Kirloskar Ferrous

Ref No. 2924/23 11 July 2023

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

Dear Sir / Madam,

Subject : Annual Report and Notice of Annual General Meeting

Pursuant to Regulations 30, 34 and 53 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; we submit the Annual Report of the Company for the financial year 2022-2023 (including the Notice of 32nd Annual General Meeting).

In compliance with provisions of the Companies Act, 2013 ('the Act') and rules thereof read with the General Circular No. 14/2020 dated 8 April 2020, the General Circular No. 17/2020 dated 13 April 2020, the General Circular No. 20/2020 dated 5 May 2020 and the General Circular No. 10/2022 dated 28 December 2022 issued by the Ministry of Corporate Affairs [collectively referred to as 'MCA Circulars'] and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, read with the Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020, the Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13 May 2022 and the Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5 January 2023 issued by the SEBI [collectively referred to as 'SEBI Circulars']; the Annual Report (including the Notice of Annual General Meeting) is being sent only by email to all those Members, whose addresses are registered with the Company / the Registrar and Share Transfer Agent or the Depository Participants.

The Annual Report for the financial year 2022–2023 [including the Notice of Annual General Meeting] is also available at the website of the Company viz. www.kirloskarferrous.com.

You are requested to take the same on record.

Thanking you,

Yours faithfully,
For Kirloskar Ferrous Industries Limited

MAYURESH VINAYAK GHARPURE

Digitally signed by MAYURESH VINAYAK GHARPURE
Date: 2023.07.11 18:49:10 +05'30'

Mayuresh Gharpure
Company Secretary

Encl : a/a

Kirloskar Ferrous Industries Limited
A Kirloskar Group Company

Turnaround story continues

Annual Report
2022-23

Inside the report

01 CORPORATE OVERVIEW

02 STATUTORY REPORTS

03 FINANCIAL STATEMENTS

Performance in FY 2022-23

Revenue

₹4,149 Crore

EBITDA

₹618 Crore

PBT

₹472 Crore

PAT

₹351 Crore

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

PDF

To view the report online, log on to www. kirloskarferrous.com/ investors/annual-reports

Scan the QR Code to know more about the company

About the report

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

This report is primarily intended to address the information requirements of investors (our equity and prospective investors). Our endeavour is to present this information in a manner that is also relevant to all the key stakeholders.

This report also aligns with following :

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

Scope and boundary

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

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

Reporting period

The reporting period for the Annual Report is from 1st April 2022 to 31st March, 2023. However, certain portions of the report provide facts and numbers from prior years in order to give readers a complete picture.

Auditor's Report

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

Stakeholder feedback

Stakeholders' constructive participation and feedback are welcomed and appreciated. Please send us your feedback at:

Email: kfilinvestor@kirloskar.com

Website: www.kirloskarferrous.com

Our stakeholders

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

Forward-looking statements

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

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

Mark bearing word 'Kirloskar' in any form as a suffix or prefix is owned by Kirloskar Proprietary Limited and Kirloskar Ferrous Industries Limited is the permitted user.

Corporate Information

Board of Directors

Mr. Atul Kirloskar
Chairman
DIN - 00007387

Mr. Rahul Kirloskar
Vice Chairman
DIN - 00007319

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

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

Mrs. Nalini Venkatesh
Independent Director
DIN - 06891397

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

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

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

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

Mr. Venkataramani S.
Independent Director
DIN - 00229998

Mr. R. S. Srivatsan
Executive Director (Finance) and Chief Financial Officer
DIN - 0009607651

Mr. Pravir Kumar Vohra
Independent Director
DIN - 00082545

Mrs. Shalini Sarin
Additional Director
(with effect from 13 May 2023)
DIN - 06604529

Company Secretary

Mr. Mayuresh Gharpure

Statutory Auditor

Kirtane & Pandit LLP, Chartered Accountants

Secretarial Auditor

Mr. Mahesh J. Risbud, Practicing Company Secretary

Cost Auditor

Dhananjay V. Joshi & Associates, Cost Accountants

Debenture Trustee

Catalyst Trusteeship Limited

Security Trustee for the consortium of banks

IDBI Trusteeship Services Limited

Bankers

Bank of Maharashtra
Kotak Mahindra Bank Limited
Axis Bank Limited
The Hongkong and Shanghai Banking Corporation Limited (HSBC)
ICICI Bank Limited
Canara Bank
HDFC Bank Limited
Citibank N.A.
DBS Bank India Limited
BNP Paribas
IDBI Bank Limited

Registered Office

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

Works

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

Registrar and Share Transfer Agent (RTA)

Link Intime India Private Limited

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

Information for the Members of the Company

32nd Annual General Meeting on Thursday, 3rd August, 2023 at 11.00 a.m. (IST) through Video Conferencing or Other Audio Visual Means

Our Standalone Financial Performance

₹ in Crore

Sr. No.	Particulars	Ind AS 2022-23	Ind AS 2021-22	Ind AS 2020-21	Ind AS 2019-20	Ind AS 2018-19	Ind AS 2017-18	Ind AS 2016-17	Indian GAAP 2015-16	Indian GAAP 2014-15	Indian GAAP 2013-14
1	Net sales / revenue from operations	4,149.42	3,614.97	2,038.08	1,849.66	2,159.15	1,765.19	1,276.76	1,113.93	1,365.09	1,232.16
2	Other income	42.38	11.29	2.83	15.64	5.53	5.16	5.34	2.25	3.11	3.08
3	Profit Before Tax	472.03	542.69	363.19	156.18	146.71	54.42	121.09	85.23	71.85	57.99
4	Tax provisions	121.33	136.59	61.08	43.81	48.60	16.42	33.26	27.49	22.57	18.15
5	Profit After Tax	350.70	406.10	302.11	112.37	98.11	38.00	87.83	57.74	49.28	39.84
6	Dividend (%)	110	110	100	40	40	25	35	25	25	25
7	Dividend per equity share (₹)	5.50	5.50	5.00	2.00	2.00	1.25	1.75	1.25	1.25	1.25
8	Dividend amount	76.43	76.30	69.17	27.56	27.53	17.16	24.03	17.16	17.16	17.16
9	Earnings per share (₹)	25.26	29.32	21.89	8.16	7.14	2.77	6.40	4.20	3.59	2.90
10	Book Value per share (₹)	115.61	95.89	72.02	52.09	47.59	43.05	42.43	35.83	33.14	31.06
11	Equity Share Capital	69.48	69.36	69.17	68.91	68.82	68.65	68.65	68.65	68.65	68.65
12	Reserves and Surplus	1,536.99	1,260.74	927.20	649.02	586.28	522.39	513.92	423.38	386.38	357.78
13	Shareholders' Funds	1,606.47	1,330.10	996.37	717.93	655.10	591.04	582.57	492.03	455.03	426.44
14	Long-term Loans	644.27	515.59	206.77	228.24	53.00	-	-	-	10.00	60.23
15	Capital Employed	1,618.89	1,395.00	1,219.64	996.34	795.61	676.76	664.39	572.21	538.09	550.84

LIMITLESS

As society changes and progresses, we at Kirloskar keep up with the pace by constantly evolving. Our philosophy, which has been the foundation of our organisation for 134+ years, focuses on the progress of humanity. We encourage our customers to boldly embrace the future by breaking free from conventions and living up to their limitless potential.

Guided by our values, we have a vision that propels us towards an exciting future full of endless possibilities. With innovation as our driving force, we engineer solutions for tomorrow, always keeping human progress at the forefront. We strive to see beyond challenges and envision the unlimited potential that the future holds.

Being limitless also means a firm commitment to the values we live by: Innovative Thinking, Empathy, Collaboration, Integrity, Excellence, and Value Creation. By designing ground-breaking solutions, we create avenues for innovative services that address problems, generate value for our customers and society, and hope to exceed their expectations. We operate with empathy and a strong commitment to moving forward together with our customers and partners because, together, we are limitless.

Turnaround story continues

At Kirloskar Ferrous Industries Limited (KFIL), we are transforming transformation to build a future that is limitless.

After VSL Steel and Hiriyur Pig Iron Plant, the acquisition of Indian Seamless Metal Tubes (ISMT) is set to aid in augmenting value-added growth. We are certain that the acquisition of ISMT will unfold a new chapter of growth and sustainability for the business. We believe this is a step towards turning around our growth narrative to realise our vision of being a 'billion-dollar company' ahead of time and strengthening the 'Make in India' story.

Under KFIL's leadership, ISMT underwent a remarkable transformation in FY 2022-23. With KFIL's turnaround expertise and strategic vision, ISMT has turned net profit positive within a year of acquisition.

From iron ore mining to seamless steel tubes, KFIL continues to improve the value addition.

We have the scale, expertise and commitment to Turnaround our growth story, while being equally responsive to the expectations and concerns of all our stakeholders.

Kirloskar Group

Innovation that empowers and enriches

For more than 134 years, the Kirloskar Group has been a driving force of excellence and innovation.

At the heart of our group's story lies the iron plough. A century ago, our founder, Shri Laxmanrao Kirloskar, started his journey with a small bicycle repair shop in Belgaum, Karnataka, India. Over time, he transformed it into a modest machine tool workshop, manufacturing not only iron ploughs but also chaff cutters – just one example of the engineering innovations that would shape the group's future.

Today, our founder is celebrated as a pioneer of Indian industry and a notable social reformer. Above all, he was an entrepreneur driven by a passion for innovation that improved people's lives. His enduring legacy provides employment to thousands in India and positively impacts millions of lives, both in India and around the globe.

Today, Kirloskar is recognised as the leader in castings, diesel engine manufacturing, backup power solutions, pneumatic packages, and cooling solutions, serving as a cornerstone for various industries. With a trail of pioneering achievements, we constantly innovate solutions that defy conventions and unlock a boundless future.

Our group of companies actively operates across diverse sectors, including agriculture, manufacturing, food and beverage, oil and gas, infrastructure, and real estate. The sustainability and profitability of these businesses can largely be attributed to the core values woven into our foundation.

134+
Years of engineering excellence

05
Listed companies*

6,800+
Employees across the group companies*

₹ 8,439 Crore
Combined shareholders' funds*

₹ 20,320 Crore
Combined market cap*#

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

#Market cap based on closing market price of 31st March, 2023.

About Kirloskar Ferrous

Pioneering the industry with an iron will

We are one of the leading manufacturers in India and have revolutionised the high-quality Pig Iron and Grey Iron casting industry.

We provide the finest services and products by delivering what is critical to the customer. We have three production facilities; Koppal, Hiriyur (Karnataka), and Solapur (Maharashtra). Our products are manufactured with the highest level of precision as well as quality.

Our two main product lines are Pig Iron and Castings. The pig iron that we produce is extensively utilized across several industries. Main casting products include cylinder blocks, cylinder heads and housings. These products are used across end industries like Steel, Tractor Industry, Commercial vehicles manufacturing, Automobile manufacturing, Engine manufacturing and so on.

Vision

Be a sustainable growing organisation creating value to all stakeholders with limitless opportunities.

Mission

To become Largest Alloy steel manufacturer in India and Global top 5 in Castings

To become 2 Billion dollar company by 2030

1.4 MILLION
Tonne liquid metal

1 MILLION
Tonne alloy steel

0.3 MILLION
Tonne casting

0.3 MILLION
Tonne seamless tubes

To be a preferred Employer and responsible neighbour through sustainable business practices.

Our Business
Ensuring products and services of highest quality

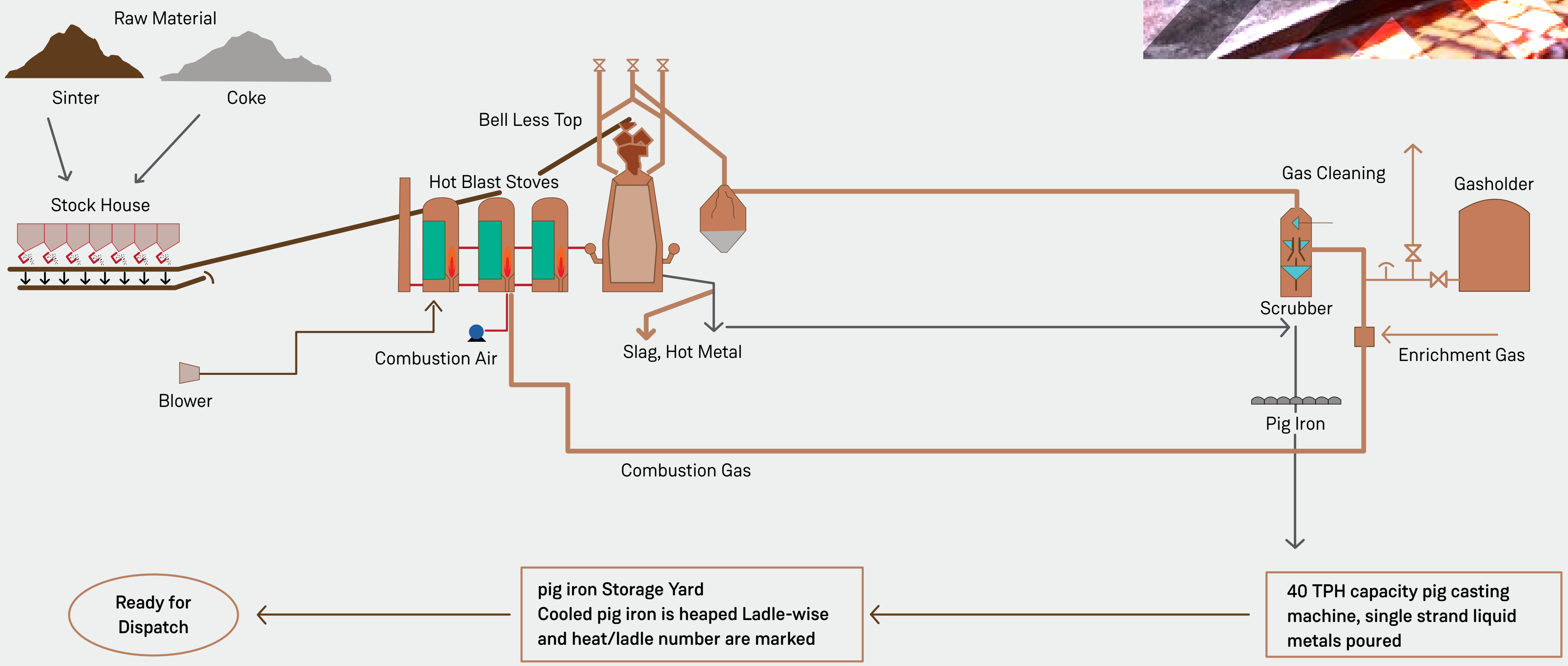
Pig Iron

We are primarily focused on going above and beyond our customers' expectations in every aspect of our business. We strive to manufacture pig iron that meets the exact specifications of our clients regarding weight, size, and chemical composition.

To ensure maximum efficiency in our operations, we provide customers with the chemistry report of each dispatch, thereby minimising the need for redundant sampling and optimising resource utilisation.

The distribution of our products is as critical as its production. We recognise the importance of timely delivery to our customers. To this end, we meticulously stack and load materials based on their heat sensitivity, ensuring our clients receive their orders promptly and in excellent condition. In doing so, we successfully fulfil our commitment to meeting our customers' needs while maintaining the highest standards of quality and service.

Pig Iron flow: Raw material to finished pig iron

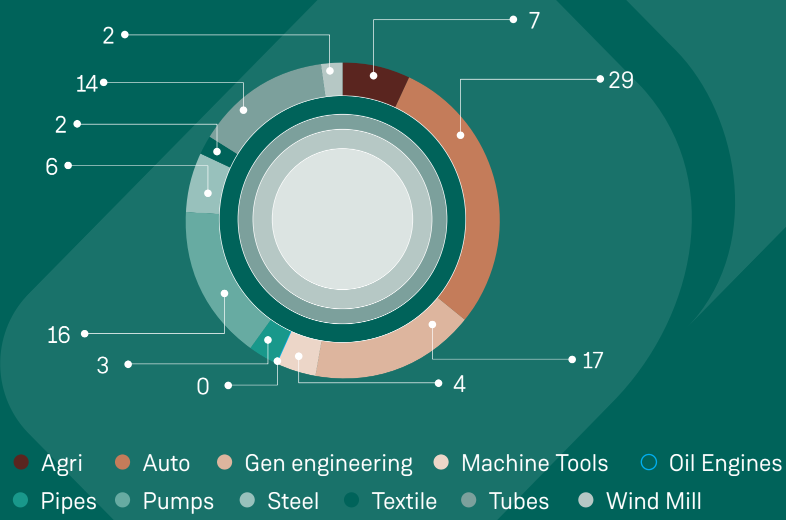


Numbers that matter

₹2,374 Crore
Revenue

57 %
Share in total revenue mix

End user profile (in %)



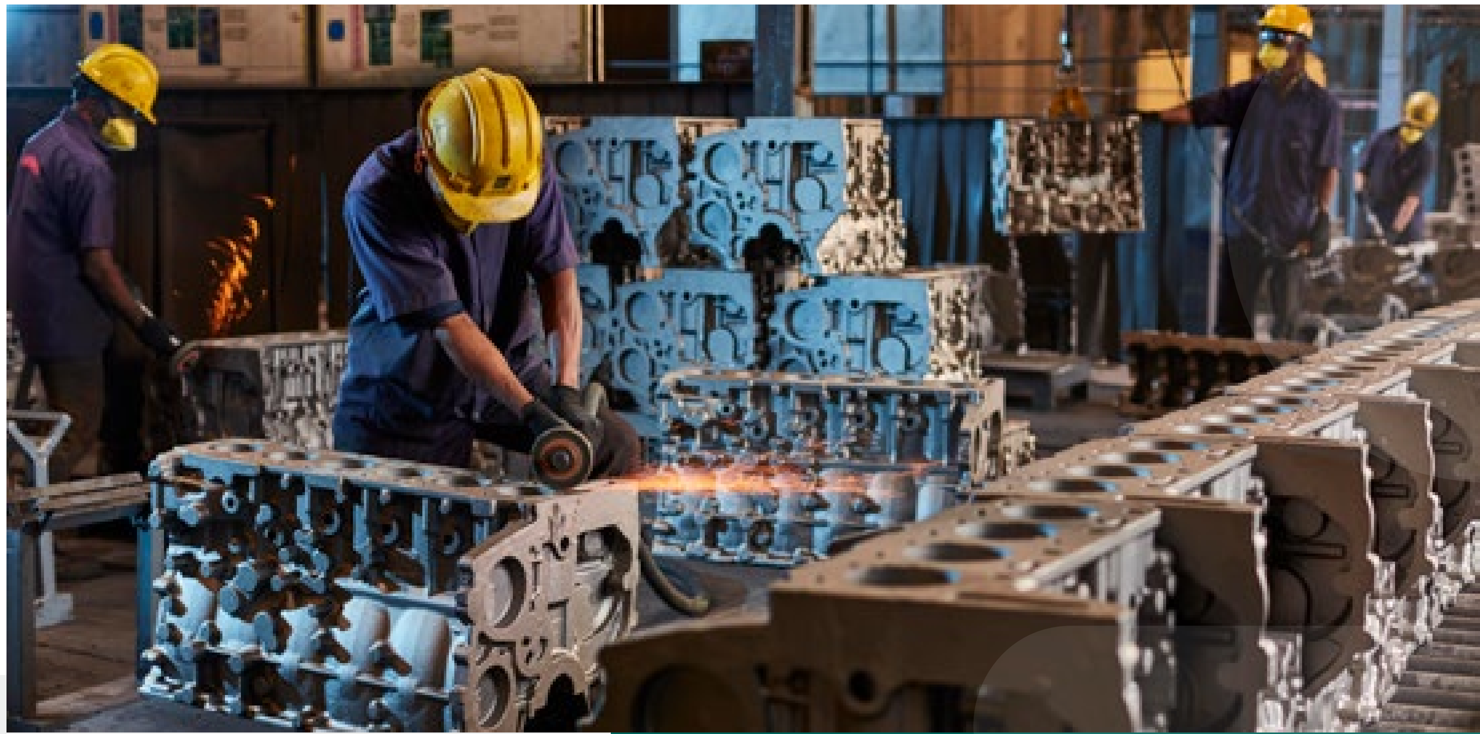
Our Business contd...

Iron Castings

Our Company specialises in producing custom Grey Iron Castings for original equipment manufacturers (OEM) and Tier-I suppliers. We work closely with our customers to meet their specific design and specification requirements. Our business development and new product development teams work collaboratively with our customers to ensure faster development of new products and their efficient production. We strive to provide exceptional service and quality products that meet the unique needs of each customer.

Our Products

1. Cylinder blocks
2. Cylinder head
3. Housing



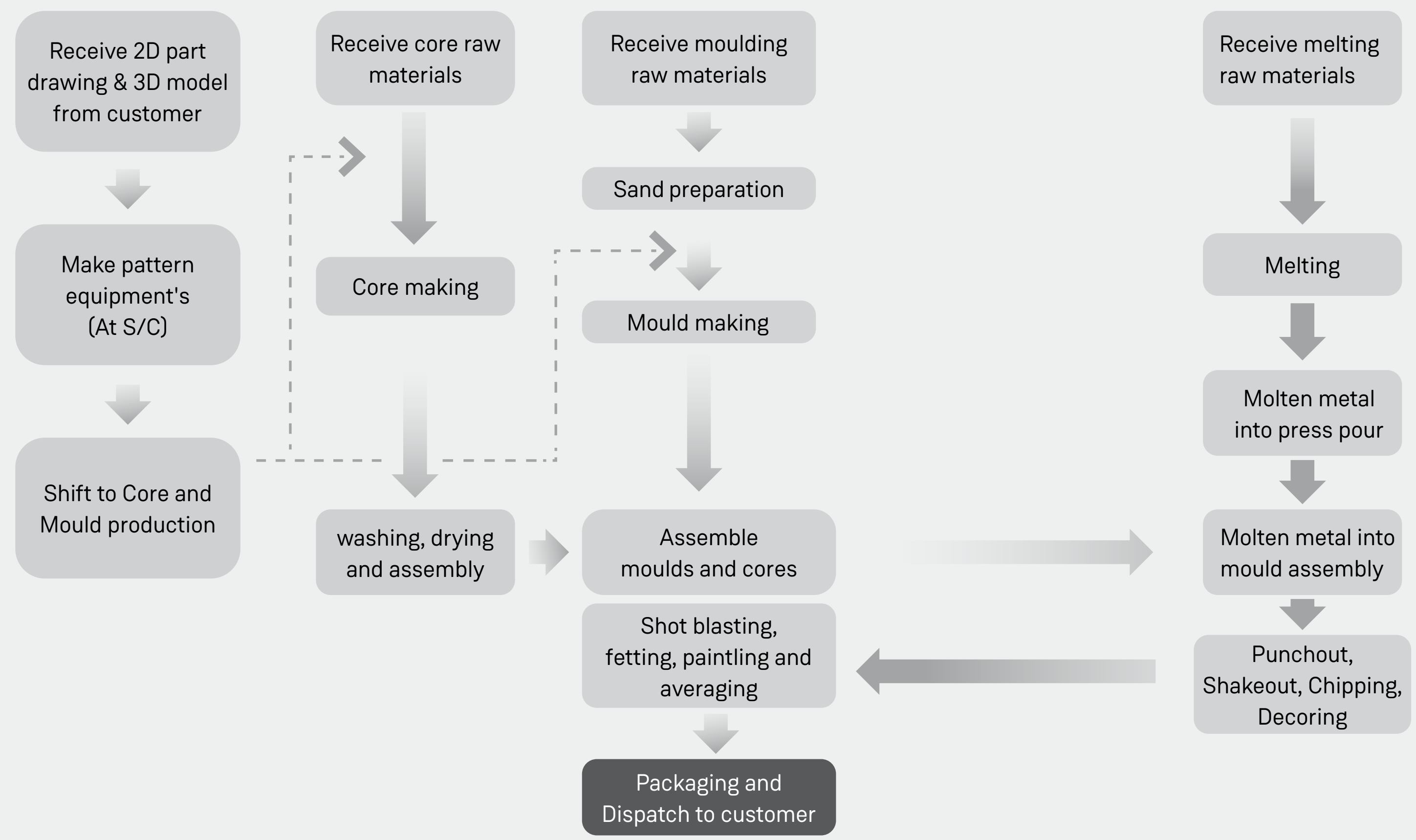
Proto casting business

We have established a 3D Core/Mould printing facility at our Koppal Plant to meet the increasing demand for rapid prototype castings. The objectives of our Proto Casting business are to reduce New Product Development (NPD) time, support customers in creating new models quickly, provide a one-stop solution, and produce high-quality castings. Our cutting-edge technology enables us to deliver efficient and cost-effective solutions, making us a leader in this market.

Machining business

We have advanced machining facilities at our Solapur and Koppal plants, co-located with our foundries. The Solapur plant specialises in 3 and 4-cylinder blocks and heads, while Koppal can handle 3, 4, and 6-cylinder blocks and housings. Both facilities have dedicated Horizontal Machining Centers (HMCs), Vertical Machining Centers (VMCs), and Special Purpose Machine (SPM) for fully machined castings. We also have Co-ordinate Measuring Machine (CMM) machines for dimensional validation. The Solapur plant assembles the NALT Cylinder Block and Bed Plate after machining. We deliver high-quality castings in record time, making us a trusted partner in the machining industry.

Foundry process flow diagram

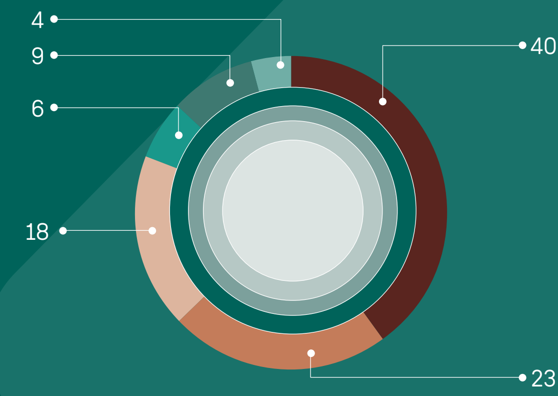


Numbers that matter

₹1,673 Crore
Revenue

40 %
Share in total revenue mix

End user profile (in %)

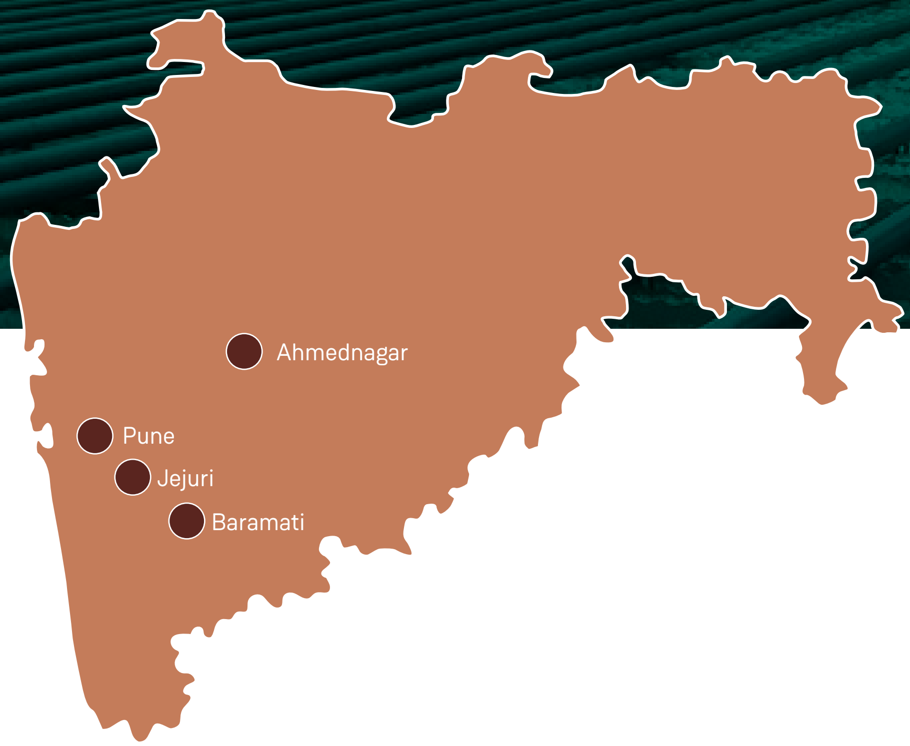


- Tractor industry
- Deemed export CV
- Domestic CV
- Auto (PV and UV)
- Engines
- Off highways

Our Presence

Expanding our capabilities

ISMT is a leading manufacturer of specialised seamless tubes in India, producing tubes in a wide range of sizes. With one of the most modern alloy steel plants in India, we are capable of producing a diverse range of alloy steels.



ISMT LIMITED
Solutions You Can Trust

ISMT acquisition: Forward integration and product diversification

KFIL has a long history of acquiring companies and turning those non-profit-making companies into profitable ones. Through the acquisition of ISMT, the Company is expanding it's product portfolio beyond iron castings into new product lines, such as seamless tubes.

Additionally, diversifying the product basket has allowed the Company to target a wider range of end-use applications, providing opportunities for cross-selling and attracting new customers.

This acquisition has established KFIL as one of the top seamless tube manufacturers in India, catering to a diverse range of industries.

When Kirloskar Ferrous Industries Limited (KFIL) acquired ISMT Limited, the latter was facing significant financial challenges. ISMT was struggling with high levels of debt and declining profitability due to intense competition and a sluggish economy.

However,

KFIL first focused on reducing ISMT's debt burden through a combination of asset sales, debt restructuring, and cost-cutting measures.

KFIL implemented strategic restructuring measures that led to increased operational efficiency and cost optimisation within ISMT, helping the company overcome its financial challenges.

Under KFIL's leadership, ISMT is undergoing a remarkable transformation.

As a result of cost-saving initiatives, ISMT's operations have become profitable at both the operating and net levels. Pending regulatory approval, the proposed merger of ISMT into KFIL is anticipated to yield advantages such as amplified operational scale, extended market coverage, and enhanced product diversification.

KFIL also implemented strict governance and compliance measures to ensure transparency and accountability at ISMT, improving investor confidence and strengthening the company's reputation.

Our Journey

Reaching milestones

1991
Year of Inception

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

1995
Commercial production from Mini Blast Furnance-II
Commercial production of Grey Iron castings

2007
Acquired Solapur foundry from Kirloskar Oil Engines Ltd. Commissioning of Hot Blast Stove-I

2008
Commissioning of HPML Plant Solapur

2010
Commissioning of Hot Blast Stove-II
Commissioning of Power Plant-III

2011
Turnaround year
- Commissioning of Sinter Plant
- Solapur Foundry operations turned profitable

2013
Commissioning of Line II at Koppal Plant

2014
Set up an Administrative Building at Koppal

2016
Upgradation of Mini Blast Furnace

2017
Commissioning of the Machine shop at Koppal

2018
- Commissioning of Solar Plant in Solapur
- Commissioning of 3D Printing Facility

2019
Commissioning of Railway Siding at Koppal

2020
- Commissioning of 2 Lakh Tonne Coke Oven
- Started Production of Captive Iron Ore Mines

2021
Turnaround year
Acquisition and commissioning of Hiriyur Pig Iron Unit
- 2022 - Sinter plant commissioning in Hiriyur,
- Line II Core shop Extension Phase 1,
- Fettling shop extension

2022
Acquisition of ISMT

2023
Turnaround year
- ISMT turned profitable within a year of acquisition
- Expansion of Foundry capacity at Solapur
- KFIL - ISMT merger proposed
- Commissioned second Coke oven plant at Koppal
- 20 MW waste heat recovery plant attached to the second phase of coke oven commissioned

Chairman's Message

Dear Shareholders,

I am delighted to present to you KFIL's performance for the fiscal year 2023. It has been an eventful year marked by significant achievements and transformative initiatives that have positioned our company for sustained growth and success.

I am pleased to inform you that our strategic acquisition of ISMT Limited has yielded a positive net profit within a year of acquisition. ISMT, a renowned seamless tube manufacturer, faced numerous challenges when we acquired it last year. However, through our dedicated efforts and strategic planning, we have successfully orchestrated a remarkable turnaround for ISMT. The company's financial performance has improved significantly, and we are witnessing a steady improvement in operations. This achievement is a testament to the commitment and expertise of our teams who have worked tirelessly to optimise operations, enhance productivity, and revitalize ISMT's brand value.

Moreover, Our Solapur foundry expansion project has been completed within the scheduled timeline. The expansion enhances our casting capacity, enabling us to meet the growing demand for high-quality ferrous products. With this expansion, we are well-equipped to cater to the evolving needs of our customers and capitalise on the emerging opportunities in the market.

Strong Financial performance

We maintained robust financials in this fiscal year, near-term pressures notwithstanding. We continue to maintain a 15% CAGR on the top line and above 15% on the bottom line. For the year the standalone revenue was ₹ 4,150 crore and the net profit was at ₹ 351 crore. During the year, Mini Blast Furnace (MBF)2 at Koppal and MBF at Hiriyur underwent planned shutdown of around 94 and 41 days respectively towards up-gradation and carrying out relining works.

Focus on sustainability

At KFIL, we have always recognized the importance of innovation and sustainability. In line with this ethos, we have invested in research and development initiatives focused on developing advanced technologies and eco-friendly processes. These investments are aimed at reducing our carbon footprint, conserving resources, and delivering sustainable solutions to our customers. We remain committed to responsible manufacturing practices that prioritise environmental stewardship and contribute to the well-being of the communities in which we operate.

Operational Excellence

Our relentless pursuit of operational excellence and cost optimisation has yielded positive outcomes. By implementing efficiency enhancement programmes, streamlining processes, and optimising our supply chain, we have managed to keep costs under control despite the volatility of input commodity prices.

Proposed Merger of KFIL and ISMT

During the year we have proposed a scheme of the merger of KFIL and ISMT. We believe the combined business would benefit from increased scale, expanded reach, higher cross-selling opportunities to a larger base of customers, and improvement in productivity. The appointed date of the proposed scheme is April 1, 2023. All the regulatory and compliance requirements are under process.

Positive Outlook

In conclusion, I would like to express my deepest gratitude to our people, whose dedication and hard work have been instrumental in our success. I would also like to extend my sincere appreciation to our valued customers, suppliers and partners for their unwavering support and trust in our products and services.

We continue to maintain a 15% CAGR on the top line and above 15% on the bottom line. For the year the standalone revenue was ₹ 4,150 crore and the net profit was at ₹ 351 crore.

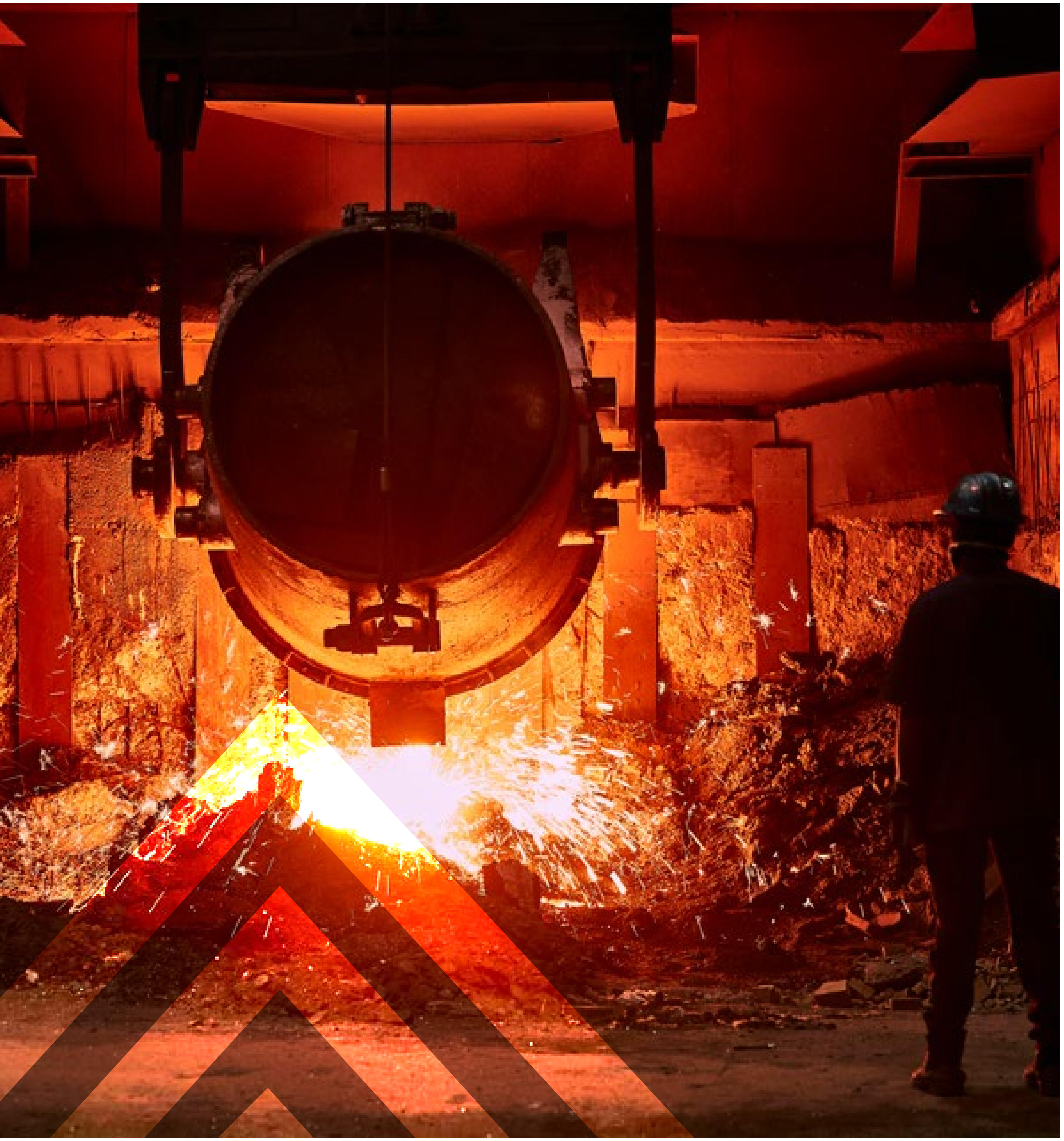
As we look ahead, we remain committed to our vision of being a globally competitive and customer-centric organisation. We will continue to explore new avenues for growth, embrace innovation, and uphold the highest standards of corporate governance and ethics. Together, we will seize the opportunities that lie ahead and steer Kirloskar Ferrous Industries Limited towards a future of sustained success and prosperity.

Thank you for your continued trust and confidence in KFIL.

Yours sincerely,

Atul Kirloskar
Chairman

Upholding a culture of transparency and responsibility



Culture of excellence

KFIL is dedicated to upholding a culture of excellence by prioritising the interests of all stakeholders in their business operations and decision-making processes. Our employees and directors follow corporate governance principles, processes, and systems to ensure that all transactions with stakeholders are conducted with integrity, responsibility, transparency, and legal compliance. We conduct quarterly board meetings and additional meetings as needed to assess performance, develop strategic plans, and maintain our progress. Our commitment to corporate governance helps maintain a high level of operational efficiency, delivering results and building lasting relationships with stakeholders.

Evaluating our ethical practises

We place the highest focus on maintaining ethical standards. We regularly perform customer, dealer, supplier, and investor satisfaction surveys to ensure that the wider community perceives our ethical practices positively. In addition, we carry out assessments of employee satisfaction to evaluate how effective our procedures, rules, and contract compliance are functioning.

Fostering reliability

We place great emphasis on integrity and have put in place several policies to guarantee that our employees adhere to ethical practices.

Supplier code of conduct

We maintain high standards in our business interactions with suppliers, partners, and sub-contractors. Our Supplier Code of Conduct policy is clearly communicated and understood by all our suppliers, and we work closely with them to ensure complete transparency in our processes. Our long-term relationships with customers, vendors, suppliers, and contractors are based on trust, openness, partnership, and relationship building. By fostering a culture of collaboration and mutual respect, we have created a positive and productive working environment that benefits all stakeholders involved. We are committed to maintaining these values in all our future endeavours, and we look forward to continued growth and success together.

Our Business Model

Leveraging our strengths to create sustainable value

Input

Financial Capital

- ₹ **1,607** Crore Net worth
- ₹ **644** Crore Long-term debt

Manufactured Capital

- **3** Manufacturing units
- **56** MW Captive power plant
- **9.7** lakhs MT Installed capacity of linear sinter plant
- **4** lakhs MT Installed capacity of coke oven plant

Intellectual Capital

- ₹ **4.98** Crore Spent on Research and Development
- **61** Employees in R&D Team

Human Capital

- **1,604** Employees on roll
- **40,779** Number of training hours (learning and safety)

Social and Relationship Capital

- ₹ **7.2** Crore spent on CSR
- **160** Employees volunteered

Natural Capital

Specific Energy Consumption (KWh/MT)

- Pig Iron (Koppal) - **159**
- Foundry (Koppal) - **1,278**
- Foundry (Solapur) - **2,228***
- Pig Iron Plant (Hiriyur) - **161**

Specific Water Consumption (cubic metre / MT)

- Koppal plant - **3.06**
- Foundry (Solapur) - **0.73**
- Pig Iron Plant (Hiriyur) - **1.42**

* Higher energy consumption due to new plant commissioning

Value creation process

Output

Financial Capital

- ₹ **4,149** Crore Turnover
- ₹ **618** Crore EBITDA
- ₹ **351** Crore PAT
- **24.3%** ROCE
- ₹ **5.50** Dividend per share
- ₹ **6,461** Crore Market capitalisation as on 31st March 2023

Manufactured Capital

Revenue by Business Segment -

- Pig Iron - ₹ **2,374** Crore
- Castings ₹ **1,673** Crore
- By-products - ₹ **102** Crore

Intellectual Capital

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

Human Capital

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

Social and Relationship Capital

- **15,000** People benefited through CSR activities
- **15** Schools covered
- **6,800** Students benefitted

Natural Capital

- **103.46** Tonnes Hazardous waste recycled
- **1,75,558** MT Waste recycled and reused
- Energy intensity per rupee turnover reduced by **48.23 GJ/Crores**

Stakeholder Communication

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

Stakeholders	Expectations	Mode of engagement
Customers	Quality of product New Part Development (NPD) time Timely delivery Competitive pricing After sales service Surface finish	Throughout the year, we engage with our customers using a variety of approaches, including visits to our facilities and their sites, feedback surveys, quality audits, and meetings with their suppliers.
Dealers	Product quality, timely delivery Long term business Timely payments Ethical practices	Engagement is carried through out the year and also annually through annual dealers' meets
Shareholders/Investors	Future business plans Sustainable top line and profitable bottom line growth Financial stability	Engagement is undertaken on a need basis through annual general meetings, investor meetings, earnings calls and shareholders' grievances.
Supplier/ sub-contractors	Sustainable business growth Supply chain management Sharing business plan Ethical practices	Engagement on a timely basis through supplier/vendor meet, Fettlers and contractors' meetings and Suppliers/Vendors Audits.

Stakeholders	Expectations	Mode of engagement
Employees	Career growth opportunities Favourable working conditions Fair practice and wages Skill development and training programmes Health and safety Reward and recognition	Regular engagement with employees is a priority, with communication channels including Annual AOP/LRP messaging, Republic Day, Independence Day & Kannada Rajyotsav celebrations, Sankalp Day gatherings @ Solapur, and monthly employee engagement surveys. We also conduct Brown Paper Exercises to ensure open communication and collaboration.
Government Agencies and Regulatory bodies	Compliance with rule and regulations Proper reporting	Engagement is carried out periodically to comply with rules and regulations as well as applicable laws.
Society	Environment, health and safety Livelihood generation Infrastructure development Education	Engagement is carried out on need basis via society perception survey, informal interaction and CSR programme.

Ensuring Good Governance

At KFIL, we strive to ensure utmost transparency and business integrity through our good governance practices. Our unwavering commitment to uphold our core values and principles guides our business operations, fostering responsible growth. This approach underscores our dedication to ethical business practices.

Ethics and transparency

Throughout our journey, we have adhered to responsible business conduct. Our compliance to standardised rules and regulations has been instrumental in fostering enduring connections with our esteemed shareholders. By implementing effective policies, we promote strong corporate governance, streamlined administration and the creation of a conducive work environment.

Code of conduct

At KFIL, we promote accountability and transparency through our code of conduct, ensuring confidentiality and intellectual property protection for our valued stakeholders. By establishing a robust management system, we ensure comprehensive legal compliance across diverse laws. Additionally, we remain dedicated to integrity by conducting board meetings and encouraging open dialogue with all stakeholders. Our code of conduct, which serves as a guiding principle, unites and guides every member of our team, from top-level management to front-line personnel.

Whistle-blower policy

At KFIL, our focus on ethical conduct is exemplified by our whistle-blower policy. We understand the significance of providing a secure and trustworthy platform for our team members and stakeholders to voice concerns or disclose instances of misconduct, free from any fear of retaliation. Our whistle-blower policy guarantees that all complaints are handled confidentially and impartially, ensuring that appropriate measures are taken to address the reported issues. We prioritise creating a culture where individuals feel empowered to speak up, knowing that their concerns will be acted upon and resolved promptly.

Board committees

Our decision-making process is enhanced by the presence of several committees, each with distinct responsibilities. Among these committees, the Board Committee holds immense importance as it consists of accomplished and visionary leaders who aid in shaping the Company's business strategy. This drives our long-term growth and meet exceptional standards of corporate governance.

Committees

1

Audit committee

The committee is entrusted with the task of supervising the Company's financial procedures, internal checks and balances, identifying possible risks and weaknesses in control measures, and providing recommendations for addressing them.

2

Nomination and remuneration committee

The committee is responsible for examining the Company's remuneration policies, which includes executive compensation, incentives and benefits. Its objective is to ensure that these policies are aligned with the Company's strategic goals, industry standards and stakeholder interests.

3

Risk and management committee

The committee is accountable for the identification, evaluation and mitigation of risks, while ensuring the implementation of comprehensive risk management practices across all organisational aspects.

4

Corporate, Social and Responsibility committee

The committee's primary responsibility is to assess CSR policies, with a sharp focus on sustainable development, community engagement and ethical practices.

5

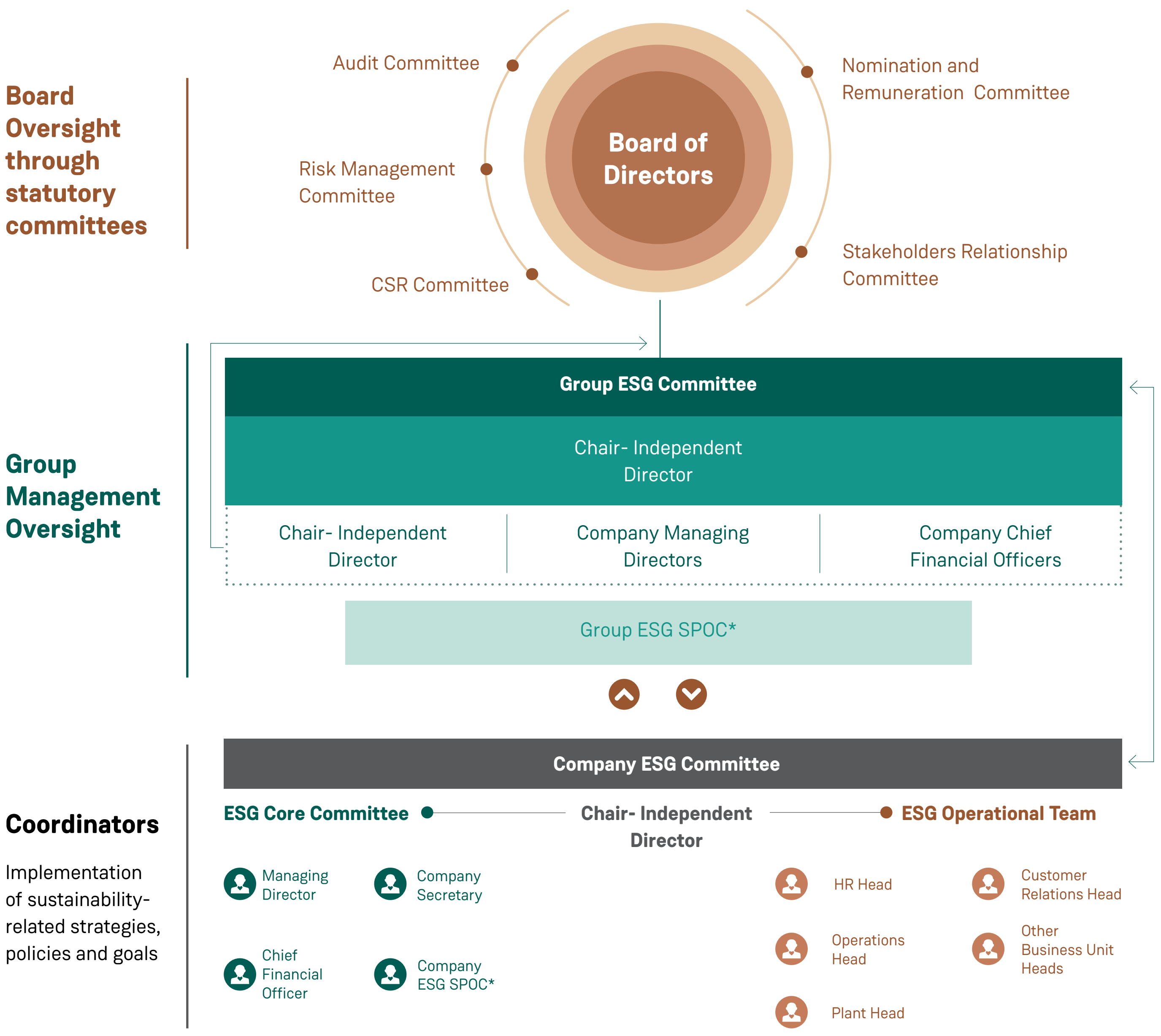
Stakeholders' relationship committee

The committee plays a crucial role in managing shareholder grievances, fostering robust stakeholder relationships and serving as a vital link between the organisation's objectives and the interests, concerns and stakeholder expectations.

Being More Responsible

Our ESG framework is a set of principles and standards that are used measure and manage our environmental, social, and governance (ESG) performance. ESG factors are increasingly important to investors, customers, and employees, and we are committed to demonstrate a strong ESG performance that gives us a competitive advantage.

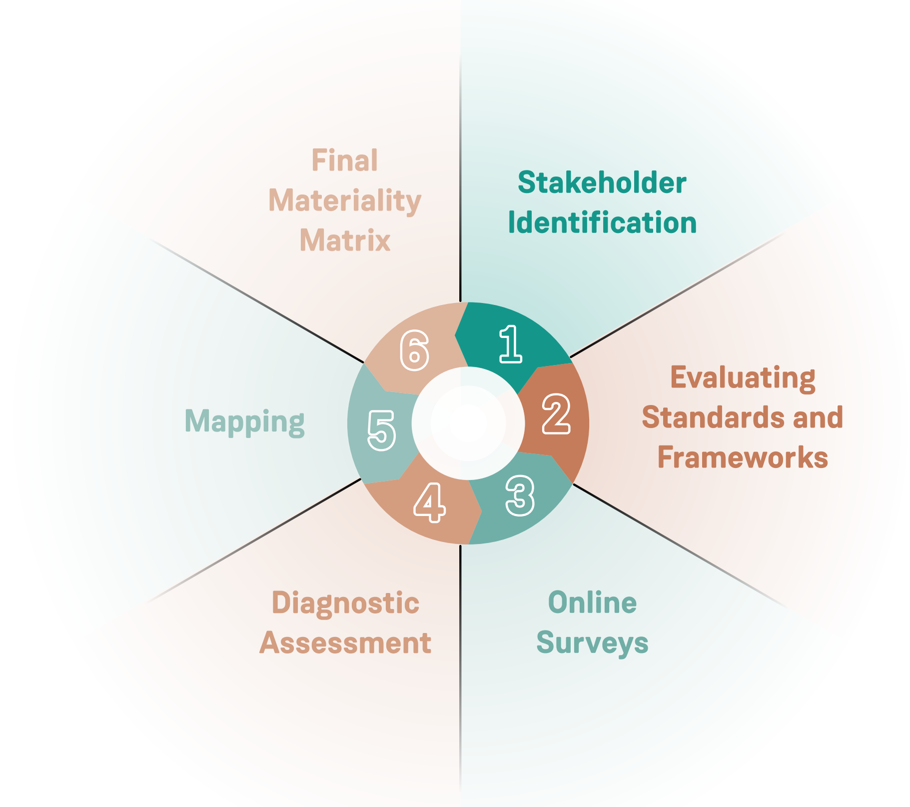
Sustainable Governance structure



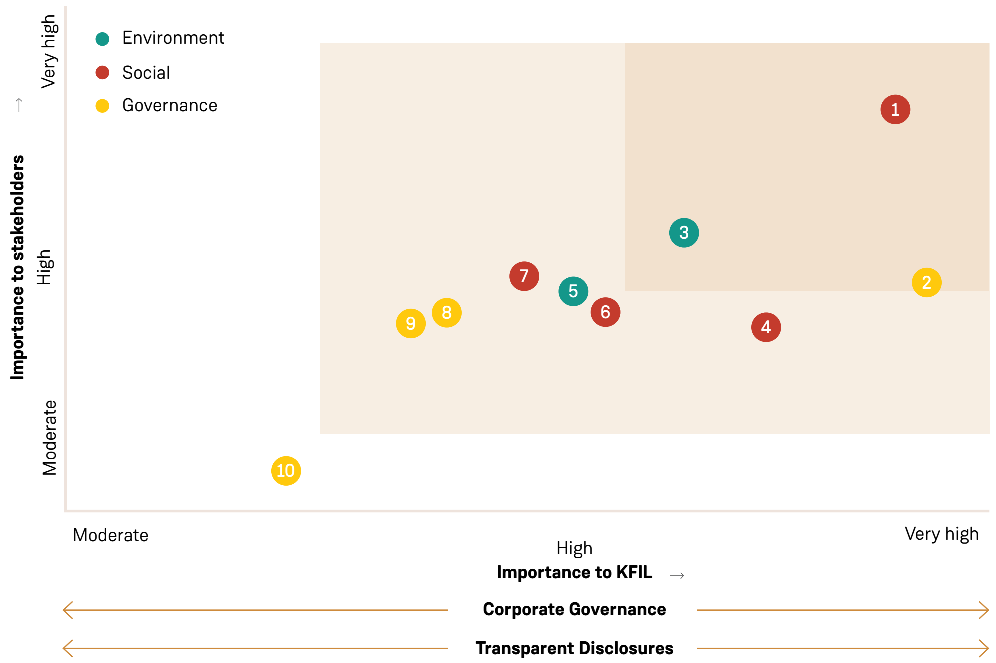
*SPOC - Single Point of Contact

Mapping Our Material Concerns

KFIL places great emphasis on the materiality assessment process, which plays a crucial role in identifying key material topics and its impact to both internal and external stakeholders. This proactive approach enables us to develop effective strategies for risk management and leverage opportunities for growth. By fostering an open and continuous dialogue with the stakeholders, we endeavour to stay ahead of the curve and respond swiftly to evolving industry trends.



Materiality matrix



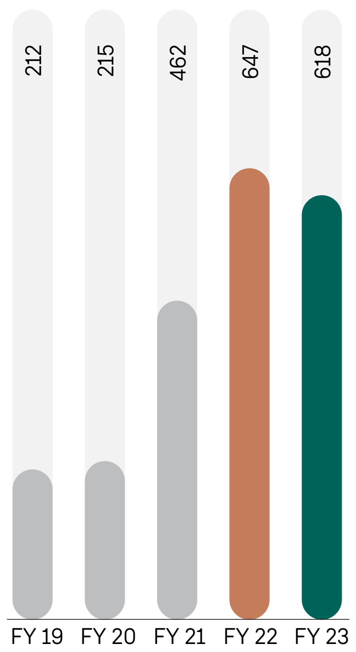
Rank	Material Issues
1	Employee health & safety
2	Business ethics
3	Circular economy (Waste & water management)
4	Talent management
5	Climate action (energy management, product stewardship, climate change, GHG & other air emissions, biodiversity)
6	Community relations
7	Human rights (Labour practices, human rights)
8	Responsible supply chain
9	Sustainable innovation
10	Data Privacy

Financial Capital

For years, our financial prudence has enabled us to strengthen our balance sheet, ensured healthy return on investments and backed our relentless aspirations to witness a remarkable turnaround. With a disciplined approach, we have achieved cost-efficiency, generated sustainable value for stakeholders in the long term and streamlined our operations.

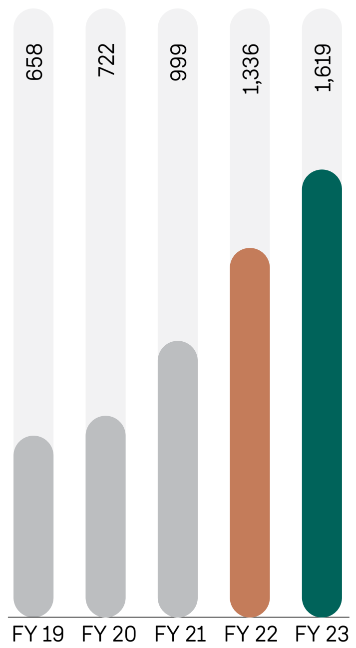
Revenue
(₹ in Crore)

EBITDA
(₹ in Crore)

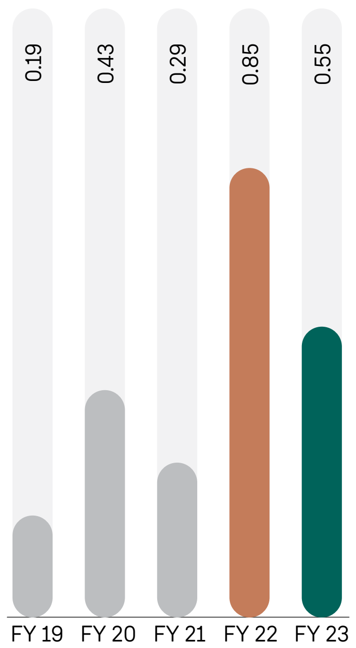


PAT
(₹ in Crore)

Net worth
(₹ in Crore)



Debt/Equity ratio
(in times)



ROCE
(%)

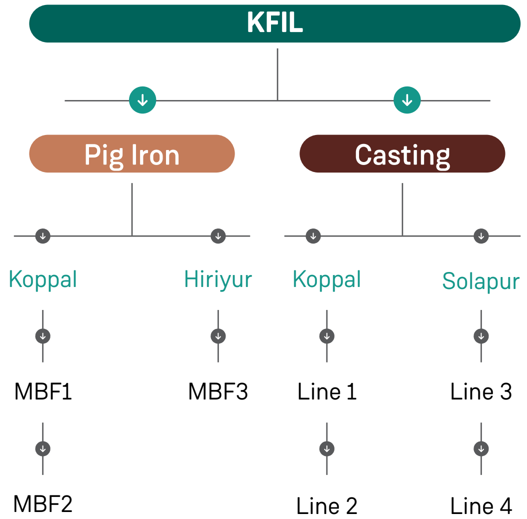
Manufactured Capital

Our endeavour towards manufacturing excellence continues to keep us a step ahead of competition. Over the years, we have consistently enhanced our capacity for producing intricate and critical engine castings in large volumes.

