake Restoration project:**

Lakes in Bengaluru are the source of life. Unfortunately, they are depleting at a very rapid rate. Kennametal India in partnership with United Way India would like to enhance the soil moisture conservation and improve ground water levels in and around Devanahalli town within Bengaluru Rural District by conserving rainwater and improving ground water. The proposed output of the projects is to ensure water security, storage of rainwater from being wasted and lost, rise in ground water level and ensures clean air and healthy flora & fauna in and around Bengaluru and impact of this project would be to mitigate floods, erosion control, improved vegetation and good oxygen supply.

During Phase 2 of the Lake rejuvenation project, we implemented the following:

- Strengthened the embankments as a double bund and to regulate the inlet and outlet canals.
- Plantation & Plantation maintenance: To increase the green cover, enhance pond ecosystem and to add stability to the newly created bunds. Saplings to be maintained through labourers and volunteers throughout its growth period.
- Create nesting islands for birds and other lives.
- Fence the outer circumference of the water body to prevent future encroachment, increase green cover & enhance pond ecosystem.
- Conduct Community engagement for voluntary maintenance of the restored lake, involving community participation through activities.

This project is aligned with Jalshakthi Abhiyan of Central Govt, Forest Conservation and Water Security policies of Karnataka and aligns with the Sustainable Development Goals as well.

- **'One Billion Drops' project:** This project is being implemented at identified parks in Dasarahalli Zone of BBMP which are in the vicinity of Kennametal India Limited. The 60 percolation wells / rainwater

harvesting pits were dug to improve ground water table in these parks. The impact of this project is as follows:

- **Impact of percolation wells project:** Volume capacity of a percolation well is 4270 liters. The total volume that a well can hold in a year is 1,28,100 liters, with approximately 30 days of rainfall in a year. Our project involves building around 60 wells which can hold 76,86,000 liters of rainwater in a year (approx.)
  - Rainwater does not get stored in large parks and finally reaches the stormwater drain. However, with the implementation of percolation pits, there will be no water logging or wastage of water due to these rainwater harvesting pits.
  - Rainwater harvesting also helps in the growth of trees and plants in the Bio-diversity Park as the moisture in the soil will be a great succor for trees and plants.
  - There will be no pressure on water sources, especially borewells at the park and surrounding residential areas in the future.
- **Urban Afforestation project:**

The need for the hour is to stop cutting down trees and start planting more trees day after day. Kennametal India in partnership with United Way India planted 10,000 local and native varieties of tree saplings in Government approved land at Bingipura, Anekal Taluk. These saplings will grow to become a natural forest in time. The objective of this project is to bring back the lost flora and fauna and set-up ecological balance. The forest will attract bees, birds and butterflies and will raise the water table slowly over time. The impact of this project would be to improve green cover / vegetation around the site, rise in ground water and reduction in carbon pollution and a clear and pollutant free environment.

2. **Composition of the CSR Committee:**

Sl. No.	Name of Director	Designation Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Vijaykrishnan Venkatesan	Chairman	2	2
2	Mr. B. Anjani Kumar	Member	2	2
3	Ms. Bhavna Bindra	Member	2	1
5	Mr. Franklin Gerardo Cardenas	Member	2	1

3. Web-link where Composition of CSR Committee, CSR policy and CSR projects approved by the Board are disclosed on the website of the Company:

Composition of CSR committee, CSR policy and CSR projects approved by the Board of the Company is available at the Company's website [www.kennametal.com/kennametalindia](http://www.kennametal.com/kennametalindia)

4. Details of executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: **Not Applicable**

5. Average net profit of the Company as per Section 135(5): **₹ 961 million**

Sl. No.	Particulars	Amount (₹ in Million)
5a	Two percent of average net profit of the company as per section 135(5)	19.217
5b	Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	-
5c	Amount required to be set off for the financial year, if any	-
5d	Total CSR obligation for the financial year (5a+5b-5c).	19.217



6.

- a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹19.219 million
- b) Amount spent in Administrative Overheads: Nil
- c) Amount spent on Impact Assessment, if applicable: **Not Applicable**
- d) Total amount spent for the Financial Year (6a+6b+6c): ₹19.219 million
- e) CSR amount spent or unspent for the Financial Year:

Total amount spent for the financial year (₹ in Million)	Amount Unspent (₹ in Million)				
	Total amount transferred to unspent CSR account as per subsection (6) of Section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of Section 135		
	Amount (In ₹ million)	Date of transfer	Name of the Fund	Amount (In ₹ million)	Date of transfer
19.219	Not Applicable				

- f) Excess amount for set-off, if any:

Sl. No.	Particulars	Amount (₹ in Million)
(i)	Two percent of average net profit of the company as per sub-section (5) of Section 135	19.217
(ii)	Total amount spent for the financial year	19.219
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.002
(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)]	0.002

7. Details of unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding financial year(s)	Amount transferred to unspent CSR account under sub-section (6) of Section 135 (In ₹ million)	Balance amount in unspent CSR account under sub-section (6) of Section 135 (1) (In ₹ million)	Amount spent in the financial year (In ₹ million)	Amount transferred to a fund as specified under Schedule VII as per second proviso to sub-section (5) of Section 135, if any		Amount remaining to be spent in succeeding financial years (In ₹ million)	Deficiency, if any
					Amount (In ₹ million)	Date of transfer		
1	2019-20	-	-	-	-	-	-	-
2	2020-21	-	-	-	-	-	-	-
3	2021-22	-	-	-	2.41	11.08.2022	-	-

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: **No**If yes, enter the number of capital assets created/acquired: **Not Applicable**Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the financial year: **Not Applicable**

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner
Not applicable					

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): **Not applicable**

Vijaykrishnan Venkatesan  
Managing Director & Chairman  
of CSR Committee  
DIN: 07901688

B. Anjani Kumar  
Director & Member  
of CSR Committee  
DIN: 00022417

Bengaluru  
August 30, 2023

**Annexure XIII to the Board's Report**

**Business Responsibility and Sustainability Report**

**Section A: General disclosures**

**I. Details of the listed entity**

- 1. Corporate Identity Number (CIN) of the Listed Entity : L27109KA1964PLC001546
- 2. Name of the Listed Entity : Kennametal India Limited
- 3. Year of incorporation : September 21, 1964
- 4. Registered office address : 8/9<sup>th</sup> Mile, Tumkur Road, Bengaluru, Karnataka – 560073, India
- 5. Corporate address : 8/9<sup>th</sup> Mile, Tumkur Road, Bengaluru, Karnataka – 560073, India
- 6. E-mail : in.investorrelation@kennametal.com
- 7. Telephone : 080-28394321
- 8. Website : <https://www.kennametal.com/kennametalindia>
- 9. Financial year for which reporting is being done : July 01, 2022 - June 30, 2023
- 10. Name of the Stock Exchange(s) where shares are listed : BSE Limited (Scrip code: 505890, Scrip Name: KENNAMET)
- 11. Paid-up Capital : ₹ 219,782,400/-
- 12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report : DIN : 07901688  
Mr. Vijaykrishnan Venkatesan  
Managing Director  
+91-80-28394709  
vijaykrishnan.venkatesan@kennametal.com

- 13. Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together):

Disclosures made in this report are on a standalone basis and pertain to Kennametal India Limited (KIL). There are no subsidiaries.

**II. Products/Services**

- 14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Manufacturing and trading	Manufacture and trading of other fabricated metal products; metalworking service activities	86%
2	Manufacturing	Manufacture of special-purpose machinery	14%

- 15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover) :

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Hard metal products	25910	86%
2	Machining Solutions Group	282	14%

**III. Operations**

- 16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	1	5	6
International*	NA	NA	NA

\*KIL has operations within India only.

- 17. Markets served by the entity:

- a. Number of locations

Locations	Number
National (Number of states)	28 states (as KIL is present across the country)
International (No. of countries)	19 countries

- b. What is the contribution of exports as a percentage of the total turnover of the entity?

Along with pan-India domestic operations, KIL exports products to Asia Pacific, European, Middle East and American markets. The exports account for around 17% of KIL's total turnover.

- c. A brief on type of customers.

KIL has successfully positioned itself as a reliable industrial technology leader in materials science, tooling, and wear-resistant solutions for customers across the aerospace, earthworks, energy, general engineering, and transportation industries across India, Asia Pacific, European, Middle East and American markets.

## IV. Employees

18. Details as at end of the Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No.(B)	%(B/A)	No.(C)	%(C/A)
<b>Employees</b>						
1.	Permanent (D)	447	419	93.74%	28	6.26%
2.	Other than Permanent (E)	20	14	70%	6	30%
3.	Total employees (D + E)	467	433	92.72%	34	7.28%

**Workers**

4.	Permanent (F)	291	291	100%	0	0%
5.	Other than Permanent (G)	109	109	100%	0	0%
6.	Total workers (F + G)	400	400	100%	0	0%

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No.(B)	%(B/A)	No.(C)	%(C/A)
<b>Employees</b>						
1.	Permanent (D)	0	0	0%	0	0%
2.	Other than Permanent (E)	0	0	0%	0	0%
3.	Total employees (D + E)	0	0	0%	0	0%

**Workers**

4.	Permanent (F)	4	4	100%	0	0%
5.	Other than Permanent (G)	0	0	0%	0	0%
6.	Total workers (F + G)	4	4	100%	0	0%

19. Participation/Inclusion/Representation of women:

Particulars	Total (A)	No. and percentage of Females	
		No. (B)	%(B / A)
Board of Directors	6	2	33.33%
Key Management Personnel	3	0	0%

20. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

Particulars	FY 2022-23 (Turnover rate in current FY)			FY2021-22 (Turnover rate in previous FY)			FY 2020-21 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	16.18%	8.51%	15.78%	11.40%	0	10.96%	7.57%	7.14%	7.55%
Permanent Workers	7.17%	NA	7.17%	3.67%	NA	3.67%	3.54%	NA	3.54%

NA: Not Applicable as there are no permanent female workers.

Consistent with the trends in the manufacturing sector in India, KIL has also faced attrition related challenges during the reporting period. To combat this, KIL has further strengthened its robust mechanisms to attract, develop and retain talent, including initiatives such as regular discussion on succession planning through the People Development Council,

competency development through trainings, a work flexibility program called 'That Works', driving diversity and inclusiveness, 'On Our Mind' sessions with employees conducted by management, mentoring program for key talent and involving high potential employees in strategic projects, among others.

## V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ subsidiary/ associate/ joint venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Kennametal Inc. USA	Holding	24%	Yes
2	Meturit A.G., Zug, Switzerland*	Holding	51%	Yes

\* The ultimate holding company of Meturit A.G., Zug, Switzerland is Kennametal Inc., USA that also participates in the BRSR activities of KIL

**VI. CSR Details**

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) Yes

(ii) Turnover FY 23 (in ₹): 10,771 million

(iii) Net worth FY 23 (in ₹): 6,883 million

**VII. Transparency and disclosure compliances**

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct :

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redressal policy)	Current Financial Year (FY 2022-23)			Previous Financial Year (FY 2021-22)			
		No. of complaints filed during the year	No. of complaints pending resolution at close of the year	Remarks	No. of complaints filed during the year	No. of complaints pending resolution at close of the year	Remarks	
Communities	Yes  <a href="https://images.kennametal.com/its/content/Kennametal/policy-on-redressal-of-stakeholders-grievances.pdf">https://images.kennametal.com/its/content/Kennametal/policy-on-redressal-of-stakeholders-grievances.pdf</a>	Nil	Nil	Nil	Nil	Nil	Nil	
Investors (other than shareholders)		Nil	Nil	Nil	Nil	Nil	Nil	Nil
Shareholders		Nil	Nil	Nil	1	0	Concern relating to non-claiming of dividend for FY 2015-16 and 2017-18	
Employees and workers		14	1	Nil	140	0	Nil	
Customers*		540	17	Nil	351	6	Nil	
Value Chain Partners		256	37	Nil	339	27	Nil	
Other (please specify)		Nil	Nil	Nil	Nil	Nil	Nil	

\*The quality related complaints have not been considered here.

24. Overview of the entity's material responsible business conduct issues. Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along with its financial implications, as per the following format.

Sl. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Energy	<p>Opportunity</p> <ul style="list-style-type: none"> <li>Transition to green energy is expected to reduce overall GHG emissions and energy costs in the long run.</li> </ul>	<p>KIL is partially reliant on grid power and sources renewable energy through Power Purchase Agreements (PPAs). The consumption is bound to increase to meet the growing market demands, which would impact its energy efficiency. The reliance on grid energy consumption is a potential risk to business in case of grid-outage / browning of grid.</p>	<p>The company seeks to continuously enhance its systems and processes along with the transition to green energy consumption, thus ensuring an increase in its energy efficiency. During the reporting year, the company increased its solar energy consumption to 73% from 67% in the previous year.</p>	Positive
2	Occupational Health and Safety (OHS)	<p>Risk and Opportunity</p> <ul style="list-style-type: none"> <li>Health and Safety hazards are intrinsic to the engineering industry. Despite implemented systems and controls by KIL, any slippage can result into an incident and injury.</li> </ul>	<p>The health, safety, and well-being of employees is of paramount importance to KIL. The company has implemented safety management systems and initiatives in line with the best industry standards. Considering the intrinsic nature of the material issue, OHS is an ever-prevailing risk. There is always a possibility of slippage in the compliance to systems and controls considering the business and external circumstances. Any fatality or cases of serious injuries due to workplace issues would have a direct negative impact to business sustenance.</p>	<p>The company conducts Hazard Identification and Risk Assessment (HIRA) and Job Safety Assessment (JSA) as per international standards to identify potential risks per job/role. This enables KIL to develop adequate corrective and preventive measures in creating an employee safe workplace. During the year, the company put in place several mechanisms to enhance safety standards like fall protection mitigation, rigor in the usage of various safety tools, and introducing AI to enhance safety controls for all Power Industrial Vehicles.</p>	Positive and Negative
3	Product Safety and Quality	<p>Risk</p> <ul style="list-style-type: none"> <li>KIL products are used as key components in aerospace, earthworks, energy, general engineering, and transportation industries.</li> <li>While KIL has implemented a quality management system consistent with global and industry standards, any rare incident of slippage can impact customers.</li> </ul>	<p>KIL products can impact the performance of critical components and processes of customers from aerospace, earthworks, energy, general engineering, and transportation industries. Bearing this in mind, KIL has long brought into effect robust mechanisms to ensure consistent global quality. At the same time, KIL focuses on continuous improvement while maintaining consistent product safety standards. Any deviation in product quality or minor lapse in product safety would result in loss of customers and impact the business.</p>	<p>The company adheres to global standards of quality management. This would augment its product quality and in-turn its safety while also contributing to business growth. The company has invested in technology, equipment, and people to build capabilities, better serve customers, compete, and grow. The company has established a new Quality Clinic that enables the team to address customer complaints faster while also conducting proactive outreach to mitigate any issues. The clinic has reduced the response time to customers by half.</p>	Negative

Sl. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
4	Employee engagement & wellbeing	<p>Opportunity</p> <ul style="list-style-type: none"> <li>Close engagement with the workforce has helped to build a strong relationship between management and the workforce. This is expected to further help retain skilled employees and attract talent.</li> </ul>	Employee well-being is critical to business operations and productivity. Multiple facets of employee well-being are adequately managed and incorporated by the company in various employee-centric initiatives. A highly productive workforce would augment business growth.	The company continues to implement employee-centric initiatives such as periodic health check-ups, regular leadership communication, People Development Council to retain and grow the talent pool, engaging employees through Reward and Recognition programs, celebration of important days, sports tournaments, and cultural activities – all aimed at ensuring a vibrant workforce, propelling its business growth.	Positive
5	Diversity & Equal Opportunity	<p>Opportunity</p> <ul style="list-style-type: none"> <li>To attract broader pool of talent and contribute to employee satisfaction and retention.</li> </ul>	KIL seeks to foster an inclusive and diverse workplace that organically propels business growth. KIL embraces diversity in its entirety to tap innovative ideas and new opportunities. It strives to be an equal opportunity provider, thus instilling a work culture underpinned by a sense of belonging, fairness, and equity. Through its approach towards diversity & equal opportunity, it seeks to achieve operational efficiency	The company continues to implement and actively embrace diversity, equity, and inclusion through the pillars of "Acquisition", "Awareness", "Development" and "Community" to be an equal opportunity provider. During the year, the company steered various initiatives that have been highlighted in the message from the Managing Director on page 9.	Positive
6	Ethics and Compliance	<p>Risk</p> <ul style="list-style-type: none"> <li>The intrinsic nature of this material issue has the potential of severe consequences in the event of minor deviation from protocols.</li> <li>While KIL has a strong Code of Conduct and ethics for employees, suppliers and senior management, there can be a possibility of slippage due to external environment issues beyond the control of the organization.</li> </ul>	KIL holds itself accountable for all relevant ethical and compliance requirements, as it is ingrained in its business ethos. The company is mindful that these matters pose significant reputational risks and raise questions on the organizational conduct with respect to integrity, business relationship problems, conflicts of interest, etc.	<p>KIL adheres to strong ethical standards of integrity. Its Board of Directors, top management, and workers follow a strict code of conduct and ethics. An effective surveillance mechanism and a whistle blower policy are in place to guarantee that such regulations are properly followed.</p> <p>The company continues to periodically and scrupulously monitor inconsistencies and non-alignment pertaining to relevant ethics and compliance requirements.</p>	Negative



Sl. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
7	Data security and information security	Risk <ul style="list-style-type: none"> <li>This is an evolving global risk, and the organization keeps assessing its vulnerability from time to time.</li> </ul>	KIL maintains compliance with global and local regulations with respect to data privacy, as any deviations would result in legal, reputational, and financial implications. As is the case with most manufacturing organizations, the company is exposed to ever-emerging IT risks in its operations, including R&D and patents, design of engineering processes, etc.	As a business process, the company ensures adherence to the global policy <a href="https://www.kennametal.com/in/en/about-us/data-privacy.html">https://www.kennametal.com/in/en/about-us/data-privacy.html</a> along with global monitoring of data privacy and cyber security, to avoid any misalignment.	Negative

Kennametal India Limited's ESG focus areas were determined through a thorough materiality analysis of key stakeholder groups such as customers, suppliers, employees and workers, media, NGOs, and others. This exhaustive exercise was carried out in this financial year.

The material issues will be reviewed on a regular basis. KIL plans to work to shape and hone its policies and processes to reflect the full range of its stakeholders' perspectives through meaningful dialogue and close collaboration with the key stakeholder engagement groups. Furthermore, KIL intends to integrate ESG risks and opportunities into its corporate decision-making and Enterprise Risk Management (ERM).

## Section B: Management and process disclosures

### Policy and Management Processes

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	c. Web Link of the Policies, if available	<a href="https://www.kennametal.com/in/en/about-us/kil-financials/policies.html">https://www.kennametal.com/in/en/about-us/kil-financials/policies.html</a>								
2.	Whether the entity has translated the policy into procedures. (Yes/No)*	Yes	No	No	Yes	No	No	No	No	No
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
4.	Name of the national and international codes/certifications/labels standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle	-	-	ISO 45001	-	-	ISO 14001	-	-	ISO 9001
5.	Specific commitments, goals and targets set by the entity with defined timelines, if any. **	As of date, we have not defined any specific ESG commitments.								
6.	Performance of the entity against the specific commitments, goals, and targets along-with reasons in case the same are not met.	Not applicable								

\*KIL is in the process of translating the policies into procedures and plans to complete the same in FY24

\*\*KIL plans to define specific goals with timelines in the next 2-3 years



Governance, Leadership, and Oversight

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
7.	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets, and achievements.	This has been covered in the managing director's message in the Annual Report on page number 9.								
8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).	The ESG Committee of Board of Directors monitors the implementation of the Business Responsibility (BR) policies. The Managing Director of the Company is responsible for implementation and oversight of the Business Responsibility policy(ies).								
9.	Does the entity have a specified Committee of the Board / Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes, an ESG committee of the Board of Directors has been constituted comprising five Directors – responsible for decision making on sustainability related issues.								

10. Details of review of NGRBCs by the company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	No	No	No	No	No	No	No	No	No	NA	NA	NA	NA	NA	NA	NA	NA	NA
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Yes: Committee of the Board									Quarterly for all principles								

NA : Not Applicable

11. Has the entity carried out independent assessment/evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency

P1	P2	P3	P4	P5	P6	P7	P8	P9
No	No	No	No	No	No	No	No	No

12. If answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principles material to its business (Yes/No)	Not applicable, as KIL has developed policies against each principle.								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									





## Section C: Principle-wise Performance

Principle-wise disclosure on the essential indicators is provided below.

Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

## Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	1	All nine principles of BRSR	83.33%
Key Managerial Personnel	11	All nine principles of BRSR	100%
Employees other than BoD and KMPs	148	All nine principles of BRSR	97.63%
Workers	18	Principle 1, Principle 3, Principle 5 of BRSR	100%

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

There were no instances of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year.

3. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes. Kennametal India Limited has a well-defined policy on Anti-Corruption and Anti-Bribery. The policy is applicable to all directors, officers and employees of Kennametal India Limited, and its sales agents, representatives and distributors (collectively referred to as "Third Parties") operating or located in the regions where Kennametal operates.

The policy is available on the company's website at:

<https://images.kennametal.com/is/content/Kennametal/anti-corruption-and-anti-bribery-policypdf>

4. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:

Particulars	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

5. Details of complaints with regard to conflict of interest:

Particulars	FY 2022-23 (Current Financial Year)		FY 2021-22 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	NA	Nil	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	NA	Nil	NA

NA: Not applicable

6. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not applicable. During the reporting period, there were no instances of fines / penalties imposed by regulators/ law enforcement agencies/ judicial institutions on KIL, pertaining to cases of corruption and conflicts of interest.

**Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe**

- Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	Current financial Year	Previous financial Year	Details of improvements in environmental and social impacts
R&D	Nil	Nil	Kennametal India Limited leverages the R&D developments of its parent company Kennametal Inc. to improve environmental and social impacts. For example, Kennametal is evolving with the fast-growing hybrid and electric vehicle market to identify and tackle e-mobility challenges and create new machining solutions for the industry. It prioritizes innovation, high performance and reliability. It specializes in the application of additive manufacturing processes like innovative 3D printing design. More details are available in the Kennametal ESG report <a href="https://investors.kennametal.com/corporate-governance/corporate-sustainability">https://investors.kennametal.com/corporate-governance/corporate-sustainability</a>
Capex	2.8%	Nil	<p><b>Recirculating chiller</b></p> <p>A new re-circulating chiller with subzero cooling capabilities was installed for drying process. This has resulted in a saving of 3000 litres of water per month.</p> <p><b>Field Emission Scanning Electron Microscope</b></p> <p>The new field emission scanning electron microscope has a built-in cooling system. This has eliminated the use of liquid nitrogen needed for operations for conducting analysis, thereby eliminating safety hazards (cold burns during manual handling) and environmental concerns associated with liquid nitrogen.</p> <p><b>Dust collection for grinding</b></p> <p>The existing dust collector which was old and ineffective was replaced with a new dust collection system. The new system installed has a dual hood for the downdraft table. The new dust collection system effectively collects all the dust (comprising silicon carbide and tungsten carbide) generated during brazed parts grinding. Additionally, flying dust generated is collected using extendable extractor arms. Therefore, the dust generated is being efficiently collected without any spillage or lingering of flying dust.</p> <p><b>Fire protection system / piping / valves / hose</b></p> <p>The main hydrant system near certain production units in the Bangalore facility were damaged causing leakage and water wastage in main hydrant lines. The main lines were replaced with new pipes and water leakages were stopped.</p>

- Does the entity have procedures in place for sustainable sourcing?
 

KIL is yet to establish an entity level procedure for sustainable sourcing. However, it has undertaken a number of initiatives relating to sustainable material consumption and waste reduction, such as:

    - Recovery of yellow tungsten oxide from grinding sludge: The sludge is collected and recycled through an external vendor. On dry basis, grinding sludge contains 45-48% tungsten and 2-3% cobalt, among others.
    - Recovery of green carbide powder: Around 20% of the recovered green carbide from the air pollution control equipment is reused in the process, which was otherwise disposed.
    - Carbide buy back policy: The company has a buy back policy for used carbide which can be accessed at: <https://www.kennametal.com/in/en/services/carbide-recycling.html>
  - If yes, what percentage of inputs were sourced sustainably?
 

Not applicable as KIL is yet to establish an entity level procedure for sustainable sourcing.
- Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.
 

KIL has a B2B business model selling products to industrial customers. Therefore, waste generated due to disposal of plastics, e-waste, etc. at the end of life of the product by end-consumers is not applicable to KIL.

However, the company has a buy back policy for used carbide powder, the details of which can be accessed at: <https://www.kennametal.com/in/en/services/carbide-recycling.html> Accordingly, waste carbide generated at KIL is sent to other Kennametal sites for recycling.
- Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.
 

Yes, KIL has obtained EPR registration for plastic waste under 'Importer and Brand Owner' category.

KIL will be applying for EPR under the e-waste rules in FY 2023-24.

Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

1. a Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent Employees</b>											
Male	419	419	100%	419	100%	NA	NA	419	100%	419	100%
Female	28	28	100%	28	100%	28	100%	NA	NA	28	100%
Total	447	447	100%	447	100%	28	100%	419	100%	447	100%
<b>Other than Permanent employees*</b>											
Male	14	14	100%	14	100%	NA	NA	0	0%	0	0%
Female	6	6	100%	6	100%	6	100%	NA	NA	6	100%
Total	20	20	100%	20	100%	6	100%	0	0%	6	30%

\* These numbers also include employees covered under the ESIC Act.

b. Details of measures for the well-being of workers:

Category	% of workers covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent workers</b>											
Male	291	291	100%	291	100%	NA	NA	0	0%	0	0%
Female	0	0	0%	0	0%	0	0%	NA	NA	0	0%
Total	291	291	100%	291	100%	0	0%	0	0%	0	0%
<b>Other than permanent worker</b>											
Male	109	109	100%	109	100%	NA	NA	0	0%	0	0%
Female	0	0	0%	0	0%	0	0%	NA	NA	0	0%
Total	109	109	100%	109	100%	0	0%	0	0%	0	0%

NA: Not Applicable

2. Details of retirement benefits:

Benefits	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Yes	100%	100%	Yes
Gratuity	100%	100%	Yes	100%	100%	Yes
ESI	1.93%	16.75%	Yes	2.74%	25.41%	Yes
Others – please specify	NA	NA	NA	NA	NA	NA

NA: Not Applicable

3. **Accessibility of workplaces:** Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes. KIL's administration building, and Master Inserts Plant are accessible to differently abled employees through infrastructure such as ramps and dedicated washrooms.

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

We believe in the power of diverse talents and capabilities to propel our business. To that end, we are committed to ensuring a fair and equitable workplace, free from harassment and discrimination, where advancement is based on job-related qualifications, accomplishments, and experience. We are in the process of aligning our global human rights policy statement (which can be accessed at: <https://www.kennametal.com/us/en/about-us/doing-business-with-kennametal/global-human-rights-policy-statement.html>) to the equal opportunity policy requirements of the Rights of Persons with Disabilities Act, 2016.

5. **Return to work and retention rates of permanent employees and workers that took parental leave.**

Not applicable as no female employee of KIL availed maternity leave during the last two financial years. The Paternity leave policy for permanent male employees was brought into effect on January 01, 2023. No permanent male employee has availed paternity leave since the said policy was brought into effect.

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.**

Particulars	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	Yes
Other than Permanent Workers	Yes
Permanent Employees	Yes
Other than Permanent Employees	Yes

Yes, KIL has in place a robust grievance redressal mechanism for employees and workers which has been detailed in the policy on redressal of Stakeholders' Grievances (Link: <https://images.kennametal.com/is/content/Kennametal/policy-on-redressal-of-stakeholders-grievancespdf>). Employees and workers of KIL can share their concerns initially to their points of contacts at KIL, and if dissatisfied with the grievance redressed at this stage, the employees are encouraged to write in detail about their grievance to the grievance redressal officer at [naveen.c@kennametal.com](mailto:naveen.c@kennametal.com). Within 30 days of the receipt of the grievance, the officer shall ensure due resolution of said grievance. In the event the resolution is taking longer than the assigned time of 30 days, the officer shall bring up the grievance to the committee for grant of more time for resolution OR in the event the grievance cannot be resolved to the satisfaction of the stakeholders, shall bring it to the notice of the committee for further direction.

7. **Membership of employees and workers in association(s) or Unions recognized by the listed entity:**

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees	447	0	0%	453	0	0%
Male	419	0	0%	434	0	0%
Female	28	0	0%	19	0	0%
Total Permanent Workers	291	291	100%	295	295	100%
Male	291	291	100%	295	295	100%
Female	0	0	0%	0	0	0%

## 8. Details of training given to employees and workers:

Category	FY 2022-23 (Current Financial Year)					FY 2021-22 (Previous Financial year)				
	Total (A)	On Health and Safety Measures		On Skills Upgradation		Total (D)	On Health and Safety Measures		On Skills Upgradation	
		Number (B)	% (B/A)	Number (C)	% (C/A)		Number (E)	% (E/D)	Number (F)	% (F/D)
<b>Employees</b>										
Male	433	397	91.69%	382	88.22%	449	193	42.98%	196	43.65%
Female	34	29	85.29%	23	67.65%	25	5	20%	15	60%
<b>Total</b>	<b>467</b>	<b>426</b>	<b>91.22%</b>	<b>405</b>	<b>86.72%</b>	<b>474</b>	<b>198</b>	<b>41.77%</b>	<b>211</b>	<b>44.51%</b>
<b>Workers</b>										
Male	400	400	100%	228	57%	425	NA	NA	NA	NA
Female	0	0	0%	0	NA	0	NA	NA	NA	NA
<b>Total</b>	<b>400</b>	<b>400</b>	<b>100%</b>	<b>228</b>	<b>57%</b>	<b>425</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

NA - Not Available

KIL has implemented a robust system to capture trainings in FY 2022-23. Therefore, data on coverage of trainings among workers is not available and will not be reported.

## 9. Details of performance and career development reviews of employees and workers:

Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial year)		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
<b>Employees</b>						
Male	433	418	96.54%	449	423	94.21%
Female	34	25	73.53%	25	17	68%
<b>Total</b>	<b>467</b>	<b>443</b>	<b>94.86%</b>	<b>474</b>	<b>440</b>	<b>92.83%</b>
<b>Workers*</b>						
Male	400	0	0%	425	0	0%
Female	0	0	0%	0	0	0%
<b>Total</b>	<b>400</b>	<b>0</b>	<b>0%</b>	<b>425</b>	<b>0</b>	<b>0%</b>

\*Not Applicable. As of today, production employees (Union members) are not covered under performance management process.

## 10. Health and safety management system:

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

Yes. Our manufacturing facility and head office at Bangalore are certified to the international standards ISO 45001:2018 Occupational Health and Safety Management System and ISO 14001:2015 Environmental Management System (EMS) which are valid up to November 12, 2023. During the last re-certification process, no non-conformance was flagged. This demonstrates KIL's consistent effort to reduce accidents and illnesses related to the workplace. Internal audits are conducted every six months to ensure continuous improvement in safety standards and performance.

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Being certified to ISO 45001:2018, KIL has a robust procedure for Hazard Identification and Risk Assessment (HIRA). The findings from dynamic Job Safety Assessment (JSA) for non-routine work along with the work permit system and Static JSA for routine work are considered while developing the HIRA. Daily walk-through audits, leadership safety walkthrough, internal audits, safety campaigns, toolbox talks, and quantitative risk assessment etc. along with employee concerns are considered during the risk identification process. This register is frequently reviewed and duly updated. As on date of this report, the company has identified several hazards and risks, for which mitigation measures have been implemented. As a business practice, any process change, accident or fatality would instigate necessary changes to the HIRA and associated procedures. Necessary KPIs have been designated against all mitigation measures which are frequently reported to the top management. Necessary corrective actions and preventive actions are implemented as part of continuous improvement of our processes.

**c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)**

Yes. Kennametal India, through its established HIRA register, has well-defined processes for both routine and non-routine jobs, which are integrated into the respective SOPs. Dynamic Job Safety Assessment (JSA) for non-routine work along with the work permit system and Static JSA for routine work are implemented to ensure safety. These procedures are frequently reviewed and updated. All employees are sensitized on all salient safety aspects through training. Furthermore, the employees and workers can escalate any safety related concerns in their tier meeting.

Details of some of the processes in place for workers to report work-related hazards is described below :

**Stop Work Authority:** It is one of the best ways to engage the workforce in preventing Fatality & Serious Injury (FSI). KIL has empowered any staff, employee, worker, contractor or visitor to stop any work which is hazardous in nature, and which may cause injury to a person or damage to the company assets. It is a six-step process of Stop, Notify, Investigate, Correct, Communicate and Follow up. Once the correction is complete, the work can be resumed with the corrected method. The

person who has successfully issued a Stop Work is recognized and rewarded.

**Find and Fix:** It is another important process to ensure engagement of the workmen and staff in the prevention of FSIs. The worker / staff who identifies any FSI will take up the work to correct the gap. Once the gap is closed, he/she will communicate back to EHS in a template on his/her work on Find & Fix (F & F). KIL's manufacturing facility has a target for F&F, however it has exceeded the requirement by more than 3 to 4 times in the last reporting periods.

**d. Do the employees/ workers of the entity have access to non-occupational medical and healthcare services? (Yes/ No)**

Yes. Kennametal India Limited has contracted with a local hospital at Bangalore for healthcare emergencies and with laboratories for annual medical check-up. Additionally, KIL organized a COVID vaccination drive in January 2023.

The Occupational Health Centers (OHC) are equipped with dedicated doctors and staff nurses, and first aid facilities are available for both employees and workers. First aid trainings are regularly conducted for employees and workers by certified agencies.

**11. Details of safety related incidents, in the following format:**

Safety Incident/Number	Category	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial year)
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0.88
	Workers	4.17	1.96
Total recordable work-related injuries	Employees	0	1
	Workers	1	2
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

**12. Describe the measures taken by the entity to ensure a safe and healthy workplace.**

KIL has a strong safety culture. The operational factory has a dedicated department safety committee to review the policy, procedures, key performance indicators and systems of Health, Safety and Environment. The tier meetings and walk-through audits are instrumental in addressing the safety concerns and conditions at the factory. Various kinds of initiatives, drives/campaigns along with trainings are regularly provided for all employees and workers. These ensure continual improvement in safety performance.

Some of the other measures taken at the plants are as below:

- i. KIL has an OHS policy, the briefing of which is included as part of its induction training and general trainings and drills.
- ii. KIL conducts a webinar on health-related topics (e.g., ergonomics, hypertension, etc.) once a month.
- iii. The operational plant has a department-level EHS safety committee that ensures compliance with the Standard Operating Procedure (SOP) developed as per ISO 45001:2018.

- iv. KIL has developed SOPs for all major activities within its plant to ensure a safe working environment
- v. Daily tier meetings with fixed agenda on safety review of internal incidents at KIL plant and sites actions taken in Stop Work Authority, Find and Fix, near misses etc. are provided and it encourages safety toolbox talks.
- vi. OHS inspections are conducted daily.
- vii. Permits are issued for activities.
- viii. KIL ensures all chemicals are provided with a material safety data sheet (MSDS) for awareness of all staff.
- ix. Safety Kaizen is highly encouraged for process modification and upgrades.
- x. KIL encourages all staff to report near-miss incidents (IFE – injury free events) along with first-aid cases, recordable injuries, and fatalities.
- xi. KIL includes a clause on safety for contract workers in all purchase orders which serves as a guiding mechanism for the contractors.

## 13. Number of complaints on the following made by employees and workers:

Particulars	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	6	1	-	14	0	-
Health & Safety	7	0	-	126	0	-

During the year, Kennametal India Limited has put in place several mechanisms to enhance safety standards, such as:

1. Enhancing the safety control mechanism for its entire fleet of Power Industrial Vehicles (PIVs) by leveraging artificial intelligence (AI) and automation technologies
2. Deploying over 30 tons of steel for various fall prevention measures
3. Creating awareness through important dates such as the "National Safety Month" and "World Environment Day"
4. Driving rigor in the usage of various safety tools

## 14. Assessments of this financial year

Particulars	% of the plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100% of KIL plant
Working conditions	100% of KIL plant

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

The typical process followed by KIL to address safety-related incidents is described below:

1. An incident alert report is developed which details the hazard category, incident description, and Root Cause Analysis (RCA) is done and Corrective And Preventive Actions (CAPA) are implemented;
2. Incident alert report is shared globally to communicate the incident with all internal stakeholders; and
3. The completion is tracked in the gensuite portal.

Following instances highlight KIL's initiatives towards improving safety at the workplace:

1. Stationary bench grinder was installed instead of portable hand-held grinder.
2. Hard barricades, instead of temporary barricades were installed surrounding open operational pits. This prevents plant staff from receiving potential injuries due to slip / trip.
3. Implementation of safety features on sinjet edge rounding machine such as light curtain upgradation, elimination of foot cycle start and integrating all safety services to relays.
4. Revised the methodology for loading & unloading of hydrogen quad - only loading/unloading to be done by forklift.

**Principle 4 : Businesses should respect the interests of and be responsive to all its stakeholders**

**1. Describe the processes for identifying key stakeholder groups of the entity.**

Stakeholder engagement is essential in identifying sustainability risks, the mitigation of which is ingrained in the business growth strategy. KIL acknowledges the importance of stakeholder identification. It has identified relevant stakeholder groups based on their material influence on the business strategy. The results from a desk-based sector analysis also contributed to the finalization of its stakeholders, namely: customers, employees and workers,

suppliers, contractors / sub-contractors, supply chain partners, channel partners / distributors, shareholders and investors, regulatory and government agencies, media, and implementation partners and communities by the India Leadership Council (ILC) of Kennametal. The engagement approach entails identifying and capturing stakeholders; assessing and evaluating their responses; prioritizing key material issues; and identifying sustainability indicators. KIL then incorporates the identified material topics into its business strategy.

**2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS Newspaper, Pamphlets, Advertisement, community meetings, Notice Board, Website), other	Frequency of engagement (Annually/Half yearly/ Quarterly/ others - please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Investors	No	Press releases and media interactions, emails, Annual General Meetings, stock exchange filings, analyst calls, updates on the company's website	Annually through Annual Report, quarterly through financial results, continuous engagement: investor / shareholder page on website, investor calls	Economic & industry outlook, strategic outlook, business update and queries on published financials.
Shareholders	No	Press releases and media interactions, emails, Annual General Meetings, stock exchange filings, analyst calls, updates on the company's website	Annually through Annual Report and Annual General Meeting, quarterly through financial results, continuous engagement: investor / shareholder page on website	Company's performance, dividend confirmation, financial performance, event-based compliance matters, strategic initiatives.
Customers	No	Customer meet, exhibitions, digital marketing (websites, social media, newsletters, emails), trainings, etc.	Event-based, continuous engagement, periodic customer satisfaction survey	Company overview, new product launches, product promotions, success stories, product displays, product trainings, ESG and other strategic initiatives, etc.
Employees and Workers	No	Periodic newsletters, long service awards, notice on bulletin boards, Reward & Recognition, monthly connect, townhalls, daily shopfloor meetings, emailers.	Quarterly, monthly, event-based, continuous engagement	Company overview, strategic initiatives, awareness on programs / policies / processes / ESG, key management decisions, updates on company performance and initiatives, training courses, etc.
Regulatory and Government Agencies	No	Notices, circulars, etc.	Event-based	Regulatory/statutory compliance.
Implementation Partners	No	Emails, in-person and virtual interactions and on-ground CSR activities.	Event-based	Implementation partners (NGOs) identify projects based on the needs of communities and in alignment with KIL's CSR strategy.
Communities	Yes	In-person interaction, employee volunteering activities, implementation partners etc.	Event-based	CSR activities, ESG initiatives, company overview and relevant updates.
Supply chain partners	No	Supplier meets, trainings, emails / letters, etc.	Annually, event-based	Supplier code of conduct and other allied matters, company initiatives, ESG initiatives, etc.



Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS Newspaper, Pamphlets, Advertisement, community meetings, Notice Board, Website), other	Frequency of engagement (Annually/Half yearly/ Quarterly/ others - please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Channel partners (Distributors)	No	Quarterly newsletters - Kollaborate, distributor meet, digital communication, trainings	Quarterly, event-based, continuous engagement	Company updates, new product launches, product promotions, success stories, product displays, product trainings, etc.
Contractors / Sub contractors	No	Notices, emails, circulars, etc.	Event-based	Job related training / policy and process awareness including compliance / product training.
Media	No	Technical articles, event-based press releases, quarterly results, leadership interviews	Event based, continuous engagement	Company overview, updates, financial performance, launch of key strategic initiatives, ESG updates, economic and sectorial outlook.

## Principle 5: Businesses should respect and promote human rights

1. Employees and workers who have been provided training on human rights issues and policy (ies) of the entity, in the following format:

Category	FY 2022-23 (Current Financial Year)			FY 2021-22* (Previous Financial year)		
	Total (A)	No. of employees / workers covered (B)	% (B/A)	Total (C)	No. of employees / workers covered (D)	% (D/C)
<b>Employees</b>						
Permanent	447	412	92.17%	453	NA	NA
Other than permanent	20	2	10%	21	NA	NA
<b>Total Employees</b>	<b>467</b>	<b>414</b>	<b>86.65%</b>	<b>474</b>	<b>NA</b>	<b>NA</b>
<b>Workers</b>						
Permanent	291	14	4.81%	295	NA	NA
Other than permanent	109	0	0%	130	NA	NA
<b>Total Workers</b>	<b>400</b>	<b>14</b>	<b>3.50%</b>	<b>425</b>	<b>NA</b>	<b>NA</b>

NA: Not Available

\*KIL has implemented a robust system to capture training details from FY 2022-23 onwards. There was no formal system in place to capture trainings in FY 2021-22. Therefore, data on coverage of human rights related trainings among employees and workers is not available and will not be reported.