Total capacity per annum

~700,000 TONNE
Pig iron

~180,000 TONNE
Iron castings



Note: Map not to scale. Only for representation purpose

Note: MBF - Mini Blast Furnace

Our initiatives and systems put in place based on Theory of constraints (TOC) principle for faster New product development & Delivery performance of On time in full (OTIF) enabled us an edge to develop new products faster and ensure on-time delivery of products gained customer confidence and helped in attracting major Global OEM's and to leadership position in domestic market.

At KFIL, we have following state-of-the-art manufacturing facilities and infrastructure:

Casting business: High pressure moulding lines, Auto press pour, 3D core printing facilities for rapid proto parts, latest technology equipments in metallurgical and sand labs, Robotic core centres, robotic / mechanised finishing shops, robotic core handling and coating, casting simulation, scanner, CMM machines, HMC machining centers and so on,

Pig Iron business - we have key manufacturing facilities comprising Mini Blast furnaces with stoves, captive coke oven plant, a captive power plant, sinter plant, and supported by our Own captive iron ore mines and strategic location near to iron ore mines and well-connected roads/rail network for Pig iron business lends strength for efficient operations with low cost in pig iron manufacturing.

Also, our strategic manufacturing location in close proximity to essential raw supplies, supported by our own railway siding for efficient logistics, and warehouses located near customers, further strengthen our position.

We have also established long-term partnerships for the supply of critical materials and implemented advanced systems such as the Oracle ERP system and Radio Frequency Identification (RFID) control system for effective vehicle and asset tracking. Moreover, our robust extensive dealer network complements our manufacturing capabilities and enhances our overall efficiency.

Improved production capability

We have made significant improvement in our production capability, to solidify our position in the ferrous industry. Through a combination of strategic investments, technological advancements, and streamlined operational processes, we have successfully enhanced our production capabilities during FY 2023. We have installed state-of-the-art machinery and equipment, enabling higher efficiency and effectiveness which enhanced overall productivity.

Efficient output delivery

To enable smooth supply chain operations and adherence to OTIF in delivery performance, we have set up of warehouses near customer locations to achieve the smooth flow of materials from our manufacturing facilities.

Enhancement of maturity of the processes

Robust value creation and other organisational processes are continually matured aligning with organisational strategies. We have implemented several new manufacturing processes and technologies to improve the quality of our products and the productivity of our plants.

We are working on various methods / technologies to improve on different type of sand materials, coatings, yield improvement, tooling life enhancement and so on.

We have manufacturing excellence cell to train and implement industry best practices in systems / processes like Gemba, 5'S', 8D approach, six sigma practices for process capability, parivarthan processes, Kaizens, multi-disciplinary cross functional team, and cultural transformation in safety.

Sustainable solutions to optimise operations

We have implemented various innovative and sustainable solutions to optimise our operations. It has also resulted in timely addition / enhancement of quality and latest technology capacities both in casting and pig iron businesses like one more new moulding line installed and commissioned in Solapur to take our casting making capacity to 1,80,000MT for manufacture of critical engine components like cylinder blocks and heads.

Similarly in pig iron business Phase 2 coke oven plant capacity 180,000 MT commissioned and power plant of capacity 20 MW. This enabled us to become 100% power self-sufficient for captive usage and fuel for optimising the operations cost.

Coke oven plant capacity increased from 2 Lakh to 3.8 Lakh MT/annum. Total power plant capacity is increased from 32 MW to 50 MW.

Introduced bell less top in MBF2 enabled us to optimize the productivity & specific fuel consumption. In the current year we are introducing the bell less top in MBF1.

We are introducing Pulverized Coal Injection (PCI) and oxygen injection to MBF1 and MBF2 to further optimise productivity and specific fuel consumption.

Quality improvement through technology

Maintenance of critical components

To enhance the quality control process and ensure accuracy in measurement, we are utilising the technologically fortified 3D scanner with Coordinate Measuring Machine (CMM). Additionally, endoscopy is used for inspection of internal cleanliness and maintenance of critical components.

Improvement of sand quality

To improve the quality of mould sand, sand mixing and preparation process automation was introduced to improve quality control measures, minimize manual interventions and improve overall efficiency.

Automated operation

Robotic operations were introduced to eliminate manual interventions, enhanced precision and productivity while reducing the risk of error.

Efficiency increased as a result of this intervention and it helped create a safer working environment for our people.

Emphasis on quality control

A systematic process is followed to ensure quality control across the value chain – from procurement to manufacturing and dispatch of products. Along with an emphasis on procuring the finest grades of raw material, we inspect the product at various stages of production through quality gates to ensure conformity to established standards. We have added latest metal composition / raw material testing equipment to aid faster and accurate analysis.

Our comprehensive quality analysis process entails inspection of raw material, following of standard operating procedures, various check sheets and final product inspection through advanced analytical tools and machinery to assure the quality of the finished product. We use the Spectro equipment for monitoring the quality of our metal composition. Our team pro-actively addresses quality issues through periodic meetings and performance reviews.

Statistical process control

We use Statistical Process Control (SPC) and statistical tools to effectively regulate and monitor recognised specific features and some essential process measurables.

The tools not only aids in comprehensive inspection at every stage of production, it also helps monitor process behaviour and identify issues in the internal system. To assure the quality of our products, we also provide quality test certificates to our customers.

8D problem solving approach

We have adopted the robust 8D approach to analyse issues within the manufacturing processes and take corrective as well as preventive actions against the root causes to improve the efficiency and effectiveness of the process. With a dedicated team at the helm, it helps in understanding the root cause of issues, implementing temporary as well as permanent measures and verifying its effectiveness. We have a system of 8D tracker for monitoring the progress of actions taken through 8D approach.

This approach ensures that problems are addressed in a structured manner, thereby resulting in continuous improvements and enhanced customer experience.

Sustenance and continual improvement

As part of continual improvement of the management systems, our value creation and other organisational processes are audited periodically by internal as well as external agencies for compliance and improvements as per IATF -16949 & ISO -14001 systems and ISO - 45001 guidelines. We also, conduct layered process audits.

The insights gathered from these audits are thoroughly analysed, leading to the implementation of corrective and preventive actions. Moreover, we actively participate in customer audits to reinforce our commitment to compliance and value creation.

Sustainable practices across the supply chain

We have implemented a wide range of measures that comply with ESG guidelines to pro-actively reduce our ecological impact. Our current focus is on monitoring and evaluating Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions from our operations.

To minimise our carbon footprint various initiatives are taken in processes like recycling, reusing and reducing consumptions, introducing larger containers / bag to minimise material transportation and so on. We have also reduced GHG emissions by transporting 25% of Pig Iron and by-products through railway rakes by transportation of Pig Iron to long-distance customers using railway siding facilities.

Recognitions bagged for quality management

In the year 2022-23, we have achieved eight successful six sigma projects, demonstrating our dedication to continuous improvement and process optimisation. One notable achievement was the seamless integration of MSES standard into our quality management system, showcasing our proactive approach to aligning with industry best practices.

We also implemented zero defect initiatives and established a Poka Yoke workshop, further emphasising our commitment to delivering high-quality products and services. Our excellence in quality assurance was also recognised through various awards

Awards for excellent QMS

- Volvo-Eicher – Award for Outstanding Contribution in Casting & Machining
- Escort Kubota Silver Award – For 100% delivery and Quality with steady ramp up of MU45 Transmission Case
- JCB – Award for Best Performance 2022
- CII Award

KFIL Foundry – Koppal Received the following awards in the year 2022-23

- Chairman's Award for the Best Business
- 'Conversion of Shell Core to Cold Core' has been awarded with 'Kirloskar ICONS' in a function organized on 20th June 2022.
- Koppal Foundry: Winner of '5S EXCELLENCE AWARD for the year 2021-22' by Institute of Indian Foundrymen.
- Special appreciation award from Mahindra & Mahindra: Quick development and ramp of Rear Housing & Crankcases from both Solapur and Koppal plant and contributed and supported Mahindra for their successful launch of block-buster tractor, YUVO Tech

Foundry Solapur Received the following awards in the year 2022-23:

- Escort Kubota Silver Award – For 100 % Delivery and Quality with steady Ramp up of MU45 Transmission Case - April 2022
- Second Runner Up Award to KFIL-Solapur – Supplier Quality Improvement Context Case Study Presentation at KOEL - November 2022
- JCB – Award for Best Performance 2022
- Volvo-Eicher – Award for Outstanding Contribution in Casting & Machining - Dec 2022

Our second foundry at Solapur

We, at KFIL, have built a strong reputation for our commitment to delivering high-quality products and ensuring timely delivery to our customers, even in challenging circumstances. Our dedication to customer satisfaction has earned us increased trust from original equipment manufacturer (OEM) customers, particularly in supplying critical components such as water jacketed blocks and cylinder heads that meet the latest emission norms. To better understand our customers' needs and address their challenges, we have actively engaged with them and developed customised supply modules to provide effective solutions.

In addition, following the pandemic, major OEMs have shown a strong inclination to diversify their supply chains and reduce reliance on China. As a result, we have witnessed a significant increase in orders, becoming the preferred choice for casting supplies. Multiple customers have approached us, requesting that we become their sole supplier for major upcoming projects, leading to our current capacity being overbooked. In order to meet the demands of our expanding pipeline of projects in the coming years, where OEMs prioritise both quality and capacity, we have taken the initiative to develop additional foundry capacity.

State-of-the-art technology installed

01
New high-pressure moulding line has been installed to support interchangeability and ensure risk mitigation.

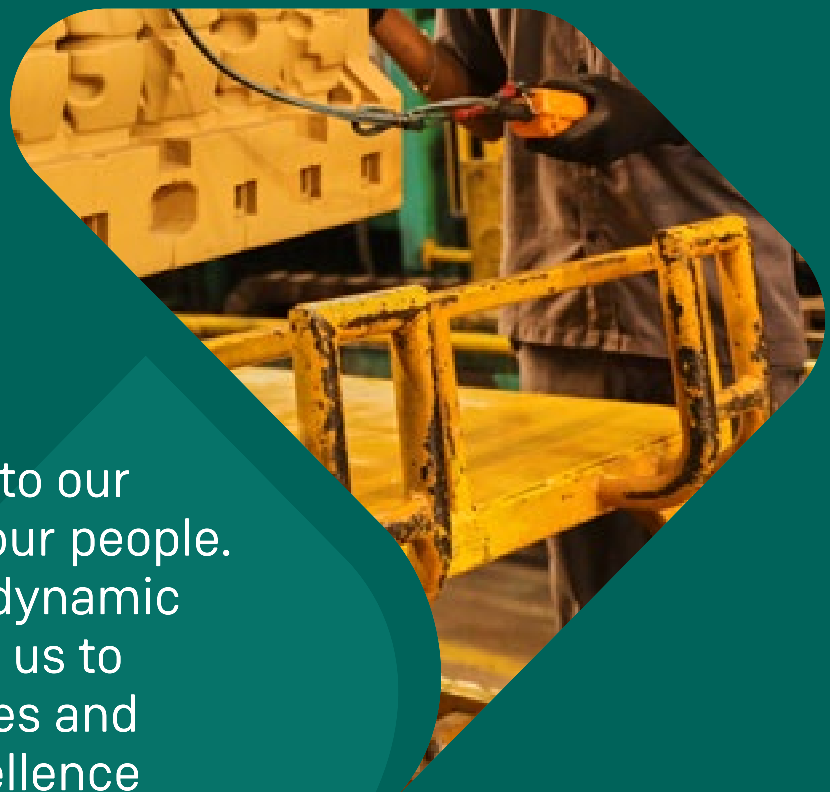
02
Installed state-of-the-art **core shooter aided by robotic arms** to automate the core production and assembly process.

03
To cater to the customised demand of the customers, the new line will be supported **best-in-class machining centres.**

Our broad outlook and strategy

The installation of a second foundry at Solapur is driven by our goal to achieve sustainable growth in the long-term. We aim to expand our operations base to accommodate larger (OEMs) and capitalise on improved financial business opportunities. This upgraded facility will enable us to serve niche markets that demand exceptionally vital castings, while simultaneously offering enhanced value-added solutions to our valued customers.

Human Capital



The true contributors to our turnaround story are our people. It is the strength of a dynamic talent pool that allows us to meet various objectives and relentlessly drive excellence across organisational verticals. To foster a people-centric working environment, we believe in empowering and engaging our workforce, to nurture the roots of sustainable progress.

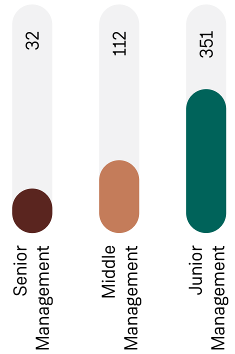
Workforce Profile

Management

Koppal

Nos.

495 Total workforce



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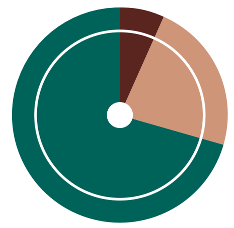
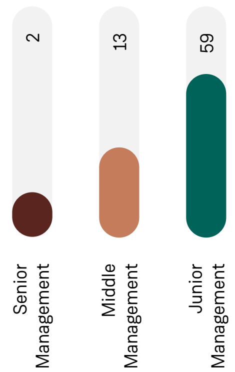


Senior Management	7
Middle Management	23
Junior Management	71
Management Total	**100**

Hiriyur

Nos.

74 Total management



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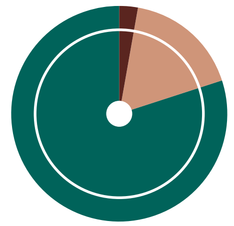
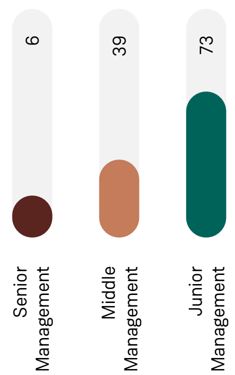


Senior Management	3
Middle Management	17
Junior Management	80
Management Total	**100**

Solapur

Nos.

118 Total management



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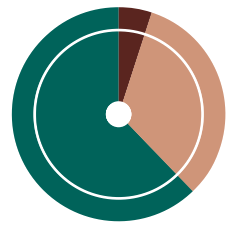


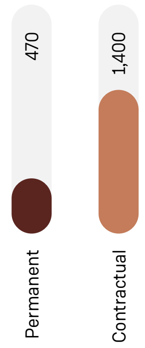
Senior Management	5
Middle Management	33
Junior Management	62
Management Total	**100**

Workmen

Koppal

Nos.

1,870 Total Workforce



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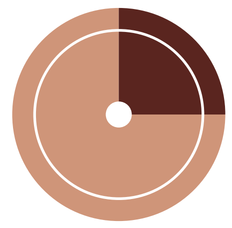


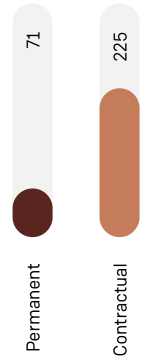
Permanent	25
Contractual	75
Total Workmen	**100**

2,365 Location wise Total-Koppal

Hiriyur

Nos.

296 Total Workforce



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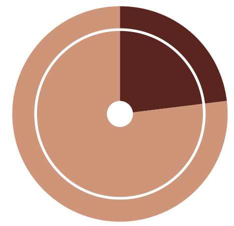


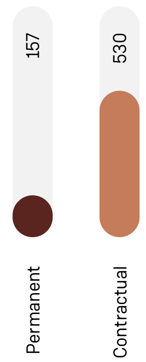
Permanent	24
Contractual	76
Total Workmen	**100**

370 Location wise Total-Hiriyur

Solapur

Nos.

687 Total Workmen



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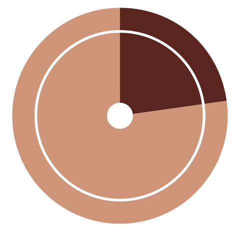


Permanent	23
Contractual	77
Total Workmen	**100**

805 Location wise Total-Solapur

Nurturing a skilled workforce

Our emphasis on nurturing a team of talented and skilled people allows us to engage in various initiatives that create a sense of belonging and allow every employee to feel valued. To keep our workforce motivated, we organise team outings, celebrations during festivals and events to foster a positive work environment and camaraderie between various teams. By cultivating a supportive and inclusive working environment, we empower our employees to actively contribute to the holistic growth and development of the organisation. It also allows our people to realise their true potential and enhance professional as well as personal growth.

Say, Stay, Strive approach

Annually, our steering committee and senior management team thoroughly evaluates our policies and procedures, considering feedback from various sources including the Employee Engagement Survey (EES), the HR Diagnostic Survey, and the Brown Paper Exercise. To gauge employee perceptions, we administer the EES every two years, employing a 'Say, Stay, and Strive' approach to enhance employee engagement. The results and trends from the EES survey are meticulously analysed and corrective measures are implemented as per requirement.

80%

EES score in FY 2023

Leadership development

We understand the importance of creating future leaders to take the organisation to newer heights of success. Driven by the core values of excellence, integrity, collaboration, empathy, value creation and innovative thinking, our effective leadership orientation process helps to efficiently nurture talent.

Employee engagement initiatives

To keep our people engaged and motivated, we organise yoga, pranayama, introspection, and memory pegging exercises. Through regular reviews, participants are able to stay on track and ensure the practical application of their learning outcomes. We also collect feedback from participants to evaluate the effectiveness of the programmes.

34

Fast trackers identified in last 3 years

Rewards and recognition

At KFIL, we believe in fostering a culture of appreciation and acknowledgement. We understand that employees hard work and commitment play a pivotal role in our success. To acknowledge the dedication of our people, we have implemented a rewards and recognition programme that celebrates achievements.

Quarterly champions are recognised with 'Break Through', 'Good Work' and 'Appreciation' awards. Exemplary performers receive the 'Exemplary Operators Award' once a year for sharing valuable and innovative ideas. Annual Performance awards are also given to Deputy General Managers and above grade employees for the overall performance of the Company during the year. General Managers and above grade employees receive ESOPs (Employee Stock Ownership Plans), based on their contribution to the organisation. To recognise the quarterly champions, display boards are placed in each department, across the manufacturing plants, as a source of motivation for everyone.

34

Employees received 'Lambhe' award for more than 25 years of association with KFIL

82

Annual performance awardees

89

Special performance awardees

262

Total quarterly champions awardees in FY 2023

Talent acquisition

KFIL prioritises talent acquisition to build a highly skilled workforce. By conducting campus drives at top 10 engineering colleges, we hire people through a rigorous, multi-level interview process. This approach allows us to bring fresh talent with new perspectives to the organisation.

38

Freshers hired

We also recognise the value of our internal talent pool and provide our existing employees ample opportunities for growth and mobility. We actively promote internal job postings to facilitate employee movement between functions and units. This practice allows our employees to explore different areas of interest, thereby supporting our expansion goals. Job rotations have also improved our talent retention rate.

Job Rotation	2019-2020	2020-21	2021-2022	2022-23	Total
SBU to SBU	-	1	3	-	4
Unit to Unit	2	4	2	-	8
Dept to Dept	30	25	6	6	67
Total	32	30	11	6	79

Succession planning

In order to create a steady pipeline of leaders within the organisation, we have a comprehensive succession planning process. It involves the identification of individuals with high potential and their grooming for important leadership roles. As part of our succession planning strategy, we have identified a range of essential skills, including time management, stress management, analytical skills, interpersonal skills, and other key leadership abilities. By adopting a strategic approach, we aim to facilitate a seamless transition of people to senior leadership roles.

120

Employees promoted

Learning and development

We recognise the significance of learning and development programmes in fostering growth and progress across all levels. A structured learning and development process have been formed to identify the specific training needs of our people. Competency mapping and skill mapping have proved to be valuable tools in identifying areas for development and it has allowed us to design appropriate training interventions. We promote participation in training programmes to enhance skill development and continuous learning.

447

Trainings sessions conducted

12

Workshops organised

New avenues of learning

We have implemented an online self-paced learning platform called Kirloskar Online Remote Education (KORE). This platform allows our employees to learn at their own convenience, anytime and from anywhere. It covers a wide range of topics including technical skills, soft skills, systems, processes, and more. By utilising KORE, employees at KFIL have experienced the benefits of continuous learning.

In addition, we also have access to platforms like Knowledge Centre and iKonnect to facilitate group learning and knowledge sharing among all employees. These avenues have proved to be valuable resources for enhancing skills and exchanging information within the organisation.

Targeted training programmes

Senior management

A comprehensive approach is taken to enhance the skills and knowledge of the senior management. After analysing specific requirements of particular roles and based on the technical proficiency of employees, we conduct assessments that help to develop learning and development programmes.

Team audits

Team audits involve evaluation of the team's performance and help to identify areas of improvement. The insights gained from team audits help the leadership team to refine their strategies, address any issues or conflicts, and create an environment conducive to continuous growth and development.

Middle and junior management

To ensure the growth and development of our middle and junior management teams, we have in place a systematic approach to assess overall cognitive abilities. During the process, individual development plans are identified for each team member, considering their unique strengths, weaknesses, and developmental needs.

Management Development Programmes (MDPs)

These programmes offer targeted training for addressing specific development needs identified in Individual Development Plans. MDP includes workshops, seminars, coaching sessions and other forms of professional development activities, designed to enhance the managerial skills, leadership abilities, and overall effectiveness of the middle and junior management team.

Induction training for new recruits

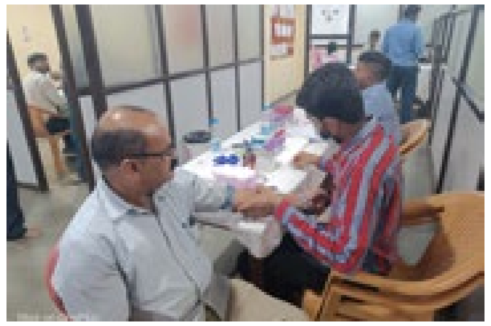
We have a well-designed onboarding programme for new hires at KFIL which commences with an introduction to the company, followed by classroom sessions covering various essential topics such as safety, health, and policies. It also involves in-depth shop floor visits, where process owners acquaint the recruits with their respective areas of operation. The induction programme also includes training in soft skills to facilitate a smooth transition of newcomers to an industrial environment. Moreover, on-the-job training helps fresh recruits acquire necessary skills.

Employee well-being

We have implemented several initiatives to ensure the well-being of our employees. These initiatives prioritise compliance with relevant labour laws and encompass various aspects such as fair wages, compensation, benefits, and welfare measures. We have also established a robust grievance redressal mechanism.

Health check-ups

We conduct regular health check-ups for employees on a semi-annual or annual basis. These check-ups help to prevent diseases and ensure employee well-being.



15

Health check-ups held in FY 2023

Insurance plans

We have taken a step forward in prioritising the health and welfare of our employees by providing coverage under a group medical insurance plan. This initiative guarantees employees access to medical services and treatments, thereby alleviating the financial burden associated with healthcare expenses. In addition, we also provide the benefit of group term life insurance (GTLI) to our employees to ensure financial stability to their families.

Occupational health and safety

With our goal of achieving zero harm, we have implemented several initiatives to ensure a safe work environment for all employees and workers. These initiatives cover both routine and non-routine activities and are designed to minimise potential risks and hazards.

Standard operating procedures (SOPs)

We have established Standard Operating Procedures (SOPs) for various activities and processes. These SOPs provide us with clear guidelines to safely carry out specific activities. However, in cases where SOPs are not defined, we have made it mandatory to conduct Job Safety Analysis (JSA) and obtain Permit to Work (PTW) before commencing work. This ensures identification of potential hazards and implementation of appropriate safety measures.

Hazard and operability studies

While introducing new processes, we conduct Hazard and Operability Studies (HAZOP) to thoroughly assess potential risks. This helps us to identify and mitigate hazards before implementing the new process. Additionally, any projects involving modifications or changes in the existing processes that could impact safety, require approval to ensure that safety aspects are adequately addressed as defined in Management of Change (MOC).

Safety interaction tool

We have also implemented a Safety Interaction tool that facilitates reporting of all incidents, including near misses, dangerous occurrences, process incidents, and high potential occurrences. These reports are logged into the DSS app, enabling timely identification and resolution of safety concerns.

Toolbox talks

Toolbox Talks are conducted at the beginning of every production shift to discuss important safety topics and create awareness about specific risks or precautions related to the role. These talks serve as a platform for communication and reinforcement of safety protocols.

Regular safety trainings

We prioritise continuous training and development of our employees and workers regarding safety and health aspects. They receive periodic training on various topics such as Personal Protective Equipment (PPE), Working at Heights (WAH), Lockout-Tagout (LOTO), and Permit to Work (PTW) procedures, all within the framework of our comprehensive DSS programme.

55

Safety trainings held during FY 2023

ISO 14001:2015

Certified

ISO 45001:2018

Certified

Intellectual Capital

Our innovative approach, technological prowess and R&D expertise lay the groundwork for a relentless turnaround story. It empowers us to undertake challenging projects, aid new product development and support our relentless efforts to sustain excellence.

Information technology

The company committed to leveraging robust information technology solutions to drive efficiency, enhance productivity, and ensure seamless operations across all aspects of our organisation. We have implemented multiple advanced technological support systems to ensure quick decision making and add efficiency to our operations. We have adopted advanced technology for managing logistics, human resource, data sharing and internal communication.

5 Crore

Research and development expenditure in FY 2023

61

Research and development professionals

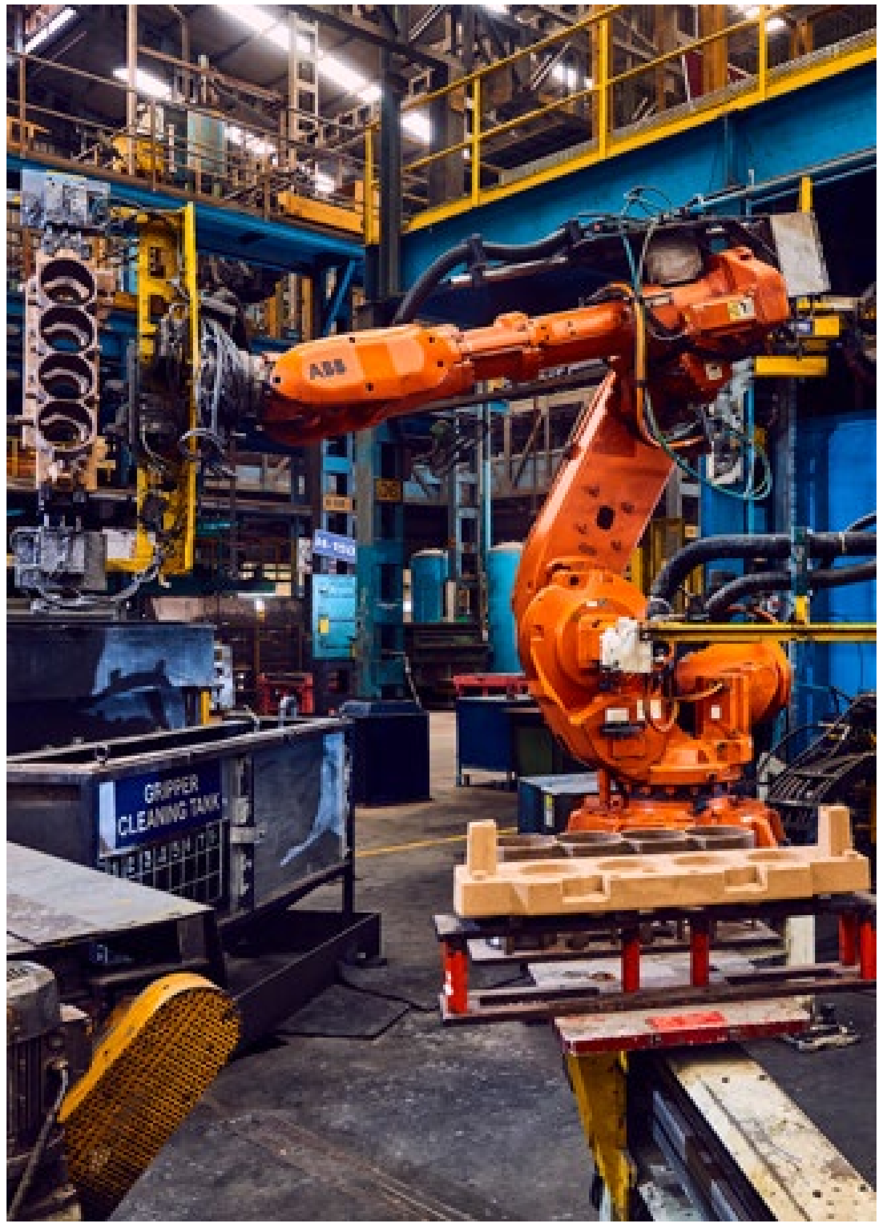
Business dashboards

The Business Dashboards created by our IT team have become an indispensable tool for top executives. It supports daily operations as well as guides the decision-making process. These dashboards provide a comprehensive insight of the business performance by incorporating Key Performance Indicators (KPI) for each Strategic Business Unit (SBU).

The dashboards are tailored to specific business segments, offering valuable insights into various aspects of the business, including profitability. They are seamlessly integrated with our ERP (Enterprise Resource Planning) system to streamline operations.

20

New products developed through protocasting



Green initiative

Various initiatives have been taken to reduce printing and paper and go digital. Few among them are integrating the E-Way Bill and e-invoice generation which has helped to reduce paper and printing to a greater extent, Payslips, appraisal letters and medical report in digital forms have contributed towards green initiatives.

Cloud adoption

KFIL Information Technology has taken a major drive to adopt the cloud computing for majority of the applications to support Business continuity and scalability. IT infrastructure has been transformed to scale up as and when the organisation demands. The uses of digital and cloud-based platforms have ensured uninterrupted operations and seamless scalability across the organisation. It has also helped to bolster productivity and cost management.

Digital transformation

Digitalisation of logistics process

We have adopted RFID (RadioFrequency Identification) based in-plant logistic management system to track vehicle movements. It has reduced the overall VIVO (Vehicle-In Vehicle-Out) time despite increase in transaction volumes. The time required to complete daily transactions has also decreased. This improvement can be largely attributed to the streamlined processes facilitated by the ILM (In-plant Logistics Management) solution. This system has ensured to install proper controls in the vehicle movement within the plant premises. In the next phase, we are further automating the processes by integrating Traffic systems, Boom barriers to improve the controls and reduce cycle time. To ensure consistency and compliance across the logistics process, the ERP system has been integrated at every stage and established standard operating procedures to avoid deviations. The integration of the ILM and ERP systems enhance control over operations, enable better monitoring and management of logistics processes and prevent unauthorised or improper use of resources.

Spectro online

The spectro Lab has been integrated with IOT and a realtime monitoring system has been established over all the control rooms. The metal analysis is being captured in realtime and the analysis are being displayed on Digital Boards at each control rooms and the shop floors. This helped in getting the timely information about the quality of the metal and take necessary action on time.

Collaborative suite

We have implemented a collaborative suite with a world class service provider and implemented the Email, Document storage, Collaborative tools like Virtual Meetings, Chats, Presentations, Spread sheets, Documents etc. which have played a vital role in enabling teams to work together remotely during times of crisis. It serves as an excellent platform for fostering collaboration among various stakeholders. The integration of email along with its cloud-based infrastructure, has proved to be immensely useful.

Product lifecycle management

A cloud based SaaS Product life-cycle management system is being implemented through collaborative efforts between Vendors, Customers and the Company. This is aimed to reduce the overall product development cycle time and improve efficiency & transparency.

Human resource management

For efficient human resource management, we are in the process of upgrading from home-grown HRMS system to a SaaS based HRMS Application provided by a global player in the market. It offers advanced features and functions that align with the company's Human Resource requirements. This covers the complete Employee Lifecycle from Hire to Retire. Recognising the importance of continuous learning and development for our employees, we are focusing on enhancing the Learning and Development (L&D) module within the Human Resource Management System to further improve the L&D function.

IT Security and IT Generic Controls

We are committed to maintain the confidentiality, integrity, and availability of our digital resources by ensuring the creation of a safe and secure digital environment for our operations and stakeholders. With a proactive approach, we strive to keep our IT systems and networks protected against potential threats and vulnerabilities. At periodic intervals, intrusion detection, and regular vulnerability assessments are taken to fortify the IT infrastructure.

Our specialised IT Service Management and IT Asset Management applications have improved our ability to monitor and deliver IT services promptly while enhancing accountability.

Social and Relationship Capital

Our efforts to create value stem from our relentless emphasis on nurturing stronger ties with communities as well as our suppliers, dealers, CSR partners and customers. It empowers us to fuel our turnaround story and build a reliable, efficient and sustainable organisation.

Supply partners

We have built a robust network of supply partners through enduring relationships with providers of strategic commodities, capital goods, and tooling. It has allowed us to undertake new projects, ensured timely completion and a steady supply of raw material. With an emphasis on building transparent and open channels of communication, we nurture amicable relationships with suppliers and fulfil customer demands efficiently.

Engaging with supply partners

Through regular interactions and training sessions, we engage with suppliers and create awareness about quality requirements and inform them about standard operating procedures. We also seek their feedback and opinion through annual dealers meets, bi-annual supplier meetings, supplier visits and on-site audits. These interactions serve as valuable opportunities for suppliers to provide input and insights. To effectively communicate the company's expectations and business strategies, we have also established structured forums like supplier meetings, fettler meetings, and dealer meetings.

Sales and channel partners

We have established a strong network of distributors, dealers, and consignment agents to easily reach our customers and understand their expectations. Regular communication with dealers help to analyse latest industry trends and identify new opportunities. To ensure timely delivery of products, we provide exclusive agreements for rail as well as road transport for dealers as well as clients.

We organise a dealers' meeting every year to build strategies for the current year, based on the previous year's performance. This collaborative approach allows us to proactively engage with our dealers and customers and ensures continuous flow of information between the management and other stakeholders. It has also helped to maximise sales revenue, enhance customer loyalty, and enable sustainable market growth.

Customers

We have also maintained constant communication with our valued patrons. Through online and offline networking platforms, we have disseminated important information and nurtured open channels of communication.

Effective grievance redressal

We have implemented a comprehensive process to address customer complaints. We diligently monitor and assess these complaints, and our Quality Assurance team takes appropriate action to identify areas of improvement and prevent future occurrence of similar incidents. To better understand and meet our customers' needs and expectations, we conduct a Customer Satisfaction Survey every other year through a third party. Additionally, we maintain regular interaction with our customers, actively participate in annual supplier meetings and receive feedback and suggestions.

Communities

We engage in various CSR initiatives encompassing education, health, infrastructure and community development to enable socio-economic growth.

₹7.2 Cr
CSR spend in FY 2023

160
Employees volunteered

Community survey

We conduct annual Society Perception Survey along with direct interactions with village elders and panchayat members, to get valuable insights that aid us in planning and addressing the requirements of communities. By incorporating their perspectives, we have successfully implemented several community development initiatives.

To gauge the impact of our CSR activities, we collect feedback from stakeholders such as school teachers, village elders, and panchayat members at regular intervals. Additionally, we also utilise the Society Perception Survey to measure the outcome of our efforts. These comprehensive assessments help to evaluate the effectiveness of our initiatives and allow us to better serve the community.

Health

We have established a health centre to offer essential medical services to the community. We have appointed specialist doctors to visit the centre regularly and meet the healthcare needs of the community.

10,040

People benefitted

Education

Scholarships and financial aid

We provide scholarships and financial assistance to deserving students from marginalised areas. It has allowed students to pursue higher education and realise their academic aspirations. Our support for meritorious students has actively contributed to the expansion of educational opportunities within the community.

9

Students received scholarships

Skill development initiatives

We have established a skill and personality development programme for unemployed youth. This initiative focuses on improving their skill set and equipping them with necessary knowledge and expertise to secure suitable employment opportunities.

558

Students benefitted

Strengthening educational infrastructure

To create a conducive learning environment, we have undertaken the construction of school buildings and restrooms and provided necessary resources for imparting quality education. By addressing the infrastructure needs of educational institutions, we strive to provide access to resources required for academic excellence and help students realise their full potential.

12

Educational infrastructure development projects

Women's empowerment

In collaboration with NGOs, we have organised various vocational trainings for tailoring coaching, food processing, and beautician training. These initiatives have played a crucial role in empowering women and fostering self-employment opportunities. Alongside, we have undertaken other initiatives aimed at empowering women and promoting their overall development.

91

Beneficiaries

Community development

With an aim to improve the overall quality of life and hygiene, we have undertaken initiatives to provide additional land for the school playground, established a place for cultural activities, constructed a community hall and constructed toilets for schools and also at public places. We have also initiated projects for the construction of concrete roads and stormwater drains. These endeavours have substantially improved the standard of living of communities we serve.

12

Toilets constructed

Community engagement programmes

Kirloskar Group has initiated KVER (Kirloskar Vasundhara Eco Rangers) to promote environmental awareness and community development. Through KVER, various initiatives like plantation drives to increase green cover are undertaken. To encourage sustainable practices in educational institutions, the 'Green College Clean College' competition and campaigns for creating plastic-free campuses are organised. These activities specifically target schools and colleges, to engage young minds and inspire them to adopt environment-friendly practices.

The annual Kirloskar Vasundhara International Film Festival is organised with a goal to promote environmental sustainability. Through various activities such as nature walks, processions and competitions before the festival, we encourage participants to increase awareness about ecological issues. The film festival primarily screens films with an environmental theme to educate attendees about the significance of sustainable lifestyles. The festival also honours individuals who have made significant contributions to environmental sustainability.

Natural Capital

Our environmental strategy focuses on continuously optimising our existing processes and systems while also pro-actively implementing more efficient processes for new operations.

At KFIL, we prioritise the optimum utilisation of natural resources. To this end, we have taken steps to consistently track their usage. Throughout the year, we have implemented numerous initiatives to conserve energy and water, minimise waste and address other environmental concerns. Committed to creating sustainable value for all our stakeholders, we will continuously enhance our performance in these areas.

ISO 14001:2015

Certified

Energy management

Technologies implemented to reduce energy consumption

We have significantly improved energy management within the production process, reducing specific energy consumption compared to the previous year. This achievement can be attributed to the installation of Variable Frequency Drives (VFDs) at power plants. This technology, regulates the speed of the blower, ensuring it operates at the most efficient levels in accordance with the requirements. This improvement has led to considerable energy savings.

Additionally, we have also incorporated energy-efficient Low Tension (LT) motors, further bolstering our efforts to lower power consumption. These motors have proven to be highly efficient in converting electrical energy into mechanical energy, resulting in improved overall energy management. Consequently, we are aiming to bring down our energy consumption at our Koppal facility. At Solapur, we have installed dust collectors and fume extraction systems with VFDs, which will help curb energy consumption and contribute to our robust energy management approach.

316.78

Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees) (in GJ/Crores)

13

Reduction in energy intensity per rupee of turnover

The installation of the Blast Furnace Top Pressure Recovery Turbine (BLT) is expected to lower coke consumption by approximately 15 kilogrammes per tonne of hot metal (THM). This implementation offers a tangible benefit in terms of improved energy management within the system.

To enhance energy conservation measures, we have replaced all conventional lights with LEDs. This transition offers numerous benefits in terms of energy management, allowing for more efficient utilisation of electrical resources and reducing overall power consumption.

In the years ahead, we are also planning to implement IoT for single-window energy management, which will further limit our power consumption.

Utilising renewable sources

We have invested prudently in the adoption of renewable resources, primarily solar power generation, to promote green energy and reduce carbon footprint. We have installed a 10 MW solar plant and are planning for an additional 20 MW plant. Solar energy is a sustainable and clean source of power, enabling us to conserve energy and contribute to a greener future.

11MW

Solar power plant at Solapur

50KW

Rooftop solar power plant at Koppal

40MW

Waste heat recovery boiler based captive power plant

In addition to solar power, we also focus on waste heat recovery as an alternative to generating energy while minimising our environmental impact. Our plant effectively captures waste heat from the coke oven and blast furnace processes. The waste heat, from coke oven and blast furnace, is used to generate steam in our waste heat recovery boilers. The steam, in turn, drives turbines for power generation.

At KFIL, we have implemented a more efficient method for sand cooling. Instead of relying on electric power, we have transitioned to using LPG (Liquefied Petroleum Gas). This alternative energy source reduces the demand for electricity and further contributes to our overall energy-saving efforts.

Air emission management

We have implemented several initiatives to mitigate air emissions. The efficiency of these initiatives is being assessed by the National Accreditation Board for Testing and Calibration Laboratories (NABL). Additionally, we have installed online environment monitoring stations for monitoring of Sulphur Oxide (SOx, Suspended Particulate Matter (SPM), Carbon Monoxide (CO) and Nitrogen Oxide (NOx) emissions to ensure that they are within the permissible limits. We have installed bag filters in our power plants to control emissions. These filters restrict the release of pollutants into the atmosphere, aligning with our commitment to responsible air emission management.

To contribute to the environment, we have undertaken tree plantation activities within plant premises in all three locations and its surrounding areas. This initiative aims to enhance green cover and shape a cleaner future.

29%

Reduction in total Scope 1 and Scope 2 emissions per crore of turnover

Air quality monitoring

We have taken well-thought-out measures to maintain air quality by implementing pollution control equipment at the necessary locations. This includes the installation of dust extraction systems and the use of porous mesh and chlorophyll rich tall plantations. along our premises' perimeter to prevent the release of dust and noise outside our company grounds.

The pollution control equipment installed not only minimise emissions, but also collects them for reuse in our manufacturing processes. These systems maintain effective air quality while also positively impacting our energy consumption patterns.

Water management

Targeted water management initiatives, such as the implementation of individual flow meters, help to identify leakages, facilitate prompt repairs and reduce our water footprint. The ground water system installed at various locations in and around plant premises have been contributing to raising ground water levels. By conserving and utilising rainwater effectively, the strain on freshwater resources is alleviated.

Moreover, the adoption of air-cooled condensers in power plants has led to a substantial daily reduction of 1,500 cubic metres of water consumption. These measures have enabled the efficient management of water resources.

4%

Reduction in water intensity per rupee of turnover FY 2023

Zero discharge policy

We have adopted a comprehensive zero liquid discharge strategy that involves 5 Rs namely Reduce, Recycle, Recover, Reclaim and Reuse of waste water, which is being collected from various points. This water from process is repurposed for essential operations such as slag granulation and coke oven processes in the MBF. Additionally, water used in the Power Plant and MBF undergoes a recirculation process, allowing it to be used for coke oven quenching as well as in non-critical areas like gardening and cleaning. This approach ensures that we minimise water wastage and maintain a sustainable water management system across our operations.

Sewage treatment plant

Domestic wastewater is treated at the Sewage Treatment Plant (STP), and the treated water is used solely for gardening and dust suppression within the premises.

250 KLD

STP installed in Koppal

32 KLD

STP installed at Hiriyur

80 KLD

STP installed at Solapur

Board of Directors

Atul C. Kirloskar
Chairman

Rahul C. Kirloskar
Vice Chairman

R. V. Gumaste
Managing Director

A. N. Alawani
Non Independent
Non Executive Director

M. R. Chhabria
Non Independent
Non Executive Director

S Venkataramani
Independent
Non Executive Director

M. V. Kotwal
Independent
Non Executive Director

V. M. Varma
Independent
Non Executive Director

Nalini Venkatesh
Independent
Non Executive Director

Y. S. Bhave
Independent
Non Executive Director

Pravir Kumar Vohra
Independent
Non Executive Director

Dr. Shalini Sarin
Independent
Non Executive Director

R. S. Srivatsan
Executive Director
(Finance) & CFO

Senior Management

R. V. Gumaste
Managing Director

R. S. Srivatsan
Executive Director
(Finance) & CFO

C. Ramesh
President - Plant
Head

P. Narayana
Executive Vice
President - HR & Gen.

NOTICE

Notice is hereby given that the 32nd Annual General Meeting ('AGM') of the **Members of Kirloskar Ferrous Industries Limited** ('the Company') will be held on **Thursday, 3 August 2023 at 11:00 a.m. (IST)** through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM') facility, in compliance with provisions of the Companies Act, 2013 ('the Act') and rules thereof read with the General Circular No. 14/2020 dated 8 April 2020, the General Circular No. 17/2020 dated 13 April 2020, the General Circular No. 20/2020 dated 5 May 2020 and the General Circular No. 10/2022 dated 28 December 2022 issued by the Ministry of Corporate Affairs [collectively referred to as 'MCA Circulars'] and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, read with the Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020, the Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13 May 2022 and the Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5 January 2023 issued by the SEBI [collectively referred to as 'SEBI Circulars'] to transact the following business :

Ordinary Business

Item No. 1

To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended 31 March 2023 together with the Reports of the Board of Directors and the Auditors' thereon.

Item No. 2

To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the financial year ended 31 March 2023 together with the Report of Auditors thereon.

Item No. 3

To confirm the payment of Interim Dividend on equity shares and to declare Final Dividend on equity shares for the financial year ended 31 March 2023.

Item No. 4

To appoint a Director in the place of Mr. Rahul Chandrakant Kirloskar (DIN : 00007319), who retires by rotation and being eligible, offers himself for re-appointment.

Special Business

Item No. 5

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

"**RESOLVED THAT** pursuant to provisions of Section 148 and other applicable provisions of the Companies Act, 2013 and rules thereof [including any statutory modification(s) or re-enactment thereof for the time being in force]; the Members of the Company hereby ratify the remuneration of ₹ 300,000 plus applicable taxes thereon and reimbursement of out-of-pocket expenses payable to 'Dhananjay V. Joshi & Associates, Cost Accountants', appointed by the Board of Directors as the Cost Auditor of the Company to conduct the audit of cost accounting records for the financial year ending 31 March 2024."

Item No. 6

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

"**RESOLVED THAT**, pursuant to the provisions of Sections 196, 197, 203, Schedule V and other applicable provisions of the Companies Act, 2013 and the rules thereof and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] and the Articles of Association of the Company and based on the recommendation of the Nomination and Remuneration Committee and the approval of the Board of Directors and subject to such other approvals as may be necessary; Mr. Ravindranath Venkatesh Gumaste (DIN : 00082829) be and is hereby reappointed as the Managing Director for a term of five years with effect from 1 July 2023 (notwithstanding his completion of the age of seventy years during the proposed tenure) on the terms and conditions (including terms of remuneration as given below) as set out in the agreement to be entered into between the Company and him :

(A) Salary

Basic Salary ₹ 1,250,000 per month, with the increment as may be determined by the Board of Directors of the Company from time to time.

(B) Special Allowance ₹ 187,500 per month

(C) Perquisites

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

- Fully furnished residential accommodation, perquisite valuation of which shall not exceed ₹ 100,000 per month. Where no accommodation is provided by the Company, the Company shall pay House Rent Allowance at the rate of ₹ 100,000 per month.
- Expenses on soft furnishings not exceeding ₹ 20,000 per month and hard furnishings not exceeding ₹ 20,000 per month shall be borne by the Company. At the end of every financial year during the tenure, any unutilized balance shall be paid subject to deduction of taxes at applicable rates.
- Expenses on gas, electricity, water and other utilities shall be borne by the Company.
- Family Medicare Policy premium under mediclaim insurance policy not exceeding ₹ 15,000 per annum.

- Reimbursement of all medical expenses, including hospitalisation expenses, incurred for self and family, other than expenses claimed under the Family Medicare Policy.
- Leave travel assistance for self and family once in a year not exceeding ₹ 200,000 per annum in accordance with the rules of the Company.
- Fees of clubs, subject to a maximum of two clubs, which will include admission fee but will not include life membership fees.
- Personal accident insurance, premium whereof does not exceed ₹ 25,000 per annum.
- A car with driver for official and personal purpose.
- Telephone and Internet facilities at residence and a mobile phone facility for official use.
- Contribution to provident fund, superannuation fund or annuity fund as may be decided by the Board of Directors from time to time.
- Gratuity at the rate not exceeding one month's salary for each completed year of service or part thereof (on pro-rata basis) or as per company policy and
- Leave at the rate of thirty days per calendar year of service. Leave calculation for a part of the calendar year at the date of appointment as Managing Director or on ceasing to be the Managing Director shall be made on a pro-rata basis at the rate of two and a half days leave for every completed month of service. Leave accumulated and not availed of may be encashed at the end of the tenure as per the rules of the Company.

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

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

(D) Commission

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

(E) Minimum Remuneration

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

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

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

RESOLVED FURTHER THAT Mr. R. V. Gumaste shall not be liable to retire by rotation till he continues as the Managing Director of the Company.

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

Item No. 7

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

"**RESOLVED THAT** pursuant to the provisions of Sections 42, 71, 179 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014, other applicable rules; the SEBI (Issue and Listing of Non Convertible Securities) Regulations, 2021, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, other applicable laws and regulations [including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force] and subject to the provisions of the Memorandum of Association and Articles of Association of the Company and such other laws, rules, regulations, guidelines, notifications, circulars as applicable and subject to such approvals, consents, permissions, sanctions of statutory, regulatory, appropriate authorities as may be necessary; the approval of the Members of the Company be and is hereby accorded to the Board of Directors of the Company [hereinafter referred to as the "Board", which term shall be deemed to include any committee constituted by the Board and any person authorised by the Board to exercise its powers, including the powers conferred by this resolution] to borrow or raise funds not exceeding ₹ 750,00,00,000 (Rupees Seven Hundred and Fifty Crores only) by issuance of non-convertible debentures having a face value of ₹ 10,00,000 (Rupees Ten Lakh only) each, in one or more tranches, on private placement basis.

RESOLVED FURTHER THAT for the purpose of giving effect to the resolution, the Board be and is hereby authorised to determine, in its absolute discretion, terms and quantum of debentures, type of debentures, including consideration and utilization of proceeds, persons / investors to whom such debentures are to be allotted, number of debentures to be issued in each tranche, issue price, redemption period, rate of interest, appointment / engagement of intermediaries; to delegate all or any powers conferred herein to any Director(s) / Officer(s) / authorized signatory(ies) of the Company; to do all such acts, deeds, matters and things, including filing of forms, disclosures or necessary documents, executing any documents / deeds or agreements and settling any question, difficulty or doubt that may arise in this regard, as the Board in its absolute discretion may deem necessary or desirable or expedient."

Item No. 8

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

"**RESOLVED THAT** pursuant to provisions of Sections 149, 150, 152, 160, 161 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013; rules thereof; the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable rules and regulations [including any statutory modification(s), amendment(s) or re-enactment thereof for the time being in force] and the Articles of Association of the Company and based on the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors; Dr. Shalini Sarin (DIN : 06604529), who was co-opted by the Board of Directors as an Additional Director in the category of Independent Director with effect from 13 May 2023 and holds the office upto the date of annual general meeting and in respect of whom a notice in writing has been received from a Member pursuant to provisions of Section 160 of the Companies Act, 2013 proposing her candidature for the office of a director, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto 12 May 2028."

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

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

Date : 12 May 2023
Place : Pune

Mayuresh Gharpure
Company Secretary

Notes :

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

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

   a) whose names appear as Beneficial Owners as at the end of the business hours on 14 July 2023 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of equity shares held in electronic form and

   b) whose names appear as Members in the Register of Members of the Company after giving effect to valid applications for permissible transfer of equity shares in physical form lodged with the Company / its Registrar and Share Transfer Agent on or before 14 July 2023.

3. Pursuant to the provisions of the Companies Act, 2013; a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a Member of the Company. Since the AGM is being held through VC / OAVM facility pursuant to provisions of the MCA Circulars and the SEBI Circulars, the facility for appointment of a proxy will not be available for the AGM. Accordingly, proxy form and attendance slip are not annexed to the Notice of AGM.

4. Dividend related information :

   - The SEBI vide its Circulars dated 3 November 2021 and 14 December 2021 has mandated furnishing of Income Tax PAN, address with PIN code, email address, mobile number, details of bank account, specimen signature and nomination by holders of the securities in physical form. With effect from 1 January 2022, the RTA shall not process any service request or complaint from the shareholder(s) or the claimant(s) till receipt of aforesaid details.

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

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

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

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

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

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

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

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

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

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

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

6. Corporate Authorisation :

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

7. Inspection Documents :

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

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

8. Members' Queries

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

9. Speaker Registration for the AGM :

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

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

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

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

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

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

The Remote e-voting period commences on Monday, 31 July 2023 at 9:00 a.m. (IST) and ends on Wednesday, 2 August 2023 at 5:00 p.m. (IST). During this period, the Members of the Company holding shares either in physical form or in electronic form as on the Cut- off date i.e. Thursday, 27 July 2023 may cast the vote electronically through remote e-voting. The remote e-voting facility shall be disabled by NSDL for voting after 5:00 p.m. (IST) on Wednesday, 2 August 2023.

Voting rights shall be reckoned on the number of shares registered in the name of the Member as on the Cut-off date, i.e. Thursday, 27 July 2023.

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

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

Step 1 : Access to NSDL e-voting system

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

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

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

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

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

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

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

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

Login type	Helpdesk details
Individual Shareholders holding securities in electronic form with NSDLL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at 022-48867000 / 24997000
Individual Shareholders holding securities in electronic form with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 1800 22 55 33.

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

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

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

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

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

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in electronic form with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******..
b) For Members who hold shares in electronic form with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 124456 then user ID is 124456001***

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

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

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

   c) How to retrieve your 'initial password'?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

General Instructions for e-voting :

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

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

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

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

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

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

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

    c) How to retrieve your 'initial password'?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Procedure for e-voting on the date of the AGM is same as per instructions mentioned above for the remote e-voting.
- Only those Members, who will be present at the AGM through VC/OAVM facility and have not cast their votes on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system at the AGM.
- A Member, who has cast the vote by remote e-voting, may also attend the AGM but shall not be entitled to cast the vote again.

General Instructions for e-voting :

- Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authority letter etc. with attested specimen signature of duly authorized signatory(ies), who are authorized to vote, to the Scrutinizer by e-mail to csmsp.office@gmail.com with a copy marked to evoting@nsdl.co.in
- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password.
- In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
- Once a Member casts the vote on a resolution, the Member shall not be allowed to change it subsequently.
- In case of any query, you may refer the Frequently Asked Questions (FAQs) and e-voting user manual for members available at the 'Downloads section' of www.evoting.nsdl.com

  You can also contact Ms. Pallavi Mhatre, Assistant Manager via e-mail at evoting@nsdl.co.in or call at 022-48867000 / 24997000.
- You can also update your mobile number and e-mail id in the user profile details of the folio, which may be used for sending future communication(s).
- Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes Member of the Company after dispatch of the Notice and holds shares as of the Cut-off Date may obtain the login ID and password by sending a request from the registered email ID to evoting@nsdl.co.in

  However, if you are registered earlier with the NSDL for e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details / Password" or Physical User Reset Password" option available on www.evoting.nsdl.com or call Toll Free Number 1800 1020 990 and 1800 22 44 30.
- In case of Individual Shareholders holding securities in electronic form, who acquire shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the Cut-off date may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system".
- At the AGM, the Chairman shall, after discussion on the business to be transacted at the AGM, allow voting by use of e-voting facility to all those members, who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- Ms. Manasi Paradkar, Practicing Company Secretary (Membership No. FCS-5447 and CP No. 4385) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- After the conclusion of e-voting at the AGM, the Scrutinizer will unblock the votes cast through remote e-voting / e-voting at the AGM and make, not later than forty eight hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or any other Director, who shall countersign the same and declare the result of the voting forthwith.
- The Results declared alongwith the report of the Scrutinizer will be filed with the BSE Limited within stipulated time and will be placed thereafter on the website of the Company viz. www.kirloskarferrous.com and on the website of NSDL after declaration of results by the Chairman or any other Director.

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

Item No. 4 of the Notice

Mr. Rahul Chandrakant Kirloskar (DIN : 00007319), aged 59 years, has been associated with the Kirloskar Group for more than thirty five years at senior levels in different capacities. In December 1993, he was appointed as the Managing Director of Kirloskar Pneumatic Company Limited and thereafter in September 1998, he took over as the Chairman of that company. From the year 2001 to 2012, he has been the Director (Exports) of Kirloskar Oil Engines Limited, wherein the major thrust areas were expanding export operations for that company and entire Kirloskar Group. He founded Kirloskar Chillers Private Limited. He has also been the Chairman of Confederation of Indian Industry (CII) Pune Council as well as Maharashtra State CII Council.

He was appointed as a Director of the Company on 28 October 2013 and is Vice Chairman of the Company.

He is the Chairman of Corporate Social Responsibility Committee and Finance Committee of the Company.

Other Directorships :

Kirloskar Pneumatic Company Limited	Kirloskar Oil Engines Limited
Kirloskar Proprietary Limited	J. K. Fenner (India) Limited
ISMT Limited	Greentek Systems (India) Private Limited
Asara Sales And Investment Private Limited	Alpak Investments Private Limited
Kirloskar Solar Technologies Private Limited	Kirloskar Energen Private Limited
Kirloskar Americas Corporation	

Other committee positions in listed / public limited companies are as given below :

Name of the Company	Name of committee and position held
Kirloskar Pneumatic Company Limited	Corporate Social Responsibility Committee - Chairman Stakeholders Relationship Committee – Member Share Transfer Committee – Chairman
Kirloskar Oil Engines Limited	Corporate Social Responsibility Committee – Chairman
J.K. Fenner (India) Limited	Audit Committee – Member Nomination and Remuneration Committee – Member
ISMT Limited	Stakeholders Relationship Committee – Member

He is a brother of Mr. Atul Kirloskar, Chairman.