## 2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2022-23 (Current Financial Year)					FY 2021-22 (Previous Financial year)				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		Number (B)	% (B/A)	Number (C)	% (C/A)		Number (E)	% (E/D)	Number (F)	% (F/D)
<b>Employees</b>										
Permanent	447	0	0%	447	100%	453	0	0%	453	100%
Male	419	0	0%	419	100%	434	0	0%	434	100%
Female	28	0	0%	28	100%	19	0	0%	19	100%
Other than Permanent	20	0	0%	20	100%	21	0	0%	21	100%
Male	14	0	0%	14	100%	15	0	0%	15	100%
Female	6	0	0%	6	100%	6	0	0%	6	100%
<b>Workers</b>										
Permanent	291	0	0%	291	100%	295	0	0%	295	100%
Male	291	0	0%	291	100%	295	0	0%	295	100%
Female	0	0	0%	0	0%	0	0	0%	0	0%
Other than Permanent	109	0	0%	109	100%	130	0	0%	130	100%
Male	109	0	0%	109	100%	130	0	0%	130	100%
Female	0	0	0%	0	0%	0	0	0%	0	0%

## 3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	4	INR 2,821,600*	2	INR 1,504,200*
Key Managerial Personnel	3	INR 12,531,991	0	Not Applicable
Employees other than BoD and KMP	416	INR 1,576,044	28	INR 817,770
Workers	291 ^	INR 1,137,638	0	Not Applicable

\* Mr. Franklin Cardenas and Ms. Kelly Boyer, being Non-Executive Directors have not been considered for calculating median remuneration since they do not receive any pecuniary benefits from the company. Mr. Vijaykrishnan Venkatesan, Managing Director, who draws remuneration and the Independent Directors who receive sitting fee and commission have been considered for calculating median remuneration.

^ Median remuneration of workers has been calculated based on remuneration of permanent workers only. The remuneration of other than permanent workers has not been considered for calculating median remuneration of workers.

## 4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business?

Yes, KIL has set up a mechanism to address grievance/concerns related to human rights violations which has been detailed in the policy on redressal of Stakeholders' Grievances. As per the policy, the primary responsibility of redressing human rights related grievances lies with the grievance redressal officer and the grievance redressal committee. Furthermore, KIL has the following committees which address specific aspects of human rights impacts or issues:

- i. Internal Complaints Committee: Aggrieved female and male employees who believe that they have been subjected to an act of sexual harassment can file a complaint with the Internal

Complaints Committee for women and men. The committee investigates each complaint in a fair and expeditious manner. The investigations are kept confidential except when the nature of investigation makes it necessary to disclose certain information.

- ii. Grievance Committee: It comprises five members who are union office bearers. They discuss workers' issues through fortnightly grievance meetings.
- iii. Business Ethics and Compliance Code (BECC): Issues raised by employees are categorized into the following : behavioral, ethical and legal. Behavioral issues are directed to HR whereas Financial/ethical issues are directed to legal. HR has the overall responsibility of corrective actions.

**5. Describe the internal mechanisms in place to redress grievances related to human rights issues.**

KIL has set up a mechanism to address grievance/concerns related to human rights violations, which has been detailed in the policy on redressal of Stakeholders' Grievances. All the stakeholders of KIL can share their concerns initially to their points of contacts at KIL, and if dissatisfied with the grievance redressed at this stage, the employees are encouraged to write in detail about their grievance to the

grievance redressal officer at naveen.c@kennametal.com. Within 30 days of the receipt of the grievance, the officer shall ensure due resolution of the said grievance. In the event the resolution is taking longer than the assigned time of 30 days, the officer shall bring up the grievance to the committee for grant of more time for resolution OR in the event the grievance cannot be resolved to the satisfaction of the stakeholders, shall bring it to the notice of the committee for further direction.

**6. No. of complaints on the following made by employees and workers :**

	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	1	Nil	NA	Nil	Nil	Nil
Discrimination at workplace	Nil	Nil	Nil	Nil	Nil	Nil
Child Labour	Nil	Nil	Nil	Nil	Nil	Nil
Forced Labour or Involuntary Labour	Nil	Nil	Nil	Nil	Nil	Nil
Wages	Nil	Nil	Nil	Nil	Nil	Nil
Other human rights related issues	Nil	Nil	Nil	Nil	Nil	Nil

**7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

Kennametal India Limited has an established Whistle Blower / Vigil Mechanism Policy :

(<https://images.kennametal.com/is/content/Kennametal/kennametal-india-limited-whistle-blower-vigil-mechanism-policy.pdf>).

Further more, a robust Global Non-Retaliation and Reporting Obligation Policy is in place :

(<https://s7d2.scene7.com/is/content/Kennametal/KMT-OGC-01-0001%20Global%20Non-Retaliation%20and%20Reporting%20Obligation%20Policy.pdf>).

These policies can be accessed by all employees to appraise us of any concerns, inclusive of discrimination and harassment. In the global non-retaliation and reporting obligation policy, the following modes are available for employees to raise their concerns:

- Kennametal Helpline (confidential and anonymous) at 1-877-781-7319
- Office of Ethics and Compliance mailbox: k-corp.ethics@kennametal.com
- Submitting a report online at <https://kennametal.alertline.com/gcs/welcome>

In the whistleblower policy, the following modes are provided for employees to raise their concerns:

- Ethics Alert Line India (toll-free and anonymous): 000-800-100-1704 or 000-800-001-6112
- K-Corp Ethics Mailbox: k-corp.ethics@kennametal.com
- Directly approach the Office of Ethics and Compliance, via telephone or consultation

The 'Global Human Rights Policy Statement' also directs employees to approach Kennametal's Office of Ethics and Compliance.

KIL has a strict non-retaliation policy that protects employees and directors who report concerns in good faith to the Office of Ethics and Compliance. This policy protects KIL employees and directors from

having their job negatively impacted as a result of raising an ethics or compliance concern. Violations of the non-retaliation policy may result in discipline, up to termination.

Complaints pertaining to harassment are directed to the Internal Complaints Committee, formulated as per Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. While concerns pertaining to discrimination are directed to the Audit Committee for review and resolution. KIL ensures that concerns received are appropriately investigated, within a stipulated timeframe.

**8. Do human rights requirements form part of your business agreements and contracts?**

No. Currently, the company's business agreements and contracts explicitly include human rights specific clauses pertaining to only prevention of workplace discrimination and harassment, and minimum wages.

**9. Assessments for the year:**

Criteria	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%

The company internally monitors compliance for all applicable laws and policies pertaining to human rights issues.

**10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

Not applicable.

**Principle 6: Businesses should respect and make efforts to protect and restore the environment**
**1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total electricity consumption (A)	65,139 GJ	66,835 GJ
Total fuel consumption (B)	1,855 GJ	3,503 GJ
Energy consumption through other sources (C) GJ	-	-
Total energy consumption (A+B+C)	66,994 GJ	70,338 GJ
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees)	0.000006 GJ/rupee	0.000007 GJ/rupee
Energy intensity (optional) – the relevant metric may be selected by the entity	NA	NA

NA: Not Applicable

Kennametal India Limited plant at Bengaluru sourced 73% of their required electricity in fiscal 2023 along with renewable energy credits (RECs) from an in-country solar farm. The plant has been purchasing RECs since 2018, which has significantly helped lower their scope 2 GHG emissions from purchased electricity.

**Note:** Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency?

(Y/N) If yes, name of the external agency.

No

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

No.

The operational facility of Kennametal India Limited is not amongst the sectors classified as designated consumers.

**3. Provide details of the following disclosures related to water, in the following format:**

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
<b>Water withdrawal by source (in kiloliters)</b>		
(i) Surface water	0	0
(ii) Groundwater	32,624	33,090
(iii) Third party water	13,018	12,824
(iv) Seawater / desalinated water	0	0
(v) Others	0	0
<b>Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)</b>	45,642	45,914
<b>Total volume of water consumption (in kiloliters)</b>	45,642	45,914
<b>Water intensity per rupee of turnover (Water consumed / turnover)</b>	0.000004 KL/rupee	0.000005 KL/rupee
<b>Water intensity (optional) the relevant metric may be selected by the entity</b>	NA	NA

NA: Not Applicable

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation?

Yes.

KIL has initiated Zero Liquid Discharge (ZLD) at trade effluent

treatment plant (ETP). Effluent generated from processes is sent to a recovery plant comprising a sequential batch reactor (SBR) followed by Reverse Osmosis (RO). Consequently, the effluent is sent to the ETP. Approximately 90% of the water gets reused. The balance 10% of the treated effluent is used towards green belt irrigation.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial year)
NOx	ppmv	14.10	-
SOx	ppmv	0.36	-
Particulate matter (PM)	mg/m <sup>3</sup>	13.47	-
Persistent organic pollutants (POP)	NA	NA	NA
Volatile organic compounds (VOC)	NA	NA	NA
Hazardous air pollutants (HAP)	NA	NA	NA
Others – please specify	NA	NA	NA
Carbon Monoxide (CO)	mg/m <sup>3</sup>	47.11	-
Non Methane Hydrocarbons	mg/m <sup>3</sup>	0.27	-
Acid mist as HCL	mg/m <sup>3</sup>	0.38	-

NA : Not Applicable

This is the average data of the monthly monitoring carried out during the FY 2022-23.

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial year)
<b>Total Scope 1 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	130.2	253.1
<b>Total Scope 2 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	3,527.9	4,257.97
<b>Total Scope 1 and Scope 2 emissions per rupee of turnover</b>	Metric tonnes of CO <sub>2</sub> equivalent per rupee of turnover	0.0000003	0.0000005
<b>Total Scope 1 and Scope 2 emission intensity</b> (optional) – the relevant metric may be selected by the entity	NA	NA	NA

NA : Not Applicable

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details:

In FY 2022-23, KIL sourced 73% of its electricity consumption along with carbon - free energy credit from solar energy (i.e., there has been an increase from 67% in FY 2021-22 to 73% in FY 2022-23). Plans are underway to further increase renewable energy consumption in the current year.



## 8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial year)
Total Waste generated (in metric tonnes)		
Plastic waste (A)	8.8	8.2
E-waste (B)	0.49	0
Bio-medical waste (C)	0.15	0.25
Construction and demolition waste (D)	0	0
Battery waste (E)	0	0.72
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any (G)	339.1	410.83
Spent Coolant	148.2	229.67
Spent Oil	4.24	6
Cotton Waste	3.9	7.14
Paraffin Wax	6.8	7.87
Sludge	7.37	4.36
ETP Sludge	27.4	18.11
Paint Containers	4.63	2.37
Tungsten Compounds	12.7	5.86
Spent solvent	123.9	129.47
Other Non-hazardous waste generated (H). Please specify, if any (Break-up by composition i.e. by materials relevant to the sector)	269.07	168.2
Steel Swarf	15.0	15.73
MS	136.8	85.01
Steel – Carbide	0	1.64
Cardboard	48.0	0.04
Wood	58.4	55.28
Graphite rods	2.8	1.75
Graphite Powder	0	4.85
Motors	0.5	0.73
Electrical Cables	7.0	2
Brass wire	0.3	0.95
Brass wire Burnt	0	0.14
Weighing M/C	0	0.002
Fire fighting	0	0.064
3M Wheel Dressing	0	0
Carbide Swarf	0	0
HSS Scrap	0	0
Other Scrap Metal SS	0	0
Aluminum - Diamond wheel	0.2	0



Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial year)
Scrapped Drums - Cobalt, WO3, Oil	0	0
Scrapped Machines	0	0
Any other equipment	0	0
<b>Total (A + B + C + D + E + F + G + H)</b>	<b>617.7</b>	<b>588.1</b>
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
<b>Category of waste</b>		
(i) Recycled	602.6	466.8
(ii) Re-used	0	0
(iii) Other recovery operations	0	0
<b>Total</b>	<b>602.6</b>	<b>466.8</b>
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
<b>Category of waste</b>		
(i) Oil-soaked Cotton waste & Paraffin wax: Incineration	9.6	13.99
(ii) ETP Sludge: Landfilling	5.52	12.11
(iii) Spent Acetone, used coolant, paint containers, spent oil, used coolant, paper, plastics, metals, etc.: Other disposal operations (sold to the KSPCB authorized vendors)	602.6	466.8
<b>Total</b>	<b>617.7</b>	<b>492.8</b>

Note: Indicate if any independent assessment/ evaluation/ assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

**Brief Note on Waste Management Process:**

Waste generated from the process is stored at the plant in the centralized storage area. Hazardous waste and non-hazardous waste are segregated at the source itself.

The hazardous waste is further segregated based on the hazardous waste category. Once a day, the hazardous waste is moved to the central hazardous waste storage area with a slip indicating the date of generation, quantity, etc. The storage inventory is updated. Within 90 days of the arrival, the waste is disposed of to the Karnataka State Pollution Control Board (KSPCB) approved vendor by managing the online e-manifest. The manifest is submitted to the KSPCB on monthly basis.

The general waste (non-hazardous) is shifted to the central waste storage area on daily basis. This includes paper, plastics, metals, etc. which is sold to the KSPCB authorized vendor on periodic basis based on the load.

**Strategy adopted by your company to reduce usage of hazardous and toxic chemicals:**

KIL puts continuous efforts in identifying such process(es) and works on substitution by introducing alternative process which is less hazardous and toxic in nature, which will eventually reduce the exposure to our employees.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Not applicable. The factory of KIL at Bangalore and other sales offices are not near any ecologically sensitive area.

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not applicable as there were no business expansions during the year under review.					



12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes. KIL's compliances are periodically monitored, and reports are submitted to the regulator.

S. No.	Specify the law/regulation/ guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
	Nil	Nil	Nil	Nil

Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

1. a. Number of affiliations with trade and industry chambers/ associations.

Six affiliations are present as of now.

b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Confederation of Indian Industry (CII)	National
2	Confederation of Indian Industry -Indian Women Network (CII-IWN)	National
3	American Chamber of Commerce in India (AMCHAM India)	National
4	Indian Machine Tool Manufacturers' Association (IMTMA)	National
5	Indian Cutting Tools Manufacturers' Association (ICTMA)	National
6	Indian Construction Equipment Manufacturers' Association (ICEMA)	National

2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.

There were no issues related to anti- competitive conduct by the entity.



**Principle 8: Businesses should promote inclusive growth and equitable development**

**1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Not applicable. No new activities requiring SIA were undertaken in the current financial year.

**2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

Not applicable. No new activities requiring any R&R were undertaken in the current financial year.

**3. Describe the mechanisms to receive and redress grievances of the community.**

KIL has set up a mechanism to address grievance/concerns of communities which has been detailed in the policy on Redressal of

Stakeholders' grievances. All the stakeholders of KIL can share their concerns initially to their points of contacts at KIL, and if dissatisfied with the grievance redressed at this stage, the employees are encouraged to write in detail about their grievance to the grievance redressal officer at [naveen.c@kennametal.com](mailto:naveen.c@kennametal.com). Within 30 days of the receipt of the grievance, the officer shall ensure due resolution of the said grievance. In the event the resolution is taking longer than the assigned time of 30 days, the officer shall bring up the grievance to the committee for grant of more time for resolution OR in the event the grievance cannot be resolved to the satisfaction of the stakeholders, shall bring it to the notice of the committee for further direction.

**4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial year)
Directly sourced from MSMEs/small producers	6%	5%
Sourced directly from within the district and neighboring districts	37%	40%

**Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner**

**1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

The mechanism to receive and respond to consumer complaints and feedback mechanism for hard metal products vertical is explained below:

As KIL has a B2B model, customer complaints are received by sales engineers, which is provided in a Customer complaint information form (CCIF), and shared to the head office. KIL's Customer Experience Centre (CEC) team raises the complaint in SAP CRM portal using the CCIF data. The manufacturing complaints are reviewed daily with quality clinic approach & cause analysis done using 8D methodology.

The Quality Clinic has been established to improve the resolution process for addressing customer complaints by speeding up response time via a focused 'one cell' approach.

The quality clinic team also conducts regular outreach to customers' technical teams in a bid to proactively mitigate issues, if any. All these efforts are proving to be successful, with ~50% improvement in speed of response.

While quality has always been at the forefront of all processes at KIL, having a specialized clinic within the plant has helped to not just aim

for improvement, but to strive for perfection by 'getting it right, the first time'.

**2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

	As a percentage to total turnover
Environmental and social parameters relevant to the product	100%
Safe and responsible usage	100%
Recycling and/or safe disposal	100%

For the Hard Metals segment products, the information related to environmental, social and safety aspects of products is provided through the material safety data sheets available on the website (<https://www.kennametal.com/us/en/support/safety-data-sheets.html>). For the Machining Solutions Group, the product information manual of the products covered under the above table, carry the information related to environmental and social parameters relevant to the product, safe and responsible usage, and recycling and / or safe disposal. However, the company has a buy back policy for used carbide powder, the details of which can be accessed at: <https://www.kennametal.com/in/en/services/carbide-recycling.html>.

3. Number of consumer complaints in respect of the following:

Sl. No.	Category	FY 2022-23 Current Financial Year		Remarks	FY 2021-22 Previous Financial Year		Remarks
		Received during the year	Pending resolution at the end of year		Received during the year	Pending resolution at the end of year	
1	Data privacy	0	0	Nil	0	0	Nil
2	Advertising	0	0	Nil	0	0	Nil
3	Cyber-security	0	0	Nil	0	0	Nil
4	Delivery of essential services	NA	NA	Not applicable to KIL based on the definition of essential services per the Karnataka Essential Services Maintenance Act, 2013	NA	NA	Not applicable to KIL based on the definition of essential services per the Karnataka Essential Services Maintenance Act, 2013
5	Restrictive Trade Practices	0	0	Nil	0	0	Nil
6	Unfair Trade Practices	0	0	Nil	0	0	Nil
7	Other – Quality-related complaints*	389	60	Nil	403	47	Nil

\* Quality-related complaints for the Hard Metals Segment have been included.  
NA: Not Applicable

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	Nil	Nil
Forced recalls	Nil	Nil

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy

Cyber Security:

Yes. An IT Security framework has been established based on NIST framework.

Data Privacy Policy:

KIL ensures adherence with the global data privacy policy along with

global monitoring of data privacy and cyber security, to avoid any misalignment. The policy may be accessed at: <https://www.kennametal.com/in/en/about-us/data-privacy/privacy-statement.html>

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on the safety of products / services.

Not applicable There were no issues relating to advertising, and delivery of essential services; cyber security, and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on the safety of products/services during the reporting period. Thus, there were no corresponding corrective actions.



# Financial Statements and Notes



## INDEPENDENT AUDITOR'S REPORT

To the Members of Kennametal India Limited

Report on the Audit of the Financial Statements

### Opinion

- We have audited the accompanying financial statements of Kennametal India Limited ("the Company"), which comprise the Balance Sheet as at June 30, 2023, and 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 then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
- In our opinion and to the best of our information and according to the explanations given to us, 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 accounting principles generally accepted in India, of the state of affairs of the Company as at June 30, 2023, and total comprehensive income (comprising of profit and other comprehensive loss), changes in equity and its cash flows for the year then ended.

### Basis for Opinion

- We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled

our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

- We draw your attention to Note 40 to the financial statements in respect of Scheme of Arrangement (the "Scheme") between the Company and Widia India Tooling Private Limited, the erstwhile wholly owned subsidiary (the "transferor company"), from the appointed date of April 1, 2021, as approved by National Company Law Tribunal, Bengaluru bench, vide its order delivered dated October 17, 2022 (received on November 16, 2022). Though the transferor company did not carry on any business since January 1, 2021, the Company has given effect to the accounting treatment set out in the Scheme from the date prescribed under "Appendix C, Business combinations of entities under common control" of Ind AS 103 "Business Combinations" as specified in clause 12.1 of the Scheme, which is the beginning of the preceding period presented, i.e., July 1, 2021. Accordingly, the impact of the merger has been accounted for as at July 1, 2021, and the comparative financial information in the financial statement have been restated. Our conclusion is not modified in respect of this matter.

### 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, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Assessment of ongoing income tax litigations</b></p> <p>[Refer Note 8 "Current income tax assets (net)" and Note 28 "Contingent liabilities" to the financial statements]</p> <p>As at June 30, 2023, the Company has income tax demands aggregating to ₹. 321 million, which have been disclosed under Contingent liabilities. The Company has certain disputed income tax matters with the Income tax authorities, which include demands in respect of transfer pricing adjustments on transactions with the ultimate holding company in connection with information technology services cross charge received by the Company and margin on the manufacturing segment of the Company. The Company has filed appeals against these demands with various appellate forums which are currently pending for adjudication.</p> <p>Management judgment is involved in evaluation of the likelihood of ultimate outcome of these disputes and the probable amount of the provision to be recognised or contingent liabilities to be disclosed, based on the application of significant judgement, favourable order received and related external advice including those relating to interpretation of laws and regulations, wherever applicable, unless the probability of outflow of resources is considered remote.</p> <p>Considering that the ultimate outcome of the matters is contingent and the positions adopted by the management are based on the application of significant judgement, the matter has been determined to be a key audit matter.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> <li>Understood, evaluated and tested the design and operating effectiveness of controls in respect of identifying income tax exposures, its accounting and disclosures thereof.</li> <li>Obtained a listing of the income tax disputed matters and read the correspondence with income tax authorities and where relevant, the advice received by management from its external tax consultants.</li> <li>Evaluated the independence, objectivity and competence of the management experts involved.</li> <li>Along with auditor's tax expert, gained an understanding of the current status of income tax disputes through our inquiries with management and determined the impact, if any, based on recent judicial rulings and latest developments in respective laws.</li> <li>Along with auditor's tax expert, evaluated management's assessment of the probability of outcome and the magnitude of potential outflow of economic resources in respect of provisions for uncertain tax exposures based on case history and other available evidence to challenge the valuation and completeness of the provisions recognised by the management.</li> <li>Evaluated the relevant accounting policies with respect to provisions</li> </ul>

	<p>and contingent liabilities and assessed whether they are in compliance with applicable accounting standards.</p> <ul style="list-style-type: none"> <li>• Evaluated the adequacy of disclosures made in the financial statements with respect to Contingent liabilities.</li> </ul> <p>Based on the above procedures, we did not note any significant exceptions to the management assessment in recognising provisions and in determining and disclosing contingent liabilities in respect of the aforesaid income tax disputed matters.</p>
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#### Other Information

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Board's Report, Management Discussion and Analysis Report, Corporate Governance Report and Business Responsibility and Sustainability Report, 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 in the 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.

#### Responsibilities of management and those charged with governance for the financial statements

7. 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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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.
8. 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. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### Auditor's responsibilities for the audit of the financial statements

9. 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.
10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism 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 control 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 with reference to financial statements 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.
11. 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.
  12. 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.
  13. 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.

#### Other Matter

14. The financial statements of the Company for the year ended June 30, 2022, were audited by another firm of chartered accountants under the Act who, vide their report dated August 12, 2022 expressed an unmodified opinion on those financial statements. Our opinion is not modified in respect of this matter.

#### Report on other legal and regulatory requirements

15. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
  16. As required by Section 143(3) of the Act, 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, except that the backup of books of account and other books and papers maintained in electronic mode has not been maintained on a daily basis on servers physically located in India during the year.
    - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
    - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on June 30, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on June 30, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our comment in paragraph 16 (b) above.
  - (g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28 to the financial statements.
    - ii. The Company was not required to recognise a provision as at June 30, 2023 under the applicable law or accounting standards, as it does not have any material foreseeable losses on long-term contract. The Company did not have any derivative contracts as at June 30, 2023.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year.
    - iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 39(b)(vii)(A) to the financial statements);
      - (b) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 39(b)(vii)(B) to the financial statements); and

- (c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The dividend declared and paid during the year by the Company is in compliance with Section 123 of the Act.
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for maintaining books of account in accounting software having a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled, is applicable to the Company only with effect from financial year beginning July 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.
17. The Company has provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

**For Price Waterhouse & Co Chartered Accountants LLP**  
Firm Registration Number: 304026E/E-300009

**Shivakumar Hegde**  
Partner  
Membership Number: 204627  
UDIN: 23204627BGXXB4048

Bengaluru  
11 August 2023

## Annexure A to Independent Auditor's Report

Referred to in paragraph 16(g) of the Independent Auditor's Report of even date to the members of Kennametal India Limited on the financial statements as of and for the year ended June 30, 2023.

Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Kennametal India Limited ("the Company") as of June 30, 2023 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

2. The Company's management is 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 ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements 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 with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at June 30, 2023, 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 issued by ICAI.

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/E-300009

Shivakumar Hegde  
Partner  
Membership Number: 204627  
UDIN: 23204627BGXXXB4048

Bengaluru  
11 August 2023



**Annexure B to Independent Auditors' Report**

Referred to in paragraph 15 of the Independent Auditors' Report of even date to the members of Kennametal India Limited on the financial statements as of and for the year ended June 30, 2023

- i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment.
- (B) The Company is maintaining proper records showing full particulars of Intangible Assets.
- (b) The Property, Plant and Equipment are physically verified by the management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the Property, Plant and Equipment has been physically verified by the management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of all the immovable properties including investment properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in Notes 3A and 4 to the financial statements, are held in the name of the Company.
- (d) The Company has chosen cost model for its Property, Plant and Equipment (including Right of Use assets) and Intangible Assets. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment (including Right of Use assets) or Intangible Assets does not arise.
- (e) Based on the information and explanations furnished to us, no proceedings have been initiated or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise.
- ii. (a) The physical verification of inventory (excluding stocks with third parties) has been conducted at reasonable intervals by the management during the year and, in our opinion, the coverage and procedure of such verification by management is appropriate. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.
- (b) During the year, the Company has not been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate from banks and financial institutions on the basis of security of current assets and accordingly, the question of our commenting on whether the quarterly returns or statements are in agreement with the unaudited books of account of the Company does not arise.
- iii. The Company has not made any investments, granted secured/unsecured loans/ advances in nature of loans, or stood guarantee, or provided security to any parties. Therefore, the reporting under clause 3(iii), (iii)(a), (iii)(b), (iii)(c), (iii)(d), (iii)(e) and (iii)(f) of the Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Sections 185 and 186. Therefore, the reporting under clause 3(iv) of the Order are not applicable to the Company.
- v. The Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same and are of the opinion that, prima facie, the prescribed accounts and records have been 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. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including goods and services tax, provident fund, employees' state insurance, income tax, service tax, duty of customs, duty of excise, cess and other material statutory dues, as applicable, with the appropriate authorities. Also, refer Note 28(b) to the financial statements regarding management's assessment on certain matters relating to provident fund.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of statutory dues referred to in sub-clause (a) as at June 30, 2023, which have not been deposited on account of a dispute, are as follows:

## Statement of Disputed Dues (₹ in millions)

Name of the statute	Nature of dues	Amount (₹ in millions)	Amount paid under Protest (₹ in millions)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income tax	0.75	-	April 1993 to March 1994	Income Tax Appellate Tribunal, Bengaluru
		2.20	-	April 1999 to March 2000 April 2000 to March 2001	Supreme Court of India,
		19.11	-	April 1999 to March 2000	Assessing Officer
		54.01	54.01	April 2007 to March 2008	Commissioner of Income Tax (Appeals), Bengaluru
		50.37	50.37	April 2008 to March 2009	
		53.04	53.04	April 2009 to March 2010	
		50.84	50.84	April 2010 to March 2011	
		10.81	-	April 2011 to March 2012	
		24.81	-	April 2013 to March 2014	Assessing Officer
		36.24	-	April 2016 to March 2017	Income Tax Appellate Tribunal, Bengaluru
		27.51	-	April 2017 to March 2018	
The Customs Act, 1962	Customs duty	15.91	15.91	April 2009 to October 2013	The Customs Excise and Service tax Appellate Tribunal ("CESTAT"), Bengaluru
The Central Excise Act, 1944	Excise duty / Service tax	8.75	4.14	April 2006 to June 2013	CESTAT, Bengaluru
The Finance Act, 1994	Service tax	1.15	0.58	April 2007 to March 2008	CESTAT, Bengaluru
Goods and Services Tax, 2017	Goods and Services Tax	2.00	-	July 2017 to March 2018	Goods and Services Tax Appellate Tribunal, Bengaluru

- viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.
- ix. (a) As the Company did not have any loans or other borrowings from any lender during the year, the reporting under clause 3(ix)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.
- (c) According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any term loans.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, the Company has not raised funds on short term basis.
- (e) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiaries, joint ventures or associate companies during the year.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiaries, joint ventures or associate companies during the year.
- x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.
- (c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has received whistle-blower complaints during the year, which have been considered by us for any bearing on our audit and reporting under this clause.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.

- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act.
- xiv. (a) In our opinion and according to the information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business  
(b) The reports of the Internal Auditor for the period under audit have been considered by us.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.
- xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.  
(b) The Company has not conducted non-banking financial/housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.  
(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.  
(d) Based on the information and explanations provided by the management of the Company, the Group does not have any CICs, which are part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete. Accordingly, the reporting under clause 3(xvi)(d) of the Order is not applicable to the Company.
- xvii. The Company has not incurred any cash losses in the financial year or in the immediately preceding financial year
- xviii. There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause (xviii) is not applicable.
- xix. According to the information and explanations given to us and on the basis of the financial ratios (Also, refer Note 39(a) to the financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.
- xx. (a) In respect of other than ongoing projects, as at balance sheet date, the Company does not have any amount remaining unspent under Section 135(5) of the Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable.  
(b) As at balance sheet date, the Company does not have any amount remaining unspent under Section 135(5) of the Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable.
- xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said clause has been included in this report.

**For Price Waterhouse & Co Chartered Accountants LLP**  
Firm Registration Number: 304026E/E-300009

**Shivakumar Hegde**  
Partner  
Membership Number: 204627  
UDIN: 23204627BGXXB4048

Bengaluru  
11 August 2023



## Balance Sheet as at June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

	Notes	As at June 30, 2023	As at June 30, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3A	2718	2142
Right of use asset	31	25	-
Capital work-in-progress	3B	341	772
Investment property	4	0	0
Intangible assets	5	3	4
<b>Financial assets</b>			
(i) Other financial assets	6(d)	25	23
Deferred tax assets (net)	7	24	22
Current tax assets (net)	8	420	398
Other non-current assets	9	107	151
<b>Total non-current assets</b>		<b>3663</b>	<b>3512</b>
<b>Current assets</b>			
Inventories	10	2444	2666
<b>Financial assets</b>			
(i) Trade receivables	6(a)	1420	1368
(ii) Cash and cash equivalents	6(b)	892	634
(iii) Bank balances other than cash and cash equivalents	6(c)	3	10
(iv) Other financial assets	6(d)	41	35
Other current assets	11	47	73
<b>Total current assets</b>		<b>4847</b>	<b>4786</b>
<b>Total assets</b>		<b>8510</b>	<b>8298</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	12	220	220
Other equity	13	6663	6243
<b>Total Equity</b>		<b>6883</b>	<b>6463</b>

**Balance Sheet as at June 30, 2023**

(All amounts in ₹ millions, except per share data unless otherwise stated)

	Notes	As at June 30, 2023	As at June 30, 2022
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Lease Liabilities	31	18	-
(ii) Other financial liabilities	14B	0	0
Provisions	15	78	76
<b>Total non-current liabilities</b>		<b>96</b>	<b>76</b>
<b>Current Liabilities</b>			
Financial liabilities			
(i) Lease Liabilities	31	9	-
(ii) Trade payables	14A		
Total outstanding dues of micro and small enterprises		41	34
Total outstanding dues of other than micro and small enterprises		708	991
(iii) Other financial liabilities	14B	239	220
Other current liabilities	16	326	305
Provisions	15	208	209
<b>Total current liabilities</b>		<b>1531</b>	<b>1759</b>
<b>Total equity and liabilities</b>		<b>8510</b>	<b>8298</b>

The above Balance Sheet should be read in conjunction with the accompanying notes.

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/ E-300009

Shivakumar Hegde  
Partner  
Membership Number: 204627

Bengaluru  
August 11, 2023

For and on behalf of Board of Directors  
of Kennametal India Limited  
CIN: L27109KA1964PLC001546

Venkatesan Vijaykrishnan  
Managing Director  
DIN - 07901688  
Bengaluru  
August 11, 2023

Suresh Reddy K V  
Chief Financial Officer  
Bengaluru  
August 11, 2023

B. Anjani Kumar  
Chairman and Director  
DIN - 00022417  
Bengaluru  
August 11, 2023

Naveen Chandra Prakash  
Company Secretary  
Bengaluru  
August 11, 2023

## Statement of Profit and Loss for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

	Notes	Year ended June 30, 2023	Year ended June 30, 2022
<b>INCOME</b>			
Revenue from operations	17	10771	9907
Other income	18	52	94
<b>Total income</b>		<b>10823</b>	<b>10001</b>
<b>EXPENSES</b>			
Cost of materials consumed	19	2915	2939
Purchases of stock-in-trade	20	2886	2518
Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	200	(456)
Employee benefits expense	22	1485	1452
Finance costs	23	2	-
Depreciation and amortisation expense	24	389	357
Other expenses	25	1770	1665
<b>Total expenses</b>		<b>9647</b>	<b>8475</b>
<b>Profit before tax</b>		<b>1176</b>	<b>1526</b>
<b>Tax expense/ (credit)</b>	<b>26</b>		
Current tax		286	405
Current tax relating to earlier years		11	-
Deferred tax charge / (credit)		2	(11)
Deferred tax relating to earlier years		-	(9)
<b>Total tax expense</b>		<b>299</b>	<b>385</b>
<b>Profit after tax</b>		<b>877</b>	<b>1141</b>
<b>Other comprehensive income/(loss)</b>			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligation		(20)	(16)
Income tax relating to above item		5	4
<b>Total other comprehensive income/ (loss) for the year, net of tax</b>		<b>(15)</b>	<b>(12)</b>
<b>Total comprehensive income for the year</b>		<b>862</b>	<b>1129</b>
<b>Earnings per equity share in ₹ [Nominal Value per share ₹ 10 (June 30, 2022 ₹ 10)]</b>	<b>30</b>		
Basic and diluted		39.91	51.94

The above Statement of Profit and Loss should be read in conjunction with the accompanying notes.

As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/ E-300009

Shivakumar Hegde  
Partner  
Membership Number: 204627

Bengaluru  
August 11, 2023

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DIN - 00022417  
Bengaluru  
August 11, 2023

Naveen Chandra Prakash  
Company Secretary  
Bengaluru  
August 11, 2023

## Statement of Changes in Equity for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

### (A) Equity Share Capital

	Amount
Balance as at July 1, 2021	220
Changes in equity share capital during the year	-
<b>Balance as at June 30, 2022</b>	<b>220</b>
Changes in equity share capital during the year	-
<b>Balance as at June 30, 2023</b>	<b>220</b>

### (B) Other equity

	Securities premium	Share based compensation reserve	General reserve	Retained earnings	Total
Balance as at July 1, 2021	1	7	1488	4017	5513
Additions as at July 1, 2021 on Scheme of arrangement (refer note 40)	-	0	-	123	124
Profit for the year	-	-	-	1141	1141
Other comprehensive Income/(loss), net of tax	-	-	-	(12)	(12)
<b>Other transactions</b>					
Interim dividend (refer note 12A)	-	-	-	(527)	(527)
Share based compensation expense	-	29	-	-	29
Cross charge for share based compensation	-	(25)	-	-	(25)
<b>Balance as at June 30, 2022</b>	<b>1</b>	<b>11</b>	<b>1488</b>	<b>4742</b>	<b>6243</b>
Profit for the year	-	-	-	877	877
Other comprehensive Income/(loss), net of tax	-	-	-	(15)	(15)
<b>Other transactions</b>					
Interim dividend (refer note 12A)	-	-	-	(440)	(440)
Share based compensation expense	-	27	-	-	27
Cross charge for share based compensation	-	(29)	-	-	(29)
<b>Balance as at June 30, 2023</b>	<b>1</b>	<b>9</b>	<b>1488</b>	<b>5165</b>	<b>6663</b>

The above statement of changes in equity should be read in conjunction with accompanying notes.

As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/ E-300009

Shivakumar Hegde  
Partner  
Membership Number: 204627

Bengaluru  
August 11, 2023

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August 11, 2023



## Statement of Cash Flows for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

	Year ended June 30, 2023	Year ended June 30, 2022
<b>Cash flow from operating activities</b>		
Profit before tax	1176	1526
<b>Adjustments for:</b>		
Depreciation and amortisation expense	389	357
Dividend Income	(15)	(14)
Provision written back	-	(24)
Provision for product support	19	32
Allowance for loss on financial assets (net)	1	2
Loss on sale of property, plant and equipments (net)	(1)	(0)
Interest paid on lease liabilities	2	-
Interest income on bank deposits	(2)	(16)
Unrealised foreign exchange loss/(gain), (net)	1	(2)
Share based compensation expense	27	29
<b>Operating profit before working capital changes</b>	<b>1597</b>	<b>1890</b>
<b>Adjustment for working capital changes:</b>		
(Increase)/decrease in inventories	221	(615)
(Increase) in trade receivables	(51)	(237)
(Increase)/decrease in other receivables	26	(4)
(Increase)/decrease in financial assets	(5)	(4)
(Increase)/decrease in bank balances other than cash and cash equivalents	8	(5)
Increase/(decrease) in trade payables	(276)	1
(Decrease) in provisions and other liabilities	(44)	(143)
<b>Cash generated from operations</b>	<b>1476</b>	<b>883</b>
Taxes paid (net of refunds)	(318)	(392)
<b>Net cash generated from operations (1)</b>	<b>1,158</b>	<b>491</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(478)	(650)
Proceeds from sale of mutual fund	15	14
Proceeds from sale of property, plant and equipment	11	1
(Increase) / decrease in bank deposits with original maturity of more than twelve months	(3)	-
Interest income on bank deposits	2	16
<b>Net Cash (used in) investing activities (2)</b>	<b>(453)</b>	<b>(619)</b>



**Statement of Cash Flows for the year ended June 30, 2023**

(All amounts in ₹ millions, except per share data unless otherwise stated)

	Year ended June 30, 2023	Year ended June 30, 2022
<b>Cash flow from financing activities</b>		
Interim dividends declared and paid	(440)	(527)
Unclaimed dividend	(0)	1
Principal repayment of lease liabilities	(5)	-
Interest paid on lease liabilities	(2)	-
<b>Net Cash (used in) financing activities (3)</b>	<b>(447)</b>	<b>(526)</b>
<b>Net (decrease)/increase in cash and cash equivalents (1+2+3)</b>	<b>258</b>	<b>(654)</b>
Add: Cash and cash equivalents at the beginning of the year	634	1145
Add: Pursuant to the scheme of arrangement (refer note 40)	-	143
<b>Cash and cash equivalents at the end of the year</b>	<b>892</b>	<b>634</b>
<b>Note:</b>		
Non-cash financing and investing activities		
Acquisition of right-of-use assets	32	-

The above statement of cash flows should be read in conjunction with the accompanying notes.

As per our report of even date

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/ E-300009

Shivakumar Hegde  
Partner  
Membership Number: 204627

Bengaluru  
August 11, 2023

For and on behalf of Board of Directors  
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Naveen Chandra Prakash  
Company Secretary  
Bengaluru  
August 11, 2023

**Notes to the financial statements as of and for the year ended June 30, 2023**

(All amounts in ₹ millions, except per share data unless otherwise stated)

**1 Background**

1.1 Kennametal India Limited ("the Company") incorporated under the Companies Act, 1956, is in the business of manufacturing and trading of hard metal products and manufacturing of capital intensive machines along with fixtures and spares. The Company has its manufacturing facility in Bengaluru and sells its product and services through sales and support offices. The Company is a public limited Company incorporated and domiciled in India and has its registered office at 8/9th Mile, Tumkur Road, Bengaluru 560 073. The Company is listed on the Bombay Stock Exchange Limited (BSE).

The financial statements were approved for issue by the Company's Board of Directors on August 11, 2023.

**2 Summary of significant accounting policies****2.1 Basis of preparation:****(i) Compliance with Ind AS :**

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

**(ii) Historical cost convention**

The financial statements have been prepared on a historical cost basis, except for the following:

- a) Certain financial assets and liabilities measured at fair value;
- b) Defined benefit plans - plan assets measured at fair value; and
- c) Share based payments - measured at fair value.

**(iii) Operating cycle**

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/ non-current classification of assets and liabilities.

**(iv) New and amended standards adopted by the Company**

The Ministry of Corporate Affairs had vide notification dated March 23, 2022 notified the Companies (Indian Accounting Standards) Amendment Rules, 2022, which amended certain accounting standards, and are effective April 1, 2022. These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

The Ministry of Corporate Affairs has vide notification dated March 31, 2023 notified the Companies (Indian Accounting Standards) Amendment Rules, 2023 (the 'Rules'), which amend certain accounting standards, and are effective April 1, 2023. The Rules predominantly amend Ind AS 12, - Income

Taxes, Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors and Ind AS 1, - Presentation of Financial Statements. The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications. These amendments did not have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

**(v) Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions of Indian rupees (₹) except share and per share data as per the requirement of Schedule III, unless otherwise stated. The sign "0" in these financial statements indicate that the amounts involved are below the rounding off norms and the sign "-" indicates that the amount is 'Nil'.

**2.2 Significant estimates, judgements and assumptions**

The key accounting estimates and judgements used in the preparation of the financial statement relates to:

**Direct and Indirect Taxes - Provisions and contingent liabilities ( Refer Note 28)**

The Company has disputed claims under direct and indirect tax laws. Management discloses amounts claimed by the tax authorities as either contingent liabilities or recognizes them as provisions, based on subject matter under dispute, management's experience with disputes of a similar nature and advice from tax experts. Recognition and disclosure of such disputed claims may vary subsequently.