He holds 1,425,279 equity shares (1.03 percent) in the Company.

He attended all meetings of the Board of Directors held during the financial year 2022-2023.

Mr. Rahul Kirloskar may be deemed to be concerned or interested, financially or otherwise, in the resolution to the extent of his shareholding.

Mr. Atul Kirloskar, who is his brother and their other relatives, may be deemed to be concerned or interested in the resolution to the extent of their shareholding interest in the Company.

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

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

Item No. 5 of the Notice

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

Upon recommendation of the Audit Committee, the Board of Directors at its meeting held on 12 May 2023 has appointed 'Dhananjay V. Joshi & Associates', Cost Accountants as the Cost Auditor of the Company to conduct the audit of cost accounting records for the financial year ending 31 March 2024 and approved the remuneration subject to the ratification of the Members at the ensuing annual general meeting.

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

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

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

Item No. 6 of the Notice

The Members of the Company at their annual general meeting held on 25 July 2018 have approved the reappointment of Mr. Ravindranath Venkatesh Gumaste (DIN : 00082829) as the Managing Director for a term of five years with effect from 1 July 2018 upon the terms and conditions as set out in the agreement entered into between the Company and him. The period of his office as the Managing Director will expire on 30 June 2023.

Upon recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 12 May 2023 has reappointed Mr. R. V. Gumaste as the Managing Director of the Company for a period of five years with effect from 1 July 2023 and has also decided terms and conditions of the appointment and the remuneration, subject to the approval of the Members of the Company.

Mr. R. V. Gumaste, aged 65 years, would attain the age of 70 years during the term of his reappointment for a period of five years. Accordingly, it is proposed to obtain approval of the Members by way of a special resolution pursuant to provisions of Section 196(3) read with Schedule V to the Companies Act, 2013 and rules thereof.

Mr. R. V. Gumaste has completed B. Tech in Metallurgical Engineering from Karnataka Regional Engineering College, Surathkal in the year 1981. He has been associated with the Kirloskar Group since July 1981, when he joined Kirloskar Oil Engines Limited as a graduate trainee engineer. He worked in several departments such as heat treatment, metallurgical quality control, etc, in various capacities for a period of twelve years till June 1993.

He joined the Company in the year 1993. He was promoted as SBU Chief for pig iron business in the year 1998 and thereafter as Senior Vice President (Operations) in the year 2001. He took various initiatives to improve the performance of the Company such as cost reduction drive on all fronts, improvement in the production process, increasing the productivity of foundry operations and quality of output, negotiating for reduction in the prices of raw material, improvement of market share for the castings, etc.

He was appointed as an Executive Director of the Company with effect from 25 July 2002 and has been the Managing Director of the Company since 1 July 2003.

He is the Member of the Corporate Social Responsibility Committee, Risk Management Committee and Finance Committee of the Company.

Other Directorships :

- ISMT Limited
- Structo Hydraulics AB, Sweden
- Kirloskar Management Services Private Limited

Other committee positions in listed / public limited companies are as given below :

Name of the Company	Name of committee and position held
ISMT Limited	Corporate Social Responsibility Committee – Chairman Risk Management Committee - Chairman Nomination and Remuneration Committee – Member

He is not related to any other director or key managerial person of the Company.

He holds 762,521 equity shares (0.55 percent) in the Company.

He attended all meetings of the Board of Directors held during the financial year 2022-2023.

Mr. R. V. Gumaste has been associated with Kirloskar Group for around 40 years. He has rich business acumen and experience about the industry and the operations of the Company. He has guided the Company through diversification and growth. It would be in the interest of the Company for his continuation as the Managing Director for a term of five years.

Mr. R. V. Gumaste and his relatives may be deemed to be concerned or interested, financially or otherwise, in the resolution to the extent of his shareholding.

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

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

Item No. 7 of the Notice

The Board of Directors of the Company at its meeting held on 12 May 2023 has approved to borrow or raise funds by issuance of non-convertible debentures, in one or more tranches, on private placement basis for general corporate purposes, financing capital expenditure projects and such other purposes as may be decided by the Board of Directors.

Pursuant to provisions of Sections 42, 71, 179 and other applicable provisions, if any, of the Companies Act, 2013 read together with the Companies (Prospectus and Allotment of Securities) Rules, 2014; a company offering or making an invitation to subscribe to the non convertible debentures on private placement basis is required to obtain the prior approval of the shareholders by way of a special resolution. Such an approval can be obtained once a year for all the offers and invitations made for such non convertible debentures during the year.

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

The Board recommends the special resolution as set out at Item No. 7 of the Notice for approval by the members.

Item No. 8 of the Notice

Pursuant to provisions of Section 161 of the Companies Act, 2013, rules thereof and the Articles of Association of the Company and on recommendation of the Nomination and Remuneration Committee; the Board of Directors at its meeting held on 12 May 2023 has co-opted Dr. Shalini Sarin (DIN : 06604529) as an Additional Director of the Company in the category of Independent Director with effect from 13 May 2023.

The Nomination and Remuneration Committee at its meeting held on 11 May 2023 has evaluated the balance of skills, knowledge and experience on the Board and was of the view that Dr. Shalini Sarin possesses identified capabilities and her role on the Board would be suitable for guidance in operations of the Company.

Pursuant to following provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from 1 January 2022 :

- The listed entity shall ensure that approval of shareholders for appointment of a person on the Board of Directors is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier.
- The appointment, re-appointment or removal of an independent director of a listed entity, shall be subject to the approval of shareholders by way of a special resolution.

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

Dr. Shalini Sarin is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given her consent to act as a Director. Further, she has submitted declarations stating that she meets the criteria of independence as prescribed in Section 149(6) of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that she has not been debarred or disqualified from holding the office as a Director by the Securities and Exchange Board of India (SEBI) or the Ministry of Corporate Affairs or any such statutory / regulatory authority.

In the opinion of the Board of Directors; she possesses integrity, expertise and experience and fulfills the conditions for the appointment as an Independent Director as specified under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and she is independent of the management of the Company. She holds valid registration certificate with the Databank of Independent Directors and has passed the online proficiency self-assessment test of the Indian Institute of Corporate Affairs.

Brief Profile of Dr. Shalini Sarin is as given below :

Dr. Shalini Sarin, aged 57 years, is the former global Senior Vice President (HR) at Philips Lighting (Signify) and Ex-CHRO Schneider Electric Greater India. Her experience ranges from being a Chief People Officer to leading Sustainable Social business and has worked across India, Europe and US in regional and global roles.

She balances her time between the corporate and the development sector through advisory, governance and coaching. She is an investor and chief mentor with an EV charging CPO-Elektromobilitat and serves on a few corporate boards in India and Germany. She is on the Global Supervisory Board of Nagarro SE, Germany.

She is also on the advisory committee of a few non profit organisations like Head Held High, Worldwide Sherors and a Trustee at Plaksha University. She is an advisor with the European Leadership Partners, mentors a few start-ups and is an executive for a few CEOs.

She holds a Doctorate in Organization Behaviour and Masters in Sociology and Human Resource Management. She has Executive Certifications from Ross School of Business – University of Michigan, UNC, Motorola University-Chicago, British Psychology Society, INSEAD and Harvard Business School. She has authored many articles and presented at various Indian and International Conferences.

Other Directorships :

ISMT Limited	Kirloskar Oil Engines Limited
Linde India Limited	Automotive Axles Limited
Meritor HVS (India) Limited	Elektromobilitat India Private Limited
Nagarro SE, Germany	

Other committee positions in listed / public limited companies are as given below :

Name of the Company	Name of committee and position held
Kirloskar Oil Engines Limited	Risk Management Committee – Member Corporate Social Responsibility Committee – Member
ISMT Limited	Audit Committee – Member Nomination and Remuneration Committee – Chairperson Corporate Social Responsibility Committee – Member
Automotive Axles Limited	Nomination and Remuneration Committee – Member Corporate Social Responsibility Committee – Member
Meritor HVS (India) Limited	Corporate Social Responsibility Committee – Chairperson Nomination and Remuneration Committee – Member Audit Committee – Member
Linde India Limited	Corporate Social Responsibility Committee – Chairperson Audit Committee – Member

She is not related to any other director or key managerial person of the Company.

She does not hold any equity share in the Company.

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

Dr. Shalini Sarin and her relatives may be deemed to be concerned or interested, financially or otherwise, in the resolution to the extent of their shareholding.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution as set out in Item No. 8 of the Notice.

The Board recommends the special resolution as set out at Item No. 8 of the Notice for approval by the members.

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

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

Date : 12 May 2023
Place : Pune

Mayuresh Gharpure
Company Secretary

Directors' Report

To The Members

The Directors are pleased to present the 32nd Annual Report together with the Audited Financial Statements for the financial year ended 31 March 2023 of Kirloskar Ferrous Industries Limited ('the Company').

Financial Summary (Standalone) :

(₹ in Crores)

Particulars	2022-2023	2021-2022
Total Income	4,191.80	3,626.26
Profit before tax	472.03	542.69
Tax Expenses	121.33	136.59
Profit for the year	350.70	406.10
Other Comprehensive Income for the year	(2.74)	3.41
Total Comprehensive Income for the period	347.96	409.51
Profit brought forward from previous year	985.09	659.65
Final Dividend paid on equity shares	(41.65)	(41.53)
Interim Dividend paid on equity shares	(34.73)	(34.67)
Transfer to General Reserves	(5.00)	(5.00)
Balance carried to Surplus in Statement of Profit and Loss	1,254.19	985.09

Dividend :

The Board of Directors at its meeting held on 7 February 2023 declared an Interim Dividend of ₹ 2.50 per equity share of ₹ 5 each (i.e. 50 percent) and the Interim Dividend has been paid to the eligible Members on 3 March 2023.

The Board of Directors at its meeting held on 12 May 2023 has also recommended a Final Dividend of ₹ 3 per equity share of ₹ 5 each (i.e. 60 percent) for approval of the Members at the ensuing annual general meeting.

Accordingly, total dividend payout for the financial year 2022-2023 aggregates to ₹ 5.50 per equity share of ₹ 5 each (i.e. 110 percent).

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

Company Performance :

The Company achieved Net Sales of ₹ 4,149.42 Crores as compared to ₹ 3,614.97 Crores in the previous year.

Profit Before Tax for the year under review stood at ₹ 472.03 Crores as compared to ₹ 542.69 Crores for the previous year.

During the year under review :

- The Company maintained the market leadership position in the domestic casting business, which recorded a sales value growth of 30 percent and volume growth of 14 percent over previous year, with substantial capacity utilisation improvement coupled with higher share of critical castings and improved quality in Foundry.
- During the year, the Pig Iron business achieved a sales growth of 8 percent over the previous year in spite of marginal reduction of volume by 3 percent on account of shutdown of furnaces for upgradation and maintenance.

Sale of products :

The Company sold 4,80,472 MT of pig iron valued at ₹ 2,374.20 Crores (which includes 134,651 MT from Hiriyur plant) during the financial year 2022–2023 as compared to 4,95,555 MT of pig iron valued at ₹ 2,201.77 Crores in the previous financial year.

The demand for all the grades of pig iron was good across the sectors throughout the year under review. The average realisation of pig iron for the year was around ₹ 49,500 per MT as against ₹ 44,500 per MT in the previous year.

The Company sold 1,30,345 MT of castings aggregating to ₹ 1,673.26 Crores during the financial year 2022–2023 as compared to 1,14,342 MT castings aggregating to ₹ 1,289.63 Crores during the previous financial year.

The demand for the castings was strong led by the tractor industry and commercial vehicle industry and auto sector in the domestic market and global market.

Operational Improvements :

Pig Iron :

During the year under review, average price of iron ore fluctuated between ₹ 5,100 per MT to ₹ 6,000 per MT for Lumps and ₹ 4,400 per MT to ₹ 6400 per MT with respect to Fines.

The increasing trend in prices of coal continued till first half of the current year. The blended average coal price went upto USD 377 in Q1 and USD 354 in Q2. Thereafter, the prices has fallen to USD 248 and USD 254 in the Q3 and Q4 of the year respectively.

The fluctuation in the coal prices were mitigated by continuous monitoring of the International coal prices and timely booking of coal through spot pricing and optimising the coal blend. The coke oven phase I and Power plant thereto was operated throughout the year, which contributed to the cost reduction. Further, the Company also entered into agreement for converting the coal to coke, which helped the Company to mitigate from price fluctuation of coke.

The Company is also successful in passing on substantial impact of increased price of raw material to its customers.

Upgradation of MBF-1 and MBF-2 helped in improving the productivity and reduction in coke consumption. 100% consumption of captive power helped in optimizing over all cost.

Castings :

Your Company maintained the leadership position in the domestic market in the block and head category castings. The Company also improved the market leadership position in the category for supply of critical castings.

Existing 3 lines of Foundry were operated at the 92 percent of saleable capacity utilisation and Line 4 at Solapur plant started commercial production from the month of March 2023.

During the year under review, the production of castings increased by 12 percent when compared to the previous year.

The Company continuously worked on improving the casting sales volume growth, quality and manufacturing cost at both Koppal and Solapur plants. The Company achieved the lowest casting rejection of 5 percent during the year under review.

The Company is successful in price settlements with the customers from time to time in line with input cost increase.

Finance costs :

During the year, the Reserve Bank of India increased the repo rate from 4.0 percent to 6.5 percent and also Secured Overnight Financing Rate (SOFR) was increased from 0.3 percent to 4.87 percent. Due to the increase in these rates, the finance cost for the Company was impacted. However, the Company worked on optimisation of interest rates by availing credit facilities at competitive rates and effectively managed the working capital to keep the interest expenses under control.

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

Full consumption of captive power helped in optimising overall cost.

ICRA Limited has assigned the long-term credit rating of 'ICRA AA with stable outlook' reflecting high degree of financial stability.

Updates on customers :

During the year under review, the Company was successful in adding two new Global OEM customers and increase in share of business from current customers. The Company also increased the supply of machined castings and also successful in obtaining new orders in machined condition.

Update on Projects :

Following major projects were completed during the financial year under review :

- Upgradation of MBF-2 at Koppal plant in July 2022 helped to increase the production capacity of Pig Iron by 37,600 MT per annum.
- The Company commenced the operations of Coke Oven phase II in February 2023. This enhanced the capacity of the coke production from 2 lakhs MT per annum to 4 lakhs MT per annum.
- 20MW power plant attached to Coke Oven phase II was commenced in March 2023. This will help in the reduction of power costs.
- The new moulding line (phase I) at Solapur plant started Commercial production in March 2023, thereby increasing the capacity of production of castings by 20,000 MT per annum.
- De-bottlenecking projects and machining capacity expansion projects were undertaken in Foundry.

Following major projects are in progress during the year under review:

- Installation of Pulvarised Coal Injection into Mini Blast Furnaces with Oxygen enrichment facility for cost reduction.
- Bell less top for MBF-1 at Koppal plant to reduce coke consumption.
- Solar power plant at Solapur plant to reduce the cost of power for improving profitability.
- New Moulding line (Phase II) at Solapur plant for increasing the castings capacity by 20,000 MT.
- Expanding machining capacity based on customer requirements.

Changes in the Equity Share Capital

During the financial year; 241,171 equity shares of ₹ 5 each were allotted upon exercise of stock options pursuant to 'KFIL Employee Stock Option Scheme 2017'. As at the end of the financial year, the issued, subscribed and paid-up share capital of the Company was ₹ 694,791,075 consisting of 138,958,215 equity shares of ₹ 5 each fully paid.

Directors

a) **Changes in Directors and Key Managerial Personnel**

Mr. Rahul Kirloskar (DIN : 00007319) retires by rotation at the ensuing annual general meeting and being eligible, offers himself for re-appointment.

Upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 12 May 2023 has reappointed Mr. R. V. Gumaste as the Managing Director (DIN : 00082829) ['Key Managerial Person'] for a term of five years with effect from 1 July 2023, subject to approval of the Members at the ensuing annual general meeting.

Upon recommendation of the Nomination and Remuneration Committee; the Board of Directors has sought the approval of the Members for the appointment of Dr. Shalini Sarin as an Independent Director to hold office for a term upto 12 May 2028. In the opinion of the Board of Directors; Dr. Shalini Sarin (DIN : 06604529) possesses integrity, expertise and experience and holds the valid registration with the databank of Independent Directors pursuant to provisions of Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

Changes in Directors during the financial year 2022-2023 :

The Board of Directors at its meeting held on 17 May 2022 co-opted Mr. R. S. Srivatsan, Chief Financial Officer (DIN : 0009607651) as an Additional Director of the Company and also appointed as the Executive Director (Finance) and Chief Financial Officer ['Key Managerial Person']. The Members of the Company at their annual general meeting held on 1 August 2022 have appointed him as an Executive Director (Finance) with effect from 17 May 2022 for a term of five years.

The Board of Directors at its meeting held on 5 August 2022 co-opted Mr. Pravir Kumar Vohra as an Additional Director in the category of Independent Director with effect from 5 August 2022. The Members of the Company by way of the postal ballot have appointed him as an Independent Director of the Company to hold office for a term upto 4 August 2027.

Pursuant to the resolution passed by the Members of the Company at their annual general meeting held on 23 July 2019, Mr. R. Sampathkumar has retired as an Independent Director on 12 August 2022. The Board of Directors placed on record its sincere appreciation for his valuable contribution.

Changes in Key Managerial Personnel (KMP) during the financial year 2022-2023 :

There was no change in the Key Managerial Personnel during the financial year 2022-2023.

b) **Statement on declarations by Independent Directors**

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

In the opinion of the Board, all Independent Directors possess integrity, expertise, skills and experience for carrying out functions of an Independent Director.

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

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

c) **Board Evaluation**

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

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

d) **Nomination and Remuneration Policy**

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

e) **Number of meetings of the Board :**

During the financial year 2022-2023, seven meetings of the Board of Directors were convened and held, details of which are provided in the Report on Corporate Governance.

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

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

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

The Company has granted loans aggregating to ₹ 3.36 Crores during the year ended 31 March 2023. These primarily consist of loans to employees as per the policies of the Company and loans to suppliers in the normal course of business of the Company. Closing balances of these loans are disclosed in the schedule of loans and advances in the Financial Statements.

During the financial year 2022-2023, the Company has not given any loan or guarantee or acquired any security exceeding the limit prescribed pursuant to provisions of Section 186(2) of the Companies Act, 2013.

Transactions with related parties

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

Pursuant to provisions of Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014; the material transactions with related party are disclosed in Form AOC-2 annexed herewith as Annexure A.

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

General

During the financial year 2022–2023;

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

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

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

For the financial year 2022-2023, Mr. R. V. Gumaste, Managing Director has received ₹ 5,60,000 as the sitting fees and would receive ₹ 31,00,000 as the commission (subject to approval of the members of ISMT Limited) from ISMT Limited (subsidiary company). He has not received any remuneration from Kirloskar Industries Limited (holding company).

For the financial year 2022-2023, Mr. R. S. Srivatsan, Executive Director (Finance) and Chief Financial Officer has not received any remuneration from ISMT Limited (subsidiary company) and Kirloskar Industries Limited (holding company).

Subsidiary Company and Consolidated Financial Statements

Consolidated Financial Statements for the year ended 31 March 2023 have been presented in addition to the Standalone Financial Statements of the Company.

During the financial year 2021–2022, the Company acquired sole control over ISMT Limited by acquiring 154,000,000 equity shares of ₹ 5 each of ISMT Limited (i.e. 51.25 percent) by way of preferential allotment. Accordingly, ISMT Limited is a subsidiary of the Company with effect from 10 March 2022 pursuant to the provisions of Section 2(87)(ii) of Companies Act, 2013. Further, the Company has also acquired 5,747 equity shares of ₹ 5 each of ISMT Limited for an aggregate consideration of ₹ 183,390 on 8 April 2022 through the Open Offer pursuant to provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

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

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

Performance Highlights for the financial year 2022-2023 :

Name and Registered Office of the Subsidiary	Percentage Holding	Particulars	Consolidated Financial Results (₹ in Crores)
ISMT Limited Panama House, Viman Nagar, Pune 411014 Maharashtra India	51.25	TOTAL INCOME	2,598.18
		TOTAL EXPENSES	2,443.16
		PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX	155.02
		EXCEPTIONAL ITEMS	6.43
		PROFIT BEFORE TAX	148.59
		TAX EXPENSES	60.85
		PROFIT AFTER TAX	87.74
		OTHER COMPREHENSIVE INCOME	3.67
		TOTAL COMPREHENSIVE INCOME	91.41

The Board of Directors of the Company at its meeting held on 5 November 2022 has considered and approved the Scheme of Arrangement and Merger of ISMT Limited with the Company and their respective shareholders. The Scheme is subject to receipt of necessary statutory and regulatory approvals. Upon the Scheme becoming effective, 17 fully paid-up equity shares of nominal value of ₹ 5 each of the Company will be allotted for every 100 fully paid-up equity shares of nominal value of ₹ 5 each held by the shareholders (except the shareholding of the Company) in ISMT Limited .

Risk Management Framework

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

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

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

Internal Financial Controls

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

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

Vigil Mechanism / Whistle Blower Policy

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

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

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

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

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

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

Pursuant to provisions of Section 134 read with Section 92(3) of the Companies Act, 2013, as amended; copies of annual returns filed with the MCA are available at the website of the Company viz. www.kirloskarferrous.com and the Annual Return for the financial year 2022-2023 will be uploaded on the website after filing with the MCA.

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

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

Corporate Social Responsibility (CSR)

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

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

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

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

Employee Stock Options Schemes (ESOS) :

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

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

During the financial year, the Nomination and Remuneration Committee at its meetings held on 19 May 2022 and 5 November 2022 has granted 1,760,000 and 1,60,000 stock options under 'KFIL ESOS 2017' and 'KFIL ESOS 2021' respectively.

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

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

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

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

Auditors

a) Statutory Auditor

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

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

The report given by the statutory auditor on the standalone and consolidated financial statements of the Company for the financial year 2022-2023 forms part of this Annual report. There is no qualification / reservation / adverse remark in the report given by the statutory auditor.

b) Secretarial Audit

Pursuant to provisions of Section 204 of the Companies Act, 2013 and rules thereof; Mr. Mahesh J. Risbud, Practicing Company Secretary was appointed to conduct the Secretarial Audit of the Company for the financial year 2022-2023. The Secretarial Audit Report is annexed herewith as Annexure F. There is no qualification / reservation / adverse remark in the Secretarial Audit Report.

Pursuant to the SEBI Circular CIR/CFD/CMD1/27/2019 dated 8 February 2019; Mr. Mahesh J. Risbud, Practicing Company Secretary has also issued the Secretarial Compliance Report for the financial year 2022-2023.

c) Cost Auditor

Pursuant to provisions of Section 148 of the Companies Act, 2013 and rules thereof, the Board of Directors has appointed M/s. Dhananjay V. Joshi and Associates, Cost Accountants as the Cost Auditor to conduct the audit of cost records maintained by the Company for the financial year 2022-2023.

Report on Management Discussion and Analysis

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

Report on Corporate Governance

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

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

Business Responsibility and Sustainability Report

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

Directors' Responsibility Statement

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

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

b) accounting policies as mentioned in the Notes forming part of the Financial Statements have been selected and applied consistently. Further, judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2023 and of the profit of the Company for the year ended on that date.

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

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

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

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

Cautionary Statement

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

Appreciation

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

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

Rahul Kirloskar	R. V. Gumaste
Vice Chairman	Managing Director
(DIN : 00007319)	(DIN : 00082829)

Date : 12 May 2023
Place : Pune

Annexure A

Form No. AOC-2

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

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 arms length transactions under third proviso thereto

1. Details of contracts / arrangements / transactions not at arm's length basis : None

2. Details of material contracts / arrangement / transactions at arm's length basis during the financial year 2022-2023 :

(a)	Name of the related party and nature of relationship	ISMT Limited Subsidiary Company
(b)	Nature of contracts / arrangements / transactions	• Sale of pig iron, castings and other products. • Purchase of tubes and other products. • Purchase and/or sale of other products and services • Grant of unsecured loan(s). • Issue of corporate guarantee(s), comfort letter(s) and/or support for financial obligations. • Any other transaction as may be decided from time to time by the Audit Committee and/or the Board of Directors
(c)	Duration of contracts / arrangements / transactions	No specific duration. These transactions are of a recurring nature
(d)	Salient terms of contracts / arrangements / transactions including the value, if any	• Sale of pig iron, castings and other products : ₹ 367.42 Crores (inclusive of taxes) • Purchase of tubes and other products : ₹ 1.02 Crores • Receipt of unsecured loan given to ISMT Limited : ₹194 Crores • Receipt of interest on loan : ₹ 10.98 Crores • Issue of corporate guarantee(s) and/or support for financial obligations : ₹ 45 Crores • Receipt towards reimbursement of expenses : ₹ 0.09 Crores
(e)	Date of approval by the Board, if any	None
(f)	Amount paid as advances, if any	None

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

	Rahul Kirloskar	R. V. Gumaste
Date : 12 May 2023	Vice Chairman	Managing Director
Place : Pune	(DIN : 00007319)	(DIN : 00082829)

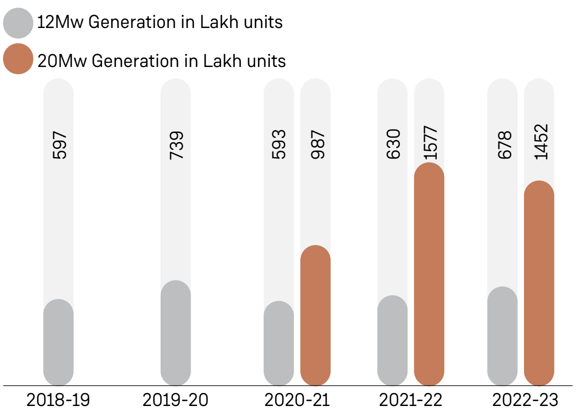
Annexure B

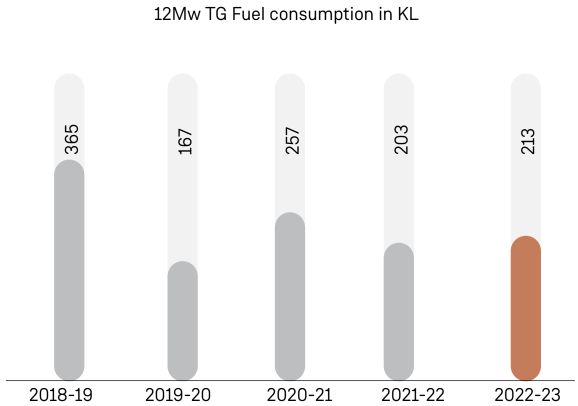
A. Conservation of energy

a) Energy conservation measures taken during the financial year 2022-2023 :

- Coke oven technology for coke oven (phase II): High transmission efficiency with six link arch design for effective waste heat recovery which enables higher power generation.
- All castable design in doors and dampers for better refractory life in Coke oven phase II.
- Waste heat recovery power plant (Phase II) : Boiler placed in between coke oven batteries to reduce waste heat temperature loss and resulting in higher power generation.
- Installation of Bell Less Top charging system (BLT) for MBF-2 at Koppal plant to reduce coke consumption.
- Relining of MBF at Hiriyur plant to reduce coke consumption.
- Thermal insulation provided to MBF cold blast line to avoid loss of temperature and improve hot blast temperature at Hiriyur plant.
- Replacement of old motors with energy efficient motors at Koppal, Hiriyur and Solapur Plants.
- Purchase of Solar and Wind/ Hydel power through open access at Koppal and Hiriyur plants.
- Reduction in power import from grid by doing proper redistribution of loads and thereby utilising the 20 MW phase 2 Power at Koppal plant.
- Replacement of conventional Lights with LED light fittings at Koppal, Hiriyur and Solapur Plants.
- Conducting energy audit by third party and taking actions on the audit findings.

Figures of Power generation and Fuel Consumption:





Notes :

- Consumption of input coal with low volatile matter has improved the coke oven productivity, however, resulted in lower availability of gas for generating power in 20MW Power plant in the financial year 2022–2023.
- The planned shutdown of MBF-2 for upgradation till 3 July 2022, has resulted in lower availability of BF gas for power generation in 12MW power unit and led to increase in fuel consumption in the financial year 2022–2023.

b) Proposals for the financial year 2023-2024 :

- Installation of pulverized coal into blast furnace to reduce coke consumption.
- Installation of Bell less top for MBF 1 to reduce coke consumption.
- Automation of induction furnaces to reduce power consumption at Koppal plant.
- Installation of Air preheater for stoves to increase hot blast temperature and reduce coke consumption at Hiriyur plant.
- Installation of truck tippler for unloading of coke and other raw materials to reduce multiple handling and fines generation at Hiriyur plant.
- Power factor improvement on 66KV line at Hiriyur plant.
- Various Variable Frequency Drives installation as per Energy audit report at both Koppal and Solapur plants.
- Purchase of Renewable Energy (RE) power at both Koppal and Hiriyur plants.

c) **Impact of the above measures :**

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

B. **Technology Absorption**

Following projects are under implementation :

- Mini blast furnace
    - o State of Art – AVRM (Automatic Vertical Roller Mill Technology) and efficient injection of pulverised coal into blast furnace.
    - o ASU (Air Separation Unit) Technology based O2 plant for oxygen enrichment in blast furnace.
    - o Bell less top technology for furnace feeding for MBF 1
- Furnace Fume Extraction
    - o Improvement in indoor air quality.
- Green Sand Reclamation Plant
- Snag Grinding Machine for Fettling
    - o For Dimensional Accuracy, Deburring and reduction in cycle time

C. **Foreign Exchange Earnings and Outgo**

	(₹ in Crores)
Earnings	Nil
Outgo	1,018

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

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

1. Specific areas in which R&D carried out by the Company :
    - Development of Yuvo star Transmission for Mahindra which supported in quick introduction of new tractor model.
    - Improvement of Cylinder head design for OEM through Integrated sleeve design, supports in improved engine performance.
    - Joint design and development of cylinder block fort low medium duty vehicle (New segment).
    - Proto part Manufacturing of 350 kgs critical Cylinder block(Biggest in KFIL foundry)in 3D printing
    - Shrinkage defect reduction in cylinder head made with High strength alloyed Cast Iron through additional feeding aids.
    - Indigenization of sand for 3D Printing.
2. Benefits derived as result of the above R & D :
    - Customer appreciation for Quick development of Transmission casting supported in new tractor model introduction.
    - Reduced cost for proto casting production.
3. Future plans of action :
    - Lost Foam casting Process feasibility study and adaptation.
    - Adapting 3D printing core Making process for mass production through indigenization of raw materials and high speed machines
    - Value engineering solution to Original Equipment Manufacturers.
    - Continuous improvements to make the processes more efficient.
    - Compacted Graphite Iron Development.
4. Expenditure on R & D :

(₹ in Crores)

Particulars	2022-2023	2021-2022
Capital	0.46	0.15
Recurring	4.52	4.22
Total R & D expenditure	4.98	4.37

Annexure C

Annual Report on CSR Activities

[Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. Brief Outline on CSR Policy of the Company :

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

2. Composition of CSR Committee :

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

During the financial year 2022-2023, one meeting of the CSR Committee was held on 17 May 2022.

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

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

Notes:

- Mr. R. Sampathkumar retired as an Independent Director with effect from 13 August 2022 pursuant to the resolution passed by the Members of the Company at their annual general meeting held on 23 July 2019.
- Mrs. Nalini Venkatesh was appointed as a Member of the Committee with effect from 13 August 2022.

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

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

5.

(a)	Average Net Profit of the Company as per Section 135(5) of the Companies Act, 2013 for the financial years 2019-2020, 2020-2021 and 2021-2022	₹ 354,01,96,917
(b)	Two percent of average net profit of the company as per Section 135(5)	₹ 7,08,03,938
(c)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	Nil
(d)	Amount required to be set off for the financial year, if any	₹ 16,21,934
(e)	Total CSR obligation for the financial year [(b)+(c)-(d)]	₹ 6,91,82,004

6.

(a)	Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)	₹ 6,91,82,004
(b)	Amount spent in Administrative Overheads	Nil
(c)	Amount spent on Impact Assessment, if applicable	Nil
(d)	Total amount spent for the financial year [(a)+(b)+(c)]	₹ 6,91,82,004

(e) CSR amount spent or unspent for the financial year :

Total amount spent for the financial year	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of Transfer	Name of Fund	Amount	Date of Transfer
6,91,82,004	Nil	--	--	NIL	--

(f) Excess amount for set off, if any

Sl. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per Section 135(5)	7,08,03,938
(ii)	Total amount spent for the financial year (Refer Note below)	7,08,03,938
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

Note :

It includes the amount spent towards CSR activities during the financial year and the set off availed from excess amount spent for the financial year 2020-2021 as per clause 5 above.

7. Details of Unspent Corporate Social Responsibility amount for the preceding three financial years :

1	2	3	4	5	6		7	8
Sl No	Preceding Financial Year(s)	Amount transferred to unspent CSR account under section 135(6) (in ₹)	Balance Amount in unspent CSR account under section 135(6) (in ₹)	Amount spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to Section 135(5), if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of Transfer		
1	FY 2019-2020	NIL	-	-	-	-	-	-
2	FY 2020-2021	NIL	-	-	-	-	-	-
3	FY 2021-2022	NIL	-	-	-	-	-	-

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year : ~~Yes~~ / 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 :

Sl No	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if Applicable	Name	Registered Office
1	2	3	4	5	6		
-	-	-	-	-	-	-	-

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

For **Kirloskar Ferrous Industries Limited**

Rahul Kirloskar	R. V. Gumaste	R. S. Srivatsan
Chairman of the Committee	Managing Director	Executive Director (Finance) and Chief Financial Officer
(DIN : 00007319)	(DIN : 00082829)	(DIN : 09607651)

Date : 12 May 2023

Annexure D

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

Sl. No.	Information required	Particulars
1	The ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year	Kindly refer to Table D-1
2	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Kindly refer to Table D-2
3	The percentage increase in the median remuneration of employees in the financial year	2.45 percent
4	The number of permanent employees on the rolls of company	1,385
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out, if there are any exceptional circumstances for increase in the managerial remuneration	Percentage increase in salaries of managerial personnel at 50th percentile : 30.43 percent Percentage increase in salaries of Non-managerial personnel at 50th percentile : 7.41 percent (Note : Percentage increase in salaries of Non-managerial personnel is in the range 2 percent to 53 percent.) The salary increases are a function of various factors like individual performance vis-á-vis individual KPIs, industry trends, economic situation, future growth prospects, etc. besides the performance of the Company. There are no exceptional circumstances for increase in the managerial remuneration.
6	Affirmation that the remuneration is as per the remuneration policy of the company.	Payment of remuneration to Directors is accordance with the Nomination and Remuneration Policy of the Company.
7	Statement showing the names of the top ten employees in terms of remuneration drawn and the name of every employee, who- (i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees; (ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month; (iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.	Kindly refer to Table D-3

Table D-1 :

Sl. No.	Name of the Director	Ratio of remuneration of each director to the median remuneration of the employees of the Company
1	Atul Chandrakant Kirloskar	7.16
2	Rahul Chandrakant Kirloskar	6.84
3	Ravindranath Venkatesh Gumaste (MD)	274.75
4	Anil Narayan Alawani	8.89
5	Nalini Venkatesh	2.40
6	Yeshwant S Bhave	2.36
7	Mahesh Ramchandra Chhabria	6.76
8	Vijaydipak Mukundprasad Varma	4.17
9	Madhukar Vinayak Kotwal	6.68
10	S. Venkataramani	3.11
11	Raviprakasha Srinivasa Srivatsan	103.78
12	R. Sampathkumar (Note 1)	Not applicable
13	Pravir Kumar Vohra (Note 2)	Not applicable

Table D-2 :

Sl. No.	Name of the Director / KMP	Designation	Percentage increase / (decrease) in the remuneration
1	Atul Chandrakant Kirloskar	Director	71.70 %
2	Rahul Chandrakant Kirloskar	Director	81.25 %
3	Ravindranath Venkatesh Gumaste	Managing Director and KMP	15.44 %
4	Anil Narayan Alawani	Director	4.63 %
5	Nalini Venkatesh	Director	(25.61) %
6	Yeshwant S Bhave	Director	30.43 %
7	Mahesh Ramchand Chhabria	Director	(47.24) %
8	Vijaydipak Mukundprasad Varma	Director	10.42 %
9	Madhukar Vinayak Kotwal	Director	30.77 %
10	S. Venkataramani (Note 3)	Director	Not applicable
11	Raviprakasha Srinivasa Srivatsan (Note 4)	Director and KMP	271.12 %
12	R. Sampathkumar (Note 1)	Director	Not applicable
13	Pravir Kumar Vohra (Note 2)	Director	Not applicable
14	Mayuresh Gharpure	KMP	109.08 %

Notes :

1. Mr. R Sampathkumar retired as Director on 12 August 2022.
2. Mr. Pravir Kumar Vohra was appointed as an Additional Director with effect from 5 August 2022.
3. Mr. S. Venkataramani was appointed as an Additional Director with effect from 22 October 2021.
4. Mr. Raviprakasha Srinivasa Srivatsan was appointed as an Additional Director with effect from 17 May 2022.

Table D-3 :

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

Sl. No.	Name of the Employee and Designation	Remuneration (₹)	Qualifications	Experience (Years)	Date of start of employment	Age (Years)	Details of last employment	Percentage of equity shares held
1	Mr. R. V. Gumaste Managing Director	174,681,235	B.Tech (Met.)	41	08/11/2001	65	Chief Executive (Works) Indian Seamless Metal Tubes Limited	0.55
2	Mr. R. S. Srivatsan Executive Director (Finance) & CFO	65,979,798	B.Com.,CA	39	12/01/1998	60	Sr.Manager-Finance Vasavadatta Cement (Unit of Kesoram Industries Limited)	0.08
3	Mr. K. Chandrashekarachari AVP	12,174,227	M.Tech (PTPG)	29	30/07/2018	51	Uttam Galva Metalliks Limited, Wardha.	0.02
4	Mr. Narayana P. EVP-HR	9,839,065	B.Com.,PG-Dip-HRM, LLB	35	09/06/2016	60	DGM - JSW Steels Limited	0.05

Sl. No.	Name of the Employee and Designation	Remuneration (₹)	Qualifications	Experience (Years)	Date of start of employment	Age (Years)	Details of last employment	Percentage of equity shares held
5	Mr. M. G. Nagaraj EVP-PIP	9,404,358	B.E (Metallurgy)	30	01/10/1993	54	Not applicable	0.05
6	Mr. C. Ramesh President	8,710,375	B.E (Mech.)	29	26/09/1994	52	Not applicable	0.05
7	Mr. P. M. Manojkumar VP	8,692,648	B.E. (Production)	29	22/04/2021	52	Hitech Gears - Sr.GM	Nil
8	Mr. Inturi Chandra Sekhar EVP – R & D	8,462,292	B.E (Mech.) & MBA-Mktg.	35	16/10/2013	59	GM – Design & Development Neosym Industry Limited	0.05
9	Mr. Pradeep Madulkar VP - Foundry	8,070,021	B.E(Metallurgy)	32	03/05/2007	53	Magna Industries	0.02
10	Mr.G.S.Krishnamurthy VP – Foundry	5,996,399	Diploma-Mech	31	01/05/2002	53	The Mysore Kirloskar Limited Harihar	0.03

Note :

The Managing Director, the Executive Director and employees mentioned above at serial numbers from 3 to 10 are not relative of any Director on the Board of Directors of the Company.

Annexure E

'KFIL Employee Stock Option Scheme 2017'

Disclosures for the financial year ended 31 March 2023 pursuant to Regulation 14 read with Schedule I of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021

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

B) Diluted Earnings Per Share (EPS) on issue of equity shares upon exercise of stock options pursuant to all the schemes in accordance with IND-AS 33 (Earnings Per Share) : ₹ 25.12 per equity share

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

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

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

ii) Method used to account for ESOS :

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

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

iv) Options movement during the year : As on 31 March 2023

Number of options outstanding at the beginning of year	898,200
Number of options granted during the year	160,000
Number of options forfeited / lapsed during the year	77,600
Number of options vested during the year	154,400
Number of options exercised during the year	239,011
Number of shares arising as a result of exercise of options	241,171
Money realized by exercise of options (in ₹)	13,407,093
Loan repaid by the Trust during the year from exercise price received	N.A.
Number of options outstanding at the end of the year	741,589
Number of options exercisable at the end of the year	266,089

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

Weighted average exercise price : ₹ 73.12

Weighted average fair value : ₹ 58.03

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

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

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

Name of Employee	Designation	Number of stock options	Exercise Price per stock option (in ₹)
P. M. Manojkumar	Vice President	60,000	166
Ravindra Malle Gowda	Associate Vice President	40,000	166
M. K. Jagadeeshkumar	General Manager	12,000	166
Vijaykumar Mohite	General Manager	12,000	166
Dilip Kumar	General Manager	12,000	166
Kalleshachar C. L	General Manager	12,000	166
Kiran Shejekar	General Manager	12,000	166

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

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

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

(a) The model inputs for options granted during the year ended 31 March 2023 included :

Particulars	5 November 2023	5 November 2024	5 November 2025	5 November 2026
Share price (₹)	276.60	276.60	276.60	276.60
Exercise Price (₹)	166.00	166.00	166.00	166.00
Expected Volatility (standard deviation)	46.22 %	46.38 %	43.76 %	43.35 %
Expected option life (in years)	2.50	3.50	4.50	5.50
Expected dividend yield	2.00 %	2.00 %	2.00 %	2.00 %
Risk free interest rate	7.30 %	7.38 %	7.41 %	7.47 %
Any other inputs to the model	Nil	NIL	NIL	NIL

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

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

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

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

'KFIL Employee Stock Option Scheme 2021'

Disclosures for the financial year ended 31 March 2023 pursuant to Regulation 14 read with Schedule I of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021

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

B) Diluted Earnings Per Share (EPS) on issue of equity shares upon exercise of stock options pursuant to all the schemes in accordance with IND-AS 33 (Earnings Per Share) : ₹ 25.12 per equity share

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

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

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

ii) Method used to account for ESOS :

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

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

iv) Options movement during the year : As on 31 March 2023

Number of options outstanding at the beginning of year	-
Number of options granted during the year	1,670,000
Number of options forfeited / lapsed during the year	-
Number of options vested during the year	-
Number of options exercised during the year	-
Number of shares arising as a result of exercise of options	-
Money realized by exercise of options	-
Loan repaid by the Trust during the year from exercise price received	-
Number of options outstanding at the end of the year	1,670,000
Number of options exercisable at the end of the year	-

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

Weighted average exercise price : ₹ 157.00

Weighted average fair value : ₹ 98.52

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

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

Name of Employee	Designation	Number of stock options	Exercise Price per stock option (in ₹)
Ravindranath Venkatesh Gumaste	Managing Director	500,000	157
Raviprakasha Srinivasa Srivatsan	Executive Director (Finance) and CFO	200,000	157
Ramesh Cherukuru	Senior Vice President	100,000	157
Narayana P.	Senior Vice President	80,000	157
Mangote Gowda Nagaraj	Senior Vice President	80,000	157
Inturi Chandra Sekhar	Senior Vice President	80,000	157

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

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

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

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

(a) The model inputs for options granted during the year ended 31 March 2023 included :

Particulars	19 May 2023	19 May 2024	19 May 2025	19 May 2026
Share price (₹)	209.00	209.00	209.00	209.00
Exercise Price (₹)	157.00	157.00	157.00	157.00
Expected Volatility (standard deviation)	50.24%	45.34%	44.36%	43.31%
Expected option life (in years)	2.50	3.50	4.50	5.50
Expected dividend yield	1.91 %	1.91 %	1.91 %	1.91 %
Risk free interest rate	6.70 %	6.98 %	7.11 %	7.19 %
Any other inputs to the model	Nil	NIL	NIL	NIL

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

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

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

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

Annexure F

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

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

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 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 31 March 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 and the rules made thereunder;

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

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

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

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

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

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

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

  (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

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

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 - [No incidence during the audit period, hence not applicable]

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

(vi) The Mines and Minerals (Development and Regulation) Act, 1957 and rules made thereunder

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

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

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

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

I further report that,

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

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

Decisions in the meetings of the Board and committees thereof were approved with requisite majority during the audit period. None of the Directors on the Board have recorded any dissent during any of the meetings.

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

I further report that, during the audit period:

(a) The Board of Directors of the Company at its meeting held on 9 February 2022 noted the intention of Mrs. Jyotsna Kulkarni and her family members, viz. Mr. Nihal Kulkarni and Mr. Ambar Kulkarni and their respective family branches, to exit as Promoters and shareholders of the Company as communicated vide their letter dated 9 February 2022. Aforesaid members of the promoters' group have sold their entire shareholding in the Company in the open market on 10 August 2022.

(b) The Members of the Company by way of postal ballot concluded on 16 October 2022 have passed the special resolution to authorise the Board of Directors of the Company pursuant to provisions of Section 180(1)(a) of the Act to create security from time to time by way of mortgage(s), pledge(s), lien(s), hypothecation(s), charge(s), and/or any other encumbrance(s) in addition to existing pledge(s), lien(s), mortgage(s), hypothecation(s) and/or charge(s) created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board of Directors may determine, on all or any of the assets of the Company (including immovable and/or movable properties of the Company), both present and future, and/or the whole or substantially the whole of the undertaking(s) wheresoever situated, in favour of bank(s) / non-banking financial companies / public financial institution(s) / body corporate(s) / security trustee(s) / debenture trustee(s) / investor(s), to secure the loan(s) and/or the credit facilities and/or the debt(s), availed / to be availed by the Company and/or debenture(s) / bond(s), issued / to be issued, upto a sum of ₹ 2,000 Crores at any point of time.

(c) The Board of Directors of the Company at its meeting held on 5 November 2022 has considered and approved the Scheme of Merger of ISMT Limited with the Company and their respective shareholders. The Scheme is subject to receipt of necessary approvals from the Hon'ble National Company Law Tribunal, Stock Exchanges, the Securities and Exchange Board of India, shareholders, creditors, and such other authorities, as may be required.

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

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

Signature:

Mahesh J. Risbud
Practicing Company Secretary
FCS No. 810
C. P. No.: 185
UCN – S1981MH000400
UDIN - F000810E000275095

Date: 12 May 2023
Place: Pune
PR – 1089/2021

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

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

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

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

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

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

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

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

Signature: sd/-

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

Date: 12 May 2023
Place: Pune

Report on Management Discussion and Analysis

(A) Economy Overview and Outlook

Global Economy :

A series of severe and mutually reinforcing shocks — the COVID-19 pandemic, the war in Ukraine and resulting food and energy crises, surging inflation, debt tightening as well as the climate emergency — battered the world economy in the year 2022. International Monetary Fund (IMF) in its report dated 11 October 2022 on World Economic Outlook has stated that global economic activity is experiencing a broad-based and sharper-than-expected slowdown with inflation higher than seen in several decades. Global growth is forecast to slow down from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and acute phase of the COVID-19 pandemic. Global inflation is forecast to rise from 4.7 percent in 2021 to 8.8 percent in 2022, but to decline to 6.5 percent in 2023 and to 4.1 percent by 2024. A slower growth in economic output coupled with increased uncertainty will dampen trade growth. This is seen in the lower forecast for growth in global trade by the World Trade Organisation, from 3.5 percent in 2022 to 1.0 percent in 2023.

Many low-income countries are facing deep fiscal difficulties. At the same time, Russia's ongoing war in Ukraine and tensions elsewhere have raised the possibility of significant geopolitical disruption. Although the pandemic's impact has moderated in most countries, its lingering waves continue to disrupt economic activity, especially in China. Intense heat waves and droughts across Europe and central and south Asia have provided a taste of a more inhospitable future blighted by global climate change. Further, two regional US banks have collapsed under the weight of heavy losses on their bond portfolios and a massive run on deposits. They are the largest banks to fail in the US since Washington Mutual in the year 2008 adding further negative sentiments.

Decades of deferment on climate policy have made it all the more urgent to act now. To keep the Paris Agreement's goal within reach, greenhouse gas emissions must decline by 25 percent, with respect to current levels, by the year 2030. Achieving such a result would require unprecedented global effort and would represent a serious acceleration with respect to the past decade. Rising concerns about energy independence offer the opportunity to bolster the transition in the energy sector.

Tightening global financial conditions coupled with a strong dollar exacerbated fiscal and debt vulnerabilities in developing countries. Over 85 percent of central banks worldwide tightened monetary policy and raised interest rates in quick succession since late 2021, to tame inflationary pressures and avoid a recession. Global inflation, which reached a multi-decade high of about 9 percent in the year 2022, is projected to ease but remain elevated at 6.5 percent in the year 2023.

Some of the biggest inflationary fears – widely predicted late last year - have been mitigated by more direct, pro-active political action geared especially towards getting rising energy prices down. There are also signs that other commodities and food prices are finally starting to ease, helping consumers and business owners, who've been facing a significant financial squeeze.

Indian Economy :

India expected to witness GDP growth of 6.0 to 6.8 percent in 2023-2024, depending on the trajectory of economic and political developments globally. The optimistic growth forecasts stem from a number of positives like the rebound of private consumption giving a boost to production activity, higher capital expenditure (Capex), near-universal vaccination coverage enabling people to spend on contact-based services, such as restaurants, hotels, shopping malls, and cinemas, as well as the return of migrant workers to cities to work in construction sites leading to a significant decline in housing market inventory, the strengthening of the balance sheets of the corporates, a well-capitalised public sector banks ready to increase the credit supply and the credit growth to the Micro, Small, and Medium Enterprises (MSME) sector to name the major ones. Growth is expected to be brisk in FY24 as a vigorous credit disbursal and capital investment cycle is expected to unfold in India with the strengthening of the balance sheets of the corporate and banking sectors. Further support to economic growth will come from the expansion of public digital platforms and path-breaking measures such as PM GatiShakti, the National Logistics Policy and the Production-Linked Incentive schemes to boost manufacturing output.

Despite the setbacks like COVID-19 pandemic, Russia-Ukraine conflict and rate hikes by the Central Banks to curb inflation, appreciation of US Dollar and the widening of the Current Account Deficits (CAD) in net importing economies, agencies worldwide continue to project India as the fastest-growing major economy at 6.5-7.0 percent in FY23.

Manufacturing and investment activities consequently gained traction. By the time the growth of exports moderated, the rebound in domestic consumption had sufficiently matured to take forward the growth of India's economy.

Dwelling on the Outlook for 2023-2024, the Survey says, India's recovery from the pandemic was relatively quick and growth in the upcoming year will be supported by solid domestic demand and a pickup in capital investment. It says that aided by healthy financials, incipient signs of a new private sector capital formation cycle are visible and more importantly, compensating for the private sector's caution in capital expenditure, the government raised capital expenditure substantially.

Budgeted capital expenditure rose 2.7 times in the last seven years, from FY16 to FY23, re-invigorating the Capex cycle. Structural reforms such as the introduction of the Goods and Services Tax and the Insolvency and Bankruptcy Code enhanced the efficiency and transparency of the economy and ensured financial discipline and better compliance, the Survey added.

On the external front, risks to the current account balance stem from multiple sources. While commodity prices have retreated from record highs, they are still above pre-conflict levels. Strong domestic demand amidst high commodity prices will raise India's total import bill and contribute to unfavourable developments in the current account balance. These may be exacerbated by plateauing export growth on account of slackening global demand. Should the current account deficit widen further, the currency may come under depreciation pressure.

Entrenched inflation may prolong the tightening cycle, and therefore, borrowing costs may stay 'higher for longer'. In such a scenario, global economy may be characterised by low growth in FY24. However, the scenario of subdued global growth presents two silver linings – oil prices are expected to stay low, and India's CAD will be better than currently projected. The overall external situation will remain manageable.

International crude oil prices continue to rise as well, with the price of the Indian crude oil basket reaching US $ 78.12 in the month of March 2023, an decrease of 49 percent as compared to March 2022. The basket price crossed US $ 120 per barrel in June 2022 for the first time since September 2014. The movement in oil prices is expected to dominate inflationary trends in the coming months. The Government has been taking steps to diversify import sources, which includes buying cheaper crude oil from Russia and diversifying energy sources beyond traditional hydrocarbons to mitigate the adverse effects of the high prices.

India's foreign exchange reserves stood at US $ 578.44 as of 31 March 2023. The fiscal 2022-2023 started on a volatile note due to the Russia-Ukraine conflict. A sharp jump in oil prices put pressure on the Indian currency forcing the RBI to sell dollars from the reserve. Volatility continued during the year due to geopolitical tensions in Europe.

Repo rate, which was 4 percent in the beginning of the financial year, has been progressively increased to 6.5 percent during the financial year.

Indian Rupee opened at a level of ₹ 75.91 against US Dollar on 1 April 2022 and closed at ₹ 82.18 on 31 March 2023.

(B) Industry Overview and Outlook

Steel Industry :

The year 2022 has been a period of major ups and downs - not only for the global equity markets but also for the global economy. The global steel sector is one of them. It faced a 4 percent year-on-year contraction in global steel production, driven by a 2 percent fall in production in China and 7 percent in the rest of the world. Data shows that apart from China, production in other key regions, such as Europe, too declined 10 percent year-on-year and the US witnessed a decline of 5 percent. On the other hand, India and the Middle East witnessed a year-on-year growth of 5 percent and 7 percent respectively. Although any sharp production growth is unlikely in CY23, it should be in the range of 1.5 to 2.0 percent with another healthy year for India and likely turnaround in Europe and North America.

Performance of steel sector during the financial year 2022-2023, production of crude steel at 125.32 Million Tonnes (MT), finished steel at 121.29 MT and consumption of finished steel at 119.17 MT have exceeded their respective levels achieved over the corresponding period of not only COVID affected last two years but also pre COVID years as well. The imposition of export duty has led to a de-growth in exports from India in FY23, thereby resulting in increased supply and hence moderation in steel prices in the domestic market.

The higher availability of steel in the domestic market on account of export duty announcement led to continued moderate steel prices. The domestic consumption of steel will continue to grow, backed by improved economic activity and the Government's continued investment in infrastructure and construction sectors. To serve the growing domestic demand, local steel production will grow backed by sustained high-capacity utilisation levels. Furthermore, a revival in economic activities from the end-user industries such as construction, infrastructure, automobile, real estate and consumer durables will support the steel consumption and will aid production in India.

Automobile Sector :

The automotive industry in India is one of the main pillars of the economy. With strong backward and forward linkages, it is a key driver of growth. Liberalization and conscious policy interventions over the past few years created a vibrant, competitive market and brought several new players, resulting in capacity expansion of the automobile industry and generation of huge employment. The contribution of this sector to the National GDP has risen to about 7.1 percent now from 2.77 percent in 1992-1993. It provides direct and indirect employment to over 19 million people.

The overall Commercial Vehicles sales increased from 7.16 lakh unit to 9.62 lakh units. Sales of Medium and Heavy Commercial Vehicles increased from 2.40 lakh units to 3.59 lakh units and Light Commercial Vehicles increased from 4.76 lakh units to 6.03 lakh units, in the financial year 2022-23 as compared to the previous year.

The domestic automotive industry is expected to grow at high single-digit levels in 2023-2024. According to the report, the demand for the passenger vehicles segment is expected to grow at 6 to 9 percent, commercial vehicles by 7 to 10 percent, two-wheelers by 6 to 9 percent and tractors by 4 to 6 percent in FY24.

Tractor Industry :

Tractor sales in India have surpassed their all-time records of selling tractors and have registered a new high record of selling 9.44 lakh units in 2022-2023 which shows an increase of 12 percent from the previous year's sales.

Government of India offers subsidy for new tractors for promoting the mechanization component of the macro-management scheme of agriculture, which attracts farmers to buy new tractors equipped with new technologies.

Iron Ore :

In the FY 2022-23, the production of iron ore in India was 250 Million Tonnes.

As India ranks second globally in the consumption of Iron ore, the Government is bringing new mining policy to promote domestic mining of Iron ore. India is well-placed to meet its iron ore demand in the next few years from domestic resources and will not be dependent on imports.

The Central Government has withdrawn the export duty on Iron ore lumps and fines having Fe content below 58 percent. This resulted in the high demand and lesser availability of low quality iron ore for domestic consumption thereby increase in prices.

Presently, to meet the consumption requirement of iron ore about 45 million MT per annum in Karnataka, the Government is coming up with the e-auction of various identified mines considering the capping laid by the Supreme Court (50 million MT per annum).

Coal and Coke :

India, being one of the largest consumer and importer of coking coal, majorly depends on Australia and Russia to meet its coking coal requirements apart from Canada and US.

In December 2022, the Customs Authority exempted the levy of Basic Custom Duty (BCD) and Agricultural Infrastructure Development Cess (AIDC) on import of Australian origin Coking coal and continued to impose duty on imports from other countries.

Iron / Steel manufacturers in India are expanding capacities and setting up their captive coke oven plants leading to increase in requirement of coking coal.

India imported around 60 million tonnes of coking coal in the year 2022 and is expected to go to 85 million tonnes by the year 2028. The price fluctuation of coking coal was volatile in 2022 due to Chinese economy, Russia-Ukraine war, other global scenarios, climatic condition at Australia, etc.

Majority of the primary / secondary steel plants in India estimated to source around 30 to 40 percent of their coking coal requirements from Russia for competitive prices and other logistics advantage.

The Company is sourcing coking coal from Russia, Australia, Canada and other counties.

Iron ore Mines :

The Government of Karnataka has the highest reserves of iron ore in India and accounts to around 14 percent of the total production of iron ore in the country. In April 2013, the Hon'ble Supreme Court of India has directed the Government of Karnataka to cancel 51 C category mining leases for illegal Mining. The annual production limit was sealed to 35 million MT per annum for the mines in Ballari, Chitradurga and Tumkur Districts.

In August 2022, the Supreme Court raised the ceiling limit of iron ore mining to 50 million MT per annum in Karnataka, by emphasising that 'conservation of the ecology and environment must go hand in hand with the spirit of economic development'.

In exercise of the powers conferred by the Mines and Minerals (Development and Regulation) Act, 1957, the Government of Karnataka is actively conducting mining lease auctions for the various identified iron ore blocks.

The Government of Karnataka has decided to amalgamate the C category mines, which have low reserves and lesser extent for making it as a single contiguous block so as to enable it viable for systematic and scientific mining.