**2.3 Revenue recognition**

The Company derives its revenues primarily from contracts with customers for sale of goods and services. Revenue from sale of goods is net of returns, rebates and applicable Goods and Services Tax (GST).

The Company accounts for the contract with customers when (i) the contract is approved by the parties (ii) the parties are committed to perform their obligations (iii) the right of parties, including payment terms, are identified (iv) the contract has commercial substance and (v) consideration is probable of collection.

The Transaction price reflects the amount of consideration to which the Company expects to be entitled in exchange for transferring products and services to the customer. If the consideration includes variable amount, the Company estimates the amounts to which it expects to be entitled. Generally, variable consideration includes volume discounts, rebates and sales returns that reduce the transaction price. When the Company determines the transaction price it includes the variable consideration only to the extent it is highly probable that a significant reversal will not occur in the future.

The Company sells its products to the distributors with a right of return within 12 months. When such customers have a right to return the product the Company recognises a refund liability included in other current liabilities for the products expected to be returned and an asset (via right to recover returned goods).

The Company recognise the expected annual turnover/volume discounts payable to distributors in relation to sales of goods made

**Notes to the financial statements as of and for the year ended June 30, 2023**

(All amounts in ₹ millions, except per share data unless otherwise stated)

until the end of the reporting period. The customers are divided in different grades at the inception of the year and accordingly targets are also set. The annual turnover/ volume discount and yearend payable thereon is netted-off to revenue and trade receivable respectively.

The Company provides general product warranty to the customers for a period of 12 months in case of hard metal and 15 months in case of machine solution upon the sale of products. However in exceptional cases it provides a general warranty upto 24 months. The Company's obligation to repair or replace faulty products under the standard warranty terms is recognized as a provision under product support.

When a contract includes multiple performance obligations, the transaction price is allocated to each performance obligation in an amount that depicts the consideration, to which the Company expects to be entitled in exchange of transferring promised goods and services.

Revenue is recognised when the obligations under the terms of contract with customers are satisfied. Revenue is recognised at a point in time depending on when the underlying products or services are transferred to the customer. Revenue is recognised when control of the products has been transferred to the customer.

The Company has elected the following practical expedients in accordance with Ind AS 115:

- The Company does not account for significant financing components if the period between revenue recognition and when the customer pays for the product or service will be one year or less.
- The Company does not disclose the performance obligation that has an original expected duration of one year or less.
- The Company has elected, as a practical expedient, to expense as incurred cost to obtain a contract equal to or less than one year in duration.

**(i) Sale of manufactured and traded Products:**

Product revenue consists of sale of hard metal and machining solution. Revenue from sale of hard metal and machining solution is recognized when control over product is transferred in accordance with contractual terms of sale and there are no unfulfilled performance obligations that could affect the customer's acceptance of the products that is typically upon dispatch or the customer has accepted the product and the Company has a present right to payment, in accordance to the terms of contract.

**(ii) Sale of services:**

Sale of services includes maintenance (regrinding), installation and commission and other professional support services.

Revenue related to fixed price maintenance (regrinding) services where the Company is standing ready to provide services is recognised on completion. Revenue related to Installation and commission services is treated as separate performance obligation and recognized as and when the services are performed and accepted by customer in

accordance with contractual terms. Revenue related to undelivered performance obligations is deferred and recognised when or as the control is transferred to the customer.

**(iii) Contract Assets:**

Contract Assets are recognised when the Company has the rights to consideration in exchange for goods and services that the Company has transferred to a customer and when such right is conditional upon something other than passage of time.

**(iv) Contract Liabilities:**

Contract liabilities (deferred revenue) primarily consists of installation and commission on sale of machine solution. Deferred Revenue are recognised when the Company has the right to invoice and the revenue recognition criteria are not met. Revenue in case of these items is recognised when the revenue recognition criteria is met generally resulting in the relatable recognition over the contract term.

**(v) Disaggregation of revenue:**

The Company's revenue is presented on a disaggregated basis based on the information regularly reviewed by the Chief Operating Decision Maker (CODM) for evaluating the financial performance of operating segments, and other information that is used to evaluate the financial performance or make resource allocations. This information includes revenue from products and services and revenue from reportable segments.

**(vi) Other operating revenue**

Commission on order based sales is recognised as and when the performance obligation is satisfied and the right to receive the consideration is established.

**2.4 Government grants**

The Export incentives from the Government such as Remission of Duties or Taxes on Export Products (RoDTEP), duty drawback, and Merchandise Exports from India Scheme (MEIS) Scheme are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. The fair value is measured as a percentage of export sales as per the scheme.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income for MEIS, net of cost of material consumed for RoDTEP and dutydrawback.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

**2.5 Other income**

Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost and financial assets at Fair value



## Notes to the financial statements as of and for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

through other comprehensive income (FVOCI) is calculated using the effective interest method is recognised in the statement of profit and loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Dividends are received from financial assets at fair value through profit or loss and at FVOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of the investment.

### 2.6 Trade receivable

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and reflect the Company's unconditional right to consideration (that is, payment is due only on the passage of time). Trade receivables are recognised initially at the transaction price as they do not contain significant financing components. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

### 2.7 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to Statement of Profit and Loss during the reporting period in which they are incurred.

**Transition to IND AS:** 'On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

Assets in the course of construction are capitalised under Capital work in progress (CWIP). At the point when the construction of the asset is completed and it is ready to be operated as per management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences. Any revenue (net of cost) generated from production during the trial period is capitalized.

### Depreciation method, estimated useful life and residual value

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful life of the assets. The useful life has been determined based on technical evaluation done by the management's expert which are different from useful life specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The assets' residual value and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income/expenses.

Particulars	Estimated range of useful life (in years)
Buildings	3 - 40
Data processing equipment	2 - 5
Plant and machinery	3 - 15
Furniture and fixtures	5 - 10
Office equipment	2 - 5

Machinery spares of irregular usage are depreciated over the estimated useful life of the respective plant and machinery.

### 2.8 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

### 2.9 Intangible assets

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any.

Operating Software is capitalised along with the related property, plant and equipment and amortised over the useful life of the asset. Application software is capitalised, if it has an enduring benefit, and is amortised over its useful life or term of the contract whichever is lower.

### Research and development

Research expenditure and development expenditure that do not meet the criteria to be recognized as asset (only if probable that future economic benefits that are attributable to the assets will flow to the Company and the costs can be measured reliably) are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

## Notes to the financial statements as of and for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

### 2.10 Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction cost

### 2.11 Inventories

Inventories are stated at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost of raw materials and stock-in-trade comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of raw materials, stores and spares, work in progress and stock-in-trade on the basis of weighted average whereas manufactured goods are ascertained on first-in-first-out method. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### 2.12 Leases

#### As a lessee

When the Company is the lessee, all leases with a term of more than 12 months are recognised as Right-of-Use ("ROU") assets and associated lease liabilities in the balance sheet. The lease liabilities are measured at the lease inception date at the present value of the lease payments not yet paid determined using the Company's incremental borrowing rate, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment with similar terms, security and conditions. ROU assets represent the Company's right to control the underlying assets under lease, and the lease liability is the obligation to make the lease payments related to the underlying assets under lease. The interest rate implicit in the lease is generally not determinable in transactions where the Company is the lessee. The ROU asset equals the lease liability

adjusted for any initial direct costs, prepaid and accrued rent and lease incentives. Fixed and in-substance fixed payments are included in the recognition of ROU assets and lease liabilities. However, variable lease payments, other than those based on a rate or index, are recognised in the Statement of Profit and Loss in the period in which the obligation for those payments is incurred. Real estate lease contains predefined escalations which are mainly due to inflation and does not have variable portion. The lease agreements do not impose any covenants on the Company.

ROU assets are generally amortised on a straight-line basis over the lease term with the interest expense on the lease liability recorded using the incremental borrowing rate. The amortisation and interest expense are recorded separately in the Statement of Profit and Loss. Lease costs for short-term leases (i.e., term less than 12 months) are recognised in the Statement of Profit and Loss.

### 2.13 Employee benefits

#### Defined benefit plan

##### Provident Fund

Eligible employees of the Company receive benefits from a provident fund, which is a defined benefit plan. Both, the eligible employee and the Company, make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes to Kennametal India Limited Employee's Provident Fund Trust. The Trust invests in specific designated instruments as permitted by Indian law. The rate at which the annual interest is payable to the beneficiaries by the Trust is stipulated by the Government. The Company has an obligation to make good the shortfall, if any, between the return from investments of the Trust and the notified interest rate.

##### Gratuity

The Company provides for gratuity, a defined benefit plan (the Gratuity Plan) covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees a retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

Liabilities with regard to the Gratuity Plan are determined by a valuation, performed by an independent actuary at each Balance Sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to the Kennametal India Limited Employees Gratuity Fund Trust (the Trust). The Trustees administer the contributions made to the Trust which are invested in a scheme with HDFC Life Insurance Company Limited as permitted by Indian law.

The Company recognises the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through re-measurements of the net defined liability / (asset) are recognised in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised in net profit in the Statement of Profit and Loss.

## Notes to the financial statements as of and for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

### Other long-term employee benefit obligations

#### Compensated absences

The liabilities for compensated absences are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

#### Long-term service awards

Certain employees of the Company are entitled to other long-term benefits in the nature of long term service awards as per the policy of the Company. Liability for such benefits is provided for on the basis of valuation performed by an independent actuary using the projected unit credit method at the balance sheet date.

#### Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

### 2.14 Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial Statements of the Company are measured using the currency of the primary economic environment in which the entity operates. (the functional currency). The financial Statements are presented in Indian rupee ₹, which is the Company's functional and presentation currency.

#### (ii) Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates that approximate the actual rates at the date of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of Profit or Loss.

All other foreign exchange gains and losses are presented in the Standalone Statement of Profit and Loss on a net basis within Other income or Other expenses.

### 2.15 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).

The Board of Directors or the Board of the Company assesses the financial performance and position of the Company and makes strategic decisions. The Board has been identified as being the CODM.

### 2.16 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 2.17 Share based payments

Stock-based compensation awards are provided to selected employees under the terms of the long-term incentive plan of Kennametal Inc. USA, the ultimate holding company. Awards available under the plans include restricted stock units ("RSUs") which are granted to certain senior management employees of the Company. Stock-based compensation represents the cost related to group stock-based awards granted to employees.

RSUs entitle the holder to shares of common stock as the award vest, typically over 2 years or 3 years depending upon the scheme and year



## Notes to the financial statements as of and for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

of grant. RSUs are time vesting stock units and therefore the fair value of the units is determined and fixed on the grant date based on market value of Kennametal Inc's share price, adjusted for the exclusion of dividend equivalents. The Company measures stock-based compensation cost at the grant date, based on the estimated fair value of the award and recognizes the cost (net of estimated forfeitures) over the employee requisite service period.

The total expense in respect of the above share based payment scheme is recognised over the vesting period with a corresponding adjustment to equity compensation reserve as a capital contribution from Kennametal Inc. The inter company cross charge received from the ultimate holding company, if any, is offset against the equity compensation reserve. A liability is recognised when the award is released to or exercised by the Company's employees and billed by Kennametal Inc.

### 2.18 Provisions and contingent liabilities

Provisions for legal claims, service warranties, volume discounts and returns are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

### 2.19 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.

#### Financial assets

##### Initial recognition

All the financial assets and financial liabilities are initially recognised at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. However, trade receivables that do not contain a significant financing component are measured at transaction price.

#### Subsequent measurement

##### (a) Financial assets

###### (i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

###### (ii) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is subsequently measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

###### (iii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets which are not classified in any of the above categories are subsequently measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in the Statement of Profit and Loss and presented net in the period in which it arises. Interest income from these financial assets is included in other income.

#### Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109 'Financial Instruments'. A financial liability (or a part of a financial liability) is derecognised from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

##### (b) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest rate method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to short maturity of these instruments.

#### Offsetting financial instruments

Financial assets and liabilities are offset and the net amounts is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

## Notes to the financial statements as of and for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

### 2.20 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34 details how the Company determines whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach required by Ind AS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### 2.21 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 principal or the most advantageous market must be accessible by the Company.

Fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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 measurements as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined the classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liabilities and the level of the fair value hierarchy as explained above.

### 2.22 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

### 2.23 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

### 2.24 Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of dilutive potential equity shares, if any.

### 2.25 Business combinations - common control transactions

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect fair values, or recognise any new assets or liabilities. Adjustments are only made to harmonise accounting policies.
- The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, where the business combination had occurred after that date, the prior period information is restated only from that date.
- The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.
- The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee.
- The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves





## Notes to the financial statements as of and for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

### 3A Property, plant and equipment

	Freehold land	Buildings	Data processing equipment	Plant and machinery	Furniture and fixtures	Office equipment	Total
<b>Year ended 30 June 2022</b>							
<b>Gross carrying Amount</b>							
Opening gross carrying amount	1	320	75	3054	31	68	3,549
Additions	-	6	18	228	2	4	259
Disposals	-	-	(13)	(37)	(2)	(1)	(53)
Closing gross carrying amount	1	326	80	3245	31	71	3754
<b>Accumulated depreciation</b>							
Opening accumulated depreciation	-	42	40	1,161	11	49	1,303
Depreciation expense during the year (refer note 24)	-	15	28	306	3	4	356
Disposals	-	-	(12)	(31)	(2)	(1)	(47)
Closing accumulated depreciation	-	57	56	1436	12	52	1612
Net carrying amount	1	269	24	1809	20	19	2142
<b>Year ended 30 June 2023</b>							
<b>Gross carrying Amount</b>							
Opening gross carrying amount	1	326	80	3,245	31	71	3,754
Additions	-	526	27	397	4	12	966
Disposals	-	-	(20)	(66)	(2)	(48)	(136)
Closing gross carrying amount	1	852	87	3576	33	35	4584
<b>Accumulated depreciation</b>							
Opening accumulated depreciation	-	57	56	1,436	12	52	1,613
Depreciation expense during the year (refer note 24)	-	27	19	323	3	9	381
Disposals	-	-	(20)	(57)	(2)	(48)	(128)
Closing accumulated depreciation	-	84	55	1702	13	13	1866
Net carrying amount	1	768	32	1874	20	22	2718

#### Contractual obligations:

Refer note 27 for contractual commitments for the acquisition of property, plant and equipment.



## Notes to the financial statements as of and for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

	As at June 30, 2023	As at June 30, 2022
<b>3B Capital work-in-progress</b>		
Opening Balance	772	518
Additions during the year	535	412
Less: Capitalised during the year	(966)	(158)
Closing Balance	341	772

### Ageing of Capital work-in-progress (CWIP)\*

Amount in CWIP as at June 30, 2023	Less than 1 year	1–2 years	2–3 years	More than 3 years	Total
Projects in Progress	205	136	-	-	341
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>205</b>	<b>136</b>	<b>-</b>	<b>-</b>	<b>341</b>

\*It includes projects whose completion is overdue compared to its original plan. Following is the completion schedule of such projects:

	To be completed in				Total
	Less than 1 year	1–2 years	2–3 years	More than 3 years	
Building	42	-	-	-	42
Plant and machinery	54	-	-	-	54
<b>Total</b>	<b>96</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>96</b>

### Ageing of Capital work-in-progress (CWIP)\*

	Amount in CWIP as at June 30, 2022				Total
	Less than 1 year	1–2 years	2–3 years	More than 3 years	
Projects in Progress	344	214	152	62	772
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>344</b>	<b>214</b>	<b>152</b>	<b>62</b>	<b>772</b>

\*It includes projects whose completion is overdue compared to its original plan. Following is the completion schedule of such projects:

	To be completed in				Total
	Less than 1 year	1–2 years	2–3 years	More than 3 years	
Building	485	-	-	-	485
Plant and machinery	69	-	-	-	69
<b>Total</b>	<b>554</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>554</b>

	As at June 30, 2023	As at June 30, 2022
<b>4 Investment property</b>		
Opening gross carrying amount	0	0
Additions	-	-
Disposals	-	-
Closing gross carrying amount	0	0
Opening accumulated depreciation	-	-
Depreciation charge for the period	-	-
Disposals	-	-
Closing accumulated depreciation	-	-
Net carrying amount	0	0



## Notes to the financial statements as of and for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

### Note:

#### a) Fair Value

##### Estimation of fair value

The best evidence of fair value is current prices in an active market for similar properties. The Company considers current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.

The fair value of investment property has been determined by a valuation expert who holds relevant professional qualification and experience. The market value of the investment property has been assessed on an open market basis with the benefit of vacant possession.

- b) There is no rental income derived from investment properties. Further, no direct operating expenses have been incurred to maintain the investment property.
- c) Fair value of investment property is ₹ 152 (June 30, 2022: ₹ 479).
- d) The Company has no restriction on the realisability of the investment property, and no contractual obligation to purchase, construct or develop investment properties or for repair, maintenance and enhancement.

	As at June 30, 2023	As at June 30, 2022
<b>5 Other intangible assets</b>		
Computer software (acquired)		
<b>Opening gross carrying amount</b>	<b>10</b>	<b>10</b>
Additions	1	-
Disposals	(2)	-
<b>Closing gross carrying amount</b>	<b>9</b>	<b>10</b>
<b>Opening accumulated amortisation</b>	<b>6</b>	<b>5</b>
Amortisation expense for the year	2	1
Disposals	(2)	-
<b>Closing accumulated amortisation</b>	<b>6</b>	<b>6</b>
<b>Net carrying amount</b>	<b>3</b>	<b>4</b>
<b>6 Financial Assets</b>		
<b>6(a) Trade receivables</b>		
<b>At amortised cost</b>		
Trade receivables from contract with customers – billed (refer note below)	1274	1198
Trade receivables from contract with customers – related parties	153	178
Less: Expected credit loss allowance	(7)	(8)
<b>Total</b>	<b>1420</b>	<b>1368</b>
Current portion	1420	1368
Non-current portion	-	-
Break-up of security details		
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured ^	1420	1368
Trade receivables which have significant increase in credit risk	7	8
Trade receivable - credit impaired	-	-
<b>Total</b>	<b>1427</b>	<b>1376</b>



## Notes to the financial statements as of and for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

Expected credit loss allowance	(7)	(8)
<b>Total</b>	<b>1420</b>	<b>1368</b>
^ includes receivables from related parties, refer note 38		

### Note:

Offsetting of financial assets and financial liabilities

The Company gives volume based incentives and rebates to certain customers. Amounts payable by Company are offset against receivables from such customers and only the net amounts are settled. The relevant amounts have therefore been presented net in the balance sheet. Details of such offset is given in the below table:

Trade receivables from contract with customers – billed (gross)	1402	1302
(Less): Volume based incentives and rebates payable	(135)	(112)
Trade receivables from contract with customers – related parties	153	178
Trade receivables as reported	1420	1368

### Ageing of trade receivables as at June 30, 2023

	Unbilled	Not due	Less than 6 Months	Outstanding for following periods				Total
				6 Months - 1 year	1-2 years	2-3 years	More than 3 years	
<b>Undisputed trade receivables</b>								
considered good	-	530	854	26	7	1	2	1,420
which have significant increase in credit risk	-	-	-	4	-	2	-	6
credit Impaired	-	-	-	-	-	-	-	-
<b>Disputed trade receivables</b>								
considered good	-	-	-	-	-	-	-	-
which have significant increase in credit risk	-	-	-	-	-	1	-	1
credit Impaired	-	-	-	-	-	-	-	-
<b>Total</b>	-	530	854	30	7	4	2	1,427

### Ageing of trade receivables as at June 30, 2022

<b>Undisputed trade receivables</b>								
considered good	-	1,221	122	14	7	2	2	1,368
which have significant increase in credit risk	-	-	-	4	1	1	-	6
credit Impaired	-	-	-	-	-	-	-	-
<b>Disputed trade receivables</b>								
considered good	-	-	-	-	-	-	-	-
which have significant increase in credit risk	-	-	-	-	-	2	-	2
credit Impaired	-	-	-	-	-	-	-	-
<b>Total</b>	-	1,221	122	18	8	5	2	1376



## Notes to the financial statements as of and for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

	As at June 30, 2023	As at June 30, 2022
<b>6(b) Cash and cash equivalents*</b>		
Cheques on hand	1	-
Cash on hand	0	0
Balances with banks		
In current accounts	891	631
Fixed deposits with original maturity of three months or less	0	3
<b>Total</b>	<b>892</b>	<b>634</b>

\*There are no repatriation restriction with regard to cash and cash equivalent at the end of the reporting years and prior years.