(C) Risks and concerns :

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

Any adverse changes in the Government policies, fluctuation in the price of raw material such as coke and coal and shortage of quality iron ore supply in domestic market will have impact on production and consequently on profit.

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

(D) Cost Control:

Your Company adopted following measures to reduce costs :

- Commenced operations of Phase II of coke oven plant and power plant, installation of bell less top in MBF 2 to reduce input cost.
- Improved the quality of castings to bring down the rejections.
- Strategically sourced raw material and consumables.

- Improvement projects through Total Productivity Management (TPM), Kaizens, involvement of cross functional teams to bring cost reductions.

(E) Outlook for the current financial year

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

- Stabilisation coke oven phase II along with waste heat recovery power plant to reduce input cost.
- Installation of bell less top for MBF 1.
- Pulverised coal injection system for both mini blast furnaces.
- Participation in e-auctions of iron ore mines in Karnataka, as and when the State Government invites tenders to secure some more iron ore mines to cover iron ore requirements.
- Increasing the supply of castings in machined condition to increase the value of sales. Machine shop expansions are planned and will be expanded progressively in a phased manner based on order positions.
- Two iron ore mines [viz. M/s. Bharath Mines & Minerals and Sri. M Channakesava Reddy (M/s. Sri Lakshmi Narasimha Mining Co)] were won through e-auction in the financial year 2018-2019 and various clearances are being obtained from the Government. Once all clearances are obtained, the Company will be in a position to start the mining of aforesaid two iron ores.
- Phase II of new moulding line at Solapur plant is in progress and expected to complete in the financial year 2023-2024.
- Demand for pig iron and castings continues to be good and the Company is optimistic of full year operations.

(F) Internal Control Systems and their adequacy

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

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

(G) Safety, Health and Environment

The Company is committed to protect the environment and provide a safe place of work for all employees and contractors. The Company recognises 'Safety is our first priority' and aims to achieve 'Zero Harm' status through continuous improvement of our environmental, occupational health and safety performance by institutionalizing the core value of safe and reliable working in all our routine, non-routine and outsourced activities. It also strives for channelizing its effort to inculcate safety consciousness among all employees and to make the work place free from occupational health and safety hazards. The Company KFIL aims to achieve 'ZERO HARM' to enable safe and secure workplace.

In order to establish a strong safety culture at KFIL and to achieve international benchmarking in safety management systems, the Company has partnered with DSS+, to embark on a safety excellence journey since September 2021.

This safety excellence journey is being steered by a business steering council and supported by various corporate committees and apex committees. Since then several new or upgraded systems have been rolled out, such as, safety interactions, incident management, contract safety management, process safety management and capability development. Few High Risk Activity (HRA) standards have also been rolled out such as, work at height, permit to work, personal protective equipment, road safety, lock out tag out and material handling. To enhance direct participation and involvement of shop floor employees in identifying unsafe acts and conditions in the workplace, the SAHYOG suggestion scheme and safety action meeting process have been introduced.

The Company is committed to fulfil all the applicable legal and other statutory requirements pertaining to safety, environment and health along with Environment Social Governance (ESG). Fulfilment of these compliances are being ensured through periodic evaluation by internal and external audit teams and also by relevant authorities.

The Company has established, implemented and continues to maintain International Standards certifications such as 'ISO 14001:2015 (EMS)' and 'ISO 45001:2018 (OHSMS)'. The performance of these management systems are monitored and evaluated by periodic internal audits and certified external auditors from Indian Register of Quality Systems (IRQS).

The Company has provided Occupational Health Centre (OHC) with full-time medical officer and qualified medical staffs to conduct pre-employment and periodic health check-ups at all three locations. The Company believes that 'Nothing feels as good as being healthy'. In the financial year 2022-2023, OHC staffs have conducted periodic medical evaluation for 1,533 employees and over 10,000 out patients have been benefited.

The Company has adopted pro-active (like expert talks, health awareness talks, free vaccinations for Hep-B, typhoid and COVID), preventive (like periodic medical and eye check-ups, cardiac screening, NCD/ICTC) and reactive approach (like weight reduction plans for employees with high BMI and reward for achieving healthy weight loss) to ensure health of all stakeholders. Total 3,373 people got benefitted by these approaches in the year 2022-2023 and that includes identification of early cardiac diagnosis need for some employees. Health initiatives, viz. organising various health camps, specialised doctor visits, health seminars, weight reduction challenges are organised to improve the health of the employees.

The Company is committed to safeguard 'Our Mother Earth' by adopting green and clean processes in our activities and preventing the environmental pollution keeping abreast with latest technologies. All the pollution control equipment are installed, monitored, analysed and maintained in the Company and are also provided with fail-safe arrangements for achieving 'Zero Harm' to the environment. The Company has implemented 'Zero Liquid Discharge' by efficiently adopting 5R (Reduce, Reuse, Recycler, Reclaim and Recover) concept to conserve and preserve water at all three locations.

The optimal utilization of water has been achieved by recycling cooling tower blow-down water for quenching in coke oven, 100 percent reuse of STP treated water for mitigation of dust and inland gardening and by effective rain water harvesting and management. The enrichment of groundwater levels in the vicinity has been achieved in the recent years by harvesting and recharging rooftop and runoff water in the plant premises.

Around 10,000 tree saplings in Koppal, 3,500 tree saplings in Hiriyur and 2500 tree saplings in Solapur completed by the Environment Team in the year 2022-2023 to protect and preserve natural ecological conditions and bio-diversity. The Company is continually improving and striving for its peer benchmarking of ESG in the coming year to emphasise its commitment towards protection of environment from global environmental issues. In the view of reducing its carbon footprint, 10 MW solar power plant in Solapur is operational for the production of 17,461 MW electricity. The Company has always strived for adopting green and clean technologies and as a part of continual improvement. The installation of food waste to bio-compost converter at Koppal and Hiriyur for effective canteen food waste management is under progress.

(H) Social Responsibility

In order to align with the Mission of your company viz. "To be a preferred Employer and responsible neighbour", the Company has taken various measures as a part of its Corporate Social Responsibility. The CSR activities focus on Education, Health and Hygiene, Environment and Rural Development in the vicinity of plants and office locations. Major CSR activities undertaken during the financial year 2022-2023 are as given below :

Education

- Financial assistance for higher education relating to professional and degree courses to people in neighbouring villages of plant locations.
- Provided educational equipment and facilities to nearby various schools, degree and engineering colleges of plant locations. Provided assistance for conducting workshops, seminars, skill up-gradation, sports, assisting and exploring new technologies and other educational up-gradation activities.
- Provided Scholarship assistance for the meritorious students of 10th, PUC, Diploma, Engineering, MBBS, MD, MS, Veterinary Science and Horticulture / Agriculture.
- Provided benches / desks to Government Higher Primary schools.
- Provided infrastructure up-liftment facilities like school buildings, urinals and toilet buildings, playground facility, etc.

Health and Hygiene

- Organised health camps in the neighbouring villages and Government schools. Medical services were provided by specialist like Orthopaedics, Gynaecology, Heart Specialist, Dentist and paediatric doctors.
- Organised menstrual hygiene awareness for the high school and college girl students.
- Financial assistance to neighbouring community for undergoing medical treatment in critical cases / major health issues at reputed hospitals.
- Conducted health and hygiene awareness programs.
- Provided medical equipment and necessary infrastructure to health care centres.
- Conducted antigen test camps, various vaccination camps, cancer screening camps etc. for people in surrounding area of plant locations.
- Organized mega blood donation camps in association with Red cross, Koppal and Chiranjeevi Blood bank, Hospet. On that occasion, Red cross blood bank, Koppal facilitated the management of the Company with appreciation letter and memento for valuable contribution.
- Distributed nutritional food kits (supplement) to 350 pulmonary tuberculosis patients at District TB Centre, Koppal.
- Organized "Free Health Check-up Camps" in association with Secure Hospital, KS Hospital and MM Joshi Hospital, Koppal at various Government Higher Primary Schools of three panchayats. This initiative was well appreciated by Government officials and villagers.

Rural Development

- Activities conducted in relation to waste management and provided necessary equipment for handling waste and cleaning of roads.

- Workshops conducted for skills development like tailoring, food processing, beautician in nearby villages.
- Organised ten months skill up-gradation program for unemployed youths having ITI / BCom. / BBA / BBM qualification in association with NTTF, Dharwad and Deshpande Foundation, Hubli.
- Construction of lakes and water reservoirs, storm water drain and concrete roads in nearby villages.
- Financial assistance and participation in Jatra Festival of nearby villages.
- Financial assistance for mass marriages in nearby villages.
- Provided tri-cycles for physically handicap persons in association with Zila Panchayat, Koppal and Integrated Rural Development Society, Koppal.
- Construction of new rural panchayat building.

Environment

- Organised Kirloskar Vasundhara International Film Festival (KVIFF) with global participation.
- Green belt development, planted avenue plants in surrounding village.
- Organized “Swachh Bharat Abhiyan” at Amaravati and Rajeevnagar Public Park, Hospet in association with KFIL Officers’ Club, KFIL Officers’ Ladies Club and residents of Rajeevnagar, Hospet. All the members and the general public enthusiastically participated in cleaning the park internally and peripherals. Lot of waste segregated and shifted to designated place.
- Maintaining Rajeevnagar Park by the Company in association with city municipal corporation, Hospet.

(I) Developments in Human Resource / Industrial Relations

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

During the financial year 2022-2023, the Company has taken following initiatives :

- To develop future leaders, Management Development Programmes (MDP) were organized on various topics.
- “SAHYOG” – an Employee Suggestion Program has been introduced across all the three locations. It invites all types of implementable suggestions / ideas for improvement of environment, health and safety, which are beneficial for the organization and its employees.
- Training programmes on behavioural and technical skills were organized on a continuous basis by engaging internal and external faculties to enhance competencies and skills of employees.
- For developing leadership pipeline, an external agency was entrusted to identify competence of fast trackers through Development Center (DC), one to one feedback that led to Individual Development Plan (IDP) and subsequent interventions.
- To develop middle and junior management team, Management Development Programme was conducted across three locations. Program is based on the methodology adopted by Dale Carnegie Institute. This programme is an improved model based on the works of Stephen Covey and Swami Chinmayananda. Program is based on the mahamantra "Knowing Is Not Doing, Doing Is Doing". It makes people do and not merely know.
- To bring about change of culture in approach, attitude and action, Dupont Sustainable Solutions was roped in as a partner in the journey of safety excellence.
- New standards guiding our safety behaviour were framed and intensive training to all relevant employees were given on safety Interaction, incident management, work at height, lock out and tag out, personal protective equipment and permit to work standards, etc.
- Organized an eye examination for employees, contract workers like forklift drivers, crane operators and drivers, by Ophthalmology specialist.
- First Aid Training session was conducted at auditorium and successfully trained around 150 employees in handling first aid incidents with practical demonstration.
- COVID-19 vaccination Camp was organized in association with Government, Primary Health Centre, for all our employees whoever not taken 2nd dose / Booster dose.
- Annual medical health check-up for all employees and contract workmen was organized and conducted medical examination with prescribed investigations based on age group. The check-up is mandatory for all the employees. Identified critical cases have been referred to experts to re-examine and made arrangement for appropriate medical treatment including surgical interventions at reputed hospitals.
- Organized an awareness session on” Heart function - Prevention to Cure.
- National Road Safety Week is being observed every year during 11 to 17 January under “Swachhata Pakhwada”, to propagate the cause of safer roads for all. Also invited experts of defensive driving from Road Foundation,

Mumbai covering around 200 persons to undergo this road safety awareness program. Awareness programs were organized for employees, contract workers and drivers.

- Employee Engagement Survey being conducted once in two years and the actions are taken based on the Survey report.
- Performance of employees was monitored through an effective performance management system on quarterly basis. Communication meet by top management with managerial staff on 'Business Scenario', as well as sharing knowledge with young professionals through staff dialogues and Town Hall programs were organized.
- MD Live quarterly communication meets organized. Business challenges, expectations from the team and management actions were communicated including the progress status of AOP / LRP plans / targets.
- SBU Head – Live monthly communication meets organized with respective SBU teams to understand and provide timely assistance and support in resolving / mitigating the issues to achieve the targeted results.
- Training programmes on behavioural and technical skills were organized on a continuous basis by engaging internal and external faculties to enhance competencies and skills of employees their by achieved 4.5 training mandays against the target of 4 days.
- Introduced new way of Learning and Development through Kirloskar Online Remote Education (KORE). The Company collaborated with iCOG LMS platform to develop the learning culture. Around 518 employees got benefitted with this platform.
- TED Talks, quiz competition paved way for kindling curiosity for learning among employees. Theme based online discussion with SBU Heads provided a forum for creative discussion for new developments.
- Weight reduction challenge provided a trigger for wellness among employees and achieved expected results by around forty four employees.
- Talented employees are continuously recognized and are motivated through rewards and recognitions including awarding Lambhe Awards for the employees, who have completed twenty five years of long service.
- Conducted skill development programmes for apprentices and earn and learn trainees as per their trade.
- Training programme on 'Life Management' and 'Stress Management' was organized with internal resources.
- Training programmes on '5'S and Total Productivity Management were organized on regular basis.

As on 31 March 2023, the total number of salaried employees stood at 1,385. Employer - employee relations was cordial throughout the year by ensuring uninterrupted operations.

Recognitions / Awards received by the Company during the year under review are as given below :

- The Company has added another feather in its cap by winning the prestigious 'Greentech Environment Award 2022' in "Environment Protection" Category.
- The Company has won the prestigious Greentech International EHS Award" by Greentech Foundation in "EHS Best Practices" category. This prestigious award has been conferred for its outstanding EHS performance and in recognition of contributions for Environment, Health and Safety during "Greentech International EHS Summit and Awards 2023".
- The Company has bagged the CSR Excellence Award-2022. "Niratanka", an NGO, Bengaluru recognised our initiatives that have made a positive impact on the society through innovative and sustainable CSR practices and honoured this award during the 6th State Level HR Professionals Kannada Conference.
- The Company was awarded as first fastest growing steel company in small category at Construction World Annual Awards.
- The Institute of Indian Foundry men has awarded the Company as "Foundry of the Year"
- Awarded by Volvo Eicher for outstanding contribution.
- Received a special appreciation award from Mahindra & Mahindra for Yuvo Tech and Dhruv.
- Award from Escort Kubota for delivery and quality.
- Best performance award from JCB.
- Foundry Koppal received 5S Excellence award from the Institute of Indian Foundry.

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

(L) Details relating to Key Financial Ratios

Sl No	Particulars	Ratio as of 31 March 2023	Ratio as of 31 March 2022	% Change	Explanations, if any
1	Debtors' Turnover (Refer Note 1)	7.70	7.67	0.41%	-
2	Inventory Turnover	4.57	5.26	(13.09%)	-
3	Interest Coverage Ratio	6.57	20.48	(67.92%)	Refer Note 2
4	Current Ratio (Refer Note 1)	0.84	0.94	(10.95%)	-
5	Debt Equity Ratio	0.55	0.89	(38.60%)	Refer Note 3
6	Operating Profit Margin (%)	18.45	20.96	(11.97%)	-
7	Net Profit Margin (%)	8.45	11.23	(24.76%)	-

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

Sr. No.	Particular	Ratio as of 31 March 2023	Ratio as of 31 March 2022	% Change	Explanations
1	Return on Net worth	21.67	30.39	(28.71%)	Refer Note 4

Notes :

1. Debtors' Turnover Ratio and Current Ratio reported for the financial year 2021-2022 have changed on account of re-grouping of accounts.
2. Interest cost has increased due to long term and short term debt borrowings availed for financing investment in the subsidiary, increase in repo rates and the Secured Overnight Financing Rate (SOFR) for imports of coal.
3. Repayment of borrowings as per term sheets resulted in the Debt Equity Ratio.
4. Due to shut down of MBF-II at Koppal (around 94 days) and MBF at Hiriyur (around 41 days) for upgradation and carrying out relining work respectively.

Report on Corporate Governance

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

1. Company's philosophy on Code of Governance

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

2. Board of Directors

(a) Composition of the Board

The Board of Directors comprised of twelve Directors as on 31 March 2023. Out of these, there is one Managing Director, one Executive Director, four Non Independent Directors and six Independent Directors (including one woman Director).

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

(b) Number of Board meetings

During the financial year 2022-2023, seven meetings of the Board of Directors were held on 21 April 2022, 17 May 2022, 5 August 2022, 17 October 2022, 5 November 2022, 7 February 2023 and 6 March 2023.

(c) Directors' attendance record

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

Category of Director and Name of Director	Financial Year 2022-2023		Number of Directorships in other public limited companies incorporated in India	Committee positions held in other public limited companies	
	Board Meetings held	Board Meetings attended		Member	Chairman
Promoter Directors (Non Executive)					
Mr. Atul Kirloskar - Chairman	7	7	4	Nil	Nil
Mr. Rahul Kirloskar - Vice Chairman	7	7	5	3	Nil
Whole Time Directors					
Mr. R. V. Gumaste - Managing Director	7	7	1	Nil	Nil
Mr. R. S. Srivatsan - Executive Director	6	6	Nil	Nil	Nil
Non Independent Director (Non Executive)					
Mr. A. N. Alawani	7	7	1	1	1
Mr. M. R. Chhabria	7	7	7	4	2
Independent Directors (Non Executive)					
Mrs. Nalini Venkatesh	7	6	1	Nil	Nil
Mr. Y. S. Bhave	7	7	3	3	Nil
Mr. V. M. Varma	7	7	1	2	Nil
Mr. M. V. Kotwal	7	7	1	1	1
Mr. S. Venkataramani	7	7	1	Nil	1
Mr. Pravir Kumar Vohra	5	5	4	4	1
Mr. R. Sampathkumar	3	3	-	-	-

Notes :

- Directorships held in foreign companies, private limited companies, one person companies and companies under Section 25 of the Companies Act, 1956 / under Section 8 of the Companies Act, 2013 have not been considered.
- For the purpose of reckoning the limit on committee positions, chairmanship / membership of the Audit Committee and the Stakeholders Relationship Committee are considered.
- None of Directors on the Board is a Director of more than seven listed companies.
- Mr. Pravir Kumar Vohra was appointed as an Additional Director in the category of Independent Director with effect from 5 August 2022.
- Mr. R. Sampathkumar retired as Independent Director with effect from 13 August 2022.
- Eleven Directors, except Mr. M. R. Chhabria, were present at the annual general meeting held on 1 August 2022.

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

Name of the Director	Name of other listed companies in which Director holds Directorship	Category of Directorship
Mr. Atul Kirloskar	Kirloskar Oil Engines Limited	Executive Chairman
	Kirloskar Industries Limited	Non Independent Director
	Kirloskar Pneumatic Company Limited	Non Independent Director
Mr. Rahul Kirloskar	Kirloskar Pneumatic Company Limited	Executive Chairman
	Kirloskar Oil Engines Limited	Non Independent Director
	ISMT Limited	Non Independent Director
Mr. R. V. Gumaste	ISMT Limited	Non Independent Director
Mr. A. N. Alawani	Kirloskar Industries Limited	Non Independent Director
Mrs. Nalini Venkatesh	Kirloskar Pneumatic Company Limited	Independent Director
Mr. Y. S. Bhave	Nil	-
Mr. M. R. Chhabria	Kirloskar Industries Limited	Managing Director
	Kirloskar Oil Engines Limited	Non Independent Director
	Kirloskar Pneumatic Company Limited	Non Independent Director
	ZF Commercial Vehicle Control Systems India Limited	Independent Director
	Shoppers Stop Limited	Independent Director
Mr. V. M. Varma	Kirloskar Industries Limited	Independent Director
Mr. M. V. Kotwal	Sanghvi Movers Limited	Independent Director
Mr. S. Venkataramani	ISMT Limited	Independent Director
Mr. R. S. Srivatsan	Nil	-
Mr. Pravir Kumar Vohra	Thomas Cook (India) Limited	Independent Director
	IDFC First Bank Limited	Independent Director
	Kirloskar Pneumatic Company Limited	Independent Director

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

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

Statement showing number of equity shares of the Company held by the Directors as on 31 March 2023 :

Name of Director	Equity Shares of ₹ 5 each
Mr. Atul Kirloskar	989,726
Mr. Rahul Kirloskar	1,425,279
Mr. R. V. Gumaste	762,521
Mr. A. N. Alawani	35,000
Mrs. Nalini Venkatesh	59,367
Mr. Y. S. Bhave	NIL
Mr. M. R. Chhabria	NIL
Mr. V. M. Varma	NIL
Mr. M. V. Kotwal	NIL
Mr. S. Venkataramani	NIL
Mr. R. S. Srivatsan	117,000
Mr. Pravir Kumar Vohra	NIL

Meeting of Independent Directors :

A meeting of Independent Directors of the Company was held on 12 December 2022 to discuss, inter-alia:

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

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

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

All six Independent Directors attended the meeting.

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

Statement of Declaration by the Independent Directors

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

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

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

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

Familiarization programme for Independent Directors:

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

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

Skills matrix for the Directors

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

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

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

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

3. Audit Committee

(a) Composition

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

Mr. M. V. Kotwal, an Independent Director is the Chairman of the Audit Committee. Other Members of the Committee are Mr. A. N. Alawani, Mr. V. M. Varma, Mr. S. Venkataramani and Mr. Pravir Kumar Vohra

The Company Secretary acts as the Secretary to the Committee.

During the financial year 2022-2023, five meetings of the Audit Committee were held on 16 May 2022, 5 August 2022, 17 October 2022, 5 November 2022 and 7 February 2023.

Details of attendance by committee members are as given below :

Name of Director	Category	Number of meetings held	Number of meetings attended
Mr. M. V. Kotwal	Independent and Non - Executive	5	5
Mr. A. N. Alawani	Non-Independent and Non-Executive	5	5
Mr. V. M. Varma	Independent and Non - Executive	5	5
Mr. S. Venkataramani	Independent and Non - Executive	3	3
Mr. Pravir Kumar Vohra	Independent and Non - Executive	3	3
Mrs. Nalini Venkatesh	Independent and Non - Executive	2	2

Notes :

- Mrs. Nalini Venkatesh ceased to be the Member of the Committee with effect from 13 August 2022.
- Mr. S. Venkataramani and Mr. Pravir Kumar Vohra have been appointed as Members of the Committee with effect from 13 August 2022.

The Executive Director (Finance) and CFO attended all meetings of the Audit Committee as the Invitee. Representatives of the Statutory Auditor, the Internal Auditor and the Cost Auditor were invited and attended meetings of the Audit Committee.

Mr. M. V. Kotwal, the Chairman of the Audit Committee was present at the 31st Annual General Meeting of the Members of the Company held on 1 August 2022.

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

The Audit Committee has been vested with following powers :

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

(b) Terms of Reference

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

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- Examination of the financial statement and the auditor’s report thereon.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with the Management, the annual financial statements and auditors’ report thereon before submission to the Board, for approval, with particular reference to :

  a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.

  b) Changes, if any, in accounting policies and practices and reasons for the same.

  c) Major accounting entries involving estimates based on the exercise of judgment by management.

  d) Significant adjustments made in the financial statements arising out of audit findings.

e) Compliance with listing and other legal requirements relating to financial statements.

f) Disclosure of any related party transactions.

g) Modified opinions in the draft audit report.

- Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
- Reviewing with the management, the statement of uses / applications of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Reviewing, with the Management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture-holders, shareholders (in case of non payment of declared dividends) and creditors.
- To review the functioning of the whistle blower mechanism.
- Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate.
- Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10 percent of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.
- Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation, etc., on the Company and its shareholders.
- Reviewing the following information :

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

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

  c. Internal audit reports relating to internal control weaknesses and

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

  e. Statement of deviations :

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

- Reviewing with the compliance of provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and shall verify that the systems of internal control are adequate and are operating effectively.
- Carrying out any other function as mentioned in terms of reference of the Audit Committee and as amended from time to time by the Companies Act, 2013; rules thereof and the SEBI LODR Regulations.

4. Nomination and Remuneration Committee

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

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

The Company Secretary acts as the Secretary to the Committee.

During the financial year 2022-2023, three meetings of the Nomination and Remuneration Committee were held on 16 May 2022, 5 August 2022 and 5 November 2022.

Details of attendance by committee members are as given below :

Name of Director	Category	Number of meetings held	Number of meetings attended
Mr. M. V. Kotwal	Independent and Non - Executive	3	3
Mr. Atul Kirloskar	Non - Independent and Non - Executive	3	3
Mr. Y. S. Bhave	Independent and Non - Executive	3	3

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

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

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

Criteria for performance evaluation of Directors:

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

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

5. Stakeholders Relationship Committee

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

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

During the financial year 2022-2023, two meetings of the Stakeholders Relationship Committee were held on 8 July 2022 and 26 December 2022.

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

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

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

- 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.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar and Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the company.

Mr. Mayuresh Gharpure, Company Secretary and the Compliance Officer has been authorised by the Board of Directors to consider and approve applications for transfer, transmission, name deletions and related matters and to look into the investor complaints.

Contact details of the Compliance Officer are as given below :

Mr. Mayuresh Gharpure, Company Secretary
Kirloskar Ferrous Industries Limited
13, Laxmanrao Kirloskar Road, Khadki,
Pune 411003, Maharashtra
Telephone No. (020) 66084664
Fax No. (020) 25813208 / 25810209

The Company has designated an exclusive email ID kfilinvestor@kirloskar.com for investors to register grievances, if any. The said email ID has been displayed at the website of the Company.

One investor complaint was pending as on 31 March 2022. Twenty four investor complaints were received and twenty five investor complains were redressed during the financial year 2022-2023. No complaint was pending as on 31 March 2023.

6. Risk Management Committee

The Company has the Risk Management Committee, which comprises of four Directors.

Mr. V. M. Varma, Independent Director is the Chairman of the Risk Management Committee. Other Members of the Committee are Mr. R. V. Gumaste, Mr. A. N. Alawani and Mr. M. V. Kotwal.

The Company Secretary acts as the Secretary to the Committee.

During the financial year 2022-2023, three meetings of the Risk Management Committee were held on 5 April 2022, 20 September 2022 and 18 March 2023.

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

Name of Director	Category	Number of meetings held	Number of meetings attended
Mr. V. M. Varma	Independent and Non - Executive	3	3
Mr. A. N. Alawani	Non-Independent and Non-Executive	3	3
Mr. M. V. Kotwal	Independent and Non - Executive	3	3
Mr. R. V. Gumaste	Managing Director	3	2

Role and powers of the Risk Management Committee are as given below :

- To formulate a detailed risk management policy which shall include :

  a. A framework for identification of internal and external risks specifically faced by the company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the committee.

  b. Measures for risk mitigation including systems and processes for internal control of identified risks.

  c. Business continuity plan.

- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.

- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.

- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.

- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken.

- Reviewing the appointment, removal and terms of remuneration of the Chief Risk Officer (if any).

- Coordination of its activities with other committees of the Board, wherever required.

- To seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

- Such other role / powers as may be assigned by the SEBI LODR Regulations and the Board of Directors from time to time.

7. Remuneration of Directors

a) Remuneration to Managing Director

The Company pays remuneration by way of salary, perquisites, allowances and commission to the Managing Director. The commission to the Managing Director is decided by the Nomination and Remuneration Committee on determination of the profits for the financial year and approved by the Board of Directors. The remuneration to the Managing Director is in accordance with the provisions of the Companies Act, 2013; rules thereof and within the ceiling prescribed thereunder.

The Members of the Company at their annual general meeting held on 25 July 2018 approved the re-appointment and the terms of remuneration of Mr. R. V. Gumaste as the Managing Director for a period of 5 years with effect from 1 July 2018. The Company has entered into an agreement with the Managing Director for a period of five years. No notice period and severance fees have been prescribed in the agreement.

Details of remuneration, by payment and provision, to Mr. R. V. Gumaste, Managing Director for the financial year 2022-2023 are as given below :

Particulars	Amount in ₹
Basic Salary	12,900,000
Special Allowance	2,535,000
House Rent Allowance	9,60,000
Leave Travel Assistance	90,000
Contribution to Provident Fund	1,548,000
Perquisites	112,971
Perquisite value for stock options	13,310,550
Gratuity	2,844,266
Leave Encashment	380,448
Commission	140,000,000
Total	**174,681,235**

Salary includes basic salary, special allowance and house rent allowance. Perquisites include reimbursement of medical expenses, personal accident insurance and mediclaim insurance premium.

Pursuant to the resolution passed by the Members of the Company at their annual general meeting held on 25 July 2018 and upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 17 May 2022 has approved the revision in the remuneration payable to him, i.e. basic salary from ₹ 1,000,000 per month to ₹ 1,100,000 per month and the House Rent Allowance from ₹ 20,000 per month to ₹ 100,000 per month with effect from 1 July 2022.

Upon recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 6 March 2023 has approved the revision in the remuneration payable to him, i.e. the Special Allowance from ₹ 50,000 per month to ₹ 200,000 per month (for the period from 1 April 2022 to 30 June 2022) and to ₹ 215,000 per month from 1 July 2022 onwards and has discontinued the contribution to the Superannuation Fund with effect from 1 April 2022.

Pursuant to 'KFIL Employee Stock Option Scheme 2017'; the Nomination and Remuneration Committee at its meeting held on 3 November 2017 has granted to Mr. R. V. Gumaste, Managing Director 500,000 stock options at an exercise price of ₹ 50 per stock option. As of 31 March 2023; 487,500 stock options were vested in him and he has exercised 487,500 stock options out of vested stock options.

Pursuant to 'KFIL Employee Stock Option Scheme 2021'; the Nomination and Remuneration Committee at its meeting held on 19 May 2022 has granted to him

500,000 stock options at an exercise price of ₹ 157 per stock option. These stock options would be vested over a period of four years subject to fulfillment of vesting conditions.

b) Remuneration to Executive Director

The Company pays remuneration by way of salary, perquisites, allowances and commission to the Executive Director. The commission to the Executive Director is decided by the Nomination and Remuneration Committee on determination of the profits for the financial year and approved by the Board of Directors. The remuneration to the Executive Director is in accordance with the provisions of the Companies Act, 2013; rules thereof and within the ceiling prescribed thereunder.

The Members of the Company at their annual general meeting held on 1 August 2022 approved the appointment and the terms of remuneration of Mr. R. S. Srivatsan as the Executive Director for a period of five years with effect from 17 May 2022. The Company had entered into an agreement with the Executive Director for a period of five years. No notice period and severance fees have been prescribed in the agreement.

Details of remuneration, by payment and provision, to Mr. R. S. Srivatsan, Executive Director for the financial year 2022-2023 are as given below :

Particulars	Amount in ₹
Basic Salary	8,387,097
House Rent Allowance	1,048,387
Special Allowance	1,296,891
Leave Travel Assistance	104,839
Contribution to Provident Fund	1,006,452
Perquisites	498,630
Perquisite value for stock options	NIL
Gratuity	9,434,317
Leave Encashment	1,464,788
Commission	30,000,000
Total	**53,241,401**

Salary includes basic salary, special allowance and house rent allowance. Perquisites include reimbursement of medical expenses, personal accident insurance and mediclaim insurance premium.

Upon recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 6 March 2023 has approved the revision in the remuneration payable to him, i.e. the Special Allowance ₹ 120,000 per month from 17 May 2022 onwards and has discontinued the contribution to the Superannuation Fund with effect from 17 May 2022.

Pursuant to 'KFIL Employee Stock Option Scheme 2021'; the Nomination and Remuneration Committee at its meeting held on 19 May 2022 has granted to him 200,000 stock options at an exercise price of ₹ 157 per stock option. These stock options would be vested over a period of four years subject to fulfillment of vesting conditions.

c) Remuneration to Non Executive Directors

Section 197 of the Companies Act, 2013 and rules thereof state that, except with the approval of the members in the general meeting by a special resolution, the remuneration payable to Directors, who are neither Managing Directors nor Whole Time Directors, shall not exceed one percent of the net profits of the Company, if there is a Managing Director.

Upon the recommendation of the Nomination and Remuneration Committee and based on the performance of the Company, the Board of Directors decides the remuneration by way of commission to Non Executive Directors.

Details of commission payable to Non Executive Directors for the financial year 2022-2023 are as given below :

Name of Director	Amount in ₹
Mr. Atul Kirloskar	3,700,000
Mr. Rahul Kirloskar	3,700,000
Mr. A. N. Alawani	4,450,000
Mrs. Nalini Venkatesh	900,000
Mr. Y. S. Bhave	700,000
Mr. M. R. Chhabria	3,700,000
Mr. V. M. Varma	1,450,000
Mr. M. V. Kotwal	2,950,000
Mr. S. Venkataramani	1,150,000
Mr. Pravir Kumar Vohra	950,000
Mr. R. Sampathkumar	300,000
Total	**23,950,000**

There are no pecuniary relationships or transactions of Non Executive Directors vis-a-vis the Company.

Payment of sitting fees to Non Executive Directors

The Board of Directors at its meeting held on 5 August 2022 has increased the sum of sitting fees payable to a Non Executive Director from ₹ 50,000 to ₹ 1,00,000 for attending a meeting of the Board of Directors, from ₹ 50,000 to ₹ 75,000 for attending a meeting of Audit Committee and ₹ 50,000 for attending a meeting of any other Committee as may be decided by the Board of Directors from time to time.

Details of Sitting Fees paid to Non Executive Directors during financial year 2022-2023 are as given below :

Name of Director	Amount in ₹
Mr. Atul Kirloskar	850,000
Mr. Rahul Kirloskar	650,000
Mr. A. N. Alawani	1,200,000
Mrs. Nalini Venkatesh	625,000
Mr. Y. S. Bhave	800,000
Mr. M. R. Chhabria	600,000
Mr. V. M. Varma	1,200,000
Mr. M. V. Kotwal	1,300,000
Mr. S. Venkataramani	825,000
Mr. Pravir Kumar Vohra	775,000
Mr. R. Sampathkumar	250,000
Total	**9,075,000**

8. General Body Meetings

Details of last three annual general meetings held are as given below :

29th Annual General Meeting on 11 August 2020 at 11.30 a.m. (IST)

The Annual General Meeting was held through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM') facility.

One special resolution was passed :

Continuation of directorship of Mr. A. N. Alawani as a Non Executive Non Independent Director after attainment of age of seventy five years.

30th Annual General Meeting on 27 July 2021 at 11.30 a.m. (IST)

The Annual General Meeting was held through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM') facility.

Two special resolutions were passed :

- Authority to the Board of Directors of the Company pursuant to provisions of Section 180(1)(c) of the Companies Act, 2013 to borrow any sum or sums of money, which together with the monies borrowed earlier by the Company, may exceed at any time the aggregate of the paid-up share capital, the free reserves and the securities premium of the Company by a sum not more than ₹ 200 Crores.
- Approval to the introduction and implementation of 'KFIL Employee Stock Options Scheme 2021' and grant of not exceeding 25,00,000 stock options to eligible Directors and specified senior management employees of the Company.

31st Annual General Meeting on 1 August 2022 at 11.00 a.m. (IST)

The Annual General Meeting was held through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM') facility.

One special resolution was passed :

Appointment of Mr. Y. S. Bhave as an Independent Director of the Company to hold office for another term upto 15 July 2024.

Details of the voting pattern in respect of special resolutions passed by the Postal Ballot are as given below :

Sl. No.	Particulars of the resolution	Total votes cast in favour		Total votes cast against	
		Number of shares	Percentage of votes cast	Number of shares	Percentage of votes cast
1	Appointment of Mr. Pravir Kumar Vohra (DIN : 00082545) as an Independent Director of the Company to hold office for a term upto 4 August 2027.	95,903,082	99.9972	2,718	0.0028
2	Authority to the Board of Directors pursuant to provisions of Section 180(1)(a) of the Companies Act, 2013 to create security from time to time by way of mortgage(s), pledge(s), lien(s), hypothecation(s), charge(s), and/or any other encumbrance(s), on all or any of the assets of the Company (including immovable and/or movable properties of the Company), both present and future, and/or the whole or substantially the whole of the undertaking(s), to secure the loan(s) and/or the credit facilities and/or the debt(s), availed / to be availed by the Company and/or debenture(s) / bond(s), issued / to be issued, upto a sum of ₹ 2,000 Crores.	95,093,613	99.1539	811,446	0.8461

The Notice of Postal Ballot dated 5 August 2022 was sent to the Members. The remote e-voting for the postal ballot commenced on Saturday, 17 September 2022 at 9:00 a.m. (IST) and ended on Sunday, 16 October 2022 at 5:00 p.m. (IST). Mrs. Manasi Paradkar, Practicing Company Secretary was appointed as the Scrutinizer to conduct the postal ballot voting process in a fair and transparent manner. According to the Scrutinizer's report, two resolutions were passed by the Members of the Company with requisite majority. The result of the postal ballot was declared on 17 October 2022 and has been filed with BSE Limited.

9. Means of Communication

In compliance with provisions of the SEBI LODR Regulations; the financial results are filed at regular intervals with the BSE Limited, immediately after approval by the Board of Directors. The financial results of the Company are available at the website of BSE Limited viz, www.bseindia.com and that of the Company viz. www.kirloskarferrous.com

Presentations to investors / analysts and official news releases are also available at the website of the Company, viz, www.kirloskarferrous.com

Extract of financial results are published in national and local dailies such as Financial Express (English language newspaper) and Loksatta (Marathi language newspaper) having wide circulation. Since the financial results are available at the websites of BSE Limited and the Company and extract of the same are also published in national and regional newspapers, they are not sent individually to each member.

10. General Shareholders' Information

Corporate Identification Number (CIN)	L27101PN1991PLC063223
Day, Date and Time	Thursday, 3 August 2023 at 11:00 a.m. (IST)
Venue	Through Video Conferencing or Other Audio Visual Means (VC / OAVM)
Record Date for payment of dividend	Friday, 14 July 2023
Financial Year	For the financial year from 1 April 2022 to 31 March 2023; financial results were announced as given below : First Quarter 5 August 2022 Second Quarter 5 November 2022 Third Quarter 7 February 2023 Annual 12 May 2023
ISIN	INE884B01025
Date of payment of dividend	on or before 10 August 2023
Listing on stock exchange	BSE Limited (scrip code : 500245)

The annual listing fees till date has been paid to BSE Limited.

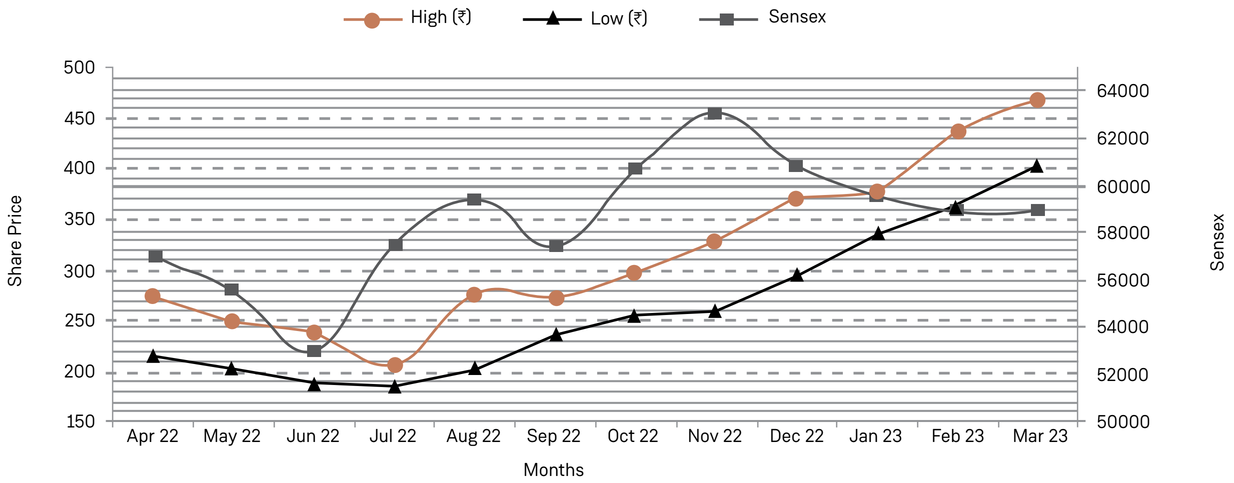
National Stock Exchange of India Limited (NSE) vide its Circular Reference No. 0960/2019 dated 8 November 2019 has informed its Members that the equity shares of Kirloskar Ferrous Industries Limited are permitted to trade and admitted to dealings in Capital Market segment (Symbol : KIRLFER) with effect from 13 November 2019.

Market Price Data

Monthly high / low prices of equity share on the BSE Limited during the financial year 2022-2023 are as given below :

Year	Month	High (₹)	Low (₹)
2022	April	274.00	216.40
	May	249.60	202.60
	June	238.60	189.00
	July	207.15	185.05
	August	276.95	201.10
	September	273.70	236.65
	October	297.60	255.85
	November	328.80	261.00
	December	370.80	296.40
2023	January	380.00	337.50
	February	437.70	364.75
	March	467.95	405.00

Performance of Company's Scrip on BSE as compared to BSE Sensex (April 2022 to March 2023)



Registrar and Share Transfer Agent (RTA) :

Link Intime India Private Limited (a SEBI Registered Registrar and Share Transfer Agent) has been maintaining activities in relation to the share transfer facility.

Contact details of the RTA are as given below :
Link Intime India Private Limited
Akshay Complex, Block No 202, Second Floor, Off Dhole Patil Road,
Near Ganesh Temple, Pune 411001, Maharashtra
Telephone No. (020) 46014473 / 26161629 Fax No. (020) 26163503
Email : pune@linkintime.co.in

Share Transfer System

Pursuant to proviso to Regulation 40 of the SEBI LODR Regulations read with the Circular dated 7 September 2020 issued by the SEBI; transfer of securities should take place in electronic form with effect from 1 April 2019. However, applications for transfer of securities like change of name, name deletion, transmission and transposition are permitted for securities held in physical form.

Applications for transfer of equity shares held in physical form are processed by the RTA of the Company, approved at regular intervals and are returned after the registration of transfers within fifteen days from the date of receipt, subject to the validity of all documents lodged with the Company. The applications for transfer of shares under objection are returned within a week from the date of receipt.

Shareholding Pattern as on 31 March 2023 :

Category	Number of Shares	Percentage of Shareholding
Promoters and Promoters Group	78,685,182	56.63
Mutual Funds	13,923,405	10.02
Domestic Companies	5,331,212	3.84
Investor Education and Protection Fund (IEPF)	2,067,556	1.49
Alternate Investments Funds	731,919	0.53
Foreign Institutional Investors	28,500	0.02
Foreign Portfolio Investors	2,206,940	1.59
Financial Institutions / Banks	500	0.00
NBFCs registered with RBI	31,985	0.02
Non Resident Indians	1,710,100	1.23
Directors and their relatives	973,888	0.70
Employees	713,508	0.51
Hindu Undivided Families (HUF)	1,661,740	1.20
Clearing Members	7,960	0.01
Trusts	5,924	0.00
Limited Liability Partnerships (LLP)	236,144	0.17
General Public	30,641,752	22.05
Total	**138,958,215**	**100.00**

Distribution of Shareholding as on 31 March 2023 :

Nominal Value of Equity Shares (₹)		Shareholders		Equity Shares	
From	To	Number	Percentage to Total	Number	Percentage to Total
1	5,000	74,122	95.95	8,780,994	6.32
5,001	10,000	1,298	1.68	1,974,719	1.42
10,001	20,000	786	1.02	2,271,513	1.63
20,001	30,000	360	0.47	1,820,518	1.31
30,001	40,000	130	0.17	915,673	0.66
40,001	50,000	134	0.17	1,261,009	0.91
50,001	100,000	186	0.24	2,703,155	1.95
100,001 and above		238	0.31	119,230,634	85.80
	Total	**77,254**	**100.00**	**138,958,215**	**100.00**

Equity Shares in electronic form

As on 31 March 2023, 98.02 percent of paid-up equity share capital of the Company was held in electronic form.

Outstanding Global Depository Receipts / American Depository Receipts / Warrants or any convertible instruments, conversion date and impact on equity

There was no convertible instrument outstanding as on 31 March 2023 for conversion into equity shares.

Commodity price risk or foreign exchange risk and hedging activities

Commodity Price Risk

Commodity price risk is a financial risk on the Company's financial performance, which is affected by the fluctuating prices on account of global and regional supply / demand. Fluctuations in the prices of commodities mainly depend on market conditions.

The Company has a risk management framework for identifying, monitoring and mitigating such risks, which has been evolved over the period.

On output side – Market forces generally significantly influence the prices of pig iron sold by the Company. These prices are generally influenced by factors such as competition, supply and demand, production costs (including the costs of raw material inputs) and availability of alternate materials such as steel scrap, etc. Changes in any of these factors may have impact on the revenue of the Company. To make the prices of pig iron more competitive, preferences are given to the zones, which provides higher contribution and thus the Company endeavors to manage the price risk.

Castings are made to order and the prices are determined based on the specifications provided by the customers. Price fluctuations in the input materials are adjusted based on the input price movement with respect to the base price of the castings.

On Input side – The procurement prices of metallurgical coke, coking coal and iron ore, which are the major input materials for production of pig iron, are also subject to market fluctuations. The Company procures these materials in open market at prevailing prices. However, the Company has elaborate system and monitoring mechanism to mitigate the input price risk with the help of inventory control, materials planning and adoption of operational measures. For further details, kindly refer to Note No. 38(i)(c) forming part of the Standalone Financial Statements.

Foreign exchange risk and hedging activities

During the financial year 2022-2023, the Company has managed the foreign exchange risk and hedged to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against imports. Details of foreign currency exposures are disclosed in Note No. 38(i)(b) forming part of the Standalone Financial Statements.

Plant Locations

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

Address for correspondence

Kirloskar Ferrous Industries Limited	Link Intime India Private Limited
13, Laxmanrao Kirloskar Road,	Akshay Complex, Block No 202,
Khadki, Pune 411003	Second Floor, Off Dhole Patil Road,
Telephone No. (020) 66084645	Near Ganesh Temple,
Fax No. (020) 25813208 / 25810209	Pune 411001
Email : kfilinvestor@kirloskar.com	Telephone No. (020) 46014473 / 26161629
	Fax No. (020) 26163503
	Email : pune@linkintime.co.in

Contact details of the Debenture Trustee :

Mr. Umesh Salvi, Managing Director
Catalyst Trusteeship Limited
Windsor, 6th Floor, Office No. 604, CST Road, Kalina, Santacruz (East), Mumbai 400098
Telephone No. (022) 49220555
Fax No. (022) 49220505
Email ID : dt@ctltrustee.com

List of credit ratings obtained :

- ICRA Limited vide its letter dated 15 December 2022 has assigned the long-term rating of 'ICRA AA with stable outlook' for issue of Debentures by the Company. The Company has not borrowed any sum by issue of debentures during the financial year 2022-2023.
- ICRA Limited vide its letter dated 10 February 2023 has assigned the short-term rating of 'ICRA A1+' for issue of commercial papers upto ₹ 550 Crores. The sum of ₹ 280 Crores was raised by issue of commercial papers during the financial year 2022-2023.

11. Other Disclosures

a) Related Party Transactions

During the financial year 2022-2023, there was no materially significant transaction with any related party, that may have potential conflict with the interests of the Company. The Board of Directors has adopted the policy on related party transactions. The copy of the policy is available at the website of the Company, viz. www.kirloskarferrous.com

Details of transactions of the Company with any person or entity belonging to the Promoter / Promoter Group(s), which hold(s) ten percent or more shareholding in the Company are as given below :

(₹ in Crores)

Name of the promoter / promoter group(s)	Nature of relationship	Nature of transactions	2022-2023		2021-2022	
			Transaction value	Outstanding amount carried in balance sheet	Transaction value	Outstanding amount carried in balance sheet
Kirloskar Industries Limited	Promoter Group	Dividend	38.85	-	38.85	-
		Building rent paid	0.06	-	0.06	-
		Rent deposit receivable	-	0.03	-	0.03

b) There has been no instance of non-compliance by the Company on any matter related to capital markets during last three financial years. Neither any penalty nor any stricture has been imposed on the Company by the SEBI, the stock exchange or any other regulatory authority on any matter related to capital markets.

c) Vigil Mechanism / Whistle Blower Policy

The Board of Directors has adopted the Vigil Mechanism / Whistle Blower Policy. The policy has provided a mechanism for Directors, Employees and other persons dealing with the Company to report to the Chairman of the Audit Committee, any instance of unethical behaviour, actual or suspected fraud or violation of the Code of Conduct for Board of Directors and Senior Management (the Code) or ethics policy or leakage of Unpublished Price Sensitive Information (UPSI), by any person, who is in possession of UPSI, to any other person in any manner whatsoever, except as otherwise permitted under the SEBI (Prohibition of Insider Trading) Regulations or any other instance. The policy has been uploaded at the website of the Company, viz. www.kirloskarferrous.com No person has been denied access to the Audit Committee.

d) Details regarding adoption of non-mandatory requirements as specified in Regulation 27(1) read with Schedule II of the SEBI LODR Regulations are as given below :

- The Board :

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

- Shareholder Rights :

  Since financial results are available at websites of BSE Limited and the Company and extract of the same are published in national and regional newspapers, the financial results are not sent individually to each member.

- Modified opinion(s) in audit report :

  Audited Financial Statements (standalone and consolidated) for the financial year ended 31 March 2023 have unmodified audit opinion.

- Separate posts of the Chairman and the Managing Director :

  The Company has separate persons to the post of the Chairman and the Managing Director. The Chairman is a Non-Executive Director and is not related to the Managing Director pursuant to the definition of the term 'Relative' defined as per the Companies Act, 2013.

- Reporting of Internal Auditor :

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

e) The Board of Directors at its meeting held on 17 May 2022 has adopted the 'policy on determination of material subsidiaries'. The policy has been uploaded at the website of the Company, viz. www.kirloskarferrous.com

f) The Company has not raised any funds through preferential allotment or qualified institutions during the year under review. Hence, no disclosure is required pursuant to Regulation 32(7A) of the SEBI LODR Regulations.

g) Certificate from practicing company secretary

Mr. Mahesh J. Risbud, Practicing Company Secretary has issued a certificate confirming that 'None of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI or the Ministry of Corporate Affairs or any such statutory authority.'

h) During the year under review, all recommendations given by the committees of the Board (which are mandatorily required) have been accepted by the Board.

i) Details of payment of fees for statutory audit, taxation, certification and related matters and reimbursement of out of pocket expenses to the statutory auditor for the financial year under review have been disclosed in Note No. 35(iii) forming part of the Standalone Financial Statements.

j) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are as given below :

Number of complaints pending at the beginning of financial year	Nil
Number of complaints filed during the financial year	Nil
Number of complaints disposed of during the financial year	Nil
Number of complaints pending at the end of financial year	Nil

k) Details of the Cost Auditor

With reference to the General Circular No. 15/2011-52/5/CAB-2011 dated 11 April 2011 issued by the Government of India, Ministry of Corporate Affairs, Cost Audit Branch, New Delhi, following are the details of Cost Auditor and filing of cost audit report with the Central Government :

M/s. Dhananjay V. Joshi & Associates, Cost Accountants (Firm Registration No. 000030) CMA Pride, Ground Floor, Plot No. 6, S. No. 16/6, Erandawana Housing Society, Erandawana, Pune 411004, Maharashtra Email ID: dvjasso@dvjasso.com

The Cost Audit Report for the financial year ended 31 March 2022 has been filed with the Central Government on 1 September 2022.

l) During the year under review, the Company has not given any loan and advance to any firm or company, in which any Director of the Company is interested.

m) Details about the material subsidiary

Name of material subsidiary	ISMT Limited
Date of Incorporation	1 September 1999
Place of Incorporation	Pune
Name of the statutory auditor	P. G. Bhagwat LLP
Date of appointment of the statutory auditor	29 July 2022

n) The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI LODR Regulations.

o) Report on Management Discussion and Analysis forms part of the Annual Report and is in accordance with requirements specified in Schedule V of the SEBI LODR Regulations.

CEO / CFO Certification

A certificate signed by the Managing Director and the Executive Director (Finance) & CFO confirming compliance of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was placed before the meeting of the Board of Directors held on 12 May 2023.

Registration of details of bank account for payment of dividend by electronic means

As per Regulation 12 of the SEBI LODR Regulations, the Company shall use electronic modes of payment such as electronic clearing services, direct credit, real time gross settlement, national electronic funds transfer, etc. for making payment of dividend.

Accordingly, Members holding shares in electronic form and in physical form are requested to register necessary details of bank account with the Depository Participants or the Registrar and Share Transfer Agent, viz. Link Intime India Private Limited, as the case may be.

Transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)

Pursuant to provisions of Section 124(5) of the Companies Act, 2013 and rules thereof; any money transferred to the Unpaid Dividend Account of a company, which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund (IEPF). After transfer of unpaid dividend to the IEPF, any person claiming to be entitled to such amount may apply to the IEPF Authority in accordance with provisions of Section 125 of the Companies Act, 2013 and rules thereof.

A Member, who has not yet encashed dividend warrant(s), is requested to make claim without any delay to the Registrar and Share Transfer Agent of the Company, i.e. Link Intime India Private Limited.

Due dates for transfer of unclaimed dividend to the IEPF :

Financial Year	Dividend percent	Date of Declaration (DD/MM/YYYY)	Date of Payment (DD/MM/YYYY)	Date on which dividend will become part of IEPF (DD/MM/YYYY)	Unclaimed Sum as on 31 March 2023 (₹)
2016-2017	35	03/08/2017	22/08/2017	08/09/2024	66,10,663.75
2017-2018	25	25/07/2018	27/07/2018	29/08/2025	35,07,853.25
2018-2019 (Interim)	20	30/01/2019	27/02/2019	04/03/2026	27,46,116.00
2018-2019 (Final)	20	23/07/2019	30/07/2019	28/08/2026	26,51,874.00
2019-2020 (Interim)	40	05/03/2020	20/03/2020	11/04/2027	70,45,180.00
2020-2021 (Interim)	40	02/03/2021	25/03/2021	08/04/2028	44,95,419.00
2020-2021 (Final)	60	27/07/2021	10/08/2021	02/09/2028	62,57,483.00
2021-2022 (Interim)	50	24/01/2022	18/02/2022	02/03/2029	49,10,712.50
2021-2022 (Final)	60	01/08/2022	19/08/2022	07/09/2029	59,16,650.00
2022-2023 (Interim)	50	07/02/2023	03/03/2023	16/03/2030	47,38,652.50

Pursuant to provisions of Rule 5 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, details of amounts relating to unclaimed dividends as on the date of Annual General Meeting (i.e. 1 August 2022) have been filed in Form No. IEPF-2 with the Ministry of Corporate Affairs and uploaded at the website of the Company, viz. www.kirloskarferrous.com

Transfer of equity shares to the Investor Education and Protection Fund (IEPF)

Pursuant to provisions of Section 124(6) of the Companies Act, 2013 and rules thereof as amended from time to time, all shares, in respect of which dividend has not been claimed for a period of seven consecutive years from the date of such transfer shall be transferred by the company in the name of Investor Education and Protection Fund (IEPF) alongwith a statement containing such details as may be prescribed. Accordingly, 147,285 equity shares of ₹ 5 each have been transferred in December 2022 to the Investor Education and Protection Fund (IEPF) by way of corporate action.

Procedure for dealing with unclaimed shares

Pursuant to Regulation 39(4) of the SEBI LODR Regulations, the Company had sent reminder letters to those shareholders, whose share certificates have returned undelivered by the postal authorities due to insufficient / incorrect information and are lying with the Company. These share certificates will be sent to eligible shareholders upon submission of necessary documents to the Company.

Declaration of compliance with the Code of Conduct

To the Members of Kirloskar Ferrous Industries Limited,

Pursuant to Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR Regulations'), I hereby declare that all Board members and senior management personnel are aware of the provisions of the Code of Conduct laid down by the Board and made effective from 1 December 2015.

All Board members and senior management personnel have affirmed compliance with the Code of Conduct.

For Kirloskar Ferrous Industries Limited

R. V. Gumaste
Managing Director
DIN : 00082829

Date : 12 May 2023
Place : Pune

Independent Auditors' certificate on corporate governance

The Members of
Kirloskar Ferrous Industries Limited,
13, Laxmanrao Kirloskar Road, Khadki,
Pune 411003

1. We have examined the compliance of conditions of corporate governance by **Kirloskar Ferrous Industries Limited** ('**the Company**') for the year ended 31 March 2023 as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the ICAI.

6. Based on our examination of the relevant records and according to the best of our information and explanations provided to us, we certify that the Company has complied with the conditions of regulations of Corporate Governance as stipulated in the above mentioned Listing Regulations.

7. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

8. The certificate is issued solely for the purpose of complying with the aforesaid SEBI Listing Regulations and may not be suitable for any other purpose.

For **Kirloskar Ferrous Industries Limited**

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

Suhas Deshpande
Partner
Membership No. 031787
UDIN : 23031787BGYQFY8699

Date : 12 May 2023
Place : Pune

Business Responsibility and Sustainability Report (BRSR)

Section A

General Disclosures

I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Company	L27101PN1991PLC063223
2.	Name of the Company	Kirloskar Ferrous Industries Limited
3.	Year of Incorporation	1991
4.	Registered office address	13, Laxmanrao Kirloskar Road, Khadki, Pune 411003, Maharashtra, India
5.	Corporate office address	13, Laxmanrao Kirloskar Road, Khadki, Pune 411003, Maharashtra, India
6.	E-mail	kfilinvestor@kirloskar.com
7.	Telephone	+ 91 20 66084645 / 66084664
8.	Website	www.kirloskarferrous.com
9.	Financial year for which reporting is being done	2022-2023
10.	Name of the Stock Exchange(s) where shares are listed	BSE Limited
11.	Paid-up Capital	₹ 69.48 Crores
12.	Name and contact details (telephone, email address) of the person for BRSR Reporting	**Name:** Mr. A S Chakravarthy Associate Vice President, Manufacturing Excellence Email: chakravarthy.as@kirloskar.com Contact Number : +91 8539 286711 Extension : 4409
13.	Reporting boundary	Disclosures made in this report are on a standalone basis and pertains only to Kirloskar Ferrous Industries Limited.