### 6(c) Bank balances other than cash and cash equivalents

Unclaimed dividends	3	2
Fixed deposits with original maturity more than 3 months and less than 12 months**	-	8
<b>Total</b>	<b>3</b>	<b>10</b>

\*\*held as lien by bank against overdraft facility Nil (June 30, 2022: ₹ 8)

### 6(d) Other financial assets

At Amortised cost. Unsecured, considered good unless otherwise stated

Non-current		
Fixed deposits with original maturity more than 12 months***	3	-
Security deposits	4	3
Other deposits	18	20
<b>Total</b>	<b>25</b>	<b>23</b>

\*\*\*held as lien by bank against bank guarantee ₹ 3 (June 30, 2022: ₹ Nil)

<b>Current</b>		
Export benefits receivable	36	29
Other deposits	0	0
Employee advances	5	2
Other receivables	-	4
<b>Total</b>	<b>41</b>	<b>35</b>

## 7 Deferred tax assets (net)

### Deferred tax liability

Difference between book balance and tax balance of property, plant and equipment and intangible assets	(39)	(53)
Right of use asset	(7)	-

### Deferred tax asset

Provision for gratuity, compensated absence, long service award	53	54
Allowance for loss on financial assets (net)	2	2
Voluntary retirement scheme/ employee separation	1	3
Lease liability	7	-
Others	7	16
<b>Deferred tax assets (net)</b>	<b>24</b>	<b>22</b>



## Notes to the financial statements as of and for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

### Movement in the deferred tax asset / (liability)

	As at July 1, 2022	(Charge)/ Credit to Standalone Statement of Profit and Loss	Charge/(Credit) Credit to other comprehensive	As at June 30, 2023
<b>Deferred tax asset</b>				
Provision for gratuity, compensated absence, long service award	54	(6)	5	53
Allowance for loss on financial assets (net)	2	(0)	-	2
Voluntary retirement scheme/ employee separation	3	(2)	-	1
Lease liability	-	7	-	7
Others	16	(8)	-	7
<b>Deferred tax liability</b>				
Difference between book balance and tax balance of property, plant and equipment and intangible assets	(53)	14	-	(39)
Leases	-	(7)	-	(7)
<b>Total</b>	<b>22</b>	<b>(2)</b>	<b>5</b>	<b>24</b>

	As at July 1, 2021	(Charge)/ Credit to Standalone Statement of Profit and Loss	Charge/(Credit) Credit to other comprehensive	As at June 30, 2022
<b>Deferred tax asset</b>				
Provision for gratuity, compensated absence, long service award	50	1	4	54
Allowance for loss on financial assets (net)	2	0	-	2
Voluntary retirement scheme/ employee separation	7	(4)	-	3
Others	1	14	-	16
<b>Deferred tax liability</b>				
Difference between book balance and tax balance of property, plant and equipment and intangible assets	(62)	8	-	(53)
<b>Total</b>	<b>(2)</b>	<b>20</b>	<b>4</b>	<b>22</b>

**Notes to the financial statements as of and for the year ended June 30, 2023**

(All amounts in ₹ millions, except per share data unless otherwise stated)

	As at June 30, 2023	As at June 30, 2022
<b>8 Current tax assets (net)</b>		
Advance income tax [net of provision ₹ 3347, (June 30, 2022: ₹ 3050)*]	212	190
Income taxes paid under protest	208	208
<b>Total</b>	<b>420</b>	<b>398</b>
*Also refer note 26 and 28.		
<b>9 Other non-current assets</b>		
Unsecured, considered good unless otherwise stated		
Capital advances	91	133
Prepaid expenses	12	14
Deposits / balances with government authorities	4	4
<b>Total</b>	<b>107</b>	<b>151</b>
<b>10 Inventories*</b>		
<b>At lower of cost and net realisable value</b>		
Raw materials [Including goods in transit ₹ 80 (June 30, 2022: ₹ 108)]	564	606
Work-in-progress	923	932
Finished goods	618	660
Stock-in-trade [Including goods in transit ₹ 55 (June 30, 2022: ₹ 76)]	283	432
Stores and spares	56	36
<b>Total</b>	<b>2444</b>	<b>2666</b>
*Provision net off inventories on account of obsolescence, slow moving inventory and lower of net realisable value amounted to ₹ 125 (June 30, 2022: ₹ 107) recognised as an expense and included in "Changes in inventories of finished goods, work in progress and stock in trade" in statement of profit and loss.		
<b>11 Other current assets</b>		
Unsecured, considered good unless otherwise stated		
Deposits / balances with government authorities	9	15
Advance to suppliers	12	27
Prepaid expenses	23	30
Travel advances to employees	3	1
<b>Total</b>	<b>47</b>	<b>73</b>



## Notes to the financial statements as of and for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

### 12 Equity share capital

	As at June 30, 2023	As at June 30, 2022
<b>Authorised</b>		
23,978,240 no. (June 30, 2022: 21,978,240 no.) equity shares of ₹ 10 each	240	220
<b>Issued, subscribed and fully paid up</b>		
21,978,240 no. (June 30, 2022: 21,978,240 no.) equity shares of ₹ 10 each	220	220
<b>Total</b>	<b>220</b>	<b>220</b>

#### Note

Consequent to scheme of arrangement, the authorised capital of the Company stands increased by ₹ 20 made up of 20,00,000 Equity Shares of ₹ 10 each with effect from Dec 7, 2022 (refer note 41)

	As at June 30, 2023		As at June 30, 2022	
	Number of shares	Amount	Number of shares	Amount
<b>(a) Reconciliation of number of equity shares</b>				
Balances as at the beginning of the year	21,978,240	220	21,978,240	220
Add: Issued and subscribed during the year	-	-	-	-
<b>Balance at the end of the year</b>	<b>21,978,240</b>	<b>220</b>	<b>21,978,240</b>	<b>220</b>

#### (b) Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, if any, in proportion to their shareholding.

	As at June 30, 2023		As at June 30, 2022	
	Number of shares	Amount	Number of shares	Amount
<b>(c) Shares held by ultimate holding company, holding company and subsidiaries of holding company</b>				
Kennametal Inc. USA, the ultimate holding company	5,274,840	53	5,274,840	53
Meturit AG., Zug, Switzerland, the holding company	11,208,840	112	11,208,840	112
<b>Total</b>	<b>16,483,680</b>	<b>165</b>	<b>16,483,680</b>	<b>165</b>

	As at June 30, 2023		As at June 30, 2022	
	Number of shares	Percentage	Number of shares	Percentage
<b>(d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company</b>				
Kennametal Inc. USA, the ultimate holding company	5,274,840	24.00%	5,274,840	24.00%
Meturit AG., Zug, Switzerland, the holding company	11,208,840	51.00%	11,208,840	51.00%
Nippon Life India Trustee Limited	2,026,242	9.22%	2,026,242	9.22%
<b>(e) Shares held by promoters at the end of the year*</b>				
Kennametal Inc. USA, the ultimate holding company	5,274,840	24.00%	5,274,840	24.00%
Meturit AG., Zug, Switzerland, the holding company	11,208,840	51.00%	11,208,840	51.00%

\* There have been no change in the percentage held by the promoters in the current year and the previous year.

- (f) During five years immediately preceding June 30, 2023 there are no shares allotted as fully paid up pursuant to contracts without payment being received in cash, shares allotted as fully paid up by way of bonus shares or shares bought back.
- (g) There are no shares of the Company reserved for issue under any option, contracts, commitments for the sale of share or disinvestment.





## Notes to the financial statements as of and for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

	As at June 30, 2023	As at June 30, 2022
<b>12A Dividends</b>		
Interim dividend for the year ended June 30, 2023 of ₹ 20 (June 30, 2022 – ₹ 24) per fully paid equity share	440	527
<b>13 Other equity</b>		
Securities premium	1	1
Share based compensation reserve	9	11
General reserve	1488	1488
Retained earnings	5165	4742
<b>Total</b>	<b>6663</b>	<b>6243</b>

### Nature and purpose of reserve:

#### Securities premium reserve

Securities Premium reserve is used to record the premium on issue of shares. This reserve is utilised in accordance with provisions of the Act.

#### Share based compensation reserve

This reserve relates to share based compensation received by the employees of the Company from Kennametal Inc., USA the ultimate holding company, net of cross charge received. The reserve is used to recognise grant date fair value of awards issued to the employees (refer note 29).

#### General reserve

The General reserve is created by way of transfer of profits from retained earnings for appropriation purposes. This reserve is utilised in accordance with the provisions of the Act.

#### Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

### 14A Trade payables

Due to micro and small enterprises (refer below)	41	34
Due to creditors other than micro and small enterprises		
Due to related parties (also refer note 38)	327	515
Due to other creditors	381	476
<b>Total</b>	<b>749</b>	<b>1025</b>

### Disclosure of dues/payments to Micro and small enterprises to the extent such enterprises are identified by the Company

Principal amount due to suppliers registered under the Micro, Small and Medium Enterprises & Development Act, 2006 (MSMED) and remaining unpaid as at year end;	39	33
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end;	2	1
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year;	38	48
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year;	-	-
Interest paid, under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year;	-	-
Interest due and payable towards suppliers registered under the MSMED Act, for payments already made;	1	0
Further interest remaining due and payable for earlier years;	1	1
<b>Total</b>	<b>41</b>	<b>34</b>



## Notes to the financial statements as of and for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

### Ageing of trade receivables as at June 30, 2023

	Unbilled	Outstanding for following periods from due date of payment					Total
		Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade payables - MSME	-	38	2	0	1	0	41
(ii) Undisputed trade payables - related parties	-	290	37	-	-	-	327
(iii) Undisputed trade payables - others	99	187	95	-	-	0	381
<b>Total</b>	<b>99</b>	<b>515</b>	<b>134</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>749</b>

### Ageing of trade receivables as at June 30, 2022

	Unbilled	Outstanding for following periods from due date of payment					Total
		Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade payables - MSME	-	31	2	1	0	-	34
(ii) Undisputed trade payables - related parties	-	337	177	-	-	-	515
(iii) Undisputed trade payables - others	173	253	50	0	1	-	476
<b>Total</b>	<b>173</b>	<b>621</b>	<b>229</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1025</b>

The Company does not have any disputed dues as at June 30, 2023 and June 30, 2022

	As at June 30, 2023		As at June 30, 2022	
	Non-Current	Current	Non-Current	Current
<b>14B Other financial liabilities</b>				
Deposit from customers	0	-	0	-
Capital creditors	-	34	-	19
Unpaid dividends	-	3	-	2
Employee benefits payable	-	198	-	195
Other current liability	-	4	-	4
<b>Total</b>	<b>0</b>	<b>239</b>	<b>0</b>	<b>220</b>
<b>15 Provisions</b>				
<b>Provisions for employee benefit</b>				
Gratuity	68	12	67	9
Compensated absences [refer note (e) below]	-	133	-	140
Long service award	4	2	4	1
<b>Other provisions</b>				
Product support [refer note (a) and (c) below]	6	51	5	49
Disputed taxes and duties [refer note (b) and (c) below]	-	10	-	10
<b>Total</b>	<b>78</b>	<b>208</b>	<b>76</b>	<b>209</b>

#### (a) Product support

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. These claims are expected to be settled in the next financial year for Hard Metal Tooling segment and 15 to 24 months in Machining Solutions Group segment. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

#### (b) Disputed taxes and duties:

Provision for disputed taxes and duties is towards service tax and excise duty that are expected to materialise.



## Notes to the financial statements as of and for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

### c) Movement in provisions:

	Product support		Disputed taxes & duties		Total	
	Non-Current	Current	Non-Current	Current	Non-Current	Current
Balance as at July 1, 2021	3	41	-	20	3	61
Addition*	3	30	-	-	3	30
Utilisation/Reversal*	(1)	(22)	-	(10)	(1)	(32)
Balance as at June 30, 2022	5	49	-	10	5	59
Addition*	1	21	-	-	1	21
Utilisation/Reversal*	(1)	(19)	-	-	(1)	(19)
Balance as at June 30, 2023	5	51	-	10	5	61

\*Included under various heads in the Statement of Profit and Loss

### (d) Defined benefit obligation (Gratuity - Funded)

The Company operates a gratuity plan through the "KENNAMETAL INDIA LIMITED EMPLOYEES' gratuity trust". Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at time of separation from the Company or retirement, whichever is earlier. The benefits vest after 5 years of continuous service. The Board of trustees is responsible for the administration of the Plan assets and investment strategy.

	As at June 30, 2023	As at June 30, 2022
<b>i) Movement in defined benefit obligation</b>		
Opening defined benefit obligation	338	273
Current service cost	20	17
Past service cost	-	46
Interest on defined benefit obligation	24	18
Benefit payments from plan assets	(50)	(23)
<b>Remeasurement (gain)/loss due to</b>		
Change in demographic assumptions	2	(3)
Change in financial assumptions	9	(17)
Experience adjustments	16	27
Closing defined benefit obligation	359	338
<b>ii) Opening fair value of plan assets</b>	262	245
Investment income	19	16
Employer contribution	41	33
Benefit payments from Plan Assets	(50)	(23)
<b>Remeasurements:</b>		
Returns on assets (excluding interest income)	7	(9)
Closing fair value of plan assets	279	262

**Notes to the financial statements as of and for the year ended June 30, 2023**

(All amounts in ₹ millions, except per share data unless otherwise stated)

	As at June 30, 2023	As at June 30, 2022
iii) <b>Net liabilities recognised in the balance sheet:</b>		
Present value of defined benefit obligations	359	338
(Less): Fair value of plan assets	(279)	(262)
<b>Net defined benefit liability recognised in the balance sheet</b>	<b>80</b>	<b>76</b>
Current	12	9
Non-current	68	67
<b>Total</b>	<b>80</b>	<b>76</b>
iv) <b>Expense recognised in the statement of profit and loss</b>		
<b>Remeasurement of other long term benefits</b>		
Current service cost	20	17
Past service cost	-	46
<b>Total Service cost</b>	<b>20</b>	<b>63</b>
Net interest cost		
Interest expenses on Defined benefit obligation	25	18
Interest income on plan assets	(19)	(16)
<b>Total net interest cost</b>	<b>6</b>	<b>2</b>
<b>A. Defined benefit cost included in statement of profit and loss</b>	<b>26</b>	<b>65</b>
<b>Remeasurement recognised in other comprehensive income (OCI)</b>		
<b>Actuarial (gains)/ losses due to</b>		
Change in demographic assumptions	2	(3)
Change in financial assumptions	2	(9)
Experience adjustments	16	27
<b>B. Total remeasurement in other comprehensive income (OCI)</b>	<b>20</b>	<b>15</b>
<b>Total defined benefit cost recognised in statement of profit and loss (refer note below)</b>	<b>46</b>	<b>80</b>

**Note:** In the year ended June 30, 2021, the Company recorded an expense of ₹ 24 on a best estimate by management towards gratuity expenses pertaining to the wage settlement of workmen, which was over and above the amount as per actuarial valuation. Accordingly, the expense recognised in the Statement of Profit and Loss for the year ended June 30, 2022 is lower by ₹ 24.

v) <b>Significant actuarial assumptions</b>		
Discount rate per annum	7.31%	7.69%
Expected salary increase per annum		
Officers	Year 1 8.00%, thereafter 5.00%	Year 1 9.00%, thereafter 5.00%"
Workmen	5%	Year 1 3.00%, thereafter 5.00%"
Mortality rate per annum	100% of IALM 2012-14	100% of IALM 2012-14
Attrition (rate of employee turnover)		
Officers	11.00%	9.00%
Workmen	0.00%	0.00%
Retirement age	60	60



## Notes to the financial statements as of and for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

### Notes:

The estimates of future increase in salary, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The discount rate is based on the prevailing market yield of India, Government securities as at the Balance sheet for the estimated terms of the obligation.

Expected contributions to benefit plans for the year ending June 2024 are ₹ 50.

### iv) Major Categories of plan assets as percentage of total plan assets

Equities	0.00%	0.00%
Bonds	0.00%	0.00%
Pooled assets with an insurance company	100.00%	100.00%

### vii) Sensitivity analysis

Gratuity is a lumpsum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The actuarial assumptions to which the benefit obligations results are particularly sensitive to are discount rate, salary escalation rate, attrition rate and mortality rate. The following table summarises impact on the reported defined benefit obligation arising on account of an increase or decrease in the reported assumptions.

	Change in assumption	Year ended June 30, 2023		Year ended June 30, 2022	
		Increase/ (decrease) due to positive	Increase/ (decrease) due to negative	Increase/ (decrease) due to positive	Increase/ (decrease) due to negative
Discount rate	+1% / -1%	(17)	19	(17)	19
Salary increase rate	+1% / -1%	20	(18)	(18)	20
Attrition rate	+50% / -50%	3	(4)	3	(5)
Mortality rate	+10% / -10%	0	(0)	0	(0)

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation assuming there are no other changes in market condition as at the Balance Sheet date.

### viii) The expected maturity analysis of undiscounted gratuity is as below:

	1 year	2-5 year	6-10 year	More than 10 years	Total
June 30, 2023	55	185	179	194	613
June 30, 2022	40	180	169	183	572

### ix) Risk exposure

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary overtime. Thus, the Company is exposed to various risks in providing the above benefit which are as follows:

#### Interest rate risk

The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability as shown in Financial Statements.

#### Salary escalation risk

The present value of the defined benefit plan is calculated with the assumption of salary increase rate of employees in future. Deviation in the increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

#### Demographic risk

The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

#### Liquidity risk

The Company does not perceive any liquidity risk as the Company has investments in Government Securities and Corporate Bonds offers the best returns over the long term, within an acceptable level of risk.



## Notes to the financial statements as of and for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

### (e) Compensated absences

The leave obligation cover the Company's liability for sick and earned leave. The amount of the provision of ₹ 133 (June 30, 2022: ₹ 140) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations.

### (f) Defined benefits plan (Provident Fund - Trust set by employer)

Provident fund for certain eligible employees is managed by Company through the "KENNAMETAL INDIA LIMITED EMPLOYEES' provident fund trust" in line with the Provident Fund and Miscellaneous Provisions Act, 1952. The plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and the employee together with the interest accumulated there on are payable to the employees at the time of their separation from the Company or retirement, whichever is earlier. The benefits vests immediately on rendering of the services by the employee. The Company currently does not have any unfunded plans. The Board of trustees is responsible for the administration of the Plan assets and investment strategy.

	As at June 30, 2023	As at June 30, 2022
<b>i) Changes in present value of defined benefits plan</b>		
Opening defined benefit obligation	1496	1289
Current service cost	50	53
Interest expenses	122	110
Benefit payments from plan assets	(191)	(131)
Employee contributions	124	129
Transfer In/Out	25	7
<b>Remeasurement loss/ (gain) due to</b>		
Change in financial assumptions	4	(31)
Change in experience adjustments	8	70
Closing defined benefit obligation	1638	1496
<b>ii) Changes in plan assets</b>		
Opening fair value of plan assets	1507	1399
Investment income	122	121
Employer contribution	50	53
Employee contribution	125	129
Benefit payments from plan assets	(191)	(131)
Transfer in/Out	25	7
Returns on assets (excluding interest income)	7	(71)
Closing fair value of plan assets	1645	1507
<b>iii) Net (assets)/ liabilities (refer note below)</b>		
Present value of defined benefit obligations	1638	1496
Fair value of plan assets	(1645)	(1507)
<b>Total</b>	<b>(7)</b>	<b>(11)</b>
Non-current provision	1491	1362
Current provision	147	135
<b>Total</b>	<b>1638</b>	<b>1496</b>

**Note:** The Provident fund expenses other than contribution is not recognised in Statement of Profit and Loss as the fair value of plan assets exceeds the present value of obligation. Accordingly, the excess of plan assets over present value of obligation has not been recorded in Financial Statements.

Provident fund expenses excluding contribution towards national pension scheme recognised in the books for the year ended June 30, 2023 amount to ₹ 62 (June 30, 2022: ₹ 67).



## Notes to the financial statements as of and for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

	As at June 30, 2023	As at June 30, 2022
<b>iv) Major Categories of plan assets as percentage of total plan assets</b>		
Government Bonds	52.50%	47.30%
Public sector understanding	36.94%	36.52%
Equity	8.23%	6.68%
Others : Funds managed by insurer	2.33%	9.50%
<b>v) Significant Actuarial Assumptions</b>		
Discount rate per annum	7.31%	7.69%
Expected salary increase per annum		
Officers	Year 1 8.00%, thereafter 5.00%	Year 1 9.00%, thereafter 5.00%
Workmen	5%	Year 1 3.00%, thereafter 5.00%
Mortality rate per annum	100% of IALM 2012-14	100% of IALM 2012-14
Attrition (rate of employee turnover)		
Officers	11.00%	9.00%
Workmen	0.00%	0.00%
Retirement age	60	60
Interest rate guarantee	8.10%	8.15%

### Notes:

The estimates of future increase in salary, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The discount rate is based on the prevailing market yield of India, Government securities as at the Balance sheet for the estimated terms of the obligation.

	Change in assumption	Year ended June 30, 2023		Year ended June 30, 2022	
		Increase/ (decrease) due to positive Change	Increase/ (decrease) due to negative Change	Increase/ (decrease) due to positive Change	Increase/ (decrease) due to negative Change
<b>vi) Sensitivity analysis</b>					
Discount rate	+ 1% / -1%	(56)	104	(43)	88
Interest guarantee rate	+ 1% / -1%	96	(55)	81	(43)

	As at June 30, 2023	As at June 30, 2022
<b>16 Other current liabilities</b>		
<b>Contract liabilities</b>		
Advances from customers	211	255
Refund liabilities	15	20
Deferred Revenue	25	-
Statutory remittances payable	75	30
<b>Total</b>	<b>326</b>	<b>305</b>

**Notes to the financial statements as of and for the year ended June 30, 2023**

(All amounts in ₹ millions, except per share data unless otherwise stated)

	Year ended June 30, 2023	Year ended June 30, 2022
<b>17 Revenue from operations</b>		
Revenue from contracts with customers		
Sale of products		
Finished goods	6427	6264
Stock-in-trade	4166	3473
Sale of services	163	138
	<b>10756</b>	<b>9875</b>
Other operating income		
Sale of scrap	9	5
Export incentives	-	22
Commission on order based sales (refer note 38)	6	5
	<b>15</b>	<b>32</b>
<b>Total</b>	<b>10771</b>	<b>9907</b>
<b>A) Disaggregation of revenue</b>		
<b>a) Revenue based on Geography</b>		
Domestic	8930	7598
Export	1841	2309
<b>Total</b>	<b>10771</b>	<b>9907</b>
<b>b) Revenue based on Business Segment</b>		
Hard Metal Products	9274	8442
Machining Solutions	1497	1465
<b>Total</b>	<b>10771</b>	<b>9907</b>
<b>B) Reconciliation of Revenue from operations</b>		
Contract Price	10967	10042
Less:		
Refund liabilities - right to return	(4)	(7)
Accounts receivables net - annual turnover discount	(161)	(109)
Others	(31)	(19)
<b>Total</b>	<b>10771</b>	<b>9907</b>
<b>C) Assets and liabilities related to contracts with customers</b>		
Contract liabilities		
Current		
Advance from customers	211	255
Refund liabilities	15	20
Deferred Revenue	25	-
<b>D) Reconciliation of contract liabilities/ unsatisfied performance obligation</b>		
Opening balance	275	278
Less: Amount utilised during the year	(268)	(221)
Add: Amount recognised during the year	244	218
Closing balance	251	275
<b>E) Revenue recognised during the year from the performance obligation satisfied upto previous year amounts to ₹ 269 (June 30, 2022: ₹ 221)</b>		





## Notes to the financial statements as of and for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

	Year ended June 30, 2023	Year ended June 30, 2022
<b>18 Other income</b>		
Interest income on bank deposits	2	16
Other non-operating income		
Gain on sale of mutual fund	15	14
Provision written back	-	24
Lease rentals (refer note 38)	15	23
Support service charges from fellow subsidiary (refer note 38)	15	13
Miscellaneous income	5	4
<b>Total</b>	<b>52</b>	<b>94</b>
<b>19 Cost of materials consumed</b>		
Consumption of raw materials and components		
Opening inventory	606	448
Add: Purchases during the year	2873	3097
(Less): Closing inventory	(564)	(606)
<b>Total</b>	<b>2915</b>	<b>2939</b>
<b>20 Purchases of stock in trade</b>		
Stock-in-trade	2886	2518
<b>Total</b>	<b>2886</b>	<b>2518</b>
<b>21 Changes in inventories of finished goods, work in progress and stock in trade</b>		
Opening stock:		
Finished goods	660	484
Work-in-progress (WIP)	932	654
Stock-in-trade	432	430
	<b>2024</b>	<b>1,568</b>
Closing stock:		
Finished goods	618	660
Work-in-progress (WIP)	923	932
Stock-in-trade	283	432
	<b>1824</b>	<b>2,024</b>
<b>(Increase)/ Decrease in inventories</b>	<b>200</b>	<b>(456)</b>
<b>22 Employee benefits expense</b>		
Salaries, wages and bonus	1223	1178
Contribution to provident and other funds [Note (a) below]	67	70
Gratuity (refer note 15)	26	40
Share based compensation expense (refer note 29 and note 38)	27	29
Staff welfare	142	135
<b>Total</b>	<b>1485</b>	<b>1452</b>
<b>Note:</b>		
<b>(a) Contribution to provident and other funds</b>		
Contribution to Employees Provident Organisation and Employee Pension Scheme	62	67
Contribution to National Pension Scheme	5	4
<b>Total</b>	<b>67</b>	<b>71</b>



## Notes to the financial statements as of and for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

	Year ended June 30, 2023	Year ended June 30, 2022
<b>23 Finance costs</b>		
Interest on lease liabilities	2	-
<b>Total</b>	<b>2</b>	<b>-</b>
<b>24 Depreciation and amortisation expense</b>		
Depreciation on property, plant and equipment (refer note 3A)	380	356
Depreciation of right-of-use assets (refer note 31)	7	-
Amortisation on intangible assets (refer note 5)	2	1
<b>Total</b>	<b>389</b>	<b>357</b>
<b>25 Other expenses</b>		
Subcontracting charges	317	347
Consumption of stores and spare parts	234	246
Forwarding and freight	217	227
Information technology services (refer Note 38)	170	128
Power and fuel	146	140
Legal and professional [refer Note (a) below]	121	113
Repairs and maintenance	200	128
Travelling and conveyance	112	75
Temporary workmen	39	30
Insurance	30	25
Business promotion	32	26
Expenditure towards Corporate Social Responsibility (CSR) [refer Note (b) below]	20	18
Provision for product support	19	32
Royalty (refer note 38)	20	24
Rates and taxes	12	22
Commission on sales	14	14
Communication	8	8
Advertisement and sales promotion	9	6
Rent	3	7
Allowance for loss on financial assets (net)	1	2
(Gain)/ loss on property, plant and equipments sold (net)	(1)	(0)
Net foreign exchange (gain)/ loss	(2)	2
Directors commission (refer note 38)	4	4
Directors' sitting fee (refer note 38)	2	2
Miscellaneous expenses	43	39
<b>Total</b>	<b>1770</b>	<b>1665</b>
<b>Notes</b>		
(a) Payments to auditors (excluding GST) included under legal and professional above:		
Statutory audit	2	2
Audit of tax accounts and tax audit	1	1
Limited reviews	1	1
Group audit fees	0	0
Out of pocket expenses	0	0
<b>Total</b>	<b>4</b>	<b>4</b>



## Notes to the financial statements as of and for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

	Year ended June 30, 2023	Year ended June 30, 2022
(b) Expenditure towards CSR as per Section 135 of the Act:		
i. Gross amount required to be spent by the Company during the year	20	18
ii. Amount spent during the year :		
Amount spent on construction / acquisition of an asset	-	-
Amount spent on purpose other than above	20	16
iii. Nature of CSR Activities		
Environmental initiatives	6	7
Promoting education	8	6
Eradicating hunger, poverty and malnutrition	1	1
Promoting gender equality & empowering women	5	2
Disaster management	-	0
	20	16
iv. Related party transactions	-	-
v. Shortfall at the end of the year	-	2*
vi. Movements in provision of liability created	-	-

### Details of CSR expenditure under Section 135(5) of the Act in respect of other than ongoing projects

Opening Balance	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
As at June 2023	-	20	20	-

### Details of CSR expenditure under Section 135(5) of the Act in respect of other than ongoing projects

Opening Balance	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance*
As at June 2022	-	18	16	2

\* The Company has spent the shortfall by way of a deposit to a specified fund of Schedule VII on August 11, 2022, i.e., within 6 months from the expiry of the financial year.



## Notes to the financial statements as of and for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

	Year ended June 30, 2023	Year ended June 30, 2022
<b>26 Tax expense</b>		
(a) Income tax expense		
Current tax on profit for the year	286	405
Adjustments for current tax for prior years	11	-
<b>Total current tax expense</b>	<b>297</b>	<b>405</b>
Deferred tax charge / (credit):		
Decrease/ (increase) in deferred tax asset (net)	2	(11)
Adjustments for current tax for prior years	-	(9)
<b>Total deferred tax charge / (credit)</b>	<b>2</b>	<b>(20)</b>
<b>Income tax expense</b>	<b>299</b>	<b>385</b>
Deferred tax related to items recognised in OCI		
Tax on re-measurement of post employment obligations	(5)	(4)
<b>Income tax expense</b>	<b>294</b>	<b>381</b>
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit before tax	1176	1526
Tax at the Indian tax rate of 25.17%	296	384
Tax effect on not deductible expenses/ income		
Corporate social responsibility expenditure	5	4
MSME Interest	0	0
Adjustments for current tax for prior years	11	(9)
Others	(13)	5
<b>Tax expense</b>	<b>299</b>	<b>385</b>
	As at June 30, 2023	As at June 30, 2022
<b>27 Capital and other commitments</b>		
Expected amount of contract remaining to be received on capital account not provided for (net of advances)	94	437
<b>28 Contingent liabilities</b>		
Income tax matters [refer note (a) below]	321	305

- (a) Primarily relates to transfer pricing adjustments/ disallowances relating to information technology (IT) cross charge, research and development expenditure and additions made on account of manufacturing margins by the Income Tax Department ("ITD") for the tax assessment years 2007-08 to 2011-12, 2014-15, 2017-18 and 2018-19, which is disputed by the Company and the said matters are lying under appeal with the Income Tax Appellate Tribunal, Bengaluru/ the Commissioner of Income Tax (Appeals) LTU, Bengaluru/ the Dispute Resolution Panel, Bengaluru. In connection with the disputed matters related to IT cross charge, the Company has remitted the tax "under protest" aggregating to ₹ 208 (June 30, 2022: ₹ 208), which is recorded as income tax asset in Note 8. Further, for other tax assessment years, no payments have been made, but refund claims have been withheld by ITD, which covers the tax amounts being litigated and as such there may be no additional cash outflow as per management's assessment. The Company is contesting the demands and management believes that its position, supported by external tax



## Notes to the financial statements as of and for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

advice, will likely be upheld in the appellate process. Further, considering the facts and the nature of the disallowances, management believes that the final outcome of the disputes should likely be in favour of the Company and so it may not have a material adverse effect on the financial position and results of operations.

- (b) The Supreme Court of India passed a judgement in February 2019 in relation to inclusion of certain allowances within the scope of "basic wages" for the purposes of determining contribution to provident fund under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The management, based on legal advice, is of the view that the applicability of the judgement to the Company, with respect to the period and the nature of allowances to be covered due to interpretation challenges, and resultant impact on the past provident fund liability, cannot be reasonably ascertained.
- (c) It is not practicable for the Company to estimate the timings of the cash outflows if any in respect of the above pending resolution of the respective proceedings.
- (d) The Company does not expect any reimbursements in respect of the above contingent liabilities.

### 29 Shared based payments

Restricted Stock Units (RSUs) are granted to certain senior management employees of the Company under the long-term incentive plan in relation to the share based compensation plan of Kennametal Inc. USA, the ultimate holding company.

#### Restricted stock units (RSUs)

RSUs are stock awards granted to employees that entitle the holder to shares of common stock as the award vests, over 2 or 3 years depending on the scheme and year of grant. The RSUs granted under the plan have a graded vesting over a period of two or three years, which are immediately exercised on the vesting date. All the RSUs granted under the plan are equity settled.

The fair value of time vesting stock units is determined and fixed on the grant date based on the Kennametal Inc.'s stock price adjusted for the exclusion of dividend equivalents.

The Company recognises stock-based compensation expense for RSUs over the period from the date of grant to the date when the award is no longer contingent on the employee providing additional service (substantive vesting period).

Details of number and weighted average exercise price of share RSUs:					(amount in US\$)
	As at June 30, 2023		As at June 30, 2022		
	Weighted Average fair value per award	Number of Awards in units	Weighted Average fair value per award	Number of Awards in units	
Opening balance	28.52	7781	31.57	9136	
Granted during the year	27.00	14141	36.79	10069	
Exercised/ forfeited during the year	30.31	(13252)	38.25	(11424)	
Closing balance	23.31	8670	28.52	7781	

Note 1 : No RSU's expired during the period covered in the above table.

Note 2 : The weighted average remaining contractual life of RSUs outstanding at the end of the year is 1.48 years (June 30, 2022: 1.47 years).

#### Expenses arising from share based payments transactions

	Year ended June 30, 2023	Year ended June 30, 2022
Shares issued under RSU	27	29
<b>Total</b>	<b>27</b>	<b>29</b>

There is recharge of expense by Kennametal Inc, USA (the "holding company") for the RSUs given to the employees of the Company.

### 30 Earnings per equity share

Profit attributable to equity shareholders (₹ )	877	1141
Weighted average number of equity shares outstanding during the year	21978240	21978240
Nominal value of equity share (₹ )	10	10
Basic and diluted earnings per share (₹ )	39.91	51.94



## Notes to the financial statements as of and for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

### 31 Lease Accounting

This note provides information on leases where the Company is a lessee. The rental contracts are typically for office premises and lease of plant and machinery. These contracts are entered into for periods ranging from eleven months to five years, but may have extension and termination options.

#### (i) Amounts recognised in balance sheet

The balance sheet shows the following amounts relating to leases :

	Year ended June 30, 2023	Year ended June 30, 2022
<b>Right of use assets</b>		
Buildings	18	-
Plant and Machinery	7	-
<b>Total</b>	<b>25</b>	<b>-</b>
<b>Changes in lease liabilities</b>		
Addition of leases	32	-
Repayment of principal portion of lease liabilities	(5)	-
Interest expense	2	-
Interest paid	(2)	-
<b>Total</b>	<b>27</b>	<b>-</b>
Current	9	-
Non-current	18	-
<b>Total</b>	<b>27</b>	<b>-</b>

**Note:** As the cash and cash equivalents balance as at year end is higher than gross debt amount as at year end, only the gross debt movement has been disclosed instead of net movement.

#### (ii) Amounts recognised in the statement of profit and loss

The statement of profit or loss shows the following amounts relating to leases:

##### Depreciation charge of right-of-use assets

Buildings	4	-
Plant and Machinery	3	-
<b>Total</b>	<b>7</b>	<b>-</b>
Interest expense on lease liabilities (included in finance costs)	2	-
Expense relating to low-value assets (included in other expenses)	3	-

#### (iii) Contractual maturities of lease liabilities

The below table provides details regarding the contractual maturities of lease liabilities on undiscounted basis:

Within one year	9	-
After one year but not more than five years	22	-
More than five years	-	-

**Notes to the financial statements as of and for the year ended June 30, 2023**

(All amounts in ₹ millions, except per share data unless otherwise stated)

**32 Fair value measurements**

The fair value of trade receivables, trade payables and other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. The carrying amounts of trade receivables, cash and cash equivalents, bank deposits with more than 12 months maturity, trade payables, items falling under other financial assets and financial liabilities are considered to be the same as their fair values.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**33 Financial risk management**

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's risk management is carried out by the Management under the policies approved of the Board of Directors that help in identification, measurement, mitigation and reporting all risks associated with the activities of the Company. These risks are identified on a continuous basis and assessed for the impact on the financial performance. Information on risks and the response strategy is escalated in a timely manner to facilitate timely decision making. Risk response strategy is formulated for key risks by Management.

The below note explains the sources of risk which the Company is exposed to and how the Company manages the risk in the Financial Statements:

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Ageing analysis, credit ratings	Diversification of bank deposits, credit limits
Liquidity risk	Other liabilities	Rolling cash flow forecasts	Availability of surplus cash and time deposits
Market risk - foreign exchange	Future commercial transactions, recognised financial assets and liabilities not denominated in Indian rupee (Rupees)	Cash flow forecasting, sensitivity analysis	Natural hedge exist between export receivable and import payables

**A Credit Risk**

Credit risk arises from cash and cash equivalents, security deposits carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

Credit risk refers to the risk of default on its obligation by the counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 1420 as of June 30 2023 (30 June 2022: ₹ 1368).

Assets under credit risk	As at	As at
	June 30, 2023	June 30, 2022
Trade receivables	1420	1368
Other financial assets	65	58
<b>Total</b>	<b>1485</b>	<b>1426</b>

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks with high credit ratings as signed by international and domestic credit rating agencies.

Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India, Germany, US and China. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The provision for expected credit loss takes into account available external and internal credit risk factors including the credit ratings of the various customers and Company's historical experience for customers. The Company applies the simplified approach to provide for expected credit losses prescribed by Ind AS 109, which permits the use of lifetime expected loss provision for all the trade receivables. The Company measures the expected credit loss of trade receivables based on historical trend, industry.

**Notes to the financial statements as of and for the year ended June 30, 2023**

(All amounts in ₹ millions, except per share data unless otherwise stated)

**33 Financial risk management (cont'd)**

	As at June 30, 2023			As at June 30, 2022		
	Gross Carrying	Expected Credit Loss (%)	Expected Credit Loss (%) Amount	Gross Carrying	Expected Credit Loss (%)	Expected Credit Loss (%) Amount
Within the Credit Period	530	0.0%	-	595	0.0%	-
Less than 6 months past due	854	0.5%	4	745	0.5%	4
6 months - 1 year past due	30	0.6%	0	18	2.3%	0
1 - 2 years days past due	7	16.9%	1	8	18.6%	1
> 2 years past due	6	25.7%	1	6	31.3%	2

**Expected credit loss for trade receivables**

	As at June 30, 2023	As at June 30, 2022
Opening provision	8	6
Additional provision	2	4
Utilisation / reversal	(3)	(2)
<b>Closing provision</b>	<b>7</b>	<b>8</b>

**Financial assets that are past due but not impaired**

There is no other class of financial assets that is past due but not impaired except for receivables of ₹7 and ₹8 as at 30 June 2023 and 30 June 2022 respectively. The Company's credit period generally ranges from 60-180 days from invoicing date. The aging analysis of the receivables has been considered from the date the invoice falls due.

No expected credit loss provision has been created for Loans, i.e., security deposits on leased premises and advances given to employees, as the Company considers the life time credit risk of these financial assets to be very low.

**B Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the dynamic nature of the underlying businesses, Company's treasury maintains flexibility in funding by maintaining availability of required funds.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows.

**Maturities of financial Liabilities**

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

**Contractual maturities of financial liabilities**

	Less than 1 year	1 - 2 years	More than 2 years	Total
<b>As at June 30, 2023</b>				
Other financial liabilities	239	-	-	239
Trade payables	749	-	-	749
Lease Liabilities	9	22	-	31
<b>Total</b>	<b>997</b>	<b>22</b>	<b>-</b>	<b>1019</b>
<b>As at June 30, 2022</b>				
Other financial liabilities	220	-	-	220
Trade payables	1026	-	-	1026
Lease Liabilities	-	-	-	-
<b>Total</b>	<b>1246</b>	<b>-</b>	<b>-</b>	<b>1246</b>





## Notes to the financial statements as of and for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

### C. Market Risk

#### (i) Foreign currency risk

The Company is exposed to foreign currency exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the companies functional currency (Rupees).

The risk is measured through a forecast of highly probable foreign currency on cash flows. To mitigate the risk of changes in exchange rates on foreign currency exposures, the Company has natural hedge between export receivable and import payables.

The Company exposure to material foreign currency risk at the end of the reporting period expressed in ₹ as follows:

Particulars	Amounts in foreign currency		Amounts in ₹	
	As at June 30, 2023	As at June 30, 2022	As at June 30, 2023	As at June 30, 2022
<b>Financial assets</b>				
Trade receivables				
USD	1739635	1891742	143	149
EUR	721682	952424	64	78
<b>Net exposure to foreign currency risk (assets)</b>			<b>207</b>	<b>227</b>
<b>Financial liabilities</b>				
Trade Payables				
USD	(425140)	(708422)	(35)	(56)
EUR	(67610)	(251178)	(6)	(21)
CHF	(85746)	(5507)	(8)	(0)
<b>Total financial liabilities</b>			<b>(49)</b>	<b>(77)</b>
<b>Net foreign exchange exposure</b>			<b>158</b>	<b>150</b>

\* Amounts in foreign currency are absolute numbers. Conversion rate ₹ 82.03/USD, ₹ 89.39/EUR, ₹ 95.73/GBP and ₹ 91.36/CHF (30 June 2022 ₹78.99/USD, ₹ 82.12/EUR, ₹ 82.44/CHF).

#### Sensitivity

A reasonable possible fluctuation in foreign exchange rates are not expected to have a material effect on the Statement of profit and loss.

### 34 Capital Management

#### Risk management

The Company's objectives when managing capital is to:

- safeguard their ability to continue as going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and;
- maintain an optimal capital structure to reduce the cost of capital.

The Management regularly monitors rolling forecasts of liquidity position and cash on the basis of expected cash flows. In addition, the Company projects cash flows in major currencies and considers the level of liquid assets necessary to meet them.