II. Products/Services

14. Details of business activities (accounting for 90% of the turnover):

Sl. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Pig Iron	Manufacturing & supply of quality Pig iron	60 %
2	Grey Iron Castings	Manufacturing & supply of complex and critical grey iron castings	40 %

15. Products/Services sold by the entity (accounting for 90% of the turnover):

Sl. No.	Product/Services	NIC Code	% Of total turnover contributed
1	Pig Iron	24101	60%
2	Grey Iron Castings	27310	40%

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Sl. No.	Location	Number of plants	Number of offices	Total
India				
1	Plants at Koppal, Solapur and Hiriyur Offices at New Delhi, Ahmedabad and Coimbatore	3	3	6
2	Registered Office: Khadki, Pune	Nil	1	1

17. Markets served by the entity

a. Number of locations

Sl. No.	Number of Locations served	Number
1.	National (Number of states)	2
2.	International (Number of countries)	Nil

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Not Applicable

c. A brief on types of customers

KFIL manufactures pig iron and grey iron casting products. The customers for grey iron castings are companies in automobile sector, tractor manufacturers, construction equipment and industrial engine manufacturers. The pig iron is manufactured in various grades and is widely used by companies in the automobile and textile sector, pump manufacturers, diesel engine and pipe manufacturers.

IV. Employees

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled)

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
	Employees					
1.	Permanent (D)	1,385	1,377	99.42	8	0.58
2.	Other than permanent (E)	219	203	92.69	16	7.31
3.	**Total employees (D+E)**	**1,604**	**1,580**	**98.50**	**24**	**1.50**
	Workers					
4.	Permanent (F)	0	0	0	0	0
5.	Other than permanent (G)	2,155	2,077	96	78	4
6.	**Total workers (F+G)**	**2,155**	**2,077**	**96**	**78**	**4**

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
	Differently abled Employees					
1.	Permanent (D)	7	7	100	0	0
2.	Other than permanent (E)	0	0	0	0	0
3.	**Total Differently abled employees (D+E)**	**7**	**7**	**100**	**0**	**0**
	Differently abled Workers					
4.	Permanent (F)	0	0	0	0	0
5.	Other than permanent (G)	0	0	0	0	0
6.	**Total Differently abled workers (F+G)**	**0**	**0**	**0**	**0**	**0**

19. Participation/Inclusion/Representation of women

	Total	No. and percentage of Females	
	No. (A)	No. (B)	% (B/A)
Board of Directors	12	1	8.33
Key Management Personnel	3	0	0

20. Turnover rate for permanent employees and workers

Category	FY 2023			FY 2022			FY 2021		
	Male (%)	Female (%)	Total (%)	Male (%)	Female (%)	Total (%)	Male (%)	Female (%)	Total (%)
Permanent employees	15	19	16	13	0	13	12	17	12
Permanent workers	0	0	0	0	0	0	0	0	0

V. Holding, Subsidiary and Associate Companies (including Joint ventures)

21. Names of holding / subsidiary / associate companies / joint ventures

Sl. No.	Name of the holding / subsidiary / associate companies / joint ventures	Is it a holding/ Subsidiary/ Associate/ Joint Venture	% Of shares held by listed entity	Does the entity participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	Kirloskar Industries Limited	Holding	50.84	No
2.	ISMT Limited	Subsidiary	51.25	No

VI. CSR details

22.

I. Whether CSR is applicable as per section 135 of Companies Act, 2013 : Yes

II. If yes, Turnover (₹ In Crores) – 4149.42

III. Net worth (₹ In Crores) - 1,606.47

VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (principles 1 to 9) under the National Guidelines on Responsible Business Conduct (NGBRC):

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	FY 2023			FY 2022		
	(If yes, then provide web-link for grievance redress policy)	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*	0	0	Nil	0	0	Nil
Investors	Yes*	24	0	Nil	17	1	Nil
Shareholders	Yes*	0	0	Nil	0	0	Nil
Employees and workers	Yes*	0	0	Nil	0	0	Nil
Customers	Yes*	0	0	Nil	0	0	Nil
Value Chain Partners	Yes*	0	0	Nil	0	0	Nil
Other (please specify)	Yes*	0	0	Nil	0	0	Nil

* Stakeholders of KFIL includes the Investors, vendors/ partners, government agencies, employee and the communities etc. The whistle blower policy is available to redress concerns of all stakeholders and the policy is available at https://www.kirloskarferrous.com/documents/174991/37c1304f-2893-5323-2ca2-ac03fc782df8

24. **Overview of the entity's material responsible business conduct issues**

Sl. No.	Material issue identified	Is it 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	Employee, Health & Safety	Risk	• Non-compliance with safety measures by employees • Lack of adequate knowledge on hazards involved in the plant operations.	• Adopt and practiced safety standards to avoid safety related incidents. • Conduct regular training programs on health & safety. • Regular health check-ups for all employees. • Implementation of Barrier Health Management and Process Safety Management.	**Negative –** • Any incident / accidents within the premises of the plant may put employees / workers life in danger and also affect the company's reputation
2	Business Ethics	Opportunity	• Helps in aligning with the business's core values and operates in an ethical manner in compliance to the local laws.	NA	**Positive -** • Transparency in business operations brings success and reputation to the company.
3	Circular Economy (Waste & Water Management)	Opportunity	• Waste can be used for various industrial applications to reduce the usage of natural resources. • Treated waste water can be used for plant operations to reduce the dependency on fresh water.	• Implement waste management hierarchy i.e. Reduce, Reuse and Recycle. • Ensure the parameters of treated wastewater meets the water quality parameters required for the plant operations.	**Positive –** • Utilization of waste for industrial applications generates additional revenue to the company. • Reducing the consumption of fresh water helps in reducing the utility bills and disposal costs of treated waste water.
4	Talent Management	Opportunity	• Employees and workers with the desired skills meeting the requirement helps in improving the productivity in plant operations. • Helps in improving the performance and overall growth of the company.	• Skill development programs are conducted for employees. • Robust system for hiring employees and workers with required skills. • Retaining the talented employees and workers.	**Positive –** • Improves the productivity in the plant operations. • Minimizes the material defects. • Brings satisfaction to customers. • Improves performance of the business.
5	Climate Action	Risk and opportunity	• Climate change poses significant physical and transition risks to the Company's business. It can also impact the well-being of KFIL and customers as well as the Company's strategy and financial resources. It also offers opportunities arising from innovations in controlling emissions, improving energy efficiency and increasing the percentage of renewable energy in the total energy consumed.	• Deployment of eco-friendly technologies and processes. • Implementation of appropriate mitigation measures addressing the climate related risks.	**Negative –** • Incurs the additional cost to mitigate the impact of climate change

Sl. No.	Material issue identified	Is it 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)
6	Community Relations	Opportunity	• Conflict with local communities impacts the operations of the business and reputation of the company.	• Implementation of Corporate Social Responsibility programs in nearby communities.	**Positive –** • Improves the well being of nearby communities. • Creates livelihood opportunities for the people in the communities.
7	Human Rights	Risk	• Violation of human rights policy and guidelines.	• Conduct regular training programs to avoid human rights violations.	**Negative –** • Violation of human rights leads to legal challenges and also affects the reputation of the company.
8	Responsible Supply Chain	Opportunity	• Strengthens the supply chain system to improve the performance of the company. • Optimization of resources in the supply chain.	• Adopting of Business continuity plan and risk management plan addresses risks related to supply chain.	**Positive –** • Building resilience in our supply chain has helped us in improving the performance of the company.
9	Sustainable Innovation	Opportunity	• Innovation helps in producing the products with good quality and strength. • Helps in optimization of resources and reducing the operational costs.	• Provide required resources and team for conducting research and development for producing new products with improvement in features.	• Innovation of new products and selling of the products creates additional revenue leading to growth of the organization. • Creates brand value and reputation to the company.
10	Data Privacy	Risk	• Rising instances of cyberattacks puts the Company's as well as the customer's data at risk. • Inadequate prevention, detection, and remediation of data security threats can damage the Company's reputation and thus influence customer acquisition and retention resulting in decreased market share and lower demand for the Company's products.	• Implemented multiple controls to ensure data security and privacy including user awareness and training programs, end point and N/W security controls. • Proactive monitoring and analysis of any new vulnerabilities and threats ensuring all third parties have adequate data protection measures and procedures in place.	**Neutral –** • Provides adequate assurance and confidence to the customers and employees by protection of their sensitive information / data.

Sl. No.	Material issue identified	Is it 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)
11	Corporate Governance	Risk	• Robust corporate governance structure that considers stakeholder concerns, oversees business strategies, and ensures accountability, transparency, ethical corporate behavior, and fairness to all stakeholders.	• Strong corporate governance mechanism which ensures responsible business conduct and regulatory compliance. • Adequate Independent Director representation to protect stakeholders' interests. • Robust enterprise risk management framework and consideration of ESG related risks. • Implement appropriate systems and measures to prevent corruption and non-compliance.	**Neutral –** • Incorporating various policies and practices ensuring effective corporate governance ensures long term sustainability.
12	Transparent Disclosures	Risk	• Transparent disclosures are deemed necessary for company's operations, progress and setbacks.	• Disclosures in terms of policies, performance of the company and sustainable practices followed by the company through various disclosures.	Neutral – • Publicly available disclosures brings transparency in the business.

Section B

Management and process disclosures

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC principles and core elements. These are briefly as under:

P1	Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent, and accountable.
P2	Businesses should provide goods and services in a manner that is sustainable and safe.
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains.
P4	Businesses should respect the interests of and be responsive to all its stakeholders.
P5	Businesses should respect and promote human rights.
P6	Businesses should respect and make efforts to protect and restore the environment.
P7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.
P8	Businesses should promote inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their consumers in a responsible manner.

Policy and Management processes

Points		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	No	Yes	Yes
1 (b)	Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	N.A.	Yes	Yes
1 (c)	Web Link of the Policies, if available	1. Vigil Mechanism / Whistle Blower Policy https://www.kirloskarferrous.com/documents/174991/37c1304f-2893-5323-2ca2-ac03fc782df8 2. Dividend Distribution Policy https://www.kirloskarferrous.com/documents/174991/b5334486-ea2b-a8b1-cbf3-abbb1d586371								

Points	P1	P2	P3	P4	P5	P6	P7	P8	P9
	3. Policy On Related Party Transactions https://www.kirloskarferrous.com/documents/174991/8c6364dd-f2d4-926c-34f2-85b74f5e3fa6 4. Policy For Determination Of Material Events Or Information https://www.kirloskarferrous.com/documents/174991/5588ff7c-ab0a-a84b-d39e-ee08210e735c 5. Nomination And Remuneration Policy https://www.kirloskarferrous.com/documents/174991/fedd1cc9-e304-ef7a-4d13-1af866cd1272 6. Corporate Social Responsibility (CSR) Policy https://www.kirloskarferrous.com/documents/174991/3c6ddf58-b733-949c-65d9-7686d3987db8 7. Code Of Practices And Procedures For Fair Disclosure Of Unpublished Price Sensitive Information https://www.kirloskarferrous.com/documents/174991/7cf1f039-adf2-6d17-d9e3-a0fac1f5a436 8. Code For The Board Of Directors And Senior Management https://www.kirloskarferrous.com/documents/174991/d9ca13d2-e666-74cc-0f83-3e0189ab56c8 9. Archival Policy https://www.kirloskarferrous.com/documents/174991/4249a19b-4535-4e40-7709-68bb7979c2c2								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	N.A.	Yes	Yes
3 Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	N.A.	Yes	Yes
4 Name of the national and international codes/ certifications/labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	KFIL has adopted Integrated Management System (IMS policy) that covers all national, international standards including IATF 16949:2016 (Quality Management System), ISO -14001: 2015 (Environment Management System) and ISO 45001:2018 (Safety Management System) certifications.								
5 Specific commitments, goals and targets set by the entity with defined timelines, if any.	KFIL is committed and working towards the certification of IATF 16949:2016 (Quality Management System) for recently acquired Pig Iron Plant in Hiriyur location and has set to achieve the target within a year from April 2024 onwards.								
6 Performance of the entity against the specific commitments, goals, and targets along-with reasons in case the same are not met.	KFIL's Environmental Social Governance (ESG) Roadmap with specific commitments, goals and targets is under preparation. It will be published after getting approval from the ESG committee of the Board and monitoring of ESG roadmap implementation will be carried out on an annual basis.								

Governance, leadership and oversight

7 **Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets, and achievements (listed entity has flexibility regarding the placement of this disclosure)**

The Company as a responsible Corporate remains committed to a holistic and an integrated approach towards imbibing ESG principles into its businesses to create impact in the value chain and towards its key stakeholders through its strategic pillar of 'Responsible Corporate Citizenship'.

"ESG Committee at the board level oversees the implementation of ESG / Sustainability initiatives of the company. ESG roadmap with specific goals and targets are under preparation. Once the ESG roadmap is approved by the board, the implementation of roadmap will be monitored against the goals and targets and the status of implementation will be shared to all the stakeholders on a periodical basis."

8 Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).

Mr. R V Gumaste – Managing Director

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, KFIL has set up an ESG Committee for decision making on the sustainability related initiatives and to oversee the implementation of environmental, social, governance and economic related obligations.

KFIL's ESG Committee was aligned with the Kirloskar Group ESG committee and working towards implementation of sustainability related initiatives. The KFIL's ESG committee comprises of core committee with four members, operational committee with seven members and other supporting staff.

10 Details of Review of NGRBCs by the Company

Subject for Review	a. Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1 Performance against above policies and follow up action	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
2 Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Subject for Review	b. Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1 Performance against above policies and follow up action	Periodical basis								
2 Compliance with statutory requirements of relevance to the principles, and the rectification of any non-compliances	Yes, all applicable laws are complied with.								

	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
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.	The Company conducts periodic review of the charters, policies internally by the Senior Management and Board Committees. Independent assessment / evaluation of the working of its policies by an external agency will be done on need basis.								

12. If answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated:

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1 The entity does not consider the principles material to its business (Yes/No)	**Not Applicable**						No	Not Applicable	
2 The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)							No		
3 The entity does not have the financial or/human and technical resources available for the task (Yes/No)							No		
4 It is planned to be done in the next financial year (Yes/No)							Yes		
5 Any other reason (please specify)							No		

Section C

Principle-wise performance disclosure

Principle 1: Business 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**

Sl. No.	Segment	Total number of training & awareness programmes held	Topics / principles covered under the training	% of persons in respective category covered by the awareness programmes
1	Board of Directors	5	Business ethics, Risk Management, Regulatory Affairs, Health & Safety Practices and Sustainable Business Practices	100 %
2	Key Managerial Personnel	9	Leadership Safety Efforts, Leader Standard Workshop, Personal Profile Assessment, Trait Emotional Intelligence Quote, 360 Degree Feedback, Team Audit Business, Regulatory, Safety, ESG related aspects	100 %
3	Employees other than BOD and KMPs	625	Environmental Occupational health & Safety (EOHS), Safety Excellence Standards, Management Development Program (MDP), Human Resources' (HR) Policies Principles Covered: P1, P2 & P3	100 %
4	Workers	805	Safety Induction and Safety hazards	100 %

Note : Details of Key Managerial personnel have been disclosed in Note no. 44 –Disclosures of transactions with related parties as required by Ind – AS 24.

2. **Details of fines / penalties / punishment / award / compounding fees / settlement amount paid in proceedings (by the entity or by its directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions in FY 2023**

   Nil

3. **Of the instances disclosed in Question 2 above, details of the Appeal / Revision preferred in cases where monetary or nonmonetary action has been appealed**

   Not Applicable

4. **Does the entity have an anti-corruption policy or antibribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

   The anti-corruption and anti-bribery related aspects are covered under the KFIL's Vigil Mechanism/ Whistle Blower Policy and the weblink of the policy is provided below

   https://www.kirloskarferrous.com/documents/174991/37c1304f-2893-5323-2ca2-ac03fc782df8

5. **Number of Directors / KMPs / Employees against whom disciplinary action was taken by any law enforcement agency for the charges of bribery / corruption**

Segment		FY 2023	FY 2022
1	Directors	Nil	Nil
2	Key Managerial Personnel	Nil	Nil
3	Employee	Nil	Nil
4	Workers	Nil	Nil

6. **Details of complaints with regard to conflict of interest**

Segment		FY 2023		FY 2022	
		Number	Remarks	Number	Remarks
1	Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	Nil	Nil	Nil
2	Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	Nil	Nil	Nil

7. **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.**

Nil

LEADERSHIP INDICATORS

1. **Awareness programmes conducted for value chain partners on any of the principles during the financial year :**

Nil

2. **Does the entity have processes in place to avoid / manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.**

Yes, the Code of Conduct for Directors and Senior Management has been adopted by the Board of Directors of the Company.

Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe.

ESSENTIAL INDICATORS

1. **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.**

Sl. No.	Segment	FY 2023	FY 2022	Details of improvements in environmental and social impacts
1	R&D	₹ 4.98 Crores	₹ 4.37 Crores	**Environment:** • Used for improvement of process efficiency by reducing the production time through optimization of processes. • Improvements in yield of the products, reducing the casting weight and minimization of waste which will result in overall energy conservation.
2	Capex	₹ 445.94 Crores	₹ 430.46 Crores	**Environment:** • Generation of energy by capturing and utilization of byproduct gases from coke oven plant to produce electricity. **Social:** • Employment generation through expansion of project capacity.

2.

a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes, it is a prerequisite of all vendors to comply with the KFIL supplier code of conduct confirming the sustainable sourcing practices. KFIL supplier code of conduct covers human rights and working conditions, health safety and environment and business ethics related aspects.

b. If yes, what percentage of inputs were sourced sustainably?

90 percent

3. **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**

   KFIL is having appropriate systems to safely reclaim the products through recycling of plastics (including packaging), e-waste, and hazardous waste in a safe and eco-friendly manner. For disposal of residual waste in safe manner protecting public health and environment, the company has executed contracts with authorised waste management agencies for respective categories of waste.

   Also, KFIL has taken several initiatives by optimizing its processes facilitating the recycling and reuse of waste in its operations and thereby the reducing the overall waste generation.

4. **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.**

   Not Applicable

LEADERSHIP INDICATORS

1. **Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

   Not Applicable

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

   Not Applicable

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Indicate input material	Recycled or re-used input material to total material	
	FY 2023	FY 2022
Runner Riser	19.92	23.42
Inhouse Metal Scrap	0.02	0.02
Procured Metal Scrap	58.68	57.35
Reclaimed Core Sand	8.53	9.11

4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

	FY 2023			FY 2022		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	Nil	30.73	Nil	Nil	27.13	Nil
E-waste	Nil	1.42	Nil	Nil	1.45	Nil
Hazardous waste	Nil	103.46	4.18	Nil	112.27	11.73
Other Waste	9,675	1,65,747	Nil	8,419	1,69,084	Nil

Note: Other waste include granulated slag, ungranulated slag, gas cleaning plant dust and rejected moulding sand and sand cores.

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category**

   Not Applicable

Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains.

ESSENTIAL INDICATORS

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)
Permanent Employees											
Male	1,377	1,377	100	1,377	100	0	0	0	0	0	0
Female	8	8	100	8	100	8	100	0	0	0	0
Total	1,385	1,385	100	1,385	100	8	0.6	0	0	0	0
Other than Permanent Employees											
Male	203	203	100	203	100	0	0	0	0	0	0
Female	16	16	100	4	25	2	12.5	0	0	0	0
Total	219	219	100	207	95	2	0.91	0	0	0	0

b. Details of measures for the well-being of workers:

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)
Permanent Workers											
Male	0	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0
Other than permanent workers											
Male	2,077	2,077	100	574	28	0	0	0	0	0	0
Female	78	78	100	6	8	78	100	0	0	0	0
Total	2,155	2,155	100	580	27	78	4	0	0	0	0

2. Details of retirement benefits for Current and Previous FY

	Benefits	FY 2023			FY 2022		
		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.)
1	PF	100	100	Yes	100	100	Yes
2	Gratuity	100	100	Yes	100	100	Yes
3	ESI	23	100	Yes	22	100	Yes
4	Superannuation	0	0	Not Applicable	0.13	0	Not Applicable
5	After Retirement Medi-Claim	Nil					

3. Accessibility of workplaces - Are the premises / offices of the entity accessible to differently abled employees, 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

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.**

   Equal opportunity has been provided to differently abled employees. Equal opportunity policy will be adopted in due course.

5. **Return to work and Retention rates of permanent employees that took parental leave.**

   Not Applicable

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees? If yes, give details of the mechanism in brief.**

		Yes/No (If yes, then give details of the mechanism in brief)
1	Permanent workers	• Yes. Canteen works committee meeting held on monthly basis involving canteen manager, workers representatives and general manager administration to ensure quality, hygiene and healthy food is supplied in the canteen by taking suggestions for improvement. • Works Committee meeting being held on monthly basis involving workers representatives, managerial representative and shop floor managers to improve the working standards, welfare issues, productivity improvement, safety kaizens and to mitigate environmental and safety issues. • Minutes of meeting was circulated to communicate the details related grievances received and addressed. • Apart from the above, standing meeting being held between 9:00 a.m. to 9:15 am every day to review the issues/ productivity/maintenance/facilities and to take appropriate actions for resolving them. • Effective grievance redressal system is in place.
2	Other than Permanent Workers	• Works Committee meeting being held on monthly basis involving workers representatives, managerial representative and shop floor managers to improve the working standards, welfare issues, productivity improvement, safety kaizens and to mitigate environmental and safety issues. • Minutes of meeting was circulated to communicate the details on grievances received and addressed. • Apart from the above, standing meeting being held between 9:00 a.m. to 9:15 am every day to review the issues / productivity / maintenance / facilities to take appropriate actions for resolving them. • Effective grievance redressal system is in place.
3	Permanent Employees	• Works Committee meeting being held on monthly basis involving workers representatives, managerial representative and shop floor managers to improve the working standards, welfare issues, productivity improvement, safety kaizens and to mitigate environmental and safety issues. • Minutes of meeting was circulated to communicate the details on grievances received and addressed. Apart from the above, standing meeting being held between 9:00 a.m. to 9:15 am every day to review the issues / productivity / maintenance / facilities and take appropriate actions and resolve them. • Effective grievance redressal system is in place.
4	Other than Permanent Employees	Not Applicable

7. Membership of employees and workers in association(s) or Unions recognised by the listed entity

Category	FY 2023			FY 2022		
	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	1,604	428	26.68	1,486	456	30.68
Male	1,580	428	27.08	1,468	456	31.06
Female	24	0	0	18	0	0
Total Permanent Workers	0	0	0	0	0	0
Male	0	0	0	0	0	0
Female	0	0	0	0	0	0

8. Details of training given to employees and workers

Category	FY 2022-23					FY 2021-22				
	On Health and Safety Measures			On Skill Upgradation		On Health and Safety Measures			On Skill Upgradation	
	Total (A)	No. (B)	% (B/A)	No. (C)	% (C/A)	Total (D)	No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	1,580	1,580	100	848	54	1,473	1,473	100	974	66
Female	24	24	100	9	38	13	13	100	10	77
Total	1,604	1,604	100	1,381	86	1486	1,486	100	984	66
Workers										
Male	2,077	2,077	100	524	25	1,907	1,907	100	469	25
Female	78	78	100	6	8	78	78	100	6	8
Total	2,155	2,155	100	530	25	1,985	1,985	100	475	24

9. Details of performance and career development reviews of employees and workers:

Category	FY 2023			FY 2022		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	1,580	681	43.10	1,468	655	44.61
Female	24	8	33.33	18	6	33.33
Total	1,604	689	42.95	1,486	661	44.48
Workers						
Male	2,077	0	0	1,907	0	0
Female	96	0	0	78	0	0
Total	2,155	0	0	1,985	0	0

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. ISO 45001:2018 (Occupational Health & Safety Management System) is implemented through Indian Register Quality System (IRQS) which is a global ISO certification and training body and the contract for implementation is valid till the year 2026.

b. What are the processes used to identify work related hazards and assess risks on a routine and non-routine basis by the entity?

- Hazard Identification and Risk Assessment (HIRA) process is used to identify work related hazards in all routine and non-routine activities. In the absence of Standard Operating Procedures (SOPs), the Job Safety Analysis (JSA) and Permit to Work (PTW) are made mandatory to all activities.

- Hazard and Operability Study (HAZOP) is used for identification and avoiding potential hazards prior to adopting of any new process in the facility. And also, Management of Change (MOC) approval mandated for such projects.
- Barrier Health Management is implemented to identify critical Hazards and various scenarios to ensure preventive and mitigative barriers are in place and maintained monitored in healthy condition.
- Processes Safety Management ensures process technology and management of change.

c. Whether you have processes for employees to report the work-related hazards and to remove themselves from such risks. (Y/N)

Yes.

- Safety interaction tool is in place to report for reporting of all the incidents including near miss incidents, dangerous occurrences, process incidents and high potential occurrences in Safety Excellence app. Group discussions on safety issues are conducted through toolbox talks done at the beginning of shifts prior to commencement of shift operations.
- Safety Action meetings (SAM) initiative is in place to identify work-related hazards and to rectify such risks. Workmen in the respective areas form as small groups and identify the work related hazards and brainstorm the solutions and implement themselves.
- SAHYOG – An Employee safety related Suggestion scheme in place to receive and implement the suggestions.
- Reward and recognition of the employee for capturing near miss incidents also in place.

d. Do the employees of the entity have access to non-occupational medical and healthcare services? (Yes / No)

Yes.

- Occupational Health Centre (OHC) is available 24X7 inside the plant premises with qualified doctors and necessary nursing staff. OHC is also extended to provide services for no-occupational and health care services. After the annual health checkup camps, specialist doctors are also invited to counsel the focused group of patients.
- The Company has adopted pro-active (Expert Talks, Health awareness Talks, Free vaccinations for Hep-B, Typhoid & COVID), preventive (periodic medical & Eye check-ups, Cardiac Screening, NCD/ICTC) and reactive approach (Weight Reductions Plans for employees with high BMI and reward for achieving healthy weight loss) to ensure health of all stakeholders and 3,373 people got benefitted in the year 2022-23. Health initiatives, viz., organizing various health camps, specialized doctor visits, health seminars, weight reduction challenge are organized to improve the health of the employees.

11. Details of Safety related incidents

Safety Incident/Number		Category	FY 2023	FY 2022
1	Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0.55	1.12
		Workers	0.43	
2	Total recordable work-related injuries	Employees	16	8
		Workers	20	12
3	Number of fatalities	Employees	Nil	Nil
		Workers	Nil	1
4	High consequence work-related injury or ill-health (excluding fatalities)	Employees	Nil	Nil
		Workers	Nil	Nil

12. Describe the measures taken by the entity to ensure a safe and healthy workplace

- The management has taken a safety excellence initiative to bring in safety culture by engaging world renowned safety consultants DuPont Sustainable Solutions (DSS+) since September 2021 to implement various standards and process for the safety cultural transformation in all three processing facilities of KFIL.
- Governance structure is framed to implement, monitor and to emphasize the Safety Culture transformation through Apex Committees for implementation and corporate committees to develop, drive and monitor the standards have been formed under the supervision of the Business Steering Committee (BSC).

Implementation of the following standards have been carried out:

1. Safety interactions : Bring the behavioral change of workmen and quick win improvements through Leadership involvement in field rounds to show the concern about employee.

2. Incidents investigation: Establish Incident tracking and reporting to learn from incidents through scientific investigation and take proactive actions for preventing reoccurrence.

3. Barrier Health Management: An accountability driven evaluation, upgradation (as needed) and maintenance of the health of preventive and mitigation barriers for each of the risk scenarios.

4. Process Safety Management: Management systems and controls (programs, procedures, audits, evaluations) applied to a manufacturing process in a way that process hazards are identified, understood, and controlled so that process related injuries and incidents are prevented.

5. Contractor Safety Management : a) To improve overall contractor safety management at KFIL b) Develop qualified contractor pool for KFIL through periodic evaluation and review.

    - Rules and Procedures: To identify all tasks requiring standards, rules and procedures needed to describe safe execution. Standards for high-risk activities like 1. Personal Protective Equipment, 2. Permit to work, 3. LOTO, 4. Material Handling, 5. Road Safety and 6. Work at Heights.

    - Capability Development and communication: Building skills and Competency for consistent Implementation of activities and prioritized standards.

13. Number of Complaints on the following made by employees

Category	FY 2023			FY 2022		
	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	Nil	Nil	Not Applicable	Nil	Nil	Not Applicable
Health & Safety	Nil	Nil	Not Applicable	Nil	Nil	Not Applicable

14. Assessments for the year

	% Of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

Note : Assessments on health and safety practices and working conditions was carried out by Health and Safety Department of the Company and also by third parties while conducting audit for ISO certification.

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.

Robust Incidents Investigation procedure is in place. All the incidents including near miss cases are being investigated. Corrective and Preventive Action (CAPA) will be taken for the identified root causes of the safety related incidents. HIRA, JSA and HAZOP outputs were considered for remedial measures.

LEADERSHIP INDICATORS

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N)?

Yes. Group Term Life Insurance (GTLI) policy, Workmen's Compensation (WC) policy and Employee State Insurance (ESI) corporation policy and Employees Death Linked Insurance (EDLI) under Provident Fund act coverage is provided to employees and workers as applicable.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partner.

100 percent compliance is being assessed. Monthly compliance check is performed along with proof of remittance PF and ESI etc.

3. **Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

   Nil

4. **Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

   Yes. KFIL conducts regular meetings with employees after retirement / termination of employment and provides guidance and support for their growth.

5. **Details on assessment of value chain partners:**

	% Of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	96 %
Working Conditions	100 %

6. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

   Audits were conducted on health and safety practices and working conditions of all value chain partners on annual basis and appropriate mitigation measures were implemented in collaboration with the value chain partners for the identified risks.

Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders.

ESSENTIAL INDICATORS

1. **Describe the processes for identifying key stakeholder groups of the entity.**

   The Company recognizes the importance of Stakeholders' involvement and management for sustainable growth of the company. KFIL has put in place a process of identifying Key Stakeholders and their process owners based on the nature of their association with the company. Several formal and informal communication mechanisms are in place to engage with the stakeholders, which help us to understand and respond to their needs. The identified stakeholders were then prioritized under low and high importance considering the power of influence-interest matrix. The identified stakeholders were provided below

Nature of Association	Identified Stakeholder (Process Owner)
Responsibility: Stakeholders towards whom the company has legal, commercial and moral responsibilities.	• Board / Investors /Shareholders (MD, CFO, CS) • Government Agencies (HR Head)
Dependence: Stakeholders who are dependent on the Company's activities, products or services and whom the Company is dependent for its operations.	• Strategic Suppliers / Partners(President, SBU Heads) Employees (HR Head) • Dealers (Marketing HOD) and Suppliers – Materials HOD
Influence: Stakeholders who can impact the Company's strategic decision-making	• Key Customers (MD, SBU heads, QA & NPD Head and Marketing Head) • Society (HR Head) • Suppliers (Procurement, SBH Heads)

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
Employees	No	Email, Monthly & Quarterly newsletters on key updates.	Monthly & Quarterly	• To communicate updates on key events, business related activities.
Customers	No	Email, Customer Visits, Customer meet.	As and when scheduled	• To share updates on KFIL product related details such as product improvements and technical specifications and business opportunities.
Investors	No	Website - https://www.kirloskarferrous.com/investors	As and when scheduled	• To share financial results and updates on the performance of the meeting. • Scheduling General Body meetings.
Vendors	No	In person / Virtual discussions	As and when scheduled	• To identify the improvement areas of the performance.
Contractors	No	Contractor Meetings	As and when scheduled	• To share key updates, to discuss improvement opportunities pertaining to Safety, Health and Environment & statutory requirements.
Technical partners	No	In person / Virtual discussions	As and when scheduled	• To share updates and understand sustainable innovations in product development
Local Community	No	Community Meetings	As and when scheduled	• Focus on better community life by developing the model village. • Construction of roads and drainages, cleanliness, construction of temples, School, Primary Health Centre, greenery development, Swachh Abhiyan, organizing sports and cultural events.
Government/ Regulatory	No	Email Communication Meetings scheduled by Government bodies	As and when scheduled	• Align with the rules, regulations and statutory requirements prescribed by the respective government bodies.

LEADERSHIP INDICATORS

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   Consultations on economic, environmental and social aspects are conducted with the identified stakeholders on periodical basis and the feedback from each stakeholder is taken through focused group discussions, surveys and other modes of communication. Feedbacks and the status of implementation of actions are updated to the board during the board meetings.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   Yes, identification of environmental and social concerns of all stakeholders is carried out through periodical consultations. Most of the environmental and social issues are addressed by incorporating them in formulation of policies and also considered for corporate social responsibility program activities.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

   The issues are addressed with internal stakeholders with proper channel without any escalations.

Principle 5: Businesses should respect and promote human rights.

ESSENTIAL INDICATORS

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 2023			FY 2022		
	Total (A)	No. of employees / workers covered (B)	% (B/A)	Total (C)	No. of employees / workers covered (D)	% (D/C)
Employees						
Permanent	1,385	1,385	100	1,378	1,378	100
Other than permanent	219	219	100	108	108	100
Total employees	1,604	1,604	100	1,486	1,486	100
Workers						
Permanent	Nil	Nil	Nil	Nil	Nil	Nil
Other than permanent	2,155	2,155	100	1,985	1,985	100
Total workers	2,155	2,155	100	1,985	1,985	100

2. Details of minimum wages paid to employees and workers

Category	FY 2022-23					FY 2021-22				
	Equal to minimum wage			More than minimum wage		Equal to minimum wage			More than minimum wage	
	Total (A)	No. (B)	% (B/A)	No. (C)	% (C/A)	Total (D)	No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent										
Male	1,377	0	0	1,377	100	1,367	0	0	1,367	100
Female	8	0	0	8	100	11	0	0	11	100
Other than permanent										
Male	203	0	0	203	100	101	101	100	0	0
Female	16	0	0	16	100	7	7	100	0	0
Workers										
Permanent	0	0	0	0	0	0	0	0	0	0
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0
Other than permanent										
Male	2,077	2,077	100	0	0	1,907	1,907	100	0	0
Female	78	78	100	0	0	78	78	100	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)	12	₹ 4,275,000	1	₹ 1,525,000
Key Managerial Personnel	3	₹ 65,979,798	-	-
Permanent Employees and workers other than BoD and KMP	1,374	₹ 633,510	8	₹ 464,802
Non-Permanent employees*	644	₹ 158,928	16	₹ 197,856

* Non-permanent employees comprises apprentices and trainees.

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/No)

Yes.

5. **Describe the internal mechanisms in place to redress grievances related to human rights issue**

   Grievance committee, Works committee, POSH committee, Ethics committee and Standing Orders are in place for addressing human rights related impacts and issues.

6. **Number of Complaints on the following made by employees and workers:**

Category	FY 2023		FY 2022	
	Filed during the year	Pending resolution at the end of year	Filed during the year	Pending resolution at the end of year
Sexual Harassment	Nil	Nil	Nil	Nil
Discrimination at workplace	Nil	Nil	Nil	Nil
Child Labour	Nil	Nil	Nil	Nil
Forced Labour/ Involuntary Labour	Nil	Nil	Nil	Nil
Wages	Nil	Nil	Nil	Nil
Other human rights related issues	Nil	Nil	Nil	Nil

7. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases**

   Yes, the complaint committee at each facility of KFIL empowered with powers to conduct investigation on the complaints received and to take necessary action accordingly.

8. **Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

   Yes

9. **Assessments for the year 2022-2023**

Section	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Sexual Harassment	100%
Discrimination at workplace	100%
Child Labour	100%
Forced Labour/ Involuntary Labour	100%
Wages	100%

10. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above**

   Nil

LEADERSHIP INDICATORS

1. **Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.**

   Not Applicable

2. **Details of the scope and coverage of any Human rights due diligence conducted.**

   Not Applicable

3. **Is the premise / office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

   Yes

4. **Details on assessment of value chain partners:**

	% Of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	100%
Discrimination at workplace	100%
Child Labour	100%
Forced Labour / Involuntary Labour	100%
Wages	100%

5. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

   Nil

Principle 6: Businesses should respect and make efforts to protect and restore the environment

ESSENTIAL INDICATORS

1. **Details of total energy consumption (in GJ) and energy intensity, in the following format**

Parameter	FY 2023	FY 2022
Total electricity consumption (A) (GJ)	11,71,674	11,39,129
Total fuel consumption (B) (GJ)	1,62,294	1,80,380
Energy consumption through other sources (C) (GJ)	-	-
Total energy consumption (A+B+C) (GJ)	13,33,968	13,19,509
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees) (in GJ/Crores)	316.78	365.01

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

3. **Provide details of the following disclosures related to water, in the following format**

Parameter	FY 2023	FY 2022
Water withdrawal by source (in kiloliters)		
(i) Surface water	17,59,120	14,60,370
(ii) Groundwater	1,19,838	2,16,600
(iii) Third party water	8,416	4822
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)	18,87,374	16,81,792
Total volume of water consumption (in kiloliters)	18,87,374	16,81,792
Water intensity per rupee of turnover (Water consumed in KL/ turnover in Crores)	0.000044	0.000046

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, wastewater generated from industrial operations is treated and reused for quenching process in coke oven plant. Domestic sewage wastewater is treated in domestic sewage treatment plant and reused in in gardening and toilet flushing activities.

5. **Provide details of air emissions (other than GHG emissions) by the entity, in the following format.**

Parameter	Please specify unit	FY 2023	FY 2022
Nox	MT/A	62	13
Sox	MT/A	2062.79	1479.64
Particulate matter (PM)	MT/A	729.47	1075.3
Persistent organic pollutants (POP)	Not Applicable	Not Applicable	Not Applicable
Volatile organic compounds (VOC)	Not Applicable	Not Applicable	Not Applicable
Hazardous air pollutants (HAP)	Not Applicable	Not Applicable	Not Applicable

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) and its intensity, in the following format**

Parameter	Please specify units	FY 2023	FY 2022
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	12,22,690	14,70,444
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	51,955	79,342
Total Scope 1 and Scope 2 emissions per Crores of turnover	Metric tonnes of CO2 equivalent	302.69	428.70

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**

   No

8. **Provide details related to waste management by the entity, in the following format:**

Parameter	FY 2023	FY 2022
	Total Waste generated (in MT)	
Plastic waste **(A)**	30.73	27.13
E-waste **(B)**	1.42	1.45
Bio-medical waste **(C)**	0.110357	0.002923
Construction and demolition waste **(D)**	0	0
Battery waste **(E)**	2.32	0
Radioactive waste **(F)**	0	0
Other Hazardous waste. Please specify, if any. **(G)**	107.64	124
Other Non-hazardous waste generated **(H)**. Please specify, if any.	2,90,658	2,47,942
Total (A+B + C + D + E + F + G + H)	2,90,800	**2,48,095**

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

For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)

Category of waste	FY 2023	FY 2022
	Total Waste generated (in MT)	
(i) Recycled	1,65,883	1,69,225
(ii) Re-used	9,675	8,419
(iii) Other recovery operations	Nil	Nil
Total	1,75,558	**1,77,644**

For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)

Category of waste	FY 2023	FY 2022
	Total Waste generated (in MT)	
(i) Incineration	4.18	0
(ii) Landfilling	65,943	49,763
(iii) Other recovery operations	0	0

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**

   Waste generated are segregated at the point of generation, stored securely and disposed off to the Karnataka State Pollution Control Board (KSPCB) authorized waste recyclers / co-processors / re-users / recyclers in line with the Authorization taken under Hazardous and Other Waste Rules 2016. The granulated and un-granulated slag generated is being recycled completely by Cement Industry and other recyclers respectively.

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, specify details in the following format**

    The Company do not have any offices and facilities in the vicinity of any ecologically sensitive area.

11. **Details 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
Expansion of existing Pig Iron Plant of 3 Lac TPA and a 60,000 TPA Foundry by addition of Coke Oven Plant (4.0 Lakhs TPA) and Captive Power Plant (WHRB-30 MW) at Village Bevinahalli, District Koppal, Karnataka	TOR dated 25.10.2010	25.10.2010	Yes	No, Presented in Public hearing before the issue of EC on 24.06.2011	https://environmentclearance.nic.in/Auth/openletter.aspx?EC=3049
Expansion of Foundry unit from 60,000 MTPA to 1,50, 000 MTPA at Village Bevinahalli, District Koppal, Karnataka	TOR dated 25.10.2010	25.10.2010	Yes	No, Presented in Public hearing before the issue of EC on 24.06.2011	https://environmentclearance.nic.in/Auth/openletter.aspx?EC=3091

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:**

    The Company is in compliant with all the environmental regulations of the country. No monetary fines were levied on the entity in FY 2023 as per the applicable environmental laws, regulations, guidelines in India.

LEADERSHIP INDICATORS

1. **Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:**

Parameter	Unit	FY 2023	FY 2022
From renewable sources			
Total electricity consumption (A)	GJ	63,415	63,388
Total fuel consumption (B)	GJ	Nil	Nil
Energy consumption through other sources (C)	GJ	Nil	Nil
Total energy consumed from renewable sources (A+B+C)	GJ	63,415	63,388

Parameter	Unit	FY 2023	FY 2022
From non-renewable sources			
Total electricity consumption **(D)**	GJ	11,08,259	10,75,741
Total fuel consumption **(E)**	GJ	1,62,294	1,80,380
Energy consumption through other sources **(F)**	GJ	-	-
Total energy consumed from non-renewable sources (D+E+F)	GJ	13,33,969	**13,19,509**

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. Provide the following details related to water discharged:

Parameter	FY 2023	FY 2022
Water discharge by destination and level of treatment (in kiloliters)		
(i) To Surface water		
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
(ii) To Groundwater		
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
(iii) To Seawater		
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
(iv) Sent to third parties		
- No treatment	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
(v) Others		
- No treatment (Used for gardening purposes)	Nil	Nil
- With treatment – please specify level of treatment	Nil	Nil
Total water discharged (in kiloliters)	Nil	Nil

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

3. Water withdrawal, consumption, and discharge in areas of water stress (in kiloliters):

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area: **Not Applicable**

(ii) Nature of operations: **Not Applicable**

(iii) Water withdrawal, consumption, and discharge in the following format:

Parameter	FY 2023	FY 2022
Water withdrawal by source (in kiloliters)		
(i) To Surface water	Not Applicable	Not Applicable
(ii) Groundwater	Not Applicable	Not Applicable
(iii) Third party water	Not Applicable	Not Applicable
(iv) Seawater / desalinated water	Not Applicable	Not Applicable
(v) Others	Not Applicable	Not Applicable
Total volume of water withdrawal (in kiloliters)	Not Applicable	Not Applicable
Total volume of water consumption (in kiloliters)	Not Applicable	Not Applicable
Water intensity per rupee of turnover (Water consumed / turnover)	Not Applicable	Not Applicable
Water intensity (optional) – the relevant metric may be selected by the entity	Not Applicable	Not Applicable
Water discharge by destination and level of treatment (in kiloliters)		
(i) To Surface water		
- No treatment	Not Applicable	Not Applicable
- With treatment – please specify level of treatment	Not Applicable	Not Applicable

Parameter	FY 2023	FY 2022
(ii) To Groundwater		
- No treatment	Not Applicable	Not Applicable
- With treatment – please specify level of treatment	Not Applicable	Not Applicable
(iii) To Seawater		
- No treatment	Not Applicable	Not Applicable
- With treatment – please specify level of treatment	Not Applicable	Not Applicable
(iv) Sent to third parties		
- No treatment	Not Applicable	Not Applicable
- With treatment – please specify level of treatment	Not Applicable	Not Applicable
(v) Others		
- No treatment	Not Applicable	Not Applicable
- With treatment – please specify level of treatment	Not Applicable	Not Applicable
Total water discharged (in kiloliters)	Not Applicable	Not Applicable

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. **Please provide details of total Scope 3 emissions and its intensity, in the following format:**

Parameter	Unit	FY 2023	FY 2022
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	Not monitored	
Total Scope 3 emissions per rupee of turnover			
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity			

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

5. **With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

   Not Applicable

6. **If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

   Not Applicable

7. **Does the entity have a business continuity and disaster management plan? Give details in 100 words / web link.**

   - Appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
   - Monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
   - Periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.
   - Keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken.
   - Reviewing the appointment, removal and terms of remuneration of the Chief Risk Officer (if any).
   - Coordination of its activities with other committees of the Board, wherever required.
   - To seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

- Such other role / powers as may be assigned to the Risk Management Committee by the SEBI LODR Regulations and the Board of Directors from time to time.
- The Company is in the process of analyzing Cloud services for major ERP systems and file servers. This would increase uptime and business continuity during disasters by bringing scalability and flexibility to IT Hardware sizing and utilization.

8. **Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?**

   Not Applicable

9. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts**

   Nil

Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

ESSENTIAL INDICATORS

1. a. Number of affiliations with trade and industry chambers / associations:

The Company affiliates with 6 National and 3 State trade and industry chambers / associations.

b. List the top 10 trade and industry chambers / associations (determined based on the total members of such a body) the entity is a member of / affiliated to.

Sl. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Pig Iron Manufactures Association	National
2	Association of Mini Blast Furnaces	National
3	Automotive Component Manufacturers Association of India (ACMA)	National
4	Engineering Export Promotion Council of India	National
5	National Safety Council	National
6	The Institute of Indian Foundrymen	National
7	Karnataka Employers' Associations	State
8	Ballari Koppal Regional Industries Safety Events (BKRISE)	State
9	Karnataka Iron & Steel Manufacturers Association	State

2. **Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities.**

   There was no incident of anti-competitive behavior involving the Company during the financial year 2022-2023.

LEADERSHIP INDICATORS

Details of public policy positions advocated by the entity:

The Company directly and through industrial associations puts forth various suggestions and best practices with respect to the steel industry.

Principle 8: Businesses should promote inclusive growth and equitable development.

ESSENTIAL INDICATORS

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the FY 2023**

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
• Installation of RO Plant • Toilets in Schools and community • Rural haat • Kirloskar Vasundhara (KVIFF) • Mega health camp	CSR 323	11.01.23	Sarvodaya Rural Development Society	No	Published in news papers

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

3. **Describe the mechanisms to receive and redress grievances of the community**

   Regular interaction and discussion were held with the local communities and gram panchayat members / village sarpanch to receive and redress the grievances related to the communities.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers**

Category of waste	FY 2023	FY 2022
Directly sourced from MSMEs/ small producers	12.22%	11.94%
Sourced directly from within the district and neighboring districts	32.06%	40.03%

LEADERSHIP INDICATORS

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

   Not Applicable

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

   Not Applicable

3. a. Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

   No. However, preference is given to purchase from suppliers in the local vicinity.

   b. From which marginalized /vulnerable groups do you procure?

   --

   c. What percentage of total procurement (by value) does it constitute?

   --

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

   Not Applicable

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

Not Applicable

6. **Details of beneficiaries of CSR Projects:**

Sl. No.	CSR Project	No. of persons benefitted from CSR Projects	% Of beneficiaries from vulnerable and marginalized groups
1	Installation of RO water plant in 4 villages (1000 liters per hour) and 10 schools (50 ltrs per hour)	9,000	100%
2	Construction of 80 toilets and urinals in six villages	5,000	100%
3	Four mega health camps were conducted in surrounding villages of the facility. Health check-ups were conducted by specialist doctors and necessary treatment has been provided for critical/higher treatment.	1,000	100%
4	Construction of four school buildings and other development works	600	100%
5	Kirloskar Vasundhara International Film Festival (KVIFF) to create awareness on environmental, social and other sustainability aspects	3,000	100%
6	Rural Haat facilitating local farmers for selling of their produce without intervention of any intermediary agencies	5,000	100%

Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner

ESSENTIAL INDICATORS

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

Robust customer complaint management system is established to collect and resolve the consumer complaints. Heads of the marketing and quality departments take necessary action against the complaints received.

2. **Turnover of products and / services as a percentage of turnover from all products/ service that carry information about**

Nil

3. **Number of consumer complaints in respect of the following:**

Category	FY 2023			FY 2022		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	Nil	Nil	Not Applicable	Nil	Nil	Not Applicable
Cyber-security	Nil	Nil	Not Applicable	Nil	Nil	Not Applicable
Delivery of essential services	Nil	Nil	Not Applicable	Nil	Nil	Not Applicable
Restrictive trade practices	Nil	Nil	Not Applicable	Nil	Nil	Not Applicable
Unfair trade practices	Nil	Nil	Not Applicable	Nil	Nil	Not Applicable
Others	Nil	Nil	Not Applicable	Nil	Nil	Not Applicable

4. **Details of instances of product recalls on accounts of safety issues**

	Number	Reason for recall
Voluntary recalls	Nil	Not Applicable
Forced recalls	Nil	Not Applicable

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**

The Company has formulated the IT policy covering cyber security and risks related to data privacy. The same will be uploaded at the website of the Company is due course.

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 safety of products / services**

   Nil

LEADERSHIP INDICATORS

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

   https://www.kirloskarferrous.com/products

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   Since the products of the Company are directly supplied to the OEMs who assemble and send the end products to the customer, the Company has limited scope for informing and educating the end user about the safe and responsible usage of its products.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

   Since the products of the Company are directly supplied to the OEMs who assemble and send the end product to the customer, KFIL has limited scope for informing the end user about the risk of disruption/discontinuation of its essential service.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

   No

   The Company conducts a Customer Satisfaction Survey (CSS) through external professional agency at regular intervals. The survey captures Customer Satisfaction Parameters like eQ Index, Commitment Share and Vulnerable share along with perception for various attributes. The survey is based on direct interviews with customers using a structured questionnaire covering various factors such as brand image, business support, research and development, product, order execution, delivery, packaging and experience with sales team.

5. **Provide the following information relating to data breaches:**

a. **Number of instances of data breaches along-with impact:**

   Nil

b. **Percentage of data breaches involving personally identifiable information of customers:**

   Nil

Independent Auditors' Report

on the Audit of the Standalone Financial Statements

To the Members of
Kirloskar Ferrous Industries Limited

Opinion

We have audited the accompanying standalone financial statements of Kirloskar Ferrous Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31,2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	How our audit addressed the key audit matter
1.	**Contingent Liability** The Company is involved in direct and indirect tax litigations that are pending with various tax authorities. Whether a liability is recognized or disclosed as a contingent liability in the financial statements is inherently judgmental and dependent on assumptions and assessments. We placed specific focus on the judgements in respect to these demands against the Company. Determining the amount, if any, to be recognized or disclosed in the financial statements, is inherently subjective. Therefore, these litigations amount is considered to be a key audit matter.	Our procedures included, but were not limited to, the following: · Obtained an understanding from the management with respect to process and controls followed by the Company for identification and monitoring of significant developments in relation to the litigations, including completeness thereof. · Obtained the list of litigations from the management and reviewed their assessment of the likelihood of outflow of economic resources being probable, possible or remote in respect of the litigations. · Assessed management's discussions held with their legal consultants and understanding precedents in similar cases. · Obtained and evaluated the confirmations from the consultants representing the Company before the various authorities and our own dedicated teams of direct tax and indirect tax. Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the financial statements.

Sr. No.	Key Audit Matter	How our audit addressed the key audit matter
2.	Property, Plant & Equipment Valuation and existence of property, plant and equipment including assessment of useful lives and residual values Property, plant and equipment represents a significant proportion of the Company's asset base. The estimates and assumptions made to determine the carrying amounts, including whether and when to capitalize or expense certain costs, and the determination of depreciation charges are material to the Company's financial position and performance. The charges in respect of periodic depreciation are derived after estimating an asset's expected useful life and the expected residual value. Changes to asset's carrying amounts, expected useful lives or residual value could result in a material impact on the financial statements and hence considered as key audit matter.	Our audit approach consisted evaluation of design and implementation of controls, and testing the operating effectiveness of the internal controls over valuation of property, plant and equipment and review of useful lives; Periodic physical verification of property, plant and equipment for adequacy and appropriateness of the accounting and disclosure by the Management: • Review of CAPEX business process, flow of documents/information and their control's effectiveness. • Substantive Tests on random sampling for all the major additions, deletions to the assets by applying all the characteristics of capital expenditure, proper classification of the same, with reference to the company's policy and accounting standards. • We performed substantive testing for the determination of assets' useful lives and residual values with reference to management's judgments, including the appropriateness of past / existing asset lives and residual values applied in the calculation of depreciation. We also obtain certificates relating to useful lives of assets wherever required. • We have reviewed the policy and the procedure of physical verification of PPE. • After carrying out above audit procedures, we did not identify any exceptions in relation to the valuation and the existence of property, plant and equipment including assessment of useful lives and residual values which, may affect our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, business Responsibility and Sustainability Report, Corporate Governance and Shareholder's Information, but does not include the Standalone financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors for the year ended March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors for the financial year ended as at March 31, 2023 is in accordance with the provisions of section 197 read with Schedule V to the Act.

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 No. 45 of Standalone Financial Statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. With respect to clause (e) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended:

a. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b. Management has represented, that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our attention that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11 (e) as provided under (a) and (b) above, contain any material misstatement.

v. Dividend declared and paid during the year by the company is in compliance with section 123 of the Companies Act, 2013.

vi. With respect to clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, the requirement under proviso to Rule 3(1) of Companies (Accounts) Rules, 2014 of mandatory audit trail in the Company accounting software is postponed to financial year commencing on or after 01 April 2023 as per notification G.S.R. 235(E) dated 31 March 2022 as issued by Ministry of Corporate Affairs. Accordingly, reporting for the same is not applicable.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Suhas Deshpande
Partner
Membership No.: 031787
UDIN: 23031787BGYQFW5275

Pune, May 12, 2023

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Kirloskar Ferrous Industries Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub- section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **KIRLOSKAR FERROUS INDUSTRIES LIMITED** ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management 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 issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Suhas Deshpande
Partner
Membership No.: 031787
UDIN: 23031787BGYQFW5275

Pune, May 12, 2023

Annexure 'B' to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of KIRLOSKAR FERROUS INDUSTRIES LIMITED of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) In respect of the Company's Property, Plant and Equipment and Intangible Assets:

(a)

(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.

(B) The Company has maintained proper records showing full particulars of Intangible assets.

(b) The Company has a program of verification of property, plant and equipment so as to cover all the items in a phased manner over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, Property, plant and equipment were physically verified by the management in previous financial year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The title deeds of immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favor of the Company) disclosed in the standalone financial statements are held in the name of the Company.

(d) The Company has not revalued its property, plant and equipment (including Right-of-use assets) or Intangible assets or both during the year.

(e) There are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii)

(a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were 10% or more in the aggregate for each class of inventory.

(b) The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks are in agreement with the books of account of the Company.

(iii) During the period, the Company has made the acquisition of 5,747 equity shares of ISMT Limited (Subsidiary of the Company) for ₹ 0.02 Crores on 7th April through open offer.

(a)

A. During the year the company has not given any advance in the nature of loan, provided any guarantee or given any security to its subsidiaries, joint ventures, other companies, firms, Limited Liability Partnerships or any other parties except as mentioned in point 'B' below.

B. The Company has granted the following loans to parties other than subsidiaries:

	Aggregate amount during the year	Balance outstanding as at balance sheet date
Loans to Employees	₹ 1.49 Crores	₹ 0.33 Crores
Loans to Contractors	₹ 1.87 Crores	₹ 1.36 Crores

(b) The investments made and the terms and conditions of the grant of all the above-mentioned loans during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.

(c) In the case of loans given, the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular.

(d) There is no overdue amount for more than ninety days in respect of loans given.

(e) There is no loan given falling due during the year, which has been renewed or extended or fresh loans given to settle the over dues of existing loans given to the same party.

(f) The Company has not given any loans either repayable on demand or without specifying any terms or period of repayment.

(iv) The Company has not given any loans, or provided any guarantee or security as specified under Section 185 of the Companies Act, 2013 and the Company has not provided any guarantee or security as specified under Section 186 of the Companies Act, 2013. Further, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in relation to loans given and investments made.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore, reporting under clause 3(v) of the Order is not applicable.

(vi) The Central Government has specified maintenance of cost records under Sub-Section (1) of Section 148 of the Act and we are of the opinion that prima facie such accounts and records are made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

(vii) In respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

(b) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2023 on account of dispute are given below:

Name of the statute	Nature of the dues	Amount under dispute (₹ In Crores)	Period(s) to which the amount relate	Forum where such dispute is pending
Central Excise Act, 1944	Interest on refund	0.03	FY 2003-04	Assistant Commissioner of Central Excise, Bellary
Central Excise Act, 1944	Cenvat Credit availed on Steel	0.01	FY 2010-11	Assistant Commissioner of Central Excise, Bellary
Finance Act, 1994	Service Tax demand on Interest on Letter of Credit	1.15	FY 2008-09 TO FY 2011-12	CESTAT, Bangalore
Finance Act, 1994	Service Tax Cenvat Credit availed on Input Services	0.53	FY 2011-12 TO FY 2014-15	CESTAT, Bangalore
Finance Act, 1994	Refund Claim filed in respect of Service Tax and KKC Cenvat Credit pertaining to Railway Siding Project	0.41	FY 2016-17 AND FY 2017-18	CESTAT, Bangalore
Finance Act, 1994	Service Tax paid on Royalty charges towards the purchase of Iron ore through e-auction	0.34	FY 2016-17	CESTAT, Bangalore
Finance Act, 1994	Re-claim of Krishi Kalyan Cess & Interest thereon.	0.58	FY 2017-18	Asst. Commissioner of Central Tax & Central Excise, Hospet
Karnataka VAT Act, 2003	Disallowed Input Tax Credit	0.83	FY 2007-08	Hon'ble High Court of Karnataka, Dharwad Bench,
Karnataka VAT Act, 2003	Disallowance of Deduction towards Sales Return	0.52	FY 2017-18	Deputy Commissioner of Commercial Taxes, Ballari
GST	Input Tax Credit on various material & services	0.66	FY 2017-18	Commissioner of Central Tax Office, Belgaum
GST	Input Tax Credit on Royalty against grant of mining rights	1.99	FY 2017-18	Commissioner of Central Tax (Appeals) Belgaum.
Customs Act, 1962	Customs Duty on Imported Silicon Carbide	0.04	FY 2017-18	Asst.Commissioner of Customs, Dinhata Customs Division, Jaigaon, West Bengal.
Income Tax Act, 1961	Minimum Alternate Tax (1)	8.22	FY 2004-05 AND FY 2006-07	Hon'ble High Court Mumbai
Income Tax Act, 1961	Depreciation allowance - TG-3 Assessment Demand (2)	9.37	FY 2010-11 AND FY 2011-12	Income Tax Appellate Tribunal, Pune
Income Tax Act, 1961	Tax demand raised for Guest House Expenses	0.01	FY 2013-14	Asst. Commissioner of Income Tax, Pune
Income Tax Act, 1961	Disallowance of Depreciation on TG-III & Foreign Exchange Losses	2.44	FY 2018-19	Commissioner of Income Tax (Appeals), Pune

Name of the statute	Nature of the dues	Amount under dispute (₹ In Crores)	Period(s) to which the amount relate	Forum where such dispute is pending
Income Tax Act, 1961	Disallowance of Education CESS Claimed, Creditors written off	0.50	FY 2020-21	Commissioner of Income Tax, (Appeals) Pune
Income Tax Act, 1961	Tax Demand Raised	17.53	FY 2020-21	Commissioner of Income Tax (Appeals), Pune
Provident Fund and Miscellaneous Provisions Act, 1952	Interest and damages for belated remittance	0.67	FY 2001-02 TO FY 2004-05	EPF Appellate Tribunal, New Delhi
Karnataka Stamp Act, 1957	Stamp Duty & Registration Fee on Land	1.21	FY 2020-21	Deputy Accountant General, Audit Management Group, Bangalore

(1) Out of the total amount under dispute ₹ 1,56,28,182/- is paid under protest.

(2) Total amount under dispute is paid under protest

(viii) The Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year.

(ix)

(a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared a willful defaulter by any bank or financial institution or government or government authority.

(c) The term loans were applied for the purpose for which the loans were obtained.

(d) No funds raised on short term basis have been utilised for long term purposes.

(e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries during the year.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries as defined under the Companies Act, 2013. Accordingly, reporting under clause 3(ix)(f) of the Order is not applicable.

(x)

(a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, reporting under clause 3(x)(a) of the Order is not applicable.

(b) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable.

(xi)

(a) We have neither come across any instance of 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) No report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government. Accordingly reporting under clause 3(xi)(b) of the order is not applicable.

(c) There are no whistle blower complaints received by the company during the audit period.

(xii) The Company is not a Nidhi Company. Accordingly, reporting under clause 3(xii) of the Order is not applicable.

(xiii) The transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.

(xiv)

(a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered, the internal audit reports of the Company issued to the Company during the year & covering the period up to 31, March 2023 for the period under audit.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi)

(a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3(xvi)(a) of the Order is not applicable.

(b) The Company has not conducted any non-banking financial or housing finance activities during the year.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, reporting under clause 3(xvi)(c) of the Order is not applicable.

(d) In the group (in accordance with Core Investment Companies (Reserve Bank) Directions, 2016), there are 2 companies forming part of the promoter/promoter group of the Company which are CICs. (These are unregistered CICs as per Para 9.1 of Notification No. RBI/2020-21/24 dated 13th August 2020 of the Reserve Bank of India).

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Companies Act, 2013 pursuant to any project. Accordingly, reporting under clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

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

Suhas Deshpande
Partner
Membership No.: 031787
UDIN: 23031787BGYQFW5275

Pune, May 12, 2023

Standalone Balance Sheet

as at March 31, 2023

(₹ in Crores)

Particulars	Note No.	As at 31st March 2023	As at 31st March 2022
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,601.11	1,158.72
Capital work-in-progress	5	151.25	199.13
Intangible assets	6	3.20	1.63
Intangible assets under development	6	35.16	19.75
Financial assets			
(i) Investments	7	485.88	489.13
(ii) Loans	8	0.23	0.20
(iii) Other financial assets	9	16.58	13.64
Other non-current asset	10	51.75	99.10
Total non-current assets		2,345.16	**1,981.30**
Current assets			
Inventories	11	598.80	550.42
Financial assets			
(i) Trade receivables	12	538.83	538.75
(ii) Cash and cash equivalents	13	28.53	24.38
(iii) Bank balances other than (ii) above	13	5.36	244.71
(iv) Loans	14	1.46	195.04
(v) Other financial assets	15	0.53	4.86
Current tax assets (net)	16	21.58	9.24
Other current assets	17	66.97	48.84
Total current assets		1,262.06	**1,616.24**
TOTAL ASSETS		3,607.22	**3,597.54**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	69.48	69.36
Other equity	19	1,549.02	1,266.83
Total equity		1,618.50	**1,336.19**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	20	369.79	446.98
Provisions	21	3.71	3.22
Deferred tax liabilities (Net)	22	112.77	97.74
Total non-current liabilities		486.27	**547.94**
Current liabilities			
Financial liabilities			
(i) Borrowings	23	517.22	745.60
(ii) Trade payables	24		
- Total outstanding dues of micro enterprises and small enterprises		18.26	14.54
- Total outstanding dues of creditors other than micro enterprises and small enterprises		831.66	847.87
(iii) Other current financial liabilities	25	103.98	77.82
Other current liabilities	26	22.23	18.71
Provisions	27	9.10	8.87
Total current liabilities		1,502.45	**1,713.41**
Total liabilities		1,988.72	**2,261.35**
TOTAL EQUITY AND LIABILITIES		3,607.22	**3,597.54**

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

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

Suhas Deshpande
Partner
Membership No. 031787

Pune 12th May, 2023

For and on behalf of the Board of Directors

Rahul C. Kirloskar
Vice Chairman
DIN : 00007319

R. V. Gumaste
Managing Director
DIN : 00082829

R. S. Srivatsan
Executive Director (Finance) &
Chief Financial Officer
DIN : 0009607651

Mayuresh Gharpure
Company Secretary

Pune 12th May, 2023

Standalone Statement of Profit and Loss

for the year ended 31st March, 2023

(₹ in Crores)

Particulars	Note No.	For the year ended 31st March 2023	For the year ended 31st March 2022
INCOME			
Revenue from operations	28	4,149.42	3,614.97
Other Income	29	42.38	11.29
Total Income		4,191.80	3,626.26
EXPENSES			
Cost of materials consumed	30	2,639.50	2,225.49
Purchases of stock-in-trade		-	-
Changes in inventories of finished goods, stock-in-trade and work-in-progress	31	(12.43)	(29.71)
Employee benefits expense	32	152.05	133.39
Finance costs	33	84.76	27.86
Depreciation and amortization expense	34	103.96	87.86
Other expenses	35	751.93	638.68
Total expenses		3,719.77	3,083.57
Profit/(Loss) before tax		472.03	542.69
Tax expenses			
(1) Current tax		103.74	129.08
(2) Short/ (excess) for the earlier years		1.74	(0.76)
(3) Deferred tax		15.85	8.27
Total Tax expenses		121.33	136.59
Profit for the year		350.70	406.10
Other Comprehensive Income			
Items that will not be reclassified to profit or (loss)			
Remeasurements of post-employment benefit obligations		(0.29)	0.68
Income Tax relating to above		0.07	(0.17)
Fair value changes on equity Instruments through other comprehensive income		(3.27)	3.75
Income Tax relating to above		0.75	(0.86)
Other Comprehensive Income for the year, net of tax		(2.74)	3.41
Total Comprehensive Income for the period (Comprising profit and Other Comprehensive Income for the year)		347.96	409.51
Earnings per equity share (for continuing operations)	36		
Basic (₹)		25.26	29.32
Diluted (₹)		25.12	29.23

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

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

Suhas Deshpande
Partner
Membership No. 031787

Pune 12th May, 2023

For and on behalf of the Board of Directors

Rahul C. Kirloskar
Vice Chairman
DIN : 00007319

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Executive Director (Finance) &
Chief Financial Officer
DIN : 0009607651

Mayuresh Gharpure
Company Secretary

Pune 12th May, 2023

Standalone Cash Flow Statement

for the year ended 31st March, 2023

(₹ in Crores)

Particulars	For the year ended 31st March 2023		For the year ended 31st March 2022
A. CASH FLOW FROM OPERATING ACTIVITIES :			
Net Profit / (Loss) before tax		472.03	**542.69**
Add :			
Depreciation	103.96		87.86
(Profit) / Loss on sale of assets	0.08		(4.71)
Provision for doubtful debts	-		0.01
Unrealised Foreign exchange (Gain)/Loss	(1.64)		3.76
Employee share-based payment expense	9.40		1.67
Remeasurements of post-employment benefit obligations	(0.29)		0.69
Fair value changes in derivative financial instrument	1.41		(3.37)
Finance Costs	84.76		27.86
		197.68	**113.77**
Less :		669.71	656.46
Interest Income	(12.51)		(2.23)
Dividend Income	(1.12)		(0.44)
Provision no longer required written back	(1.05)		(2.94)
Sundry Credit balances appropriated	(0.01)		(0.14)
		(14.69)	**(5.75)**
Operating profit before working capital changes		655.02	**650.71**
Movements in working capital:			
Decrease / (increase) in inventories	(48.38)		(266.04)
Decrease / (increase) in trade receivables	(0.07)		(134.83)
Decrease / (increase) in non-current loans	(0.03)		(0.07)
Decrease / (increase) in other non-current assets	(0.25)		(0.73)
Decrease / (increase) in current loans	193.57		(194.03)
Decrease / (increase) in other current assets	(18.14)		(9.17)
Bank balance other than cash and cash equivalent	239.72		(239.72)
(Increase) / Decrease in other financial assets	1.96		-
Increase / (decrease) in non-current provisions	0.49		(0.33)
Increase / (decrease) in trade payables	(9.91)		489.32
Increase / (decrease) in other current financial liabilities	3.58		2.86
Increase / (decrease) in other current liabilities	3.52		(12.71)
Increase / (decrease) in current provisions	0.24		0.30
		366.30	**(365.15)**
Cash generated from Operations		1,021.32	285.56
Taxes paid		(117.83)	(117.22)
Net cash from Operating Activities (A)		903.49	**168.34**
B. CASH FLOW FROM INVESTING ACTIVITIES :			
Purchase of property, plant and equipment including CWIP and Capital Advances	(445.94)		(430.46)
Purchase of Investments	(0.02)		(484.83)
Proceeds from sale of property, plant and equipment	0.35		6.27
Investment in other Financial Assets	(2.94)		(3.18)
Interest Received	13.47		1.35
Dividend Received	1.12		0.44
Net Cash from Investing Activities (B)		(433.96)	**(910.41)**

Standalone Cash Flow Statement

for the year ended 31st March, 2023

(₹ in Crores)

Particulars	For the year ended 31st March 2023		For the year ended 31st March 2022
C. CASH FLOW FROM FINANCING ACTIVITIES :			
Interest paid	(83.49)		(23.90)
Other Borrowing Costs	(1.28)		(2.97)
Proceeds from long term borrowings (net)	128.68		308.83
Proceeds/(Repayment) from short term borrowings	(434.25)		548.78
Increase/(Decrease) on issue of equity shares	1.34		1.84
Dividend Paid	(76.38)		(76.20)
Net Cash from Financing Activities (C)		(465.38)	756.38
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)		4.15	14.31
Cash and Cash Equivalents at the beginning of the year (Refer Note 13A)	24.38		10.07
Cash and Cash Equivalents at the end of the year (Refer Note 13A)	28.53		24.38

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

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

Suhas Deshpande
Partner
Membership No. 031787

Pune 12th May, 2023

For and on behalf of the Board of Directors

Rahul C. Kirloskar
Vice Chairman
DIN : 00007319

R. V. Gumaste
Managing Director
DIN : 00082829

R. S. Srivatsan
Executive Director (Finance) &
Chief Financial Officer
DIN : 0009607651

Mayuresh Gharpure
Company Secretary

Pune 12th May, 2023

Standalone Statement of Changes in Equity

for the year ended 31st March, 2023

A. Equity Share Capital (Note 18)

(₹ in Crores)

Opening Balance as on 1st April, 2021	Changes in equity share capital during the year	Closing Balance as on 31st March, 2022
69.17	0.19	69.36

(₹ in Crores)

Opening Balance as on 1st April, 2022	Changes in equity share capital during the year	Closing Balance as on 31st March, 2023
69.36	0.12	69.48

B. Other Equity (Note 19)

(₹ in Crores)

Particulars	Reserves and surplus			Equity Instruments through Other Comprehensive Income	Share options outstanding account	Share Application Money pending allotment	Total
	Securities premium	General reserve	Surplus of profit or loss				
Balance as on 31st March, 2021	**202.55**	**65.00**	**659.65**	**0.04**	**2.83**	**0.13**	**930.20**
Total Comprehensive Income							
Profit for the year	-	-	406.10	-	-	-	406.10
Other Comprehensive Income	-	-	0.51	-	-	-	0.51
Transfer to General Reserve	-	5.00	(5.00)	-	-	-	-
Employee stock option expense	-	-	-		1.67	-	1.67
Share application money received	-	-	-	-	-	1.84	1.84
Transfer from Share option account to Securities premium	3.10	-			(1.44)	-	1.66
Lapse of employee stock options			0.03		(0.03)		-
Fair Value changes				2.90			2.90
Issue of equity shares on account of exercise of employee stock options		-	-	-	-	(1.85)	(1.85)
Distribution to shareholders							
Final Dividend	-	-	(41.53)	-	-	-	(41.53)
Interim Dividend	-	-	(34.67)	-	-	-	(34.67)
Balance as on 31st March, 2022	**205.65**	**70.00**	**985.09**	**2.94**	**3.03**	**0.12**	**1,266.83**
Total Comprehensive Income							
Profit for the year	-	-	350.70	-	-	-	350.70
Other Comprehensive Income	-	-	(0.22)	-	-	-	(0.22)
Transfer to General Reserve		5.00	(5.00)				-
Employee stock option expense	-	-	-	-	9.40	-	9.40
Share application money received	-	-	-	-	-	1.34	1.34
Issue of equity shares on account of exercise of employee stock options	2.15	-	-		(0.97)	(1.31)	(0.13)
Lapse of employee stock options	-	-	-	-	-		-
Fair Value changes				(2.52)			(2.52)
Distribution to shareholders							
Final Dividend	-	-	(41.65)		-	-	(41.65)
Interim Dividend	-	-	(34.73)		-	-	(34.73)
Balance as on 31st March, 2023	207.80	75.00	1,254.19	0.42	11.46	0.15	1,549.02

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

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

Suhas Deshpande
Partner
Membership No. 031787

Pune 12th May, 2023

For and on behalf of the Board of Directors

Rahul C. Kirloskar
Vice Chairman
DIN : 00007319

R. V. Gumaste
Managing Director
DIN : 00082829

R. S. Srivatsan
Executive Director (Finance) &
Chief Financial Officer
DIN : 0009607651

Mayuresh Gharpure
Company Secretary

Pune 12th May, 2023

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023
(All amounts are in Indian Rupees (INR) in crores unless otherwise stated)

1) THE CORPORATE OVERVIEW

Kirloskar Ferrous Industries Limited ('the Company') was incorporated in the year 1991, a flagship Company of Kirloskar Group, promoted by Kirloskar Oil Engines Limited and Shivaji Works Limited. Shivaji Works Limited was subsequently merged with Kirloskar Oil Engines Limited. The erstwhile Kirloskar Oil Engines Limited now changed its name and is known as Kirloskar Industries Limited.

At present, the Company is the subsidiary of Kirloskar Industries Limited. The Company is having three manufacturing facilities, situated at Koppal district and Chitradurga district in Karnataka State and at Solapur district in Maharashtra State. The Company is engaged in manufacturing of iron castings.

2) BASIS OF PREPARATION

a) Statement of Compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS). Ind AS are notified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards), Rules, 2015 as amended from time to time and other relevant provisions of the Act. Accounting policies have been consistently applied except where newly issued accounting standard or revision to existing accounting standards requires changes in the existing accounting policies.

b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items, which are measured on each reporting date on the basis as explained below:

- Certain financial assets and liabilities (including derivative instruments) are measured at fair value.
- Defined benefit plans – plan assets are measured at fair value.
- Equity settled share-based payments – measured at grant date fair value.

c) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is expected to be realised within twelve months from the reporting, or
- It is cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after reporting date.

All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the following criteria:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months from the reporting date, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after reporting date.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

d) Functional and presentation currency

Company has identified Indian Rupee (INR) as its functional currency. All amounts presented in the Financial Statements including notes have been rounded off to the nearest crores in Indian Rupee as per the requirements of Schedule III of the Companies Act, 2013; unless otherwise indicated.

3) SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Property, plant and equipment

- Recognition and measurement

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Cost comprises of purchase price and any directly attributable costs of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

Borrowing costs attributable to construction or acquisition of a qualifying asset for the period up to the date, the asset is ready for its intended use are included in the cost of the asset to which they relate.

Pre-operative expenditure including trial run expenses comprising of revenue expenses incurred as reduced by the revenue generated during the period up to the date, the asset is ready for its intended use are treated as part of costs of that asset.

Capital work-in-progress comprises of the cost of property, plant and equipment that are not yet ready for their intended use as at the balance sheet date.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date are disclosed under "Other non-current assets".

Property, Plant and Equipments amounting to INR 0.10 Crore are considered immaterial and expensed out to the Statement of Profit and Loss.

- **Subsequent costs**

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Profit and Loss as incurred.

- **Subsequent Measurement**

Property, plant and equipment are subsequently measured costs less accumulated depreciation less accumulated impairment losses.

- **Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net and disclosed within other income or expenses in the Statement of Profit and Loss.

- **Depreciation methods, estimated useful lives and residual value**

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognised in the Statement of Profit and Loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment as prescribed in Schedule II of the Companies Act 2013, as assessed by the management of the Company based on technical evaluation except in the case of following assets:

Description	Useful life considered	Justification for deviation
Plant and equipments:		
a) Sinter plant	20 years	Based on past history of usage and supported by technical evaluation report
b) Blast furnace and allied machineries used in manufacture of pig Iron	20 years	
c) Foundry machineries	20 years	
d) Turbo generator	20 years	
e) Plant and equipments given under operating lease	5 years	
f) Machinery spares and Other Components of PPE.	2 to 10 years	
g) Patterns	8 years	
Office equipments		
Equipment installed at employee's residence	3 years	As per the terms of Company's policy
Vehicles		
Vehicles given to employees	5 years	As per the terms of Company's policy

Freehold land is not depreciated.

b) Intangible assets

- **Recognition and measurement**

Intangible assets are recognised when the asset is identifiable, is within the control of the Company, and is probable that the future economic benefits that are attributable to the asset will flow to the Company and cost of the asset can be reliably measured.

Intangible assets acquired by the Company that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

- **Derecognition**

An item of intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of intangible asset are determined by comparing the proceeds from disposal with the carrying amount of intangible asset and are recognised net and disclosed within other income or expenses in the Statement of Profit and Loss.

- **Amortisation**

Amortisation is calculated over the cost of the asset, or other amount substituted for cost. Amortisation is recognised in Statement of Profit and Loss on a straight-line basis over the estimated useful life of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful life for current and comparative periods are as follows:

Computer software	6 years

c) **Leases**

The Company assesses at the inception of the contract whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

`As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

d) **Impairment of non-financial assets**

The Company assesses at each balance sheet date whether there is any indication that an asset or Cash Generating Unit (CGU) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal or its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered.

Impairment losses are recognised in the Statement of Profit and Loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

- **Reversal of impairment loss**

For assets other than goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

e) **Inventories**

Raw materials, stores and spares are valued at lower of cost and net realizable value. Cost is determined using weighted average method.

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

Work in process and finished goods other than by-products are valued at lower of cost and net realizable value. Cost includes direct material and labour and a proportion of manufacturing overhead based on normal operating capacity.

By-products are valued at net realisable value.

Necessary provisions are made for obsolete and non-moving inventories as per the policy framed by the management and the value of inventory is net of such provision.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

f) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

g) Revenue recognition

The Company is in the business of manufacture and sale of iron castings. Sales are recognised when substantial control of the products has been transferred to the customer, being when the products are delivered to the customer or its authorised representative without any unfulfilled obligation that could affect the customer's acceptance of the products. Revenue from these sales is recognised based on the price specified in the sales order, net of the estimated discounts, rebates, returns and Goods and Service Tax. The Company's obligation to provide a refund for defects in the products is recognised as a provision. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Company does not have any payment terms exceeding one year for any contract. Accordingly, the Company does not adjust any of the transaction prices for the time value of money.

h) Other income

- Interest income

Interest income from debt instruments is recognised using Effective Interest Rate method (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

- Dividends

Dividends are recognised in the Statement of Profit and Loss only when the right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount can be measured reliably.

- Any other incomes are accounted for on accrual basis.

i) Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset, are expensed in the period in which they are incurred.

j) Foreign currency transactions and balances

Transactions in foreign currency are recorded at exchange rates prevailing at the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit and Loss of the year.

Monetary assets and liabilities denominated in foreign currencies which are outstanding, as at the reporting period are translated at the closing exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

k) Employee Benefits

- Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the services are classified as short-term employee benefits. Benefits such as salaries, wages, expected cost of bonus and short-term compensated absences, ex-gratia, performance pay etc. are recognised in the period in which the employee renders the related service.

- Post-employment benefits

Defined contribution plans

The Company's approved superannuation scheme and central provident fund scheme are a defined contribution

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

plan. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

Defined benefit plans

The employees' gratuity fund scheme is managed by a trust, is the Company's defined benefit plan. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities as at the reporting date, having maturity periods approximating to the terms of related obligations.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income (OCI) in the period in which they occur. Remeasurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

In case of funded plans, the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on net basis.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Net interest is calculated by applying the discount rate to the net defined benefit liability or the fair value of the plan asset. The cost is included in employee benefit expense in the Statement of Profit and Loss.

- **Other long-term employee benefits**

The liabilities for earned leave which are not expected to be settled within twelve months from the date of reporting period in which the employee render the related service are measured as the present value of expected future payments to be made in respect of services provided by employee up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating the terms of the related obligation. Remeasurements as a result of experience adjustments and change in actuarial assumptions are recognised in the Statement of Profit and Loss. The obligations are presented as current liabilities in the balance sheet if the Company does not have an unconditional right to defer settlement beyond twelve months of the reporting period, regardless of when the actual settlement is expected to occur.

l) Share-based payments

Employees of the Company who are entitled to receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

- **Equity-settled transactions**

The cost of equity-settled transactions is determined by the fair value at the grant date using fair valuation model.

That cost is recognised, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The Statement of Profit and Loss represents the movement in cumulative expense recognised as at the beginning and at the end of the period and to be recognised in the employee benefits expense.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Employee share-based payment reserve with respect to vested options which gets forfeited as per ESOS policy will be transferred to retained earnings.

m) Research and development cost

Revenue expenditure on the research and development is charged off as expense in the year in which incurred. Capital expenditure for research and development activity is grouped with property, plant and equipment under appropriate categories and depreciation is provided as per the applicable rates.

n) Income tax

Income tax expense comprises of current tax and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to the items recognised directly in OCI.

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- **Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable profits computed for the current accounting period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

- **Deferred tax**

Deferred tax is provided using the balance sheet method on temporary differences between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

o) Provisions and contingencies

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the Statement of Profit and Loss.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are not recognised in financial statements, unless they are virtually certain. However, contingent assets are disclosed where inflow of economic benefits are probable.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

p) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient

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for the year ended 31st March, 2023

data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

q) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

- **Initial recognition and measurement**

Financial instruments are initially recognised when the entity becomes party to the contract.

Financial instruments are measured initially at fair value adjusted for transaction costs that are directly attributable to the origination of the financial instrument where financial instruments not classified at fair value through profit or loss. Transaction costs of financial instruments which are classified as fair value through profit or loss are expensed in the Statement of Profit and Loss.

- **Subsequent measurement of financial assets**

For the purposes of subsequent measurement, the financial assets are classified in the following categories based on the Company's business model for managing the financial assets and the contractual terms of cash flows:

- those to be measured subsequently at fair value; either through OCI or through profit or loss
- those measured at amortised cost

For assets measured at fair value, changes in fair value will either be recorded in the Statement of Profit and Loss or OCI. For investments in debt instruments, this will depend on the business model in which investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for equity investment at fair value through OCI.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are satisfied:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- The contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of hedging relationship is recognised in the Statement of Profit and Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using Effective Interest Rate (EIR) method.

Debt instruments at Fair Value Through Other Comprehensive Income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVTOCI. The movements in the carrying amount are recognised through OCI, except for the recognition of impairment gains and losses, interest revenue and foreign exchange gain or losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the Statement of Profit and Loss and recognised in other gains/ losses. Interest income from these financial assets is included in other income using EIR method.

Debt instruments at Fair Value Through Profit or Loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on debt instrument that is subsequently measured at FVTPL and is not a part of hedging relationship is recognised in the Statement of Profit and Loss within other gains/ losses in

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

the period in which it arises. Interest income from these financial assets is included in other income.

Equity investments

All equity investments in the scope of Ind AS 109 Financial Instruments are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to recognise subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of equity instrument.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

- **Subsequent measurement of financial liabilities**

For the purposes of subsequent measurement, the financial liabilities are classified in the following categories:

- those to be measured subsequently at fair value through profit or loss (FVTPL).
- those measured at amortised cost.

Following financial liabilities will be classified under FVTPL:

- Financial liabilities held for trading.
- Derivative financial liabilities.
- Liability designated to be measured under FVTPL.

All other financial liabilities are classified at amortised cost.

For financial liabilities measured at fair value, changes in fair value will recorded in the Statement of Profit and Loss except for the fair value changes on account of own credit risk are recognised in Other Comprehensive Income (OCI).

Interest expense on financial liabilities classified under amortised cost category are measured using Effective Interest Rate (EIR) method and are recognised in Statement of Profit and Loss.

- **Derecognition of financial instruments**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

- **Impairment of financial assets**

The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the financial assets mentioned below:

- Financial assets that are debt instrument and are measured at amortised cost.
- Financial assets that are debt instruments and are measured as at FVOCI.

- **Trade receivables**

The impairment methodology applied depends on whether there has been a significant increase in credit risk. Details how the Company determines whether there has been a significant increase in credit risk is explained in the respective notes.

For impairment of trade receivables, the Company chooses to apply practical expedient of providing expected credit loss based on provision matrix and does not require the Company to track changes in credit risk. Percentage of ECL under provision matrix is determined based on historical data as well as futuristic information.

- **Derivative financial instruments**

Initial measurement and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts to hedge foreign currency risks. Such derivative financial instruments are

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are recognised in the Statement of Profit and Loss.

r) **Dividends**

The final dividend on shares is recorded as liability on the date of approval of shareholders, and the interim dividends are recorded as liability on the date of declaration by the Company's Board of Directors.

s) **Earnings per share (EPS)**

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted EPS adjust the figures used in the determination of basic EPS to consider

- The after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

t) **Operating Segment**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director who makes strategic decisions.

Identification of Segments

The Company's operating business predominantly relates to manufacture of iron castings.

u) **Government Grant**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

4) SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in conformity with Ind AS, requires the management to make judgments, estimates and assumptions that affect the amounts of revenue, expenses, current assets, non-current assets, current liabilities, non-current liabilities, disclosure of the contingent liabilities and notes to accounts at the end of each reporting period. Actual results may differ from these estimates.

Judgments

In the process of applying the Company's accounting policies, management have made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Operating segment

Ind AS 108 Operating Segments requires Management to determine the reportable segments for the purpose of disclosure in financial statements based on the internal reporting reviewed by the Managing Director being the Chief Operating Decision Maker (CODM) to assess performance and allocate resources. The standard also requires Management to make judgments with respect to recognition of segments. Accordingly, the Company recognizes Iron Castings as its sole Segment.

Contingent liability

The Company has received various orders and notices from different Government authorities and tax authorities in respect of direct taxes and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyses current information about these matters and discloses the information relating to contingent liability. In making the decision regarding the need for creating loss provision, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

estimates and assumptions on parameters available when the financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market conditions or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Defined benefit obligation

The cost of the defined benefit plans and other post-employment benefits and the present value of the obligations are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future post-retirement medical benefit increase. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligations and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on the expected future inflation rates for the country.

Further details about defined benefit obligations are provided in the respective note.

Deferred Tax

Deferred tax assets are recognised for all deductible temporary differences including the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits are unused tax losses can be utilized.

Useful lives of Property, plant and equipment

Useful lives of property, plant and equipment are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. The depreciable lives are reviewed annually using the best information available to the Management.

Estimation and underlying assumptions are reviewed on ongoing basis. Revisions to estimates are recognised prospectively.

Notes forming part of Standalone Financial Statements

for the year ended 31st March, 2023

5. PROPERTY, PLANT AND EQUIPMENT

(₹ in Crores)

Particulars	Freehold land	Leasehold land	Buildings	Plant & Equipments	Plant & Equipments given under operating lease	Furniture & Fixtures	Vehicles	Office equipments	Computers	Total	Capital Work-in-progress
GROSS CARRYING AMOUNT											
As at 31st March, 2021	**13.79**	**6.36**	**259.78**	**1,315.74**	**0.07**	**3.34**	**5.79**	**6.96**	**4.42**	**1,616.25**	**149.08**
Additions	1.53	-	37.74	192.72	-	0.41	2.93	0.96	0.86	237.15	287.21
Disposals	-	-	0.17	22.54	-	0.02	1.34	0.16	0.42	24.65	237.16
Adjustments	-	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2022	15.32	6.36	297.35	1,485.92	0.07	3.73	7.38	7.76	4.86	1,828.75	199.13
Additions	39.86	-	37.59	463.11	-	0.60	3.31	0.80	0.94	546.21	498.33
Disposals	-	-	0.01	0.88	-	0.03	0.76	0.01	-	1.69	546.21
Adjustments*	4.42	(4.42)	-	-	-	-	-	-	-	-	-
As at 31st March, 2023	59.60	1.94	334.93	1,948.15	0.07	4.30	9.93	8.55	5.80	2,373.27	151.25
DEPRECIATION											
As at 31st March, 2021	-	-	92.96	498.89	0.03	2.17	3.46	5.25	3.18	605.94	-
For the year	-	-	10.35	74.48	-	0.27	0.87	0.56	0.65	87.18	-
Disposals	-	-	0.05	21.23	-	0.02	1.21	0.16	0.42	23.09	-
Adjustments	-	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2022	-	-	103.26	552.14	0.03	2.42	3.12	5.65	3.41	670.03	-
For the year	-	-	12.47	87.96	0.01	0.32	1.20	0.71	0.72	103.39	-
Disposals	-	-	0.01	0.56	-	0.02	0.67	-	-	1.26	-
Adjustments	-	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2023	-	-	115.72	639.54	0.04	2.72	3.65	6.36	4.13	772.16	-
NET CARRYING AMOUNT											
As at 31st March, 2023	59.60	1.94	219.21	1,308.61	0.03	1.58	6.28	2.19	1.67	1,601.11	151.25
As at 31st March, 2022	**15.32**	**6.36**	**194.09**	**933.78**	**0.04**	**1.31**	**4.26**	**2.11**	**1.45**	**1,158.72**	**199.13**
As at 31st March, 2021	**13.79**	**6.36**	**166.82**	**816.85**	**0.04**	**1.17**	**2.33**	**1.71**	**1.24**	**1,010.31**	**149.08**

* The land has been registered in the name of the Company in Mar-2023.

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for the year ended 31st March, 2023

5. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

(₹ in Crores)

Amount in Capital Work in Progress for a period of	Projects in Progress		Projects temporarily suspended		Total	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Less than 1 Year	121.76	185.39	-	-	121.76	185.39
1-2 Years	19.45	1.88	-	-	19.45	1.88
2-3 Years	0.60	4.64	-	-	0.60	4.64
More than 3 Years	9.44	7.22	-	-	9.44	7.22
Total	151.25	199.13	-	-	151.25	199.13

Leasehold land consist of-

Description of item of property	Lease hold land situated at - Paramenahally village, Hiriyur Taluka, Chitradurga district, Karnataka - 99.05 acres
Gross carrying value	₹ 1.94 Crores
Property held since which date	Land at - Paramenahally village, Hiriyur Taluka, Chitradurga district from 4th November 2020
Reason for showing under Leasehold land	The item in Note no. 5 Property Plant and Equipments shown as "Lease hold land" is given on lease by Karnataka Industrial Authority and Development Board (KIADB), Bangalore to the Company for Project implementation purpose. **Land at Paramenahally village, Hiriyur Taluka, Chitradurga district** The company has fulfilled the terms and conditions as per the lease deed and is in the process of getting the land transferred in the name of the Company. All the payments for those lands are made. On completion of transfer of title deeds, the said lands will be transfered to freehold land.

6. INTANGIBLE ASSETS

(₹ in Crores)

Particulars	Mining Rights	Computer software	Total	Intangible assets under development
GROSS CARRYING AMOUNT				
As at 31st March, 2021	**0.11**	**11.39**	**11.50**	**13.14**
Additions	-	0.80	0.80	7.41
Disposals	-	-	-	0.80
Adjustments	-	-	-	-
As at 31st March, 2022	**0.11**	**12.19**	**12.30**	**19.75**
Additions	-	2.14	2.14	17.55
Disposals	-	-	-	2.14
Adjustments	-	-	-	-
As at 31st March, 2023	0.11	14.33	14.44	35.16
DEPRECIATION				
As at 31st March, 2021	0.11	9.88	9.99	-
For the year	-	0.68	0.68	-
Disposals	-	-	-	-
Adjustments	-	-	-	-
As at 31st March, 2022	**0.11**	**10.56**	**10.67**	**-**
For the year	-	0.57	0.57	-
Disposals	-	-	-	-
Adjustments	-	-	-	-
As at 31st March, 2023	0.11	11.13	11.24	-
NET CARRYING AMOUNT				
As at 31st March, 2023	-	3.20	3.20	35.16
As at 31st March, 2022	**-**	**1.63**	**1.63**	**19.75**
As at 31st March, 2021	**-**	**1.51**	**1.51**	**13.14**

Notes Forming Part Of Standalone Financial Statements
for the year ended 31st March, 2023

(₹ in Crores)

Amount in Intangible under development for a period of	Projects in Progress		Projects temporarily suspended		Total	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Less than 1 Year	14.78	5.16	-	-	14.78	5.16
1-2 Years	5.79	8.53	-	-	5.79	8.53
2-3 Years	8.53	0.64	-	-	8.53	0.64
More than 3 Years	6.06	5.42	-	-	6.06	5.42
Total	35.16	19.75	-	-	35.16	19.75

7 INVESTMENTS (NON-CURRENT)

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Investments in Equity Shares (Fully Paid up)		
In quoted equity instruments of subsidiary		
(Measured at cost)		
ISMT Limited (15,40,05,747 (15,40,00,000) equity shares with a face value of ₹5 per share)	484.85	484.83
In unquoted equity instruments		
(at fair value through OCI)		
Kirloskar Management Services Pvt Ltd (4,87,500 equity shares with a face value of ₹10 per share)	1.02	4.29
S. L. Kirloskar CSR Foundation (9,800 equity shares with a face value of ₹10 per share) *	0.01	0.01
Kirloskar Proprietary Limited (One equity share with a face value of ₹100 per share) *	0.00	0.00
Total	485.88	489.13

Note:

i) The Company pursuant to terms of the Share Subscription Agreement entered with ISMT Limited invested ₹ 476.63 Crores on 10th March 2022 through preferential allotment of 15,40,00,000 equity shares (Face value of ₹ 5 per share) at ₹ 30.95 per equity share (including premium), taking the equity holding in ISMT Ltd. to 51.25%. Effective 10th March 2022, ISMT Ltd has become a subsidiary of the Company. Further, on 08th April 2022, 5747 equity shares of ISMT Limited was acquired for a consideration of ₹ 0.02 Crores through open offer. Transaction cost ₹ 8.20 Crores which are directly attributable to this acquisition has been capitalised as cost of investment. Aggregate amount of market value of investment in ISMT Limited as on 31st March 2023 is ₹ 1130.09 Crores (Previous Year ₹ 767.69 Crores).

*The Company has not performed fair valuation of these investments in unquoted ordinary shares, which are classified as FVTOCI, as the Company believes that impact of change on account of fair value is insignificant.

8 LOANS (NON-CURRENT)

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Unsecured, considered good		
Loans to contractors	0.20	0.14
Loans to employees	0.03	0.06
Total	0.23	0.20

9 OTHER FINANCIAL ASSETS (NON-CURRENT)

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Unsecured, considered good		
Non-current bank balances		
Margin money deposit	0.02	0.02
Deposits with more than 12 months maturity	0.05	0.05
Security deposits	16.51	13.57
Total	16.58	13.64

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

10 OTHER NON-CURRENT ASSETS

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Unsecured, considered good		
Capital advances	45.48	93.08
Advances other than capital advances		
Prepaid expenses	1.05	0.80
Advance to suppliers	5.22	5.22
Unsecured, considered doubtful		
Claims receivable	0.44	0.44
Less: Provision	(0.44)	(0.44)
Total	51.75	99.10

11 INVENTORIES

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Raw materials at site	204.93	155.37
Raw materials in transit	231.32	256.74
	436.25	412.11
Work-in-progress	56.21	56.36
Finished goods	30.04	17.01
Stores and spares	70.99	61.82
Stores and spares in transit	3.89	1.25
By-products	1.42	1.87
Total	598.80	550.42

Details of Work-in-progress

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
a. Castings	38.45	45.07
b. Others	17.76	11.29
Total	56.21	56.36

Details of Finished Goods

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
a. Pig iron	17.02	3.67
b. Castings	13.03	13.34
Total	30.04	17.01

12 TRADE RECEIVABLES

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Trade receivables (Unsecured) :		
Receivables considered good	538.83	538.75
Receivables which are credit impaired	5.36	5.36
	544.19	544.11
Less: Allowance for bad and doubtful trade receivables	(5.36)	(5.36)
Total	538.83	538.75

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

11 INVENTORIES (CONTD.)

Movement in allowance of bad and doubtful trade receivables

Particulars	(₹ in Crores)
At 1st April, 2021	**5.35**
Provided during the year	0.01
Amount written off	-
Amount written back	-
At 31st March, 2022	**5.36**
Provided during the year	-
Amount written off	-
Amount written back	-
At 31st March, 2023	5.36

Ageing of Trade Receivables

(₹ in Crores)

Particulars (Outstanding from due date of payment / from date of transaction)	As at 31st March 2023	As at 31st March 2022
(i) Undisputed Trade Receivables – considered good		
Not due	451.33	446.58
Less than 6 months	85.44	82.92
6 months - 1 year	1.43	0.61
1-2 years	0.49	0.34
2-3 years	0.04	0.12
More than 3 years	0.10	0.07
Sub-total (i)	538.83	**530.65**
(ii) Disputed Trade Receivables – Credit Impaired		
Less than 6 months	-	-
6 months - 1 year	-	-
1-2 years	-	0.22
2-3 years	0.22	0.08
More than 3 years	5.14	5.06
Sub-total (ii)	5.36	**5.36**
(iii) Unbilled dues	-	8.10
(iv) Less: Provision for doubtful receivables	(5.36)	(5.36)
Total	538.83	**538.75**

13 CASH AND BANK BALANCES

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
A. Cash and Cash Equivalents		
Balances with banks		
In Current accounts	28.53	20.97
In Fixed Deposits	-	3.40
Cash on hand	0.00	0.01
Total (A)	28.53	**24.38**
B. Other Bank balances		
Current Account balances - Earmarked	5.36	244.71
Total (B)	5.36	**244.71**

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

14 LOANS (CURRENT)

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Unsecured, considered good		
Inter Corporate Loans *	-	194.00
Loan to employees	0.30	0.34
Loan to contractors	1.16	0.70
Total	1.46	195.04

* Refer Note No.44 for Related Party Disclosure

15 OTHER FINANCIAL ASSETS (CURRENT)

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Unsecured, considered good		
Interest accrued on deposits and Loans	0.53	1.49
Derivative assets		
Foreign currency forward contract	-	3.37
Total	0.53	4.86

16 CURRENT TAX ASSETS (NET)

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Income Tax (Net)	21.58	9.24
Total	21.58	9.24

17 OTHER CURRENT ASSETS

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Unsecured, considered good		
Advances to suppliers	49.53	40.43
Balances with Government authorities #	12.42	5.29
Prepaid expenses	5.02	3.12
Total	66.97	48.84

The constitutional validity of the provisions restricting the utilisation of Input tax credit on Works Contract Service for construction of Immovable property was challenged by Safari Retreats Private Limited before the Honourable Orissa High Court. The Honourable High Court of Orissa has held that restricting such credits would mean a very narrow interpretation of the law and hence not appropriate – that the credits are therefore allowable vide order dated 17 April 2019. The Government has however challenged this ruling and has filed an SLP before the Hon'ble Supreme Court of India – the matter is currently sub judice.

In this regard, the Company placing reliance on the judgement of the Honourable High Court of Orissa and has availed an amount of ₹ 6.2 Crores (Previous Year: 5.3 Crores), as eligible input credit, but has not utilised the same and shown as receivables from Government authorities. The Company has also filed from time to time intimations to the jurisdictional tax office informing about the said amounts having been claimed as input credits.

The balances with Government Authorities also includes an amount of ₹ 6.98 Crores (Previous Year : ₹ 0.19 Crores) receivable on account of Packaged Scheme of Incentive (PSI).

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

18 SHARE CAPITAL

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Authorised Equity Share Capital		
21,00,00,000 (21,00,00,000) Equity Shares of ₹ 5 each	105.00	105.00
Issued, Subscribed and Paid up Equity Share Capital		
13,89,58,215 (13,87,17,044) Equity Shares of ₹ 5 each	69.48	69.36
Total	69.48	69.36

Note: The Company has authorised preference share capital comprising of 11,70,00,000 (11,70,00,000) Preference Shares of ₹ 10 each aggregating to ₹ 117.00 (117.00) Crores. However the same has not been issued nor subscribed.

a. Reconciliation of the shares at the beginning and at the end of the reporting period

(₹ in Crores)

Particulars	Year ended 31st March, 2023		Year ended 31st March, 2022	
	Number	₹ in Crores	Number	₹ in Crores
Equity shares				
Balance at the beginning of the year	138,717,044	69.36	138,348,681	69.17
Shares issued during the year	241,171	0.12	368,363	0.18
Shares bought back during the year	-	-	-	-
Balance at the end of the year	13,89,58,215	69.48	13,87,17,044	69.36

b. Rights and preferences attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of Liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Equity shares held by holding company

Name of the Shareholder	Year ended 31st March, 2023		Year ended 31st March, 2022	
	No. of shares held	Percentage of holding	No. of shares held	Percentage of holding
Kirloskar Industries Limited*	7,06,43,754	50.84	7,06,43,754	50.93

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

Promotors Shareholding in the Company is set out below:

Disclosure of shareholding of promoters as at 31 March 2023 is as follows:

Equity shares of ₹ 5 each fully paid	As at 31 March 2023		As at 31 March 2022		% changes during the year
	No. of shares	Percentage of holding	No. of shares	Percentage of holding	
Kirloskar Industries Limited	7,06,43,754	50.84%	7,06,43,754	50.93%	0.00%
Indian Individuals/ HUFs / Others					
Atul Kirloskar	9,89,726	0.71%	9,89,726	0.71%	0.00%
Rahul Kirloskar	14,25,279	1.03%	14,25,279	1.03%	0.00%
Sanjay Kirloskar	380	0.00%	380	0.00%	0.00%
Arti Atul Kirloskar	10,55,651	0.76%	10,55,651	0.76%	0.00%
Alpana Rahul Kirloskar	15,91,229	1.15%	15,91,229	1.15%	0.00%
Jyotsna Gautam Kulkarni	-	0.00%	15,49,320	1.12%	(100.00%)
Suman Kirloskar	90,535	0.07%	90,535	0.07%	0.00%
Mrinalini Shreekant Kirloskar	6,500	0.00%	6,500	0.00%	0.00%
Alok Sanjay Kirloskar	1,520	0.00%	1,520	0.00%	0.00%
Gauri Atul Kirloskar	1,140	0.00%	1,140	0.00%	0.00%
Aditi Atul Kirloskar	8,77,187	0.63%	8,77,187	0.63%	0.00%
Rama Sanjay Kirloskar	760	0.00%	760	0.00%	0.00%
Alika Rahul Kirloskar	380	0.00%	380	0.00%	0.00%

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

18 SHARE CAPITAL (CONTD.)

Equity shares of ₹ 5 each fully paid	As at 31 March 2023		As at 31 March 2022		% changes during the year
	No. of shares	Percentage of holding	No. of shares	Percentage of holding	
Geetanjali Vikram Kirloskar	200	0.00%	200	0.00%	0.00%
Roopa Jayant Gupta	200	0.00%	200	0.00%	0.00%
Ambar Gautam Kulkarni	-	0.00%	7,74,660	0.56%	(100.00%)
Nihal Gautam Kulkarni	-	0.00%	7,74,660	0.56%	(100.00%)
Kirloskar Pneumatic Company Limited	20,00,000	1.44%	20,00,000	1.44%	0.00%
Achyut and Neeta Holdings and Finance Private Limited	541	0.00%	541	0.00%	0.00%
Alpak Investments Private Limited	100	0.00%	100	0.00%	0.00%
Navsai Investments Private Limited	100	0.00%	100	0.00%	0.00%
Indian Individuals/ HUFs / Others	80,41,428		1,11,40,068		(27.82%)

Disclosure of shareholding of promoters as at 31 March 2022 is as follows:

Equity shares of ₹ 5 each fully paid	As at 31 March 2022		As at 31 March 2021		% changes during the year
	No. of shares	Percentage of holding	No. of shares	Percentage of holding	
Kirloskar Industries Limited	7,06,43,754	50.93%	7,06,43,754	51.06%	0.00%
Indian Individuals/ HUFs / Others					
Atul Kirloskar	9,89,726	0.71%	9,89,726	0.72%	0.00%
Rahul Kirloskar	14,25,279	1.03%	14,25,279	1.03%	0.00%
Sanjay Kirloskar	380	0.00%	380	0.00%	0.00%
Arti Atul Kirloskar	10,55,651	0.76%	10,55,651	0.76%	0.00%
Alpana Rahul Kirloskar	15,91,229	1.15%	15,91,229	1.15%	0.00%
Jyotsna Gautam Kulkarni	15,49,320	1.12%	15,49,320	1.12%	0.00%
Suman Kirloskar	90,535	0.07%	90,535	0.07%	0.00%
Mrinalini Shreekant Kirloskar	6,500	0.00%	6,500	0.00%	0.00%
Alok Sanjay Kirloskar	1,520	0.00%	1,520	0.00%	0.00%
Gauri Atul Kirloskar	1,140	0.00%	1,140	0.00%	0.00%
Aditi Atul Kirloskar	8,77,187	0.63%	8,77,187	0.63%	0.00%
Rama Sanjay Kirloskar	760	0.00%	760	0.00%	0.00%
Alika Rahul Kirloskar	380	0.00%	380	0.00%	0.00%
Geetanjali Vikram Kirloskar	200	0.00%	200	0.00%	0.00%
Roopa Jayant Gupta	200	0.00%	200	0.00%	0.00%
Ambar Gautam Kulkarni	7,74,660	0.56%	7,74,660	0.56%	0.00%
Nihal Gautam Kulkarni	7,74,660	0.56%	7,74,660	0.56%	0.00%
Kirloskar Pneumatic Company Limited	20,00,000	1.44%	20,00,000	1.45%	0.00%
Achyut and Neeta Holdings and Finance Private Limited	541	0.00%	541	0.00%	0.00%
Alpak Investments Private Limited	100	0.00%	100	0.00%	0.00%
Navsai Investments Private Limited	100	0.00%	100	0.00%	0.00%
Indian Individuals/ HUFs / Others	1,11,40,068		1,11,40,068		0.00%

19. OTHER EQUITY

(₹ in Crores)

Particulars			As at 31st March 2023	As at 31st March 2022
a.	Securities premium			
	Opening balance		205.65	202.55
	Add : On account of exercise of employee stock options		2.15	3.10
	Closing balance	Total (a)	207.80	205.65
b.	General reserve			
	Opening balance		70.00	65.00
	Add: Current year transfer from surplus		5.00	5.00
	Closing balance	Total (b)	75.00	70.00

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

19. OTHER EQUITY (CONTD..)

(₹ in Crores)

Particulars		As at 31st March 2023	As at 31st March 2022
c. Surplus - balance in the statement of profit and loss			
Opening balance		985.09	659.65
Add :			
Profit for the year		350.70	406.10
Other comprehensive income / (loss) - net of deferred tax		(0.22)	0.51
Transfer from Share Options on account of lapse of employee stock options		-	0.03
Less : Appropriations			
Final Dividend on equity shares*		(41.65)	(41.53)
Interim Dividend on equity shares**		(34.73)	(34.67)
Amount transferred to General reserve		(5.00)	(5.00)
Closing balance	Total (c)	1,254.19	985.09
d. Share options outstanding account			
Opening balance		3.03	2.83
Add: Employee stock option expense		9.40	1.67
Less: Transfer to profit and loss on account of lapse of employee stock options		-	(0.03)
Less: Transfer to securities premium on account of exercise of employee stock options		(0.97)	(1.44)
Closing balance	Total (d)	11.46	3.03
e. Equity Instruments through Other Comprehensive Income			
Opening balance		2.94	0.04
Add: Fair value changes net of deferred tax		(2.52)	2.90
Add: Deductions during the year		-	-
Closing balance	Total (e)	0.42	2.94
f. Share Application Money pending allotment			
Opening balance		0.12	0.13
Add: Amount received on exercise of stock options		1.34	1.84
Less: Issue of equity shares on account of exercise of employee stock options		(1.31)	(1.85)
Closing balance	Total (f)	0.15	0.12
	Total (a+b+c+d+e+f)	1,549.02	1,266.83

Note: * ₹ 41.65 Crores pertains to FY 2021-22 and ₹ 41.53 Crores pertains to FY 2020-21

** ₹ 34.73 Crores pertains to FY 2022-23 and ₹ 34.67 Crores pertains to FY 2021-22

Description of the purposes of reserves within equity

General Reserve

Under the erstwhile Indian Companies Act, 1956, a general reserve was created through an annual transfer of net income in accordance with applicable regulations.

Securities premium

The amount in the Securities premium account represents the additional amount paid by the shareholders for the issued shares in excess of the face value of those shares.

Share options outstanding account

The Company offers ESOP, under which options to subscribe for the Company's share have been granted to specified senior management employees. The Share options outstanding account balance represents fund created as per the Company's ESOP scheme.

Equity instruments through other comprehensive income

This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

20. LONG TERM BORROWINGS

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Unsecured		
Term Loans		
From Bank	244.79	196.98
Non-Convertible Debentures	125.00	250.00
Total	369.79	446.98

Details of unsecured term loans from Banks and Non-Convertible Debentures

(₹ in Crores)

Name of bank	Loan availed (₹ in Crores)	Interest rate per annum payable monthly	Tenure	Principal Repayment
The Hongkong and Shanghai Banking Corporation Limited	70	8.80%	60 MONTHS	REPAYMENT IN 51 MONTHLY INSTALLMENTS (IE. 50 INSTALLMENT OF ₹ 1.38 CRORE AND LAST INSTALLMENT WILL BE OF ₹ 1 CRORE). PUT AND CALL OPTION AT THE END OF EVERY 12 MONTHS FROM THE DATE OF FIRST DRAW DOWN OF THE FACILITY I.E. 26TH APRIL, 2019.
(HSBC)	30	7.65%	60 MONTHS	REPAYMENT IN 51 MONTHLY INSTALLMENTS OF ₹ 0.59 CRORE. PUT AND CALL OPTION AT THE END OF EVERY 12 MONTHS FROM THE DATE OF FIRST DRAW DOWN OF THE FACILITY I.E. 05TH NOVEMBER, 2019.
Kotak Mahindra Bank Ltd.	40	7.65%	60 MONTHS	REPAYMENT IN 51 MONTHLY INSTALLMENTS OF ₹ 0.78 CRORE. PUT AND CALL OPTION AT THE END OF EVERY 12 MONTHS FROM THE DATE OF FIRST DRAW DOWN OF THE FACILITY I.E. 05TH NOVEMBER, 2019.
Kotak Mahindra Bank Ltd.	50	7.90%	36 MONTHS	REPAYMENT IN 30 MONTHLY INSTALLMENTS OF ₹ 1.67 CRORE. PUT AND CALL OPTION AT THE END OF EVERY 12 MONTHS FROM THE DATE OF FIRST DRAW DOWN OF THE FACILITY I.E. 29TH OCTOBER, 2020.
Kotak Mahindra Bank Ltd.	60	7.80%	48 MONTHS	REPAYMENT IN 39 MONTHLY EQUALL INSTALLMENTS OF ₹ 1.53 CRORES. PUT AND CALL OPTION AT THE END OF EVERY 12 MONTHS FROM THE DATE OF FIRST DRAW DOWN OF THE FACILITY I.E. 1ST JULY 2021.
Kotak Mahindra Bank Ltd.	40	8.10%	48 MONTHS	REPAYMENT IN 31 MONTHLY EQUALL INSTALLMENTS OF ₹ 1.29 CRORES. PUT AND CALL OPTION AT THE END OF EVERY 12 MONTHS FROM THE DATE OF FIRST DRAW DOWN OF THE FACILITY I.E. 1ST JULY 2021.
Kotak Mahindra Bank Ltd.	150	7.75%	48 MONTHS	REPAYMENT IN 36 MONTHLY EQUALL INSTALLMENTS OF ₹ 4.17 CRORES. PUT AND CALL OPTION AT THE END OF EVERY 12 MONTHS FROM THE DATE OF FIRST DRAW DOWN OF THE FACILITY I.E. 31ST DECEMBER 2021.
Axis Bank Ltd.	125	7.85%	48 MONTHS	REPAYMENT IN 42 MONTHLY EQUALL INSTALLMENTS OF ₹ 2.98 CRORES. PUT AND CALL OPTION AT THE END OF EVERY 12 MONTHS FROM THE DATE OF FIRST DRAW DOWN OF THE FACILITY I.E. 28TH FEB 2023.
Non-Convertible Debentures - Rated, Listed, Unsecured and redeemable	125	6.65%	24 MONTHS	PAYABLE ON 10TH MARCH 2024. INTEREST IS PAYABLE ON ANNUAL BASIS.
Non-Convertible Debentures - Rated, Listed, Unsecured and redeemable	125	6.65%	36 MONTHS	PAYABLE ON 10TH MARCH 2025. PUT AND CALL OPTION AT THE END OF 24 MONTHS. INTEREST IS PAYABLE ON ANNUAL BASIS.

The amount repayable within 12 months from the reporting date, i.e. ₹274.48 Crores has been reflected in the note no.23 borrowing (current).

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

21 PROVISIONS (NON-CURRENT)

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Provision for employee benefits		
Leave encashment	3.71	3.22
Total	3.71	3.22

22 DEFERRED TAX LIABILITIES (NET)

The major components of income tax expense for the years ended 31st March, 2023 and 31st March, 2022 are as given below:

(₹ in Crores)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Statement of Profit and Loss section		
Current income tax:		
Current income tax charge	103.74	129.08
Short/ (excess) for the earlier years	1.74	(0.76)
MAT credit entitlement	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	15.85	8.27
MAT credit utilised during the year		
Total tax expense reported in the Statement of Profit and Loss	121.33	136.59
OCI Section		
Deferred tax related to items recognised in OCI during the year:		
Deferred tax net loss/(gain) on actuarial gains and losses	0.07	(0.17)
Fair value changes on equity Instruments	0.75	(0.86)
Income tax charged to OCI	0.82	(1.03)

Reconciliation of actual income tax and effective income tax

(₹ in Crores)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Accounting profit before tax	472.03	542.69
At India's statutory income tax rate of 25.168% (31st March, 2022: 25.168%)	118.80	136.58
Tax effects on adjustments which are not deductible (taxable) in calculating taxable income		
Tax of earlier years	1.74	(0.76)
Reversal of opening deferred tax liability due to rate change	-	
On account of deduction under tax holiday period and weighted deduction of research and development unit		-
Other Items which are not deductible (taxable) in calculating taxable income	(0.99)	(0.30)
Others	1.76	1.06
Income tax expense reported in the statement of profit and loss	121.31	136.58

Deferred tax relates to the following

Particulars	Deferred tax asset/ (liability)		Movement in deferred tax	
	As at 31 March		For the Year ended 31st March	
	2023	2022	2023	2022
Property, plant and equipment and intangible assets	(118.39)	(102.27)	16.12	8.27
Disallowances under section 43B of Income tax Act, 1961	4.40	4.05	(0.35)	0.17
Provision for doubtful debts and advances	1.35	1.35	(0.00)	0.00
Others	(0.13)	(0.87)	(0.74)	0.86
Total	(112.77)	(97.74)	15.03	9.30

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

22 DEFERRED TAX LIABILITIES (NET) (CONTD.)

(₹ in Crores)

Breakup of movement in Deferred Tax Liabilities, Net	As at 31st March 2023	As at 31st March 2022
Opening balance	97.74	88.44
Tax expense during the year recognised in statement of profit and loss	15.85	8.27
Tax expense during the year recognised in OCI	(0.82)	1.03
MAT credit entitlement utilised during the year	-	-
Sub-total	15.03	9.30
Closing balance	112.77	97.74

(₹ in Crores)

Reflected in the Balance Sheet as follows	As at 31st March 2023	As at 31st March 2022
Deferred Tax Liabilities	118.52	103.15
Deferred Tax Assets	5.75	5.41
Deferred Tax Liabilities, Net	112.77	97.74

The Company offsets the tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

23 BORROWINGS (CURRENT)

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Secured		
Loans payable on demand		
Short term loans	53.00	40.00
Cash credit from banks	11.65	-
Total (a)	64.65	40.00
Unsecured		
Loans payable on demand		
Working capital facilities from banks	-	-
Current Maturities of Long term Loans	274.48	68.61
Bills Discounted	60.78	62.06
Commercial Papers	72.31	530.43
Short term loans	45.00	44.50
Total (b)	452.57	705.60
Total (a + b)	517.22	745.60

Security for Secured Loans

Working capital facilities with Consortium Banks (fund based and non fund based) aggregating to ₹ 450 Crores (previous year ₹ 450 Crores) are secured by first charge by way of hypothecation on the current assets both present and future, in favour of IDBI Trusteeship Services Limited, as Security Trustees, for the benefit of consortium banks.

Commercial Papers

During FY 2022-23, Commercial Papers of ₹ 75 Crores issued at a discounted rate of 7.85% on 16th March 2023 payable on 12th Sep 2023. During FY 2021-22, the following Commercial Papers have been issued on 8th March 2022 :

a. ₹ 333.75 Crores issued at a discounted rate of 4.50% p.a. payable on 6th June 2022
b. ₹ 100.95 Crores issued at a discounted rate of 4.50% p.a. payable on 27th May 2022
c. ₹ 104.50 Crores issued at a discounted rate of 5.75% p.a payable on 8th March 2023

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

23 BORROWINGS (CURRENT) (CONTD.)

Stock Statements to Banks :

Quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of accounts

Registration of charges or satisfaction with ROC :

There are no charge modification / satisfaction of charge in the FY 2022-23

Net Debt position

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Cash and Bank Balance		
Cash and cash equivalents	28.53	24.38
Other bank balances	0.00	0.00
	28.53	24.38
Borrowings		
Current Borrowings (including Current Maturities of Long Term Borrowings)	(517.22)	(745.60)
Long term borrowings	(369.79)	(446.98)
	(887.01)	(1,192.58)
Net debt	(858.48)	(1,168.20)

Net debt reconciliation as at 31 March, 2023

(₹ in Crores)

Particulars	Cash and bank balance	Borrowings	Total
Net debt as at 31st March, 2022	**24.38**	**(1,192.58)**	**(1,168.20)**
Cash flows	4.15	-	4.15
Foreign exchange adjustment	-	-	-
Interest accrued but not due as on 1st April, 2022	-	1.01	1.01
Interest accrued but not due as on 31st March, 2023	-	(1.01)	(1.01)
Interest expense	-	83.48	83.48
Interest paid	-	(83.48)	(83.48)
(Borrowing) / Repayment (Net) - Short term	-	434.25	434.25
(Borrowing) / Repayment (Net) - Long term	-	(128.68)	(128.68)
Borrowings during the year	-	-	-
Net debt as at 31st March, 2023	28.53	(887.01)	(858.48)

Net debt reconciliation as at 31 March, 2022

(₹ in Crores)

Particulars	Cash and bank balance	Borrowings	Total
Net debt as at 31st March, 2021	**10.07**	**(334.98)**	**(324.91)**
Cash flows	14.31	-	14.31
Foreign exchange adjustment	-	-	-
Interest accrued but not due as on 1st April, 2021	-	0.02	0.02
Interest accrued but not due as on 31st March, 2022	-	(1.01)	(1.01)
Interest expense	-	24.89	24.89
Interest paid	-	(23.90)	(23.90)
Borrowing / (Repayment) (Net) - Short term	-	(548.78)	(548.78)
Borrowing / (Repayment) (Net) - Long term	-	(308.83)	(308.83)
Net debt as at 31st March, 2022	**24.38**	**(1,192.59)**	**(1,168.21)**

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

24 TRADE PAYABLES

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Total outstanding dues of micro enterprises and small enterprises	18.26	14.54
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Acceptances	593.34	679.33
Others	238.32	168.54
Total	831.66	847.87

Ageing of Trade Payables

(₹ in Crores)

Particulars (Outstanding from due date of payment / from date of transaction)	As at 31st March 2023	As at 31st March 2022
(i) MSME		
Not due	18.26	14.54
Sub-total (i)	18.26	14.54
(ii) Others		
Not due	721.40	765.30
Less than 1 year	43.47	59.31
1-2 years	1.63	1.61
2-3 years	0.32	0.10
More than 3 years	0.27	0.23
Sub-total (ii)	767.08	826.55
(iii) Unbilled dues Sub-total (iii)	64.58	21.32
Total	849.92	862.41

25 OTHER FINANCIAL LIABILITIES (CURRENT)

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Derivative liabilities		
Foreign currency forward contract	1.41	-
Other financial liabilities		
Interest accrued but not due on borrowings	1.01	1.01
Unclaimed dividend #	5.36	4.99
Payable for capital purchases	59.78	37.44
Payable to employees	31.75	27.61
Creditors for expenses	4.64	6.74
Security deposit	0.03	0.03
Total	103.98	77.82

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

Disclosure in respect of principal and interest pertaining to the "Micro, Small and Medium Enterprises Development Act 2006". The information has been given in respect of such vendors on the basis of information available with the Company

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Total outstanding to MSME Suppliers (not due)		
i. Trade payables	18.26	14.54
ii. Other Current Liabilities - Creditors for capital goods	4.97	2.44
Principal amount due remaining unpaid		
i. Trade payables	-	-
ii. Creditors for capital goods	-	-
Interest on above and unpaid interest	-	-
Interest paid	-	-
Payment made beyond the appointed day	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid at the end of the year	-	-
Amount of further interest remaining due and payable in succeeding year	-	-

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

26 OTHER CURRENT LIABILITIES

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Advance from customers	18.47	14.28
Taxes and duties (Net)	2.97	3.74
Provident fund payable	0.79	0.69
Total	22.23	18.71

27 PROVISIONS (CURRENT)

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Provision for employee benefits		
Contribution to Superannuation funds	-	0.24
Gratuity	0.97	1.11
Leave encashment	6.62	6.23
Provision for expected sales returns	1.51	1.29
Total	9.10	8.87

28 REVENUE FROM OPERATIONS

(₹ in Crores)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Sale of products		
Pig iron	2,374.20	2,201.77
Castings	1,673.26	1,289.63
By-products	76.07	69.12
Other operating income		
Scrap / Coke / miscellaneous sales	25.89	54.45
Total	4,149.42	3,614.97

29 OTHER INCOME

(₹ in Crores)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Interest income from financial assets at amortised cost	12.51	2.23
Profit on redemption of Mutual funds	1.12	0.44
Profit on sale/discard of Assets (Net)	-	4.71
Other non-operating income		
Incentive from Industrial Promotion Scheme	26.44	0.19
Rental income	0.24	0.23
Insurance claim received	0.39	0.01
Provision no longer required written back	1.05	2.94
Sundry credit balances appropriated	0.01	0.14
Miscellaneous income	0.62	0.40
Total	42.38	11.29

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

30 COST OF MATERIAL CONSUMED

(₹ in Crores)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Stock at the beginning of the year	412.11	191.32
Add : Purchases	2,663.64	2,446.28
	3,075.75	2,637.60
Less : Stock at the end of the year	436.25	412.11
Cost of material consumed	2,639.50	2,225.49

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

(₹ in Crores)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
At the end of the year		
a. Finished goods	30.04	17.01
b. By-Products	1.42	1.87
c. Work-in-Progress	56.21	56.36
Total (A)	87.67	75.24
At the beginning of the year		
a. Finished goods	17.01	9.77
b. By-Products	1.87	4.75
c. Work-in-Progress	56.36	31.01
Total (B)	75.24	45.53
(Increase)/Decrease (B-A)	(12.43)	(29.71)

32 EMPLOYEE BENEFITS EXPENSE

(₹ in Crores)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries, wages and incentives	121.49	112.40
Contributions to		
Provident fund	4.23	3.97
Superannuation scheme	-	0.26
Gratuity (Refer Note no.41)	1.77	1.75
Others	0.23	0.20
Employee share-based payment expense (Refer Note no. 42)	9.40	1.67
Staff welfare expenses	14.93	13.14
Total	152.05	133.39

33 FINANCE COSTS

(₹ in Crores)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Interest on term loan	32.32	12.13
Interest expense	51.16	12.76
Other borrowing costs	1.28	2.97
Total	84.76	27.86

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

34 DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Crores)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Property, plant and equipment (Refer Note No. 5)	103.39	87.18
Intangible assets (Refer Note No. 6)	0.57	0.68
Total	103.96	87.86

35 OTHER EXPENSES

(₹ in Crores)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
a. OPERATIONAL EXPENSES		
Consumption of stores and spare parts	136.41	121.06
Consumption of Consumables	170.73	134.59
Power, fuel and water	130.79	98.93
Machinery hire charges	5.83	4.33
Repairs and maintenance		
Machinery	29.53	34.08
Buildings	3.52	2.56
Fettling and other manufacturing expenses	35.51	28.70
Other processing expenses	30.66	27.13
Total (a)	542.98	451.38
b. SELLING EXPENSES		
Freight and forwarding expenses (net)	122.26	124.36
Advertisement	0.11	0.38
Royalty	9.83	8.40
Other selling expenses	0.16	0.16
Total (b)	132.36	133.30
c. ADMINISTRATIVE EXPENSES		
Rent [Note (i)]	0.12	0.14
Rates and taxes	3.85	3.07
Insurance	3.48	2.45
Other repairs and maintenance	2.83	1.46
Travelling expenses	4.57	2.32
Legal and professional charges	14.89	14.72
Communication expenses	0.57	0.92
Printing and stationery	0.74	0.37
Auditors remuneration [Note (ii)]	0.53	0.42
Miscellaneous expenses	12.32	10.33
Directors' commission	2.40	2.36
Bad debts written off (Net)	-	-
Provision for doubtful debts	-	0.01
Directors' sitting fees	0.91	0.59
CSR expenses [Note (iii)]	6.92	4.53
Net loss on foreign currency transactions	22.38	10.31
Loss on assets sold, demolished, discarded and scrapped	0.08	-
Total (c)	76.59	54.00
Total (a+b+c)	751.93	638.68

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

35 OTHER EXPENSES (CONTD.)

Note (i) Rent

Disclosure as per Ind AS 116

Amounts recognised in the statement of profit and loss

(₹ in Crores)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Expenses relating to short-term leases	0.12	0.14
Expenses relating to leases of low-value assets	-	-

Note (ii) Payments to auditors

(₹ in Crores)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
a. As auditors	0.42	0.35
b. For Taxation matters	0.05	0.05
c. For certification fees and other services	0.03	0.03
d. Reimbursement of expenses	0.03	0.01
Total	0.53	0.43

Note (iii) Details of CSR Expenditure

(₹ in Crores)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Gross amount to be spent during the year	7.08	4.50
Amount spent in cash during the year on:		
Construction/acquisition of any asset	-	-
Others		
Education	5.30	2.95
Environment	0.45	-
Health	0.22	0.78
Rural development	0.95	0.80
Total (A)	6.92	4.53
Excess spent of earlier years (B)	0.16	-
Total spent (A+B)	7.08	4.53
Shortfall at the end of the year	-	-
Reason for shortfall	NIL	NIL
Transactions with related party	-	-
Provision made with respect to a liability incurred by entering into a contractual obligation	-	-

Note (iv) Research and Development expenditure

(₹ in Crores)

Revenue expenses on research and development unit situated at Bevinahalli village, Koppal incurred during the year are given below	For the year ended 31st March 2023	For the year ended 31st March 2022
Cost of materials/consumables/spares	0.39	0.16
Employee related expense	3.78	3.80
Other expenses	0.35	0.26
Total	4.52	4.22

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

35 OTHER EXPENSES (CONTD.)

(₹ in Crores)

Capital expenditure on research and development unit situated at Bevinahalli village, Koppal incurred during the year are given below	For the year ended 31st March 2023	For the year ended 31st March 2022
Tangible Assets		
Office equipment	0.01	0.02
Intangible assets	0.45	0.13
Total	0.46	0.15

36 EARNINGS PER EQUITY SHARE AS CALCULATED IN ACCORDANCE WITH INDIAN ACCOUNTING STANDARD

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

(₹ in Crores)

Particulars		For the year ended 31st March 2023	For the year ended 31st March 2022
a.	Net Profit after tax considered for the calculation of EPS (₹in Crores)	350.70	406.10
b.	Number of equity shares outstanding at the end of year	13,89,58,215	13,87,17,044
c.	Weighted average number of equity shares used in computing earnings per equity share	13,88,39,378	13,85,17,467
d.	Effects of dilution on account of Stock options granted under ESOS	7,45,085	4,00,587
e.	Weighted average number of equity shares adjusted for the effect of dilution*	13,95,84,463	13,89,18,054
f.	Earnings per share		
	Basic (₹)	25.26	29.32
	Diluted (₹)	25.12	29.23
g.	Face value per equity share (₹)	5.00	5.00

* There have been no transactions involving equity shares or potential equity shares between the reporting date and the date of authorisation of these financial statements.

37 FAIR VALUE MEASUREMENTS

Financial instruments by category as at 31st March, 2023

(₹ in Crores)

Particulars	Amortised cost	FVTPL	FVTOCI
Financial assets			
Investments in unquoted equity shares	-	-	1.03
Loans	1.69	-	-
Trade receivables	538.83	-	-
Cash and cash equivalents	28.53	-	-
Other bank balances	5.36	-	-
Other financial assets excluding derivative assets	17.11	-	-
Derivative assets on forward exchange foreign contracts	-	-	-
Total	591.52	-	1.03
Financial liabilities			
Borrowings	887.01	-	-
Trade payables	849.92	-	-
Other financial liabilities excluding derivative liabilities	102.57	-	-
Derivative liabilities on foreign currency forward contracts	-	1.41	-
Total	1,839.50	1.41	-

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

37 FAIR VALUE MEASUREMENTS (CONTD.)

Financial instruments by category as at 31st March, 2022

(₹ in Crores)

Particulars	Amortised cost	FVTPL	FVTOCI
Financial assets			
Investments in unquoted equity shares	-	-	4.30
Loans	195.24	-	-
Trade receivables	538.75	-	-
Cash and cash equivalents	24.38	-	-
Other bank balances	244.71	-	-
Other financial assets excluding derivative assets	15.13	-	-
Derivative assets on forward exchange foreign contracts	-	3.37	
Total	**1,018.21**	**3.37**	**4.30**
Financial liabilities			
Borrowings	1,192.58	-	-
Trade payables	862.41	-	-
Other financial liabilities excluding derivative liability	77.82	-	-
Derivative liabilities on foreign currency forward contracts	-	-	-
Total	**2,132.81**	**-**	**-**

The Company has not performed a fair valuation of some of its investments in unquoted ordinary shares, which are classified as FVTOCI (refer Note No. 7), as the Company believes that impact of change on account of fair value is insignificant.

Fair value hierarchy

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on a recurring basis :

Quantitative disclosures fair value measurement hierarchy for assets and liabilities:

(₹ in Crores)

Particulars	Amount	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Asset/(Liability) measured at fair value through profit or loss				
Derivative Asset (Liability) on account of forward exchange contracts				
Date of Valuation				
As at 31st March, 2023	(1.41)	-	(1.41)	-
As at 31st March, 2022	3.37	-	3.37	-
Equity Instruments through Other Comprehensive Income				
Date of Valuation				
As at 31st March, 2023	1.02	-	-	1.02
As at 31st March, 2022	4.29	-	-	4.29

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

Derivative financial assets / (liability) are valued based on inputs that are directly or indirectly observable in the market.

The Company has invested in unquoted equity shares of Kirloskar Management Services Private Limited which is measured subsequently at FVTOCI. Accordingly, the company has fair valued the investment using income approach under Ind AS 113 (Discounted Cash Flow method). Free cash flows, risk adjusted cost of equity and perpetual growth rate are the significant unobservable inputs considered in fair valuation of investment.

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

37 FAIR VALUE MEASUREMENTS (CONTD.)

Sensitivity analysis of Level 3 Fair values

For the fair values of Investment in equity instruments, reasonably possible changes at the reporting date to one of the significant observable inputs, holding other inputs constant, would have the following effects:

(₹ in Crores)

Significant observable inputs	Change in input	Effect on pre-tax equity as at 31st March 2023	Effect on pre-tax equity as at 31st March 2022
Perpetual growth rate	INCREASE BY 50 BASIS POINTS	0.00	0.20
Perpetual growth rate	DECREASE BY 50 BASIS POINTS	(0.05)	(0.20)
Risk adjusted cost of equity	INCREASE BY 50 BASIS POINTS	(0.10)	(0.24)
Risk adjusted cost of equity	DECREASE BY 50 BASIS POINTS	0.05	0.24

Fair value of financial assets and financial liabilities measured at amortised cost :

The management believes that the fair values of non-current financial assets (e.g. loans and others), current financial assets (e.g., cash and cash equivalents, trade receivables, loans and others excluding other derivative assets), non-current liabilities and current financial liabilities (e.g. trade payables and other payables excluding derivative liabilities) approximate their carrying amounts.

38 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities exposes it to market risks, credit risks and liquidity risks. In order to minimise any adverse effects on the financial performance of the Company , derivative financial instruments such as forward foreign exchange contract are entered to hedge the foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as a trading or speculative purposes.

This note explains the source of risk which the entity is exposed to and how entity manages the risk in the financial statements

Risks	Exposure arising from	Risk Management Plan
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Diversification of bank deposits, credit limits and letter of credits.
Liquidity risk	Borrowings and other liabilities.	Availability of fund based and non fund based borrowing facilities.
Market risk - Foreign exchange	Recognised payables denominated in foreign currency, receivables denominated in foreign currency, firm commitments in foreign currency.	Forward foreign exchange contract.
Market risk - interest rate risk	Borrowings on account of working capital. Borrowings on account of Term Loans	Borrowings on account of term loans. Entity continuously monitors interest rates on working capital borrowings at regular intervals and economises the transactions at the best possible rates drawn at the time of monitoring on the basis of comparative rates with various banks / institutions. Long term borrowings are at fixed as well as variable rate of interest.
Market risk - commodity price risk	Coke/ coal, iron ore and pig iron	Every month entity monitors and reviews the price trend of the materials, demand and supply position and market intelligence report and strategy is adopted before finalising the next consignment/quantities for subsequent months. The commodity price risk is managed without any hedging of commodities by the company.

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

38 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

i. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk interest rate risk, currency risk and other price risk such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, trade and other payables, foreign exchange forward contracts, security deposit, trade and other receivables, deposits with banks.

The sensitivity analysis in the following sections relate to the position as at 31st March, 2023 and 31st March, 2022. The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. The analyses exclude the impact of movements in market variables on the carrying values of gratuity and other post retirement obligations and provisions. Company's activities expose it to variety of market risks, including effect of changes in foreign currency exchange rate, interest rate and commodity price.

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date the interest rate profile of the Company's interest bearing financial instruments are follows:

(₹ in Crores)

Particulars	31st March 2023	31st March 2022
Fixed rate borrowings		
Term loan from banks	394.27	265.59
Non Convertible Debentures	250.00	250.00
Commercial Papers	72.31	530.43
Total fixed rate borrowings	716.58	1,046.02
Variable rate borrowings		
Term loan from banks	-	-
Loans repayable on demand	170.43	146.56
Total variable rate borrowings	170.43	146.56

(₹ in Crores)

Particulars	31st March 2023	31st March 2022
Impact on profit before tax and pre-tax equity		
Increase by 50 basis points	(0.85)	(0.73)
Decrease by 50 basis points	0.85	0.73

b. Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. Company transacts business in its functional currency i.e. Indian rupee and in different foreign currencies. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities, where revenue or expense is denominated in a foreign currency. The Company manages its foreign currency risk by hedging foreign currency payables using foreign currency forward contracts. The Company negotiates the terms of those foreign currency forward contracts to match the terms of the hedged exposure.

Details of foreign currency exposures that are hedged by derivative instruments or otherwise

(Currency in Crores)

Particulars	Currency	Amount in foreign currency	Equivalent Indian currency	Maturity Profile
As at 31st March, 2023				
Payables	USD	5.39	445.99	WITHIN 6 MONTHS
As at 31st March, 2022				
Payables	USD	5.83	439.44	WITHIN 6 MONTHS

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

38 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

Details of foreign currency exposures that are not hedged by derivative instruments or otherwise

(Currency in Crores)

Particulars	Currency	Amount in foreign currency	Equivalent Indian currency
As at 31st March, 2023			
Payables	USD	1.08	88.91
	EURO	0.02	2.07
	YEN	-	-
As at 31st March, 2022			
Payables	USD	2.99	226.98
	EURO	-	-
	YEN	2.61	1.62

Foreign currency sensitivity on unhedged exposure

Financial Year	Foreign currency	Change in foreign currency rates	Effect on profit before tax ₹ in Crores	Effect on pre-tax equity ₹ in Crores
For 31st March, 2023	USD	+5%	(4.45)	(4.45)
		-5%	4.45	4.45
	EURO	+5%	(0.10)	(0.10)
		-5%	0.10	0.10
	YEN	+5%	-	-
		-5%	-	-
For 31st March, 2022	USD	+5%	(11.35)	(11.35)
		-5%	11.35	11.35
	EURO	+5%	-	-
		-5%	-	-
	YEN	+5%	(0.08)	(0.08)
		-5%	0.08	0.08

c. Commodity price risk

Commodity price risk is a financial risk on the Company's financial performance which is affected by the fluctuating prices on account of global and regional supply / demand. Fluctuations in the prices of commodities mainly depend on market conditions.

The Company is subject to fluctuations in prices for the purchase of metallurgical coke, coking coal and iron ore which are the major input materials for production of pig iron. The Company procures the above referred materials at prevailing market prices.

Total exposure of the Company to commodities in INR

Commodity	Unit of Measurement	Purchases		Trade Payables as on	
		FY 2022-23	FY 2021-22	31-Mar-23	31-Mar-22
Coke	MT	34,522	18,351		
	₹ Crores	12,188.38	44.87	95.10	-
Coal	MT	514,592	547,366		
	₹ Crores	1,298.31	1,176.28	402.90	509.57
Iron Ore	MT	979,790	1,006,718		
	₹ Crores	512.22	678.98	10.08	3.82

Commodity	Unit of Measurement	Sales		Trade Receivables as on	
		FY 2022-23	FY 2021-22	31-Mar-23	31-Mar-22
Pig Iron	MT	4,80,472	4,95,555	-	-
	₹ Crores	2,374.20	2,201.77	160.30	165.13

The Company has an elaborate control procedure for finalising the prices of commodities through approval process from designated company officials. Every month the price trend of the materials, demand and supply position and market intelligence report are reviewed and strategy is adopted before finalising the next consignment/quantities for subsequent months.

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

38 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

The Commodity Price Risk is managed without any hedging of commodities by the Company.

Commodity price sensitivity on consumption or sales during the year

Financial Year	Commodity	Change in commodity prices	Effect on profit before tax ₹ in Crores	Effect on pre-tax equity ₹ in Crores
For 31st March, 2023	COKE	+5%	(609.42)	(609.42)
		-5%	609.42	609.42
	IRON ORE	+5%	(25.61)	(25.61)
		-5%	25.61	25.61
	PIG IRON	+5%	118.71	118.71
		-5%	(118.71)	(118.71)
	COAL	+5%	(64.92)	(64.92)
		-5%	64.92	64.92
For 31st March, 2022	COKE	+5%	(2.24)	(2.24)
		-5%	2.24	2.24
	IRON ORE	+5%	(33.95)	(33.95)
		-5%	33.95	33.95
	PIG IRON	+5%	110.09	110.09
		-5%	(110.09)	(110.09)
	COAL	+5%	(58.81)	(58.81)
		-5%	58.81	58.81

ii. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities such as primarily trade receivables and from its investing activities, including deposits with banks and financial institutions, cash and cash equivalent and other financial instruments.

a. Trade receivables

Customer credit risk is managed by the Company’s established policy, procedures and control relating to customer credit risk management. Credit exposure risk is mainly influenced by class or type of customers, depending upon their characteristics. Credit risk is managed through credit approval process by establishing credit limits along with continuous monitoring of credit worthiness of customers to whom credit terms are granted. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are combined into homogenous category and assessed for impairment collectively. The calculation is based on actual incurred historical data as well as futuristic information. The Company uses expected credit loss model to assess the impairment loss. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors.

The ageing of trade receivables at the reporting date that were not impaired are as follows

(₹ in Crores)

Particulars	31st March, 2023		31st March, 2022	
	Amount	Percentage	Amount	Percentage
- Less than one year	538.20	99.88%	538.22	99.90%
- one year to three years	0.53	0.10%	0.46	0.09%
- three years and above	0.10	0.02%	0.07	0.01%
Total	538.83	100.00%	**538.75**	**100.00%**

b. Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company’s treasury department in accordance with Company’s policy. Investments of surplus funds are made only with approved counter parties. Company monitors rating, credit spreads and financial strength of its counter parties. Based on ongoing assessment Company adjust it's exposure to various counter parties.

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

38 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

c. Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash flow and collateral obligations without incurring unacceptable losses. Company's objective is to, at all time maintain optimum levels of liquidity to meet its cash and collateral requirements. Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including overdraft, debt from domestic and international banks at optimised cost. Company has access to banks, capital and money market across debt, equity and hybrids.

The table given below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(₹ in Crores)

Particulars	Less than 1 year	More than 1 year but less than 3 year	More than 3 year but less than 5 year	Total
As at 31st March, 2023				
Borrowings - Current	517.22	-	-	517.22
Borrowings - Non-current	-	369.79		369.79
Trade payables	849.92	-	-	849.92
Any other financial liabilities	103.98	-	-	103.98
Total	1,471.12	369.79	-	1,840.91
As at 31st March, 2022				
Borrowings - Current	745.60	-	-	745.60
Borrowings - Non-current	-	446.98	-	446.98
Trade payables	862.41	-	-	862.41
Any other financial liabilities	77.82	-	-	77.82
Total	1,685.83	446.98	-	2,132.81

Note : Company is not expecting to prepay any of its liabilities.

39 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March, 2023 and 31st March, 2022.

40 Disclosure pursuant to Ind-AS 19 Employee Benefits:

Defined contribution plan

Contribution to the defined contribution plan recognised as expense are as under

(₹ in Crores)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
a. Employer's contribution to provident fund	4.23	3.97
b. Employer's contribution to superannuation fund	-	0.26

The Provident Fund contributions are remitted to the Regional Provident Fund Commissioner.
The Contribution on account of Superannuation is remitted to Life Insurance Corporation of India, who manages the Superannuation Fund.

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

41 DISCLOSURE PURSUANT TO IND-AS 19 EMPLOYEE BENEFITS:

Defined Benefit Plan:

The Employee Gratuity Fund Scheme is a Defined Benefit Plan. The present value of the obligation is based on the actuarial valuation using Projected Unit Credit Method

(₹ in Crores)

Particulars		Gratuity (Funded)	
		For the year ended 31st March 2023	For the year ended 31st March 2022
a.	Asset and Liability		
	Present Value of Obligation	31.65	29.38
	Fair Value of Plan Assets	30.69	28.28
	Surplus/ (Deficit)	(0.97)	(1.11)
b.	Expenses Recognized during the year		
	In Income Statement	1.78	1.75
	In Other Comprehensive Income	0.29	(0.68)
	Total Expenses Recognized during the year	2.07	1.07
c.	Changes in the Present Value of Obligations (PVO)		
	PVO at beginning of Period	29.38	27.97
	Current Service Cost	1.69	1.59
	Interest Expenses or Cost	2.02	1.76
	Re-measurement (or actuarial) (Gain) / Loss arising from:		
	change in Demographic assumptions	-	-
	change in Financial assumptions	(1.02)	(1.05)
	experience Variance (i.e., actual experience vs assumptions)	1.28	0.41
	Others	-	-
	Past Service Cost	-	-
	Effect of Change in Foreign exchange rates	-	-
	Benefits paid	(1.70)	(1.30)
	Acquisition Adjustment	-	-
	Effect of Business Combinations or Disposals	-	-
	PVO at end of period	31.65	29.38
d.	Bifurcation of Present Value of Obligation		
	Current Liability (Short term)	6.34	5.07
	Non-Current Liability (Long term)	25.31	24.31
	Present Value of Obligation	31.65	29.39
e	Changes in Fair Value of Plan Assets		
	Fair Value of Plan Assets as at the beginning	28.28	25.53
	Investment income	1.94	1.61
	Employer's Contribution	2.20	2.40
	Employee's Contribution	-	-
	Benefit Paid	(1.70)	(1.30)
	Return on plan Assets, Excluding amount recognised in net interest expense	(0.04)	0.04
	Acquisition Adjustment	-	-
	Fair Value of Plan Assets at the end of period	30.69	28.28
f.	Change in the effect of asset ceiling		
	Effect of asset ceiling at the beginning	-	-
	Interest Expense or cost (to the extent not recognized in net interest expense)	-	-
	Re-measurement (or Actuarial) (Gain)/loss arising because of Change in effect of asset ceiling	-	-
	Effect of Asset Ceiling at the End	-	-
g.	Expenses Recognized in the Statement of Profit and Loss		
	Current Service Cost	1.69	1.59
	Past Service Cost	-	-
	Loss/(Gain) on Settlement	-	-
	Net interest cost/ (Income) on the net Defined Benefit Liability / (Asset)	0.09	0.16
	Expenses Recognized in the income Statement	1.78	1.75

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

41 DISCLOSURE PURSUANT TO IND-AS 19 EMPLOYEE BENEFITS:(CONTD.)

(₹ in Crores)

Particulars	Gratuity (Funded)	
	For the year ended 31st March 2023	For the year ended 31st March 2022
h. Effect on Other Comprehensive income		
Actuarial (gains) / losses		
change in Demographic Assumptions	-	-
change in financial Assumptions	(1.02)	(1.05)
Experience variance (i.e. Actual experience vs. assumptions)	1.28	0.41
others	-	-
Return on plan assets, excluding amount recognized in net interest expense	0.04	(0.04)
Re-measurement (or Actuarial) (Gain)/loss arising because of Change in effect of asset ceiling	-	-
Components of defined benefit costs recognized in other comprehensive income	0.29	(0.68)
i. Actuarial Assumptions		
Mortality	100% (% OF IALM 2012-14)	100% (% OF IALM 2012-14)
Discount Rate	7.45%	6.80%
Rate of increase in compensation	7.00%	7.00%
Withdrawal rates	4.00%	4.00%

Sensitivity Analysis

(₹ in Crores)

Particulars	31st March, 2023		31st March, 2022	
Defined Benefit Obligation (Base)		31.65		29.39
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+0.01%)	33.51	29.98	31.26	27.70
(% Change compared to base due to sensitivity)	5.85%	-5.30%	6.4%	-5.7%
Salary Growth Rate (- / + 1 %)	29.97	33.49	27.70	31.22
(% Change compared to base due to sensitivity)	-5.33%	5.78%	-5.7%	6.2%
Attrition Rate (-/ + 50% of attrition rates	31.62	31.69	29.45	29.33
(% Change compared to base due to sensitivity)	-0.11%	0.09%	0.2%	-0.2%
Mortality Rate (- / + 10% of mortality rates)	31.66	31.66	29.39	29.39
(% Change compared to base due to sensitivity)	0.00%	0.00%	0.0%	0.0%

Effect of Plan on entity's future cash flows

a) Funding arrangements and funding policy

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year,the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

b) Expected contribution during the next annual reporting period

(₹ in Crores)

The Company's best estimate of contribution during the next year	**2.40**

c) Maturity Profile of defined benefit Obligation

(₹ in Crores)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Expected cash flows over the next (Valued on Undiscounted basis):		
1 Year	6.35	5.07
2 to 5 years	13.87	11.58

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

41 DISCLOSURE PURSUANT TO IND-AS 19 EMPLOYEE BENEFITS:(CONTD.)

(₹ in Crores)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
6 to 10 years	18.05	16.45
More than 10 years	13.34	14.36

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

Particulars	As at 31st March 2023		As at 31st March 2022	
	₹ in Crores	Percent	₹ in Crores	Percent
Balances in Current Accounts with scheduled Banks	-	0.00%	-	0.00%
Funds with Life Insurance Corporation of India	30.69	100.00%	28.28	100.00%
Total	30.69	100.00%	28.28	100.00%

Asset liability matching strategy

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The Insurance company, as a part of policy rules makes payment of all gratuity payouts during the year as per policy conditions. The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

42 STOCK OPTIONS SCHEMES

I. **KFIL Employee Stock Option Scheme 2017 :**

The Company has introduced employee stock option scheme. This employee equity-settled compensation scheme is known as KFIL Employee Stock Option Scheme 2017 ("KFIL ESOS 2017/ Scheme"). The employee stock option scheme is approved and authorized by the Board of Directors. This scheme is designed to provide incentives to specified senior management employees who are in the employment of the company and director(s), whether wholetime or otherwise, (other than promoters of the company, persons belonging to promoters group, independent directors and directors holding directly or indirectly more than 10% of the outstanding equity shares of the company). The specific employees to whom the options would be granted, and their eligibility criteria would be determined by the Nomination and Remuneration Committee.

Options granted under KFIL ESOS 2017 would vest after 1 (one) year but not later than 4 (four) years from the date of grant of such options. Options will be vested equally over four years. Vesting of options would be subject to continued employment with the Company and thus the options would vest essentially on passage of time. In addition to this, the Nomination and Remuneration Committee may also specify certain performance criteria subject to satisfaction of which the options would vest. Any option granted shall be exercisable according to the terms and conditions as determined by the Nomination and Remuneration Committee and as set forth in the Grant Letter. The exercise period shall be 3 (three) years from the date of vesting of options in case of employee is in continuation of employment. The vested options can be exercised by the employee at any time within the exercise period, or such other shorter period as may be prescribed by the Nomination and Remuneration Committee from time to time and as set out in the Grant Letter. When exercisable, each option is convertible into one equity share. The options not exercised within the exercise period shall lapse and the employee shall have no right over such lapsed or cancelled options. The shares arising out of exercise of vested options shall not be subject to any lock-in period from the date of allotment of such shares under KFIL ESOS 2017.

Under the said scheme, Nomination and Remuneration Committee of the board of directors has granted following options to its eligible employees

Grant date	No. of options
3rd November, 2017	17,65,000
30th October, 2018	1,20,000
18th October, 2019	1,00,000
16th October, 2020	1,30,000
22nd October, 2021	3,70,000
05th November, 2022	1,60,000

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

42 STOCK OPTIONS SCHEMES (CONTD.)

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Weighted average exercise price per share per option (₹)	Number of options	Weighted average exercise price per share per option (₹)	Number of options
Opening Balance	97	8,98,200	51	9,13,200
Granted during the year	166	1,60,000	163	3,70,000
Exercised during the year	56	2,39,011	50	3,67,863
Lapsed during the year	-	-	50	9,000
Forfeited during the year	108	77,600	50	8,137
Closing Balance	124	7,41,589	97	8,98,200
Options exercisable at the end of the period	80	2,66,089	51	3,50,700

Weighted average share price as on the date of exercise is ₹ 304.94/- (Previous year : ₹ 227.70).

Share options outstanding at the end of the period have the following expiry date and exercise prices

Particulars	Grant date	Expiry date	Exercise price (₹)	Options outstanding as at 31 March 2023	Options outstanding as at 31 March 2022
Vesting 2	3rd November, 2017	3rd November, 2022	50	-	26,500
Vesting 3	3rd November, 2017	3rd November, 2023	50	30,100	55,000
Vesting 4	3rd November, 2017	3rd November, 2024	50	91,000	1,93,750
Vesting 1	30th October, 2018	30th October, 2022	51	-	6,000
Vesting 2	30th October, 2018	30th October, 2023	51	4,000	10,000
Vesting 3	30th October, 2018	30th October, 2024	51	9,700	9,700
Vesting 4	30th October, 2018	30th October, 2025	51	21,700	30,000
Vesting 1	18th October, 2019	18th October, 2023	50	-	10,000
Vesting 2	18th October, 2019	18th October, 2024	50	-	9,800
Vesting 3	18th October, 2019	18th October, 2025	50	1,125	25,000
Vesting 4	18th October, 2019	18th October, 2026	50	25,000	25,000
Vesting 1	16th October, 2020	16th October, 2024	55	19,700	29,950
Vesting 2	16th October, 2020	16th October, 2025	55	20,000	32,500
Vesting 3	16th October, 2020	16th October, 2026	55	20,000	32,500
Vesting 4	16th October, 2020	16th October, 2027	55	20,000	32,500
Vesting 1	22nd October, 2021	22nd October, 2025	163	68,764	92,500
Vesting 2	22nd October, 2021	22nd October, 2026	163	83,500	92,500
Vesting 3	22nd October, 2021	22nd October, 2027	163	83,500	92,500
Vesting 4	22nd October, 2021	22nd October, 2028	163	83,500	92,500
Vesting 1	05th November, 2022	05th November, 2026	166	40,000	-
Vesting 2	05th November, 2022	05th November, 2027	166	40,000	-
Vesting 3	05th November, 2022	05th November, 2028	166	40,000	-
Vesting 4	05th November, 2022	05th November, 2029	166	40,000	-
Total				7,41,589	8,98,200
Weighted average remaining contractual life of the options outstanding at the end of the period				3.65 YEARS	3.78 YEARS

Fair value of the options granted

The fair value of the options granted is mentioned below as per vesting period. The fair value of the options is determined using Black-Scholes-Merton model which takes into account the exercise price, the term of the option (time to maturity), the share price as at the grant date and expected price volatility (standard deviation) of the underlying share, the expected dividend yield and risk-free interest rate for the term of the option.

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

42 STOCK OPTIONS SCHEMES (CONTD.)

Fair value and assumptions for the equity-settled grant made on 05 November 2022

Grant: KFIL ESOS 2017	Vesting date 05 November			
Grant Date: 05th November, 2022 Exercise price- ₹ 166	2023	2024	2025	2026
Input variables				
Share Price (₹)	276.60	276.60	276.60	276.60
Standard Deviation (Volatility)	46.22%	46.38%	43.76%	43.35%
Risk-free rate	7.30%	7.38%	7.41%	7.47%
Exercise price (₹)	166.00	166.00	166.00	166.00
Time to maturity (in years)	2.50	3.50	4.50	5.50
Dividend yield	2.00%	2.00%	2.00%	2.00%
Output				
Fair value of option (₹)	**138.77**	**147.47**	**151.67**	**156.53**

Fair value and assumptions for the equity-settled grant made on 22 October 2021

Grant: KFIL ESOS 2017	Vesting date 22 October			
Grant Date: 22nd October, 2021 Exercise price- ₹ 163	2022	2023	2024	2025
Input variables				
Share Price (₹)	270.25	270.25	270.25	270.25
Standard Deviation (Volatility)	46.37%	43.12%	42.78%	43.20%
Risk-free rate	5.10%	5.48%	5.81%	6.05%
Exercise price (₹)	163.00	163.00	163.00	163.00
Time to maturity (in years)	2.50	3.50	4.50	5.50
Dividend yield	2.38%	2.38%	2.38%	2.38%
Output				
Fair value of option (₹)	**127.87**	**132.24**	**137.73**	**142.76**

Rationale for principle variables used

1. Time to maturity of options is the period of time from the grant date to the date on which option is expected to be exercised. The minimum life of stock option is the minimum period before which the options cannot be exercised and maximum life is the period after which the options cannot be exercised.

2. The expected price volatility is based on the historic volatility, adjusted for any changes to future volatility due to publicly available information.

II. KFIL Employee Stock Option Scheme 2021 :

The Company has introduced employee stock option scheme. This employee equity-settled compensation scheme is known as KFIL Employee Stock Option Scheme 2021 (“KFIL ESOS 2021/ Scheme”). The employee stock option scheme is approved and authorized by the Board of Directors. This scheme is designed to provide incentives to specified senior management employees who are in the employment of the company and director(s), whether wholetime or otherwise, (other than promoters of the company, persons belonging to promoters group, independent directors and directors holding directly or indirectly more than 10% of the outstanding equity shares of the company). The specific employees to whom the options would be granted, and their eligibility criteria would be determined by the Nomination and Remuneration Committee.

Options granted under KFIL ESOS 2021 would vest after 1 (one) year but not later than 4 (four) years from the date of grant of such options. Options will be vested equally over four years. Vesting of options would be subject to continued employment with the Company and thus the options would vest essentially on passage of time. In addition to this, the Nomination and Remuneration Committee may also specify certain performance criteria subject to satisfaction of which the options would vest. Any option granted shall be exercisable according to the terms and conditions as determined by the Nomination and Remuneration Committee and as set forth in the Grant Letter. The exercise period shall be 3 (three) years from the date of vesting of options in case of employee is in continuation of employment. The vested options can be exercised by the employee at any time within the exercise period, or such other shorter period as may be prescribed by the Nomination and Remuneration Committee from time to time and as set out in the Grant Letter. When exercisable, each option is convertible into one equity share. The options

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

42 STOCK OPTIONS SCHEMES (CONTD.)

not exercised within the exercise period shall lapse and the employee shall have no right over such lapsed or cancelled options. The shares arising out of exercise of vested options shall not be subject to any lock-in period from the date of allotment of such shares under KFIL ESOS 2021.

Under the said scheme, Nomination and Remuneration Committee of the board of directors has granted following options to its eligible employees

Grant date	No. of options
19th May, 2022	16,70,000

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Weighted average exercise price per share per option (₹)	Number of options	Weighted average exercise price per share per option (₹)	Number of options
Opening Balance	-	-	-	-
Granted during the year	157	16,70,000	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Closing Balance	157	16,70,000	-	-
Options exercisable at the end of the period	-	-	-	-

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

Share options outstanding at the end of the period have the following expiry date and exercise prices

Particulars	Grant date	Expiry date	Exercise price (₹)	Options outstanding as at 31 March 2023	Options outstanding as at 31 March 2022
Vesting 1	19th May, 2022	19th May, 2026	157	4,17,500	-
Vesting 2	19th May, 2022	19th May, 2027	157	4,17,500	-
Vesting 3	19th May, 2022	19th May, 2028	157	4,17,500	-
Vesting 4	19th May, 2022	19th May, 2029	157	4,17,500	-
Total				16,70,000	-
Weighted average remaining contractual life of the options outstanding at the end of the period				4.64 YEARS	-

Fair value of the options granted

The fair value of the options granted is mentioned below as per vesting period. The fair value of the options is determined using Black-Scholes-Merton model which takes into account the exercise price, the term of the option (time to maturity), the share price as at the grant date and expected price volatility (standard deviation) of the underlying share, the expected dividend yield and risk-free interest rate for the term of the option.

Fair value and assumptions for the equity-settled grant made on 19 May 2022

Grant: KFIL ESOS 2021	Vesting date 19th May			
Grant Date: 19th May, 2022 Exercise price- ₹ 157	**2023**	**2024**	**2025**	**2026**
Input variables				
Share Price (₹)	209.00	209.00	209.00	209.00
Standard Deviation (Volatility)	50.24%	45.34%	44.36%	43.31%
Risk-free rate	6.70%	6.98%	7.11%	7.19%
Exercise price (₹)	157.00	157.00	157.00	157.00
Time to maturity (in years)	2.50	3.50	4.50	5.50
Dividend yield	1.91%	1.91%	1.91%	1.91%
Output				
Fair value of option (₹)	**90.59**	**95.58**	**101.68**	**106.23**

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

42 STOCK OPTIONS SCHEMES (CONTD.)

Rationale for principle variables used

1. Time to maturity of options is the period of time from the grant date to the date on which option is expected to be exercised. The minimum life of stock option is the minimum period before which the options cannot be exercised and maximum life is the period after which the options cannot be exercised.

2. The expected price volatility is based on the historic volatility, adjusted for any changes to future volatility due to publicly available information.

The Company has recorded employee share-based compensation expense in current year amounting to ₹ 9.4 Crores (Previous year : ₹ 1.67 Crores) for the options issued to the employees.

43 THE DISCLOSURE REQUIRED BY INDIAN ACCOUNTING STANDARD (IND AS 37) "PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSETS" ARE AS FOLLOWS

(₹ in Crores)

Class of Provision	Opening balance as on 1st April, 2022	Provisions for the year	Amounts used during the year	Closing balance as on 31st March, 2023
Casting rejections	1.29	1.51	1.29	1.51

Nature of obligation : Provision for possible obligation towards outflow of resources on casting rejections.

Expected timing of resulting outflow : Substantial costs will be incurred in the next financial year.

44 DISCLOSURES OF TRANSACTIONS WITH RELATED PARTIES AS REQUIRED BY IND AS 24

Name of Related Party	Nature of Relationship
Kirloskar Industries Limited	Holding Company
Mr. R.V. Gumaste – Managing Director	Key Management Personnel
Mr. R.S. Srivatsan - Executive Director (Finance) & CFO	Key Management Personnel
Mr. Mayuresh Gharpure - Company Secretary	Key Management Personnel
ISMT Ltd.	Subsidiary Company
ISMT Enterprises SA, Luxemburg	Step Down Subsidiaries
Tridem Port and Power Company Private Limited	Step Down Subsidiaries
Indian Seamless Inc., USA	Step Down Subsidiaries
Structo Hydraulics AB, Sweden	Step Down Subsidiaries
Nagapattinam Energy Private Limited	Step Down Subsidiaries
PT ISMT Resources, Indonesia	Step Down Subsidiaries
Best Exim Private Limited	Step Down Subsidiaries
Success Power and Infra Projects Private Limited	Step Down Subsidiaries
Marshal Microware Infrastructure Development Company Private Limited	Step Down Subsidiaries
Avante Spaces Limited	Fellow Subsidiary
KFIL Employees Group Gratuity	Post Employment Benefit Trusts
KFIL Officers Superannuation Fund Trust	Post Employment Benefit Trusts

(₹ in Crores)

Name of related party and nature of relationship	Nature of transaction	2022-2023		2021-22	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
A. Holding Company					
Kirloskar Industries Limited	Dividend paid	38.85	-	38.85	-
	Building rent paid	0.06	-	0.06	-
	Rent Deposit Receivable	-	0.03	-	0.03

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

44 DISCLOSURES OF TRANSACTIONS WITH RELATED PARTIES AS REQUIRED BY IND AS 24 (CONTD..)

(₹ in Crores)

Name of related party and nature of relationship	Nature of transaction	2022-2023		2021-22	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
B Key management personnel					
Mr. R.V.Gumaste - Managing Director	Dividend paid	0.41	-	0.37	-
	Compensation paid	17.47	-	15.13	-
	Compensation payable		14.32	-	12.11
Mr. Mayuresh Ghapure - Company Secretary	Dividend paid	0.00	-	-	-
	Compensation paid	0.53	-	0.25	-
	Compensation payable	-	0.02	-	0.02
Mr. R.S. Srivatsan - Executive Director (Finance) & Chief Financial Officer	Dividend paid	0.06	-	0.05	-
	Compensation paid	6.60	-	1.78	-
	Compensation payable	-	3.22	-	0.07
	Total Compensation	24.59		17.16	
C Subsidiary Company					
ISMT Limited	Sales (inclusive of taxes)	367.42	30.07	16.06	16.18
	Unsecured Short Term Loan - Given / (received)	(194.00)	-	194.00	194.00
	Interest on Loan	10.98	-	1.05	1.05
	Receipt towards reimbursement of expenses	0.09	-	-	-
	Purchases	1.02	0.15	-	-
D Fellow Subsidiary Company					
Avante Spaces Limited	Capital Advance	15.41	15.41	-	-
E Post Employment Benefit Trusts					
KFIL Employees Group Gratuity	Contribution	2. 20	-	2.40	-
KFIL Officers Superannuation Fund Trust	Contribution	-	-	0.26	0.24

Note

(i) Outstanding amount carried in Balance Sheet does not include liability in respect of gratuity and leave encashment which is provided on actuarial basis for the Company as a whole.

(ii) Company has not made any Loans/Advances/Investments during the year to the Holding Company

(iii) Transactions with related parties are at arms length price and the balances receivable / payable are un-secured.

(iv) The terms of payment are generally similar to those of other non-related parties.

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

44 DISCLOSURES OF TRANSACTIONS WITH RELATED PARTIES AS REQUIRED BY IND AS 24 (CONTD..)

Compensation of key management personnel of the Company

(₹ in Crores)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Short term employee benefits	21.61	16.44
Post employment benefits	1.25	0.57
Other long term benefits	0.19	0.15
Share-based payments	1.54	-
Termination benefits	-	-
Total	24.59	17.16

45 CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Claims against the Company not acknowledged as debt		
Central Excise and Customs	0.08	0.76
Service Tax	3.02	3.77
Goods and Service Tax	2.65	2.75
Income Tax	38.08	20.04
Sales Tax	1.34	0.83
Labour Matters to the extent quantifiable	0.50	0.47
Provident Fund Matters	0.67	0.67
Guarantees excluding financial guarantee		
Bank Guarantee	71.93	13.78
	-	-
Capital and Other Commitments		
Stamp Duty & Reg. Fee	1.21	1.21
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	246.27	279.32

Note

In the opinion of the management the above legal matters, under claims against Company not acknowledged as debt, when ultimately concluded will not have material effect on the results of the operations or the financial position of the Company.

Forest Development Tax / Fee:

In response to a petition filed by the iron ore mine owners and purchasers (including the Company) contesting the levy of Forest Development Tax / fee (FDT) on iron ore on the ground that the State does not have jurisdiction to legislate in the field of major minerals which is a central subject, the Honourable High Court of Karnataka vide its judgement dated 3rd December, 2015 directed refund of the entire amount of FDT collected by Karnataka State Government on sale of iron ore by private lease operators and National Mineral Development Corporation Limited (NMDC).

The Karnataka State Government has filed an appeal before the Hon'ble Supreme Court of India ("SCI"). SCI has not granted stay on the judgement but stayed refund of FDT. The matter is yet to be heard by SCI. Based on merits of the case, the Company has not recognised provision for FDT of ₹ 167.54 crores.

46 BORROWING COST CAPITALIZED

(₹ in Crores)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Amount of borrowing costs capitalized	4.99	0.40

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

47 C.I.F. VALUE OF IMPORTS AND EXPENDITURE IN FOREIGN CURRENCIES

(₹ in Crores)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
a. C.I.F. value of imports		
i. Capital goods	101.77	70.17
ii. Raw materials	881.05	980.03
iii. Spare parts	18.95	13.17
b. Expenditure in foreign currencies		
i. Interest	14.62	1.84
ii. Capital		
iii. Professional fee		
iv. Others	1.60	0.07

48 RATIOS ANALYSIS

Particulars	Ratio as of 31 March 2023	Ratio as of 31 March 2022	% change	Explanations, if any
Current Ratio *(Current Assets / Current Liabilities)*	0.84	0.94	-11%	-
Debt-Equity Ratio *(Debt / Equity)* *[Debt : long term borrowings + shortterm borrowings]* *[Equity :Total Equity]*	0.55	0.89	-39%	refer note a
Debt Service Coverage Ratio *[Earning available for debt services / Interest + Installment]* *[Earning available for debt services:net profit before tax+ non cash expenses (Depreciation and Amortisation) + interest expense on borrowings]* *[Interest + Installment :- interest expenses on borrowings and current maturities]*	1.84	6.83	-73%	refer note b
Return on Equity Ratio *[Profit / (loss) for the year after Tax / Total Equity]*	21.67%	30.39%	-29%	Refer Note c
Inventory turnover ratio *[Cost of good sold / Average Inventory]* *[Cost of good sold : Cost of materials consumed + Purchases of stock-in-trade + changes in inventories]*	4.57	5.26	-13%	-
Trade Receivables turnover ratio *[Revenue from operations / Average Trade Receivables]*	7.70	7.67	0%	-
Trade payables turnover ratio *[Cost of materials consumed / Average Trade Payables]*	3.08	3.61	-15%	-
Net capital turnover ratio *[Revenue from operations / Total Equity]*	2.56	2.71	-5%	-
Net profit ratio *[Profit / (loss) after tax / Total Income]*	8.45%	11.23%	-25%	-
Return on Capital employed *[Earning before interest & taxes (EBIT) / Capital Employed]* *[EBIT : Profit / (loss) before tax + interest expenses]* *[Capital Employed : Total Assets (-) Current Liabilities (-) Cash and Cash Equivalents]*	26.89%	35.33%	-24%	-
Return on investment *[Profit / (loss) after tax / Total Equity]*	21.67%	30.39%	-29%	REFER NOTE C

Notes:

a. Repayment of the borrowing as per term sheets resulted in decrease in Debt Equity Ratio.

b. Debt Service Coverage Ratio has increased due to the NCD of ₹ 125 Crores which is due for repayment in March 2024 considered in Short term Borrowings.

c. Due to shutdown of MBF-2 at Koppal (around 94 days) and MBF at Hiriyur (around 41 days) for upgradation and for carrying out re-lining works respectively.

Notes Forming Part Of Standalone Financial Statements

for the year ended 31st March, 2023

49 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general-purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

50 RELATIONSHIP WITH STRUCK OFF COMPANIES

Name of the Struck Off Company	Nature of transactions with struck-off Company	Relationship with the Struck off company	Number of Shares held as on March 31, 2023	Number of Shares held as on March 31, 2022
Nenawati Marketing Pvt Ltd	Shares held in the Company	Shareholder	1,900	1,900
N R I Financial Services Ltd	Shares held in the Company	Shareholder	-	100
Box And Carton (P) Ltd	Shares held in the Company	Shareholder	100	100
Standard Fibrochem Pvt Ltd	Shares held in the Company	Shareholder	200	200
Sri Ramachandra Investments (P) Ltd	Shares held in the Company	Shareholder	100	100
Umasoumya Investments Pvt Ltd	Shares held in the Company	Shareholder	100	100
Uma Sridhar Hire Finance Pvt Ltd	Shares held in the Company	Shareholder	100	100
Abhireet Investments & Trading (Pvt) Ltd	Shares held in the Company	Shareholder	200	200
Industrial Oxygen Company Ltd	Shares held in the Company	Shareholder	100	100
MIK Finance and Chit Fund (P) Ltd	Shares held in the Company	Shareholder	50	-

51 Previous year's figures have been regrouped wherever considered necessary to make them comparable with those of the current year.

As per our report of even date attached

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

Suhas Deshpande
Partner
Membership No. 031787

Pune 12th May, 2023

For and on behalf of the Board of Directors

Rahul C. Kirloskar
Vice Chairman
DIN : 00007319

R. V. Gumaste
Managing Director
DIN : 00082829

R. S. Srivatsan
Executive Director (Finance) &
Chief Financial Officer
DIN : 0009607651

Mayuresh Gharpure
Company Secretary

Pune 12th May, 2023

Form AOC-1

[Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014]

Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures for the year ended 31 March 2023

Part A : Subsidiary

(Figures are ₹ in Crores unless stated otherwise)

Sl. No.	Particulars	Details
1	NAME OF THE SUBSIDIARY	ISMT LIMITED
2	DATE SINCE WHEN THE COMPANY IS SUBSIDIARY	10 MARCH 2022
3	REPORTING PERIOD FOR THE SUBSIDIARY CONCERNED, IF DIFFERENT FROM THE HOLDING COMPANY'S REPORTING PERIOD	NOT APPLICABLE
4	REPORTING CURRENCY AND EXCHANGE RATE AS ON THE LAST DATE OF THE RELEVANT FINANCIAL YEAR IN THE CASE OF FOREIGN SUBSIDIARIES	NOT APPLICABLE
5	SHARE CAPITAL	150.25
6	RESERVES AND SURPLUS	1,327.61
7	TOTAL ASSETS	1,941.74
8	TOTAL LIABILITIES	463.77
9	INVESTMENTS	NIL
10	TURNOVER	2,580.21
11	PROFIT BEFORE TAXATION	148.59
12	PROVISION FOR TAXATION	60.85
13	PROFIT AFTER TAXATION	87.74
14	PROPOSED DIVIDEND	NIL
15	PERCENTAGE OF SHAREHOLDING	51.25 %

Notes :

- Salient features of the Consolidated Financial Statements of ISMT Limited and its ten subsidiaries have been provided in the above table.
- The Company do not have any subsidiary, which is yet to commence operations.
- There is no subsidiary, which has been liquidated or sold during the financial year 2022-2023.

Part B : Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

The Company does not have any associate company or joint venture.

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

Suhas Deshpande
Partner
Membership No. 031787

Date : 12 May 2023
Place : Pune

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

Rahul C. Kirloskar
Vice Chairman
(DIN : 00007319)

R. V. Gumaste
Managing Director
(DIN : 00082829)

R. S. Srivatsan
Executive Director (Finance)
& Chief Financial Officer
(DIN : 09607651)

Mayuresh Gharpure
Company Secretary

Date : 12 May 2023
Place : Pune

Consolidated Financial Statements

Independent Auditors' Report

on the Audit of the Consolidated Financial Statements

To the Members of
Kirloskar Ferrous Industries Limited

Opinion

We have audited the accompanying consolidated financial statements of **Kirloskar Ferrous Industries Limited** ("**the Company**") and **its subsidiaries**, (the Company and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2023, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries referred to in the Other Matters section below the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under Section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their reports referred to in the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sr. No.	Key Audit Matter	How our audit addressed the key audit matter
1.	**Contingent Liability** The Company is involved in direct and indirect tax litigations that are pending with various tax authorities. Whether a liability is recognized or disclosed as a contingent liability in the financial statements is inherently judgmental and dependent on assumptions and assessments. We placed specific focus on the judgements in respect to these demands against the Company. Determining the amount, if any, to be recognized or disclosed in the financial statements, is inherently subjective. Therefore, these litigations amount is considered to be a key audit matter.	Our procedures included, but were not limited to, the following: • Obtained an understanding from the management with respect to process and controls followed by the Company for identification and monitoring of significant developments in relation to the litigations, including completeness thereof. • Obtained the list of litigations from the management and reviewed their assessment of the likelihood of outflow of economic resources being probable, possible or remote in respect of the litigations. • Assessed management's discussions held with their legal consultants and understanding precedents in similar cases; • Obtained and evaluated the confirmations from the consultants representing the Company before the various authorities and our own dedicated teams of direct tax and indirect tax. Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the financial statements.

<table>
<tr><th>Sr. No.</th><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>2.</td><td>Property, Plant & Equipment

Valuation and existence of property, plant and equipment including assessment of useful lives and residual values Property, plant and equipment represents a significant proportion of the Company's asset base. The estimates and assumptions made to determine the carrying amounts, including whether and when to capitalize or expense certain costs, and the determination of depreciation charges are material to the Company's financial position and performance. The charges in respect of periodic depreciation are derived after estimating an asset's expected useful life and the expected residual value. Changes to asset's carrying amounts, expected useful lives or residual value could result in a material impact on the financial statements and hence considered as key audit matter.</td><td>Our audit approach consisted evaluation of design and implementation of controls, and testing the operating effectiveness of the internal controls over valuation of property, plant and equipment and review of useful lives; Periodic physical verification of property, plant and equipment for adequacy and appropriateness of the accounting and disclosure by the Management:

· Review of CAPEX business process, flow of documents/ information and their control's effectiveness

· Substantive Tests on random sampling for all the major additions, deletions to the assets by applying all the characteristics of capital expenditure, proper classification of the same, with reference to the Company's policy and accounting standards

· We performed substantive testing for the determination of assets' useful lives and residual values with reference to management's judgments, including the appropriateness of past / existing asset lives and residual values applied in the calculation of depreciation. We also obtain certificates relating to useful lives of assets wherever required.

· We have reviewed the policy and the procedure of physical verification of PPE.

· After carrying out above audit procedures, we did not identify any exceptions in relation to the valuation and the existence of property, plant and equipment including assessment of useful lives and residual values which, may affect our opinion.</td></tr>
</table>

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for preparation of the other information The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility and Sustainability Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information identified above and in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, is traced from their financial statements audited by other auditors.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134 (5) of the Act with respect to preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the respective company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of those Companies

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As a part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiaries which are companies incorporated in India, have adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of Subsidiaries of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors.

  For the other entities or business activities included in the consolidated financial statements, which have been audited by the branch auditors or other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

a. The accompanying Statement includes the audited financial results/statements and other financial information, in respect of 1 subsidiary (including 10 step-down subsidiaries), whose financial results/statements include total assets of ₹ 1,941.74 crores as at March 31, 2023, total income of ₹ 658.74 Crores and ₹ 2,598.18 crores, total net profit after tax of ₹ 8.39 crores and ₹ 87.74 crores, total comprehensive income of ₹ 8.84 crores and ₹ 91.41 crores, for the quarter and year ended on that date respectively, and net cash outflow of ₹ 25.13 crores for the year ended March 31, 2023, as considered in the Statement which have been audited by their respective independent auditors. All above figures are before consolidation adjustments.

   The independent auditor's report on the financial statements and other financial information of this entity has been furnished to us by the Management and our opinion on the Statements in so far as it relates to the amounts and disclosures included in respect of this subsidiaries is based solely on the report of such auditors and the procedures performed by us as stated above.

b. Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditor.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries referred to in the Other Matters section above we report, to the extent applicable that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Company for the year ended March 31, 2023 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India are disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Company, subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

   g) With respect to the other matters to be included in the Auditor's report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid / provided by the Company to its directors' during year is in accordance with the provisions of Section 197 of the Act.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 49 of the consolidated financial statements.

      ii. The Group did not have any material foreseeable losses on long term contracts including derivative contracts.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies.

      iv. With respect to clause (e) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended

         (a) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries, that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any such subsidiaries to or in any other person or entity, including foreign entity ('Intermediaries') with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries, that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any such subsidiaries from any other person or entity, including foreign entity ('Intermediaries') with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and those performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our attention or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11 (e) as provided under (a) and (b) above, contain any material misstatement.

v. The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with section 123 of the Act, as applicable.

B. With the respect to matters specified in Paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order" / "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the companies included in the consolidated financial statements except as follows:

Sr. No.	Name	CIN	Holding Company/subsidiary	Clause number of the CARO report which is qualified or adverse
1	ISMT Limited	L27109PN1999PLC016417	Subsidiary Company	ii (b)
2	ISMT Limited	L27109PN1999PLC016417	Subsidiary Company	iii (c)
3	ISMT Limited	L27109PN1999PLC016417	Subsidiary Company	iii (d)
4	ISMT Limited	L27109PN1999PLC016417	Subsidiary Company	vi (a)

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

Suhas Deshpande
Partner
Membership No.: 031787
UDIN: **23031787BGYQFX5831**

Pune, May 12, 2023

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls over financial reporting of Kirloskar Ferrous Industries Limited (hereinafter referred to as "the Company") and its subsidiary companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Company, its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary companies which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its subsidiary companies which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Company, its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to the subsidiaries which are companies incorporated in India, is based solely on the corresponding reports of the auditors of the Subsidiaries incorporated in India. Our opinion is not modified in respect of the above matters.

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

Suhas Deshpande
Partner
Membership No.: 031787
Pune, May 12, 2023
UDIN: **23031787BGYQFX5831**

Consolidated Balance Sheet

as at March 31, 2023

(₹ in Crores)

Particulars	Note No.	As at 31st March 2023	As at 31st March 2022
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,063.83	2,732.79
Capital work-in-progress	5	170.33	202.70
Intangible assets	6	3.19	1.62
Intangible assets under development	6	35.16	19.75
Financial assets			
(i) Investments	7	1.03	4.30
(ii) Loans	8	0.23	0.20
(iii) Other financial assets	9	35.88	32.38
Deferred tax assets			
Other non-current asset	10	65.71	101.97
Total non-current assets		3,375.36	**3,095.71**
Current assets			
Inventories	11	1,078.49	992.21
Financial assets			
(i) Trade receivables	12	817.81	808.66
(ii) Cash and cash equivalents	13	55.83	80.58
(iii) Bank balances other than (ii) above	13	6.84	246.89
(iv) Loans	14	2.64	2.04
(v) Other financial assets	15	9.08	11.13
Current tax assets (net)	16	21.58	9.24
Other current assets	17	113.88	67.89
Total current assets		2,106.15	**2,218.64**
TOTAL ASSETS		5,481.51	**5,314.35**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	69.48	69.36
Other equity	19	2,024.55	1,696.09
Equity attributable to shareholders of the company		2,094.03	**1,765.45**
Non Controling Interest		914.45	870.43
Total Equity		3,008.48	**2,635.88**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	20	369.79	446.98
Lease Liabilities	21	5.69	2.91
Provisions	22	11.16	10.79
Deferred tax liabilities (Net)	23	206.72	189.62
Total non-current liabilities		593.36	**650.30**
Current liabilities			
Financial liabilities			
(i) Borrowings	24	594.09	757.36
(ii) Lease Liabilities	25	1.67	0.70
(iii) Trade payables	26		
- Total outstanding dues of micro enterprises and small enterprises		32.44	33.03
- Total outstanding dues of creditors other than micro enterprises and small enterprises		999.30	1,039.42
(iii) Other current financial liabilities	27	147.10	109.13
Other current liabilities	28	71.18	56.95
Provisions	29	11.27	18.65
Current tax liability	30	22.62	12.93
Total current liabilities		1,879.67	**2,028.17**
Total liabilities		2,473.03	**2,678.47**
TOTAL EQUITY AND LIABILITIES		5,481.51	**5,314.35**

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

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

Suhas Deshpande
Partner
Membership No. 031787

Pune 12th May, 2023

For and on behalf of the Board of Directors

Rahul C. Kirloskar
Vice Chairman
DIN : 00007319

R. V. Gumaste
Managing Director
DIN : 00082829

R. S. Srivatsan
Executive Director (Finance) &
Chief Financial Officer
DIN : 0009607651

Mayuresh Gharpure
Company Secretary

Pune 12th May, 2023

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2023

(₹ in Crores)

Particulars	Note No.	For the year ended 31st March 2023	For the year ended 31st March 2022
INCOME			
Revenue from operations	31	6,417.45	3,748.29
Other Income	32	49.33	11.92
Total Income		6,466.78	3,760.21
EXPENSES			
Cost of materials consumed	33	3,717.86	2,296.23
Purchases of stock-in-trade			
Changes in inventories of finished goods, stock-in-trade and work-in-progress	34	(19.89)	(29.52)
Employee benefits expense	35	319.68	139.50
Finance costs	36	95.47	29.58
Depreciation and amortization expense	37	172.58	92.04
Other expenses	38	1,564.09	699.19
Total expenses		5,849.79	3,227.02
Profit/(loss)before exceptional items and tax		616.99	533.19
Exceptional items		-	
Profit/(Loss) before tax		616.99	**533.19**
Tax expenses			
(1) Current tax		169.54	146.30
(2) Short/ (excess) for the earlier years		(6.98)	(0.67)
(3) MAT credit entilement		-	-
(4) Deferred tax		17.10	87.84
Profit (Loss) for the period from continuing operations		437.33	**299.72**
Profit/(loss) from discontinued operations			
Tax expenses of discontinued operations			
Profit/(loss) from discontinued operations (after tax)		-	-
Profit for the year		437.33	**299.72**
Other Comprehensive Income			
Items that will not be reclassified to profit or (loss)			
Remeasurements of post-employment benefit obligations		3.02	(1.28)
Income Tax relating to above		(0.76)	1.80
Fair value changes on equity Instruments through other comprehensive income		(3.27)	3.75
Income Tax relating to above		0.75	(0.86)
Capital reserve on arising account of business combination		-	488.30
Items that will be reclassified to profit or loss			
Foreign Currency Translation Differences		1.19	(0.09)
Income tax effect on above		-	-
Other Comprehensive Income for the year, net of tax		0.93	**491.62**
Total Comprehensive Income for the period (Comprising profit and Other Comprehensive Income for the year)		438.26	791.34
Profit for the year attributable to :			
Shareholder of the company		395.10	347.11
Non controling interests		42.23	(47.39)
		437.33	**299.72**
Other comprehensive income for the year attributable to :			
Shareholder of the company		(0.85)	491.66
Non controling interests		1.78	(0.04)
		0.93	**491.62**
Total comprehensive income for the year attributable to :			
Shareholder of the company		394.25	838.77
Non controling interests		44.01	(47.43)
		438.26	**791.34**
Earnings per equity share (for continuing operations)	40		
Basic (₹)		28.46	25.06
Diluted (₹)		28.31	24.99

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

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

Suhas Deshpande
Partner
Membership No. 031787

Pune 12th May, 2023

For and on behalf of the Board of Directors

Rahul C. Kirloskar
Vice Chairman
DIN : 00007319

R. V. Gumaste
Managing Director
DIN : 00082829

R. S. Srivatsan
Executive Director (Finance) &
Chief Financial Officer
DIN : 0009607651

Mayuresh Gharpure
Company Secretary

Pune 12th May, 2023

Consolidated Cash Flow Statement

for the year ended 31st March, 2023

(₹ in Crores)

Particulars	For the year ended 31st March, 2023		For the year ended 31st March, 2022	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit / (Loss) before tax		616.99		533.19
Add :				
Depreciation	172.58		92.03	
(Profit) / Loss on sale of assets	(6.37)		(4.71)	
Provision for doubtful debts	23.92		0.41	
Unrealised Foreign exchange (Gain)/Loss	(1.64)		2.54	
Employee share-based payment expense	9.40		1.67	
Remeasurements of post-employment benefit obligations	(0.29)		0.69	
Fair value changes in derivative financial instrument	1.41		(3.37)	
Finance Costs	95.46		29.58	
Provision on impairment and others	0.00		4 .12	
Foreign Currency Translation Reserves	0.63		-	
Acquisition cost related to business combination	-		8 .20	
		295.10		131.16
Less :		912.09		664.35
Interest Income	(5.37)		(1.75)	
Dividend Income	(1.12)		(0.44)	
Provision no longer required written back	(2.67)		(3.86)	
Sundry Credit balances appropriated	(0.01)		(0.14)	
		(9.17)		(6.19)
Operating profit before working capital changes		902.92		658.16
Movements in working capital:				
Decrease / (increase) in inventories	(86.27)		(251.42)	
Decrease / (increase) in trade receivables	(31.76)		(89.56)	
Decrease / (increase) in non-current loans	(0.03)		(0.07)	
Decrease / (increase) in other non-current assets	(0.52)		(1.08)	
Decrease / (increase) in current loans	(0.61)		0.76	
Decrease / (increase) in other current assets	(40.34)		(2.02)	
Bank balance other than cash and cash equivalent	239.72		(239.72)	
(Increase) / Decrease in other financial assets	(5.65)		(0.55)	
Increase / (decrease) in non-current provisions	0.49		(7.41)	
Increase / (decrease) in trade payables	(23.22)		421.97	
Increase / (decrease) in other current financial liabilities	(1.34)		(13.81)	
Increase / (decrease) in other current liabilities	13.71		(14.00)	
Increase / (Decrease) in non current provisions	(0.12)		-	
Increase / (decrease) in current provisions	(4.06)		0.57	
		60.00		(196.34)
Cash generated from Operations		962.92		461.82
Taxes paid		(165.19)		(116.81)
Net cash from Operating Activities (A)		797.73		345.01
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of property, plant and equipment including CWIP and Capital Advances	(481.27)		(430.81)	
Sale of Property, Plant and Equipment	65.33		0.13	
Purchase of Investments	(0.02)		(484.83)	
Proceeds from sale of property, plant and equipment	0.35		6.27	
Investment in other Financial Assets	(2.94)		(2.35)	
Decrease / (Increase) in other bank balances	0.69		-	
Interest Received	17.62		1.98	
Dividend Received	1.12		0.44	
Net Cash from Investing Activities (B)		(399.12)		(909.17)

Consolidated Cash Flow Statement

for the year ended 31st March, 2023

(₹ in Crores)

Particulars	For the year ended 31st March, 2023		For the year ended 31st March, 2022	
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Interest paid	(104.28)		(23.90)	
Other Borrowing Costs	(1.28)		(10.62)	
Proceeds from long term borrowings (net)	128.68		308.83	
Proceeds/(Repayment) from short term borrowings	(369.12)		(284.30)	
Payment of Lease Liabilities	(2.33)		(0.17)	
Premium on issue of equity shares	1.34		1.84	
Dividend Paid	(76.38)		(76.20)	
Net Cash from Financing Activities (C)		(423.37)		(84.52)
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)		(24.75)		(648.68)
Cash and Cash Equivalents at the beginning of the Period	80.58		10.07	
Cash and Cash Equivalents acquired pursuant to business combination	-		719.19	
Cash and Cash Equivalents at the end of the year	55.83		80.58	

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

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

Suhas Deshpande
Partner
Membership No. 031787

Pune 12th May, 2023

For and on behalf of the Board of Directors

Rahul C. Kirloskar
Vice Chairman
DIN : 00007319

R. V. Gumaste
Managing Director
DIN : 00082829

R. S. Srivatsan
Executive Director (Finance) &
Chief Financial Officer
DIN : 0009607651

Mayuresh Gharpure
Company Secretary

Pune 12th May, 2023

Consolidated Statement of Changes in Equity

for the year ended 31st March, 2023

A. Equity Share Capital (Note 18)

(₹ in Crores)

Opening Balance as on 1st April, 2021	Changes in equity share capital during the year	Closing Balance as on 31st March, 2022
69.18	0.18	69.36

(₹ in Crores)

Opening Balance as on 1st April, 2022	Changes in equity share capital during the year	Closing Balance as on 31st March, 2023
69.36	0.12	69.48

B. Other Equity (Note 19)

(₹ in Crores)

Particulars	Reserves and surplus			Equity Instruments through Other Comprehensive Income	Share options outstanding account	Share Application Money pending allotment	Foreign currency translation reserve	Capital reserve	Total attributable to owners of the company	Attributable to Non-Controlling interests	Total
	Securities premium	General reserve	Surplus of profit or loss								
Balance as on 31st March, 2021	**202.55**	**65.00**	**659.65**	**0.04**	**2.83**	**0.13**	**-**	**-**	**930.20**	**-**	**930.20**
Total Comprehensive Income											-
Profit for the year	-	-	347.11		-	-			347.11	(47.39)	299.72
Other Comprehensive Income											
Remeasurement of defined benefit liability (net of tax)	-	-	0.52	-	-	-			0.52	0.00	0.52
Fair value changes on equity Instruments through other comprehensive income				2.89					2.89		2.89
Foreign Currency Translation Reserve							(0.05)		(0.05)	(0.04)	(0.09)
On account of business acquisiiton	-	-						488.30	488.30		488.30
Transfer to General Reserve		5.00	(5.00)						-	-	-
Increase in Non-controllling interest on account of business acquisiiton									-	917.86	917.86
Employee stock option expense	-	-	-	-	1.67	-			1.67	-	1.67
Share application money received	-	-	-	-	-	1.84			1.84	-	1.84
Issue of equity shares on account of exercise of employee stock options	3.10	-	-		(1.44)	(1.85)			(0.19)	-	(0.19)
Lapse of employee stock options	-	-	0.03	-	(0.03)				-	-	-
Distribution to shareholders											
Final Dividend	-	-	(41.53)		-	-			(41.53)	-	(41.53)
Interim Dividend	-	-	(34.67)		-	-			(34.67)	-	(34.67)
Balance as on 31st March, 2022	205.65	70.00	926.11	2.93	3.03	0.12	(0.05)	488.30	1,696.09	870.43	2,566.52
Total Comprehensive Income											
Profit for the year	-	-	395.10	-	-	-	-	-	395.10	42.23	437.33
Other Comprehensive Income											
Remeasurement of defined benefit liability (net of tax)	-	-	1.05	-	-	-	-	-	1.05	1.21	2.26
Fair value changes on equity Instruments through other comprehensive income	-	-	-	(2.52)	-	-	-	-	(2.52)	-	(2.52)
Foreign Currency Translation Reserve	-	-	-	-	-	-	0.61	-	0.61	0.58	1.19
On account of business acquisiiton	-	-	-	-	-	-	-	-	-	-	-
Transfer to General Reserve	-	5.00	(5.00)	-	-	-	-	-	0.00	-	0.00
Increase in Non-controllling interest on account of business acquisiiton	-	-	-	-	-	-	-	-	-	-	-
Employee stock option expense	-	-	-	-	9.40	-	-	-	9.40	-	9.40
Share application money received	-	-	-	-	-	1.34	-	-	1.34	-	1.34
Issue of equity shares on account of exercise of employee stock options	2.15	-	-	-	(0.97)	(1.31)	-	-	(0.13)	-	(0.13)
Lapse of employee stock options	-	-	-	-	-	-	-	-	-	-	-
Distribution to shareholders											
Final Dividend	-	-	(41.66)	-	-	-	-	-	(41.66)	-	(41.66)
Interim Dividend	-	-	(34.73)	-	-	-	-	-	(34.73)	-	(34.73)
Balance as on 31st March, 2023	207.80	75.00	1,240.87	0.41	11.46	0.15	0.56	488.30	2,024.55	914.45	2,939.00

The accompanying notes form an integral part of the financial statements.
As per our report of even date attached

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

Suhas Deshpande
Partner
Membership No. 031787

Pune 12th May, 2023

For and on behalf of the Board of Directors

Rahul C. Kirloskar
Vice Chairman
DIN : 00007319

R. V. Gumaste
Managing Director
DIN : 00082829

R. S. Srivatsan
Executive Director (Finance) &
Chief Financial Officer
DIN : 0009607651

Mayuresh Gharpure
Company Secretary

Pune 12th May, 2023

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

(All amounts are in Indian Rupees (INR) in crores unless otherwise stated)

1) THE CORPORATE OVERVIEW

Kirloskar Ferrous Industries Limited ("the Company" / "Holding Company") is a public company incorporated under the provisions of the Companies Act, 1956. Its shares are listed on BSE Limited and are permitted to trade on National Stock Exchange of India Limited.

The Consolidated Financial Statements comprise the Financial Statements of the Company and its subsidiaries (together referred to as the "Group"). The Consolidated Financial Statements of the Group for the year ended 31 March 2023, were authorised for issue by the Board of Directors on 12 May 2023.

The Holding Company is having three manufacturing facilities, situated at Koppal district and Chitradurga district in Karnataka State and at Solapur district in Maharashtra State. The Holding Company is engaged in manufacturing of iron castings.

ISMT Limited ("ISMT" or "the Subsidiary Company") is a public limited company incorporated in India (CIN: L27109PN1999PLC016417) having its registered office in Pune. The subsidiary is mainly engaged in manufacturing of seamless tubes, cylinder tubes, components and engineering steels.

At present, the Company is the subsidiary of Kirloskar Industries Limited.

2) BASIS OF PREPARATION

a) Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting Standards (Ind AS). Ind AS are notified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards), Rules, 2015 as amended from time to time and other relevant provisions of the Act. Accounting policies have been consistently applied except where newly issued accounting standard or revision to existing accounting standards requires changes in the existing accounting policies.

b) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the following items, which are measured on each reporting date on the basis as explained below:

- Certain financial assets and liabilities (including derivative instruments) are measured at fair value.
- Defined benefit plans – plan assets are measured at fair value.
- Equity settled share-based payments – measured at grant date fair value.

c) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is expected to be realised within twelve months from the reporting, or
- It is cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after reporting date.

All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the following criteria:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months from the reporting date, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after reporting date.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

d) Functional and presentation currency

The Group has identified Indian Rupee (INR) as its functional currency. All amounts presented in the Financial Statements including notes have been rounded off to the nearest crores in Indian Rupee as per the requirements of Schedule III of the Companies Act, 2013; unless otherwise indicated.

3) SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

a) **Principles of consolidation**

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 31 March 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the holding company. The subsidiaries considered in the consolidated financial statements are summarized below.

Sr. No.	Name of the Company	Country of Incorporation
	Direct Subsidiaries	
1	ISMT Limited	India
	Indirect Subsidiaries	
1.	ISMT Enterprises SA	Luxembourg
2.	Structo Hydraulics AB	Sweden
3.	ISMT Europe AB	Sweden
4.	Tridem Port and Power Company Private Limited	India
5.	Nagapattinam Energy Private Limited	India
6.	Best Exim Private Limited	India
7.	Marshal Microware Infrastructure Development Private Limited	India
8.	Success Power and Infraprojects Private Limited	India
9.	PT ISMT Resources	Indonesia
10.	Indian Seamless Inc.	USA

In preparing the consolidated financial statements, the Group has used the following key consolidation procedures:

Combine like items of assets, liabilities, equity, income, expenses and cash flows of the holding company with those of its subsidiaries.

Offset (eliminate) the carrying amount of the holding company's investment in each subsidiary and the holding company's portion of equity of each subsidiary. Business combinations policy explains accounting for any related goodwill or capital reserve.

Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group. Profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and property, plant and equipment, are eliminated in full. However, intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

Temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions will be accounted as per Ind AS 12 – Income Taxes.

Profit and loss and each component of other comprehensive income ('OCI') are attributed to the equity holders of the holding company of the group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it deconsolidates the subsidiary from the date it ceases control.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and Balance Sheet respectively.

Assets and liabilities of entities with functional currency other than the functional currency of the Company have been translated using exchange rates prevailing on the balance sheet date. Statement of profit and loss of such entities has been translated using weighted average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in the statement of changes in equity. When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognized in OCI is reclassified to statement of profit and loss as part of the gain or loss on disposal.

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

b) Property, plant and equipment

- **Recognition and measurement**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Cost comprises of purchase price and any directly attributable costs of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Borrowing costs attributable to construction or acquisition of a qualifying asset for the period up to the date, the asset is ready for its intended use are included in the cost of the asset to which they relate.

Pre-operative expenditure including trial run expenses comprising of revenue expenses incurred as reduced by the revenue generated during the period up to the date, the asset is ready for its intended use are treated as part of costs of that asset.

Capital work-in-progress comprises of the cost of property, plant and equipment that are not yet ready for their intended use as at the balance sheet date.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date are disclosed under "Other non-current assets".

- **Subsequent costs**

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Profit and Loss as incurred.

- **Subsequent Measurement**

Property, plant and equipment are subsequently measured at cost less accumulated depreciation less accumulated impairment losses.

- **Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net and disclosed within other income or expenses in the Statement of Profit and Loss.

- **Depreciation methods, estimated useful lives and residual value**

Holding Company

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognised in the Statement of Profit and Loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment as prescribed in Schedule II of the Companies Act 2013, as assessed by the management of the company based on technical evaluation except in the case of following assets:

Description	Useful life considered	Justification for deviation
Plant and equipments:		
a) Sinter plant	20 years	Based on past history of usage and supported by technical evaluation report
b) Blast furnace and allied machineries used in manufacture of pig Iron	20 years	
c) Foundry machineries	20 years	
d) Turbo generator	20 years	
e) Plant and equipments given under operating lease	5 years	
f) Machinery spares and other components of PPE	2 to 10 years	
g) Patterns	8 years	
Office equipments		
Equipment installed at employee's residence	3 years	As per the terms of Group's policy
Vehicles		
Vehicles given to employees	5 years	As per the terms of Group's policy

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

Subsidiary Companies

Depreciation on Plant & Machinery other than Captive Power Plant of subsidiaries is provided on its useful life estimated by the management on Written Down Value method. For these classes of assets, based on the technical evaluation carried out by the external experts, the management has estimated the useful lives in the range of 8 years to 65 years.

Depreciation on Building and Plant & Machinery of Captive Power Plant of subsidiaries is provided as per the useful life specified in Part 'C' of Schedule II of the Companies Act, 2013 on Straight Line Method.

Depreciation on Furniture & Fixtures, Office Equipment and vehicle of subsidiaries is provided as per the useful life specified in Part 'C' of Schedule II of the Companies Act, 2013 on Written Down Value Method except in case of Tridem Port and Power Company Private Limited and Nagapattinam Energy Private Limited (Subsidiaries of ISMT) where straight line method is followed.

Depreciation on property, plant and equipment of the Group's foreign subsidiaries has been provided on straight line method as per the estimated useful life of such assets. Details of estimated useful life of property, plant and equipment of these foreign subsidiaries are as follows:

Sr No	Class of Assets	Useful life in Years
1	Building	45 Years
2	Equipment's, Tools, Fixtures and Fittings	3 to 5 years
3	Plant & Machinery and Equipment	3 to 30 Years
4	Computer Hardware and Software	5 Years

Freehold land of the Group is not depreciated.

c) **Intangible assets**

- Recognition and measurement

Intangible assets are recognised when the asset is identifiable, is within the control of the Group, and is probable that the future economic benefits that are attributable to the asset will flow to the Group and cost of the asset can be reliably measured.

Intangible assets acquired by the Group that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

- Derecognition

An item of intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of intangible asset are determined by comparing the proceeds from disposal with the carrying amount of intangible asset and are recognised net and disclosed within other income or expenses in the Statement of Profit and Loss.

- Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost. Amortisation is recognised in Statement of Profit and Loss on a straight-line basis over the estimated useful life of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful life for current and comparative periods are as follows:

Computer software	6 years

d) **Leases**

The Group assesses at the inception of the contract whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

e) **Impairment of non-financial assets**

The Group assesses at each balance sheet date whether there is any indication that an asset or Cash Generating Unit (CGU) may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal or its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered.

Impairment losses are recognised in the Statement of Profit and Loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

- Reversal of impairment loss

For assets other than goodwill, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

f) **Inventories**

Raw materials, stores and spares are valued at lower of cost and net realizable value. Cost is determined using weighted average method.

Work in process and finished goods other than by-products are valued at lower of cost and net realizable value. Cost includes direct material and labour and a proportion of manufacturing overhead based on normal operating capacity.

By-products are valued at net realizable value.

Stores and Spares are valued at cost determined on weighted average basis except for those which have a longer usable life, which are valued on the basis of their remaining useful life.

Necessary provisions are made for obsolete and non-moving inventories as per the policy framed by the management and the value of inventory is net of such provision.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Inventory of Structo Hydraulics AB (subsidiary of ISMT) is valued at the lower of the cost and net realizable value respectively. Thereby risk of obsolescence has been considered. The cost is estimated according to weighted average prices.

g) **Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

h) **Revenue recognition**

The Group is in the business of manufacture and sale of iron castings, seamless tubes, cylinder tubes, components and engineering steels. Sales are recognised when substantial control of the products has been transferred to the customer, being when the products are delivered to the customer or its authorised representative without any unfulfilled obligation that could affect the customer's acceptance of the products. Revenue from these sales is recognised based on the price specified in the sales order, net of the estimated discounts, rebates, returns and Goods and Service Tax. The Group's obligation to provide a refund for defects in the products is recognised as a provision. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Group does not have any payment terms exceeding one year for any contract. Accordingly, the Group does not adjust any of the transaction prices for the time value of money.

i) **Other income**

- Interest income

Interest income from debt instruments is recognised using Effective Interest Rate method (EIR). EIR is the

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

- Dividends

Dividends are recognised in the Statement of Profit and Loss only when the right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount can be measured reliably.

- Export incentives

Export Incentives are recognized when right to receive credit as per prevalent scheme is established in respect of the exports made and when there is no significant uncertainty regarding realization of such claim.

- Any other incomes are accounted for on accrual basis.

j) **Borrowing costs**

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset, are expensed in the period in which they are incurred.

k) **Foreign currency transactions and balances**

Transactions in foreign currency are recorded at exchange rates prevailing at the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit and Loss of the year.

Monetary assets and liabilities denominated in foreign currencies which are outstanding, as at the reporting period are translated at the closing exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss are also recognized in OCI or Statement of Profit and Loss, respectively). Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

l) **Employee Benefits**

- Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the services are classified as short-term employee benefits. Benefits such as salaries, wages, expected cost of bonus and short-term compensated absences, ex-gratia, performance pay etc. are recognised in the period in which the employee renders the related service.

- Post-employment benefits

Defined contribution plans

The Group's approved superannuation scheme and central provident fund scheme are a defined contribution plan. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

Defined benefit plans

a. **Gratuity**

The employees' gratuity fund scheme is managed by a trust, is the Group's defined benefit plan. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities as at the reporting date, having maturity periods approximating to the terms of related obligations.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income (OCI) in the

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

period in which they occur. Remeasurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

In case of funded plans, the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on net basis.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Net interest is calculated by applying the discount rate to the net defined benefit liability or the fair value of the plan asset. The cost is included in employee benefit expense in the Statement of Profit and Loss.

Structo Hydraulics AB and ISMT Europe AB (Subsidiary Companies of ISMT) make defined contribution to the Insurance Company as a social security benefit, which is recognized in the Statement of Profit and Loss on accrual basis.

b. **Leave Encashment**

The Group provides for the liability at year end on account of unavailed earned leave as per the actuarial valuation.

- Other long-term employee benefits

The liabilities for earned leave which are not expected to be settled within twelve months from the date of reporting period in which the employee render the related service are measured as the present value of expected future payments to be made in respect of services provided by employee up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating the terms of the related obligation. Remeasurements as a result of experience adjustments and change in actuarial assumptions are recognised in the Statement of Profit and Loss. The obligations are presented as current liabilities in the balance sheet if the Group does not have an unconditional right to defer settlement beyond twelve months of the reporting period, regardless of when the actual settlement is expected to occur.

m) **Share-based payments**

Employees of the Group who are entitled to receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

- Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the grant date using fair valuation model.

That cost is recognised, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The Statement of Profit and Loss represents the movement in cumulative expense recognised as at the beginning and at the end of the period and to be recognised in the employee benefits expense.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Employee share-based payment reserve with respect to vested options which gets forfeited as per ESOS policy will be transferred to retained earnings.

n) **Research and development cost**

Revenue expenditure on the research and development is charged off as expense in the year in which incurred. Capital expenditure for research and development activity is grouped with property, plant and equipment under appropriate categories and depreciation is provided as per the applicable rates.

o) **Income tax**

Income tax expense comprises of current tax and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to the items recognised directly in OCI.

- Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable profits computed for the current accounting period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

- Deferred tax

Deferred tax is provided using the balance sheet method on temporary differences between the tax base of assets

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax (MAT) Credit:

MAT credit is recognized as deferred tax asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period.

p) Provisions and contingencies

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the Statement of Profit and Loss.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are not recognised in financial statements, unless they are virtually certain. However, contingent assets are disclosed where inflow of economic benefits are probable.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

q) Business Combinations

The Group accounts for business combinations using the acquisition method when the control is transferred to the Group in accordance with Ind AS 103. The consideration transferred for the business combinations is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. The Holding Company determines the basis of control in line with the requirements of Ind AS 110, Consolidated Financial Statements. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

If a business combination is achieved in stages, any previously held equity interest in the acquiree is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or OCI as appropriate.

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

Business combinations involving entities that are ultimately controlled by the same part(ies) before and after the business combination are considered as Common control entities and are accounted using the pooling of interest method as follows:

The assets and liabilities of the combining entities are reflected at their carrying amounts.

- No adjustments are made to reflect the fair values, or recognize new assets or liabilities. Adjustments are made to harmonize accounting policies.
- The financial information in the financial statements in respect of prior periods is restated as if the business combination has occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.

The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.

The identity of the reserves is preserved and the reserves of the transferor become the reserves of the transferee.

The difference if any, between the amounts recorded as share capital plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

r) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

s) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

- **Initial recognition and measurement**

Financial instruments are initially recognised when the entity becomes party to the contract.

Financial instruments are measured initially at fair value adjusted for transaction costs that are directly attributable to the origination of the financial instrument where financial instruments not classified at fair value through profit or loss. Transaction costs of financial instruments which are classified as fair value through profit or loss are expensed in the Statement of Profit and Loss.

- **Subsequent measurement of financial assets**

For the purposes of subsequent measurement, the financial assets are classified in the following categories based on the Group's business model for managing the financial assets and the contractual terms of cash flows:

- those to be measured subsequently at fair value; either through OCI or through profit or loss
- those measured at amortised cost

For assets measured at fair value, changes in fair value will either be recorded in the Statement of Profit and Loss or OCI. For investments in debt instruments, this will depend on the business model in which investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for equity investment at fair value through OCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

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for the year ended 31st March, 2023

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are satisfied:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- The contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of hedging relationship is recognised in the Statement of Profit and Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using Effective Interest Rate (EIR) method.

Debt instruments at Fair Value Through Other Comprehensive Income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent Solely Payments of Principal and Interest (SPPI), are measured at FVTOCI. The movements in the carrying amount are recognised through OCI, except for the recognition of impairment gains and losses, interest revenue and foreign exchange gain or losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the Statement of Profit and Loss and recognised in other gains/ losses. Interest income from these financial assets is included in other income using EIR method.

Debt instruments at Fair Value Through Profit or Loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on debt instrument that is subsequently measured at FVTPL and is not a part of hedging relationship is recognised in the Statement of Profit and Loss within other gains/ losses in the period in which it arises. Interest income from these financial assets is included in other income.

Equity investments

All equity investments in the scope of Ind AS 109 Financial Instruments are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable selection to recognise subsequent changes in the fair value in OCI. The Group makes such selection on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of equity instrument.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

- ### Subsequent measurement of financial liabilities

For the purposes of subsequent measurement, the financial liabilities are classified in the following categories:

- those to be measured subsequently at fair value through profit or loss (FVTPL)
- those measured at amortised cost

Following financial liabilities will be classified under FVTPL:

- Financial liabilities held for trading
- Derivative financial liabilities
- Liability designated to be measured under FVTPL

All other financial liabilities are classified at amortised cost.

For financial liabilities measured at fair value, changes in fair value will recorded in the Statement of Profit and Loss except for the fair value changes on account of own credit risk are recognised in Other Comprehensive Income (OCI).

Interest expense on financial liabilities classified under amortised cost category are measured using Effective Interest Rate (EIR) method and are recognised in Statement of Profit and Loss.

- ### Derecognition of financial instruments

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially

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for the year ended 31st March, 2023

modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

- **Impairment of financial assets**

  The Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the financial assets mentioned below:

  - Financial assets that are debt instrument and are measured at amortised cost
  - Financial assets that are debt instruments and are measured as at FVOCI

- **Trade receivables**

  The impairment methodology applied depends on whether there has been a significant increase in credit risk. Details how the Group determines whether there has been a significant increase in credit risk is explained in the respective notes.

  For impairment of trade receivables, the Group chooses to apply practical expedient of providing expected credit loss based on provision matrix and does not require the Group to track changes in credit risk. Percentage of ECL under provision matrix is determined based on historical data as well as futuristic information.

- **Derivative financial instruments**

  Initial measurement and subsequent measurement

  The Group uses derivative financial instruments, such as forward currency contracts to hedge foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are recognised in the Statement of Profit and Loss.

t) Dividends

The final dividend on shares is recorded as liability on the date of approval of shareholders, and the interim dividends are recorded as liability on the date of declaration by the Group's Board of Directors.

u) Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Group by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted EPS adjust the figures used in the determination of basic EPS to consider

- The after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

v) Operating Segment

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director who makes strategic decisions.

w) Events occurring after the Consolidated Balance Sheet Date

Events occurring after the Consolidated Balance Sheet date and till the date on which the consolidated financial statements are approved, which are material in the nature and indicate the need for adjustments in the consolidated financial statements have been considered.

x) Government Grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per accounting policy applicable to financial liabilities.

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

4) SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in conformity with Ind AS, requires the management to make judgments, estimates and assumptions that affect the amounts of revenue, expenses, current assets, non-current assets, current liabilities, non-current liabilities, disclosure of the contingent liabilities and notes to accounts at the end of each reporting period. Actual results may differ from these estimates.

Judgments

In the process of applying the Group's accounting policies, management have made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Operating segment

Ind AS 108 Operating Segments requires Management to determine the reportable segments for the purpose of disclosure in financial statements based on the internal reporting reviewed by the Managing Director being the Chief Operating Decision Maker (CODM) to assess performance and allocate resources. The standard also requires Management to make judgments with respect to recognition of segments. Accordingly, the Group recognizes Iron Castings, Tube Segment and Steel Segment as its three segments.

Contingent liability

The Group has received various orders and notices from different Government authorities and tax authorities in respect of direct taxes and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyses current information about these matters and discloses the information relating to contingent liability. In making the decision regarding the need for creating loss provision, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Group or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its estimates and assumptions on parameters available when the financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market conditions or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Defined benefit obligation

The cost of the defined benefit plans and other post-employment benefits and the present value of the obligations are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future post-retirement medical benefit increase. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligations and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on the expected future inflation rates for the country.

Further details about defined benefit obligations are provided in the respective note.

Deferred Tax

Deferred tax assets are recognised for all deductible temporary differences including the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits are unused tax losses can be utilized.

Useful lives of Property, plant and equipment

Useful lives of property, plant and equipment are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. The depreciable lives are reviewed annually using the best information available to the Management.

Estimation and underlying assumptions are reviewed on ongoing basis. Revisions to estimates are recognized prospectively.

Notes forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

5. PROPERTY, PLANT AND EQUIPMENT

(₹ in Crores)

Particulars	Freehold land	Leasehold land	Buildings	Plant & Equipments	Plant & Equipments given under operating lease	Furniture & Fixtures	Vehicles	Office equipments	Computers	Total	ROU – Building	ROU – Plant & Machinery	Total ROU asset	Capital Work-in-progress
GROSS CARRYING AMOUNT														
As at 31st March, 2021	**13.79**	**6.36**	**259.78**	**1,315.74**	**0.07**	**3.34**	**5.79**	**6.96**	**4.42**	**1,616.25**	**-**	**-**	**-**	**149.08**
Additions	1.54	-	37.75	193.66	-	0.41	2.94	1.11	0.86	238.27	0.01	-	0.01	287.26
Additions due to business combination at cost	286.88	240.17	205.38	2,034.46	-	4.91	1.14	14.00	-	2,786.94	2.51	8.20	10.71	4.64
Disposals	-	-	(0.17)	(26.98)	-	(0.02)	(1.39)	(0.17)	(0.42)	(29.15)	(1.99)	(0.01)	(2.00)	(238.28)
Foreign currency translation reserve	-	-	0.77	(2.01)	-	-	-	-	-	(1.24)	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2022	**302.21**	**246.53**	**503.51**	**3,514.87**	**0.07**	**8.64**	**8.48**	**21.90**	**4.86**	**4,611.07**	**0.53**	**8.19**	**8.72**	**202.70**
Additions	39.86	-	38.17	471.84	-	0.70	3.31	2.84	0.94	557.66	5.32	-	5.32	525.29
Disposals	(8.08)	-	(7.00)	(129.90)		(0.22)	(0.76)	(0.15)	-	(146.11)	5.85	-	-	(557.66)
Foreign currency translation reserve	-	-	(0.66)	(1.93)	-	-	-	-	-	(2.59)	-	-	-	-
Adjustments*	4.42	(4.42)	-	-	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2023	338.41	242.11	534.02	3,854.88	0.07	9.12	11.03	24.59	5.80	5,020.03	5.84	8.19	14.04	170.33
Accumulated depreciation														
As at 31st March, 2021	**-**	**-**	**92.96**	**498.89**	**0.03**	**2.17**	**3.46**	**5.25**	**3.18**	**605.94**	**-**	**-**	**-**	**-**
Charge for the period	-	0.21	10.77	77.82	-	0.27	0.87	0.66	0.65	91.25	0.07	0.05	0.12	-
Additions due to business combination	-	24.11	89.41	1,080.70	-	4.69	0.83	13.06	-	1,212.80	1.97	2.80	4.77	-
Disposals	-	-	(0.05)	(25.67)	-	(0.02)	(1.26)	(0.17)	(0.42)	(27.59)	(1.85)	(0.01)	(1.86)	-
Foreign currency translation reserve	-	-	0.43	(2.45)	-	-	-	-	-	(2.02)	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2022	**-**	**24.32**	**193.52**	**1,629.29**	**0.03**	**7.11**	**3.90**	**18.80**	**3.41**	**1,880.38**	**0.19**	**2.84**	**3.03**	**-**
Charge for the period	-	3.56	20.61	141.93	0.01	0.36	1.28	1.18	0.72	169.64	1.21	1.16	2.37	-
Disposals	-	-	(5.02)	(77.17)	-	(0.20)	(0.67)	(0.13)	-	(83.19)	-	-	-	-
Foreign currency translation reserve	-	-	(0.39)	(1.60)	-	-	-	-	-	(1.99)	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2023	-	27.88	208.72	1,692.45	0.04	7.27	4.51	19.85	4.13	1,964.84	1.40	4.00	5.40	-
Impairment														
As at 31st March, 2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Impairment during the period	-	0.23	-	3.36	-	-	-	-	-	3.59	-	-	-	-
As at 31st March, 2022	**-**	**0.23**	**-**	**3.36**	**-**	**-**	**-**	**-**	**-**	**3.59**	**-**	**-**	**-**	**-**
Impairment during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments	-	(0.23)	-	(3.36)	-	-	-	-	-	(3.59)	-	-	-	-
As at 31st March, 2023	-	(0.00)	-	0.00	-	-	-	-	-	(0.00)	-	-	-	-
NET CARRYING AMOUNT														
As at 31st March, 2023	338.41	214.23	325.30	2,162.44	0.03	1.85	6.52	4.74	1.67	3,055.19	4.45	4.19	8.64	170.33
As at 31st March, 2022	**302.21**	**221.98**	**309.99**	**1,882.22**	**0.04**	**1.53**	**4.58**	**3.10**	**1.45**	**2,727.10**	**0.34**	**5.35**	**5.69**	**202.70**

*The land has been registered in the name of the Company in Mar -2023

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5. PROPERTY, PLANT AND EQUIPMENT

(₹ in Crores)

Amount in Capital Work in Progress for a period of	Projects in Progress		Projects temporarily suspended		Total	
	As at 31st March 2023	As at 31st March 2022	As at 31st March 2023	As at 31st March 2022	As at 31st March 2023	As at 31st March 2022
Less than 1 Year	141.71	188.79	-	-	141.71	188.79
1-2 Years	21.31	1.88	-	-	21.31	1.88
2-3 Years	1.44	4.81	-	-	1.44	4.81
More than 3 Years	5.87	7.22	-	-	5.87	7.22
Total	170.33	202.70	-	-	170.33	202.70

6. INTANGIBLE ASSETS

(₹ in Crores)

Particulars	Mining Rights	Computer software	Total	Intangible assets under development
GROSS CARRYING AMOUNT				
As at 31st March, 2021	0.11	11.39	11.50	13.14
Additions	-	0.80	0.80	7.41
Additions due to business combination at cost	-	-	-	-
Disposals	-	-	-	(0.80)
Foreign currency translation reserve	-	-	-	-
Adjustments	-	-	-	-
As at 31st March, 2022	0.11	12.19	12.30	19.75
Additions	-	2.14	2.14	17.55
Disposals	-	-	-	(2.14)
Foreign currency translation reserve	-	-	-	-
Adjustments	-	-	-	-
As at 31st March, 2023	0.11	14.33	14.44	35.16
DEPRECIATION				
As at 31st March, 2021	0.11	9.89	10.00	-
For the year	-	0.68	0.68	-
Additions due to business combination	-	-	-	-
Disposals	-	-	-	-
Foreign currency translation reserve	-	-	-	-
Adjustments	-	-	-	-
As at 31st March, 2022	0.11	10.57	10.68	-
Charge for the period	-	0.57	0.57	-
Disposals	-	-	-	-
Foreign currency translation reserve	-	-	-	-
Adjustments	-	-	-	-
As at 31st March, 2023	0.11	11.14	11.25	-
IMPAIRMENT				
As at 31st March, 2021	-	-	-	-
Impairment during the period	-	-	-	-
As at 31st March, 2022	-	-	-	-
Impairment during the period	-	-	-	-
Adjustments	-	-	-	-
As at 31st March, 2023	-	-	-	-
NET CARRYING AMOUNT				
As at 31st March, 2023	-	3.19	3.19	35.16
As at 31st March, 2022	-	1.62	1.62	19.75

(₹ in Crores)

Amount in Intangible under development for a period of	Projects in Progress		Projects temporarily suspended		Total	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Less than 1 Year	14.78	5.16	-	-	14.78	5.16
1-2 Years	5.79	8.53	-	-	5.79	8.53

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Amount in Intangible under development for a period of	Projects in Progress		Projects temporarily suspended		Total	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
2-3 Years	8.53	0.64	-	-	8.53	0.64
More than 3 Years	6.06	5.42	-	-	6.06	5.42
Total	35.16	19.75	-	-	35.16	19.75

7 INVESTMENTS (NON-CURRENT)

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Investments in Equity Shares (Fully Paid up)		
In unquoted equity instruments		
(at fair value through OCI)		
Kirloskar Management Services Pvt Ltd (4,87,500 equity shares with a face value of ₹10 per share)	1.02	4.29
S. L. Kirloskar CSR Foundation (9,800 equity shares with a face value of ₹10 per share) *	0.01	0.01
Kirloskar Proprietary Limited (One equity share with a face value of ₹100 per share) *	-	-
Total	1.03	4.30

Note:

*The Group has not performed fair valuation of these investments in unquoted ordinary shares, which are classified as FVTOCI, as the Group believes that impact of change on account of fair value is insignificant.

8 LOANS (NON-CURRENT)

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Unsecured, considered good		
Loans to contractors	0.20	0.14
Loans to employees	0.03	0.06
Total	0.23	0.20

9 OTHER FINANCIAL ASSETS (NON-CURRENT)

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Unsecured, considered good		
Non-current bank balances		
Margin money deposit	0.02	0.02
Deposits with more than 12 months maturity	0.05	0.71
Security deposits	35.81	31.65
Total	35.88	32.38

10 OTHER NON-CURRENT ASSETS

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Unsecured, considered good		
Capital Advances	58.47	94.62
Prepaid Expenses	1.05	0.80
Advance to Suppliers	5.22	5.22
Statutory refund from government authorities	0.97	1.33
Unsecured, considered doubtful		
Claims receivable	0.44	0.44
Less: Provision	(0.44)	(0.44)
Total	65.71	101.97

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

11 INVENTORIES

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Raw materials at site	345.85	265.68
Raw materials in transit	244.87	278.81
	590.72	544.49
Work-in-progress	184.26	167.37
Finished goods	90.73	107.80
Finished goods in transit	32.70	12.18
Stores and spares	174.77	156.74
Stores and spares in transit	3.89	1.75
By-products	1.42	1.88
Total	1,078.49	992.21

Details of Work-in-progress

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
a. Castings	38.45	45.07
b. Tube	93.48	103.22
c. Steel	34.57	7.79
d. Others	17.76	11.29
Total	184.26	167.37

Details of Finished Goods and Finished Goods in Transit

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
a. Castings	13.03	13.34
b. Pig Iron	17.02	3.67
c. Tube	79.04	70.54
d. Steel	14.34	32.43
Total	123.43	119.98

12 TRADE RECEIVABLES

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Trade receivables (Unsecured) :		
Receivables considered good	858.15	825.32
Receivables which are credit impaired	5.36	5.36
	863.51	830.68
Less: Allowance for bad and doubtful trade receivables	(45.70)	(22.02)
Total	817.81	808.66

Movement in allowance of bad and doubtful trade receivables

Particulars	(₹ in Crores)
At 31st March 2021	**5.35**
Addition on account of business acquisition	16.61
Provided during the year	0.06
Amount written off	-
Amount written back	-
At 31st March, 2022	**22.02**
Provided during the year	23.68
Amount written off	-
Amount written back	-
At 31st March, 2023	45.70

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

12 TRADE RECEIVABLES (CONTD.)

Ageing of Trade Receivables

(₹ in Crores)

Particulars (Outstanding from due date of payment / from date of transaction)	As at 31st March 2023	As at 31st March 2022
(i) Undisputed Trade Receivables – considered good		
Not Due	708.81	614.94
Less than 6 months	117.90	175.11
6 months - 1 year	5.00	12.37
1-2 years	13.16	0.76
2-3 years	0.17	0.57
More than 3 years	13.11	13.47
Sub-total (i)	858.15	817.22
(ii) Disputed Trade Receivables – which are credit impaired		
Less than 6 months	-	-
6 months - 1 year	-	-
1-2 years	-	0.22
2-3 years	0.22	0.08
More than 3 years	5.14	5.06
Sub-total (ii)	5.36	5.36
(iii) Unbilled dues Sub-total (iii)	-	8.10
Less: Provision for doubtful receivables	(45.70)	(22.02)
	817.81	808.66

13 CASH AND BANK BALANCES

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
A. Cash and Cash Equivalents		
Balances with banks		
In Current accounts	55.81	36.15
In Fixed Deposits	-	44.41
Cash on hand	0.02	0.02
Total (A)	55.83	80.58
B. Other Bank balances		
Earmarked balances	5.36	244.71
Deposit with Banks (against Guarantees / Letter of Credit)	1.48	2.18
Total (B)	6.84	246.89

14 LOANS (CURRENT)

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Unsecured, considered good		
Loan to employees	1.48	1.34
Loan to contractors	1.16	0.70
Total	2.64	2.04

15 OTHER FINANCIAL ASSETS (CURRENT)

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Unsecured, considered good		
Interest accrued on deposits and Loans	0.92	1.25
Security Deposits	1.85	0.79
Refund Receivable from Government Authotities	1.30	1.30
Others	5.01	4.42

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

15 OTHER FINANCIAL ASSETS (CURRENT) (CONTD..)

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Derivative Asset		
Forward Contracts Asset	-	3.37
Total	9.08	11.13

16 CURRENT TAX ASSETS (NET)

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Income Tax (Net)	21.58	9.24
Total	21.58	9.24

17 OTHER CURRENT ASSETS

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Unsecured, considered good		
Advance to Suppliers	84.39	44.58
Balances with Central Excise / Customs / Octroi/ GST	1.59	4.27
Balances with Government Authotities	12.42	5.29
Export Incentives Receivables	0.54	0.29
Prepaid expenses	10.31	8.87
Others	4.63	4.59
Total	113.88	67.89

18 SHARE CAPITAL

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Authorised Equity Share Capital		
21,00,00,000 (21,00,00,000) Equity Shares of ₹ 5 each	105.00	105.00
Issued, Subscribed and Paid up Equity Share Capital		
13,89,58,215 (13,87,17,044) Equity Shares of ₹ 5 each	69.48	69.36
Total	69.48	69.36

Note: The Company has authorised preference share capital comprising of 11,70,00,000 (11,70,00,000) Preference Shares of ₹ 10 each aggregating to ₹117.00 (117.00) Crores. However the same has not been issued nor subscribed.

a. Reconciliation of the shares at the beginning and at the end of the reporting period

(₹ in Crores)

Particulars	Year ended 31st March, 2023		Year ended 31st March, 2022	
	Number	₹ in Crores	Number	₹ in Crores
Equity shares				
Balance at the beginning of the year	13,87,17,044	69.36	13,83,48,681	69.17
Shares issued during the year	2,41,171	0.12	3,68,363	0.19
Shares bought back during the year	-	-	-	-
Balance at the end of the year	13,89,58,215	69.48	13,87,17,044	69.36

b. Rights and preferences attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of Liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

18 SHARE CAPITAL (CONTD.)

c. **Equity shares held by holding company**

Name of the Shareholder	Year ended 31st March, 2023		Year ended 31st March, 2022	
	No. of shares held	Percentage of holding	No. of shares held	Percentage of holding
Kirloskar Industries Limited*	7,06,43,754	50.84	7,06,43,754	50.93

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

Promotors Shareholding in the Company is set out below:

Disclosure of shareholding of promoters as at 31st March 2023 is as follows:

Equity shares of ₹ 5 each fully paid	As at 31 March 2023		As at 31 March 2022		% change during the year
	No. of shares	Percentage of holding	No. of shares	Percentage of holding	
Kirloskar Industries Limited	7,06,43,754	50.84%	7,06,43,754	50.93%	0.00%
Indian Individuals/ HUFs / Others					
Atul Kirloskar	9,89,726	0.71%	9,89,726	0.71%	0.00%
Rahul Kirloskar	14,25,279	1.03%	14,25,279	1.03%	0.00%
Sanjay Kirloskar	380	0.00%	380	0.00%	0.00%
Arti Atul Kirloskar	10,55,651	0.76%	10,55,651	0.76%	0.00%
Alpana Rahul Kirloskar	15,91,229	1.15%	15,91,229	1.15%	0.00%
Jyotsna Gautam Kulkarni	-	0.00%	15,49,320	1.12%	(100.00%)
Suman Kirloskar	90,535	0.07%	90,535	0.07%	0.00%
Mrinalini Shreekant Kirloskar	6,500	0.00%	6,500	0.00%	0.00%
Alok Sanjay Kirloskar	1,520	0.00%	1,520	0.00%	0.00%
Gauri Atul Kirloskar	1,140	0.00%	1,140	0.00%	0.00%
Aditi Atul Kirloskar	8,77,187	0.63%	8,77,187	0.63%	0.00%
Rama Sanjay Kirloskar	760	0.00%	760	0.00%	0.00%
Alika Rahul Kirloskar	380	0.00%	380	0.00%	0.00%
Geetanjali Vikram Kirloskar	200	0.00%	200	0.00%	0.00%
Roopa Jayant Gupta	200	0.00%	200	0.00%	0.00%
Ambar Gautam Kulkarni	-	0.00%	7,74,660	0.56%	(100.00%)
Nihal Gautam Kulkarni	-	0.00%	7,74,660	0.56%	(100.00%)
Kirloskar Pneumatic Company Limited	20,00,000	1.44%	20,00,000	1.44%	0.00%
Achyut and Neeta Holdings and Finance Private Limited	541	0.00%	541	0.00%	0.00%
Alpak Investments Private Limited	100	0.00%	100	0.00%	0.00%
Navsai Investments Private Limited	100	0.00%	100	0.00%	0.00%
Indian Individuals/ HUFs / Others	80,41,428		1,11,40,068		(27.82%)

Disclosure of shareholding of promoters as at 31 March 2022 is as follows:

Equity shares of ₹ 5 each fully paid	As at 31 March 2022		As at 31 March 2021		% change during the year
	No. of shares	Percentage of holding	No. of shares	Percentage of holding	
Kirloskar Industries Limited	7,06,43,754	50.93%	7,06,43,754	51.06%	0.00%
Indian Individuals/ HUFs / Others					
Atul Kirloskar	9,89,726	0.71%	9,89,726	0.72%	0.00%
Rahul Kirloskar	14,25,279	1.03%	14,25,279	1.03%	0.00%
Sanjay Kirloskar	380	0.00%	380	0.00%	0.00%
Arti Atul Kirloskar	10,55,651	0.76%	10,55,651	0.76%	0.00%
Alpana Rahul Kirloskar	15,91,229	1.15%	15,91,229	1.15%	0.00%
Jyotsna Gautam Kulkarni	15,49,320	1.12%	15,49,320	1.12%	0.00%
Suman Kirloskar	90,535	0.07%	90,535	0.07%	0.00%
Mrinalini Shreekant Kirloskar	6,500	0.00%	6,500	0.00%	0.00%
Alok Sanjay Kirloskar	1,520	0.00%	1,520	0.00%	0.00%
Gauri Atul Kirloskar	1,140	0.00%	1,140	0.00%	0.00%
Aditi Atul Kirloskar	8,77,187	0.63%	8,77,187	0.63%	0.00%
Rama Sanjay Kirloskar	760	0.00%	760	0.00%	0.00%
Alika Rahul Kirloskar	380	0.00%	380	0.00%	0.00%
Geetanjali Vikram Kirloskar	200	0.00%	200	0.00%	0.00%
Roopa Jayant Gupta	200	0.00%	200	0.00%	0.00%
Ambar Gautam Kulkarni	7,74,660	0.56%	7,74,660	0.56%	0.00%

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

18 SHARE CAPITAL (CONTD.)

Equity shares of ₹ 5 each fully paid	As at 31 March 2022		As at 31 March 2021		% change during the year
	No. of shares	Percentage of holding	No. of shares	Percentage of holding	
Nihal Gautam Kulkarni	7,74,660	0.56%	7,74,660	0.56%	0.00%
Kirloskar Pneumatic Company Limited	20,00,000	1.44%	20,00,000	1.45%	0.00%
Achyut and Neeta Holdings and Finance Private Limited	541	0.00%	541	0.00%	0.00%
Alpak Investments Private Limited	100	0.00%	100	0.00%	0.00%
Navsai Investments Private Limited	100	0.00%	100	0.00%	0.00%
Indian Individuals/ HUFs / Others	1,11,40,068		1,11,40,068		-

19. OTHER EQUITY

(₹ in Crores)

Particulars		As at 31st March 2023	As at 31st March 2022
a.	Securities premium		
	Opening balance	205.65	202.55
	Add : On account of exercise of employee stock options	2.15	3.10
	Closing balance Total (a)	207.80	205.65
b.	General reserve		
	Opening balance	70.00	65.00
	Add: Current year transfer from surplus	5.00	5.00
	Closing balance Total (b)	75.00	70.00
c.	Surplus - balance in the statement of profit and loss		
	Opening balance	926.11	659.65
	Add :		
	Profit for the year	395.10	347.11
	Other comprehensive income / (loss)	1.05	0.52
	Transfer from Share Options on account of lapse of employee stock options	-	0.03
	Less : Appropriations		
	Final Dividend on equity shares*	(41.66)	(41.53)
	Interim Dividend on equity shares**	(34.73)	(34.67)
	Amount transferred to General reserve	(5.00)	(5.00)
	Closing balance Total (c)	1,240.87	926.11
d.	Share options outstanding account		
	Opening balance	3.03	2.83
	Add: Employee stock option expense	9.40	1.67
	Less: Transfer to profit and loss on account of lapse of employee stock options	-	(0.03)
	Less: Transfer to securities premium on account of exercise of employee stock options	(0.97)	(1.44)
	Closing balance Total (d)	11.46	3.03
e.	Equity Instruments through Other Comprehensive Income		
	Opening balance	2.93	0.04
	Add: Fair value changes net of deferred tax	(2.52)	2.89
	Add: Deductions during the year	-	-
	Closing balance Total (e)	0.41	2.93
f.	Share Application Money pending allotment		
	Opening balance	0.12	0.13
	Add: Amount received on exercise of stock options	1.34	1.84
	Less: Issue of equity shares