Total Debt equity ratio of the Company is as follows:

	As at June 30, 2023	As at June 30, 2022
Equity	220	220
Other Equity	6663	6243
<b>Total Equity</b>	<b>6883</b>	<b>6463</b>
Borrowings		
Lease Liabilities	27	-
<b>Total capital (equity and borrowing)</b>	<b>6910</b>	<b>6463</b>
<b>Net Debt Equity Ratio</b>	<b>0.39%</b>	<b>0.00%</b>



## Notes to the financial statements as of and for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

### 35 Amounts remitted in foreign currency during the year on account of dividends paid

	Year ended June 30, 2023	Year ended June 30, 2022
Amounts of dividend remitted in foreign currency	334	401
Total number of non-resident shareholders (to whom the dividends were remitted in foreign currency)	349	372
Total number of shares held by them on which dividend was due	16,716,729	16,702,091
Years to which the dividend relates	2022-23	2021-22

### 36 Transfer Pricing

As per transfer pricing legislation under Sections under 92-92F of the Income Tax Act, 1961, the Company is required to use certain specific methods in computing arm's length price of international transactions with associated enterprises and maintain adequate documentation in this respect. As the law requires maintenance of such information and documentation to be contemporaneous in nature, the Company updates the transfer pricing study documentation every year to ensure that the transactions with associated enterprises undertaken are at an "arms length basis". The Company has carried out a detailed transfer pricing study for the period April 1, 2021 to March 31, 2022, which did not envisage any additional tax liability. Similar to prior years, the Company is in the process of updating the transfer pricing documentation for the period April 1, 2022 to March 31, 2023 and the subsequent period up to June 30, 2023. Accordingly, these financial statements do not include the effect of the transfer pricing implications, if any. However, based on the analysis of transactions and margins, the Company does not envisage any additional tax liability for the year ended June 30, 2023.

### 37 Segment Information

#### A. Description of segments and principal activities

The Company is in the business of manufacturing and trading of hard metal products and manufacturing of machine tools (also known as machining solutions), which are sold in domestic and export markets. The Board of Directors of the Company has been identified as the Chief operating decision maker (CODM). The Board examines the Company's performance and has identified two reportable segments in its business:

- (i) **Machining solutions:** Machining solutions segment manufactures and sells customised capital intensive machines. Company specialises in providing end to end solution, i.e., from design to manufacture and after sales service. The sales comprise of machines, fixtures, sale of spares and after sales service.
- (ii) **Hard metal products:** Hard metal products segment deals in metal and metal cutting tools. The sales of this segment comprise of manufactured and traded goods.

#### B. Segment information:

	Machining Solutions		Hard Metal Products		Total	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<b>B.1 Segment revenue</b>						
Segment revenue	1497	1465	9274	8442	10771	9907
<b>Segment Result</b>	108	206	1384	1578	1492	1784
Unallocated Income					30	36
Unallocated Expense					(346)	(310)
Interest Income					2	16
Interest expense					(2)	-
<b>Profit before tax</b>					<b>1176</b>	<b>1526</b>
Tax (expense)/credit					(299)	(385)
<b>Profit after tax</b>					<b>877</b>	<b>1141</b>
<b>Segment assets</b>						
Segment assets	1005	1105	6047	6031	7052	7136
Unallocated assets					1458	1162
<b>Total</b>	<b>1005</b>	<b>1105</b>	<b>6047</b>	<b>6031</b>	<b>8510</b>	<b>8298</b>



## Notes to the financial statements as of and for the year ended June 30, 2023

(All amounts in ₹ millions, except per share data unless otherwise stated)

	Machining Solutions		Hard Metal Products		Total	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<b>Segment Liabilities</b>						
Segment liabilities	535	566	971	1191	1506	1757
Unallocated liabilities					121	80
<b>Total</b>	<b>535</b>	<b>566</b>	<b>971</b>	<b>1191</b>	<b>1627</b>	<b>1837</b>
<b>Capital Expenditure</b>						
Capital expenditure	17	12	456	632	473	644
Unallocated capital expenditure					5	6
<b>Total</b>	<b>17</b>	<b>12</b>	<b>456</b>	<b>632</b>	<b>478</b>	<b>650</b>
<b>Depreciation and amortisation</b>						
Depreciation and amortisation	29	32	348	320	377	352
Unallocated depreciation					12	5
<b>Total</b>	<b>29</b>	<b>32</b>	<b>348</b>	<b>320</b>	<b>389</b>	<b>357</b>

### C. Geographical Information:

The Company's operations are predominantly restricted to the domestic market (within India). However, the Company exports goods to Germany, USA, China and others. Accordingly, geographical information are given below:

	Machining Solutions		Hard Metal Products		Total	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
India	1252	884	7678	6714	8930	7598
Germany	-	-	727	789	727	789
USA	1	1	607	667	608	667
China	198	575	137	146	335	722
Others	46	5	125	126	171	131
<b>Total</b>	<b>1497</b>	<b>1465</b>	<b>9274</b>	<b>8442</b>	<b>10771</b>	<b>9907</b>

### D. Notes

- (i) The segment-wise revenue, results, assets and liabilities relate to the respective amounts directly identifiable to each of the segments.
- (ii) The segment revenue is measured in the same way as in the Statement of Profit and Loss.
- (iii) No customer individually account for more than 10% of the revenue in the year ended June 30, 2023 and June 30, 2022.
- (iv) The expenses that are not directly attributable and that can't be allocated to an operating segment on a reasonable basis are shown as unallocated expenses.
- (v) Segment assets include all operating assets used by the segment and consists primarily of property, plant and equipment and current assets. Segment liabilities comprise of liabilities which can be directly allocated against respective segments. Assets and liabilities that have not been allocated between segments are shown as part of unallocated assets and liabilities respectively.

**Notes to the financial statements as of and for the year ended June 30, 2023**

(All amounts in ₹ millions, except per share data unless otherwise stated)

**38 Related party disclosures****A) Names of related parties and description of relationship:**

## a) Parties where control exists:

(i) Ultimate Holding Company	Kennametal Inc, USA
(ii) Holding company	Meturit A.G. Zug, Switzerland
(iii) Intermediate Holding Company	Widia GmbH, Germany
	Kennametal Holding GmbH, Germany
	Kennametal Europe GmbH, Switzerland
	Kennametal Luxembourg Holding S.A.R.L
	Kennametal Holdings , LLC, Luxembourg S.C.S
	Kennametal Holdings Europe Inc, USA

**B) Parties under common control with whom transactions have taken place during the year:**

## Fellow Subsidiaries

Kennametal Australia Pty Ltd, Australia  
 Kennametal Korea Co., Ltd., South Korea  
 Kennametal Japan Ltd., Japan  
 Kennametal Do Brasil LTDA, Brazil  
 Kennametal Hard Point (Shanghai) Ltd., China  
 Kennametal Distribution Services Asia PTE. Ltd., Singapore  
 Kennametal Shared Services Pvt Ltd., India  
 Kennametal (China) Co Ltd., China  
 Hanita Metal Works Ltd. (P), Israel  
 Kennametal Asia China Management Company, China  
 Kennametal Stellite L.P. USA  
 Kennametal Stellite Inc. USA  
 Kennametal Stellite Shanghai Co. China  
 Kennametal (Thailand) Co., Ltd., Thailand  
 Kennametal (Malaysia) Sdn. Bhd., Malaysia  
 Kennametal (Xuzhou) Co.,Ltd. China  
 Kennametal Ltd., Canada  
 Kennametal Vietnam LLC. Vietnam  
 Kennametal GMBH, Germany

**C) Key Management Personnel**

Vijaykrishnan Venkatesan, Managing Director  
 B. Anjani Kumar, Chairperson and Director  
 Vinayak Deshpande, Director  
 Bhavana Bindra, Director  
 Franklin Gerardo Cardenas Castro, Director \*  
 Kelly Marie Boyer, Director \*

**D) Other related parties**

Kennametal India Limited Employees Provident Fund Trust  
 Kennametal India Ltd Employees Gratuity Trust

\* No transactions noted during the year.

**Notes to the financial statements as of and for the year ended June 30, 2023**

(All amounts in ₹ millions, except per share data unless otherwise stated)

**38. Related party disclosures (cont'd)**

B) Summary of the transactions with related parties is as follows

	Parties where control exist		Fellow subsidiaries		Key management personnel		Others		Total	
	[A(a)]		[A(b)]		[A(c)]					
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>Revenue</b>	<b>1334</b>	<b>1455</b>	<b>248</b>	<b>265</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1582</b>	<b>1720</b>
Kennametal Inc, USA	607	667	-	-	-	-	-	-	607	667
Kennametal Europe GmbH, Switzerland	727	788	-	-	-	-	-	-	727	788
Others	-	-	248	265	-	-	-	-	248	265
<b>Other income</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>28</b>
Kennametal Shared Services Private Ltd, India	-	-	24	23	-	-	-	-	24	23
Others	-	-	6	5	-	-	-	-	6	5
<b>Reimbursement of expenses (income)</b>	<b>31</b>	<b>26</b>	<b>22</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53</b>	<b>44</b>
Kennametal Inc, USA	31	26	-	-	-	-	-	-	31	26
Kennametal Shared Services Private Ltd, India	-	-	3	3	-	-	-	-	3	3
Kennametal Distribution Services Asia Pte. Ltd, Singapore	-	-	17	15	-	-	-	-	17	15
Others	-	-	2	-	-	-	-	-	2	-
<b>Interim dividend</b>	<b>330</b>	<b>396</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>330</b>	<b>396</b>
Metruit A.G. Zug, Switzerland	224	269	-	-	-	-	-	-	224	269
Kennametal Inc, USA	106	127	-	-	-	-	-	-	106	127
<b>Managerial remuneration*</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33</b>	<b>31</b>	<b>-</b>	<b>-</b>	<b>33</b>	<b>31</b>
Vijaykrishnan Venkatesan (MD)	-	-	-	-	27	25	-	-	27	25
Short-term employee benefits	-	-	-	-	23	22	-	-	23	22
Share based payment	-	-	-	-	4	3	-	-	4	3
<b>Independent Director Commission</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>4</b>
Anjani Kumar	-	-	-	-	2	2	-	-	2	2
Vinayak Despande	-	-	-	-	1	1	-	-	1	1
Bhavana Bindra	-	-	-	-	1	1	-	-	1	1
<b>Independent Director Sitting Fees</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2</b>
B.Anjani Kumar	-	-	-	-	1	1	-	-	1	1
Vinayak Despande	-	-	-	-	0	0	-	-	0	0
Bhavana Bindra	-	-	-	-	0	0	-	-	0	0

\*As the employee benefits obligations such as gratuity, compensated absences and long service award are provided for the Company as a whole, the amounts pertaining to individual Key Management Personnel are not included above on an accrual basis. Such amounts are included on payment basis

**Summary of significant accounting policies & other explanatory information (cont'd)**

(All amounts in ₹ millions unless otherwise stated)

	Parties where control exist		Fellow subsidiaries		Key management personnel		Others		Total	
	[A(a)]		[A(b)]		[A(c)]					
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>Purchases</b>	<b>3169</b>	<b>2992</b>	<b>351</b>	<b>329</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3520</b>	<b>3321</b>
<b>Purchase of capital goods</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39</b>
Kennametal (Xuzhou) Co.,Ltd. China	-	-	-	39	-	-	-	-	-	39
<b>Purchase of goods - others</b>	<b>3169</b>	<b>2992</b>	<b>351</b>	<b>290</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3520</b>	<b>3282</b>
Kennametal Inc, USA	1355	1471	-	-	-	-	-	-	1355	1471
Kennametal Europe GmbH, Switzerland	1814	1521	-	-	-	-	-	-	1814	1521
Others	-	-	351	290	-	-	-	-	351	290
<b>Services received / Recharge of expenses</b>	<b>228</b>	<b>202</b>	<b>60</b>	<b>88</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>288</b>	<b>290</b>
<b>Information technology services</b>	<b>170</b>	<b>128</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>170</b>	<b>128</b>
Kennametal Inc, USA	170	128	-	-	-	-	-	-	170	128
<b>Professional fees (Technical services)</b>	<b>10</b>	<b>10</b>	<b>51</b>	<b>59</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61</b>	<b>69</b>
Kennametal Inc, USA	10	10	-	-	-	-	-	-	10	10
Kennametal Shared Services Private Ltd, India (Technical Services)	-	-	51	59	-	-	-	-	51	59
<b>Royalty payments</b>	<b>11</b>	<b>11</b>	<b>9</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>24</b>
Kennametal Inc, USA	11	11	-	-	-	-	-	-	11	11
Hanita Metal Works Ltd, Israel	-	-	9	13	-	-	-	-	9	13
<b>Cross charge of expenses</b>	<b>10</b>	<b>25</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>41</b>
Kennametal Inc, USA	10	25	-	-	-	-	-	-	10	25
Others	-	-	-	16	-	-	-	-	-	16
<b>Stock compensation expenses</b>	<b>27</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27</b>	<b>28</b>
Kennametal Inc, USA	27	28	-	-	-	-	-	-	27	28
<b>Contributions to other related parties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>91</b>	<b>86</b>	<b>91</b>	<b>86</b>
Kennametal India Limited Employees Provident Fund Trust	-	-	-	-	-	-	50	53	50	53
Kennametal India Ltd Employees Gratuity Trust	-	-	-	-	-	-	41	33	41	33
<b>Outstanding receivables - Trade and others</b>	<b>125</b>	<b>156</b>	<b>28</b>	<b>22</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>153</b>	<b>178</b>
<b>Trade receivables</b>	<b>124</b>	<b>154</b>	<b>22</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>146</b>	<b>174</b>
Kennametal Inc, USA	63	79	-	-	-	-	-	-	63	79
Kennametal Europe GmbH, Switzerland	61	75	-	-	-	-	-	-	61	75
Others	-	-	22	20	-	-	-	-	22	20
<b>Outstanding other receivables</b>	<b>1</b>	<b>2</b>	<b>6</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>4</b>
Kennametal Inc, USA	1	2	-	-	-	-	-	-	1	2
Others	-	-	6	2	-	-	-	-	6	2
<b>Outstanding payable - Trade</b>	<b>302</b>	<b>468</b>	<b>25</b>	<b>47</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>327</b>	<b>515</b>
Kennametal Inc, USA	120	288	-	-	-	-	-	-	120	288
Kennametal Europe GmbH, Switzerland	182	180	-	-	-	-	-	-	182	180
Others	-	-	25	47	-	-	-	-	25	47

**Summary of significant accounting policies & other explanatory information (cont'd)**

(All amounts in ₹ millions unless otherwise stated)

**39 Regulatory information required by Schedule III****(a) Key Ratios (refer notes below)**

S. No	Particulars	Numerator	Denominator	June 30, 2023	June 30, 2022	% Variance	Reason for Variance
1	Current Ratio (times)	Current Assets	Current Liabilities	3.17	2.72	16%	Not applicable.
2	Return on Equity Ratio (percentage)	Net Profit after Taxes	Capital Employed	13%	18%	-28%	On account of decrease in profits mainly due to one-time expense incurred towards movement of machineries within factory premises, lower capacity utilisation and under absorption of overheads in Machining Solutions business.
3	Trade Receivable Turnover Ratio (times)	Net Credit Sales	Average Trade Receivable	7.72	7.90	-2%	Not applicable.
4	Trade Payable Turnover Ratio (times)	Cost of materials consumed, purchase of stock in trade and operating expenses (Excluding provision for product support, provision for doubtful debts, rates and taxes, changes in inventory and net loss on foreign currency translation)	Average Trade Payables	8.73	6.55	33%	On account of reduction of purchases at year end due to planned movement of machineries within factory and in the prior year, the purchases were higher in the last quarter.
5	Net Capital Turnover Ratio (times)	Net Sales	Working Capital (Current Assets less Current Liabilities)	3.25	3.27	-1%	Not applicable.
6	Net Profit Ratio (percentage)	Net Profit after Taxes	Net Sales	8%	12%	-29%	On account of decrease in profits mainly due to one-time expense incurred towards movement of machineries within factory premises, lower capacity utilisation and under absorption of overheads in Machining Solutions business.
7	Return on Capital Employed (percentage)	Earnings before Interest and taxes (EBIT)	Capital Employed	17%	24%	-28%	On account of decrease in profits mainly due to one-time expense incurred towards movement of machineries within factory premises, lower capacity utilisation and under absorption of overheads in Machining Solutions business.
8	Debt Equity Ratio	Debt	Equity	0.004	0.00	100%	Debt represents lease liability and it was accounted for during the current year.



## Summary of significant accounting policies & other explanatory information (cont'd)

(All amounts in ₹ millions unless otherwise stated)

9	Debt Service Coverage Ratio(DSCR)	Earnings before Interest and taxes (EBIT)	Interest+Principal	163	-	100%	Debt represents lease liability and the interest on such lease liability was accounted for during the current year.
10	Return on Investment	Net profit after tax	Opening capital	14%	19%	-30%	On account of decrease in profits mainly due to one-time expense incurred towards movement of machineries within factory premises, lower capacity utilisation and under absorption of overheads in Machining Solutions business.

### 39 Regulatory information required by Schedule III (cont)

#### (b) Others

##### (i) Details of benami property held

The Company does not hold any benami property. No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

##### (ii) Borrowing secured against current assets

The Company has no borrowings from banks and financial institutions on the basis of security of current assets.

##### (iii) Wilful defaulter

The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

##### (iv) Relationship with struck off companies

The Company did not have any material transactions with companies struck off under Section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 during the financial year.

##### (v) Registration of charges or satisfaction with Registrar of Companies

There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

##### (vi) Compliance with number of layers of companies

The Company does not have any subsidiaries and hence compliance with section 2(87) of the Companies Act, 2013, read with the Companies (Restriction on number of Layers) Rules, 2017 ('layering rules') is not applicable to the Company.

##### (vii) Utilisation of borrowed funds and share premium

(A) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the group (Ultimate Beneficiaries) or
- provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

(B) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

##### (viii) Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of accounts of the Company.

##### (xi) Details of crypto currency or virtual currency

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

##### (xii) Valuation of property, plant & equipment, right-of-use assets, intangible asset and investment property

The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.





## Summary of significant accounting policies & other explanatory information (cont'd)

(All amounts in ₹ millions unless otherwise stated)

### 40 Compliance with approved scheme of arrangements

- a) The Board of Directors at its meeting held on December 4, 2020, approved a Scheme of Arrangement (the "Scheme") between the Company and Widia India Tooling Private Limited, the erstwhile wholly owned subsidiary (the "transferor company"), under Sections 230 to 232 of the Companies Act, 2013 (the "Act") and other provisions of the Act for merger of the transferor company into the Company, subject to necessary approvals, with an "appointed date" of April 1, 2021. The National Company Law Tribunal, Bengaluru bench ("NCLT") vide its order delivered dated October 17, 2022 (received on November 16, 2022) sanctioned the Scheme and upon filing of the certified copy of the NCLT order with the Registrar of Companies, the Scheme became effective on December 7, 2022. The transferor company did not carry on any business since January 1, 2021. However, the merger has been accounted for in the books of the Company in accordance with "pooling of interests" method as prescribed under "Appendix C, Business combinations of entities under common control" of Ind AS 103 "Business Combinations" as specified in clause 12.1 of the Scheme.
- b) Pursuant to the accounting treatment prescribed in the Scheme, the Company has accounted for the merger, including net assets amounting to ₹144 (June 30, 2022: Nil) in the books of the Company from the date required under "Appendix C, Business combinations of entities under common control" of Ind AS 103 "Business Combinations" as specified in clause 12.1 of the Scheme, which is the beginning of the preceding period presented (i.e., July 1, 2021). Accordingly, the comparatives information presented in the Statement of Profit and Loss and Statement of Cash Flows for the year ended June 30, 2022 and Balance Sheet as at June 30, 2022 have been restated.

The assets and liabilities as on July 1 2021 considered for restatement in accordance with the terms of the Scheme is summarised below:

	Amount	Amount
<b>Agreed value of assets transferred:</b>		
Income tax assets (net)	2	
Trade receivables	0	
Cash and cash equivalents	143	
Other financial assets	1	
Other current assets	0	146
<b>Less : Agreed value of liabilities transferred:</b>		
Trade payables	2	2
<b>Net assets</b>		<b>144</b>
<b>Net assets as per the above</b>		<b>144</b>
Balance in Surplus in statement of profit and loss transferred	123	
Share based compensation	1	124
<b>Net Assets transferred (I)</b>		<b>20</b>
<b>Investment held in books (II)</b>		<b>20</b>
<b>Goodwill and capital reserve in accordance with Scheme (I-II)</b>		<b>-</b>

As per our report of even dated attached.

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/ E-300009

Shivakumar Hegde  
Partner  
Membership Number: 204627

Bengaluru  
August 11, 2023

For and on behalf of Board of Directors  
of Kennametal India Limited  
CIN: L27109KA1964PLC001546

Venkatesan Vijaykrishnan  
Managing Director  
DIN - 07901688  
Bengaluru  
August 11, 2023

Suresh Reddy K V  
Chief Financial Officer  
Bengaluru  
August 11, 2023

B. Anjani Kumar  
Chairman and Director  
DIN - 00022417  
Bengaluru  
August 11, 2023

Naveen Chandra Prakash  
Company Secretary  
Bengaluru  
August 11, 2023





Donating a school van to promote education



Participating in relevant customer-facing events



Celebrating diversity and inclusion on International Women's Day 2023



Engaging with our network of metal cutting distributors to accelerate growth plans



## **Kennametal India Limited**

CIN: L27109KA1964PLC001546

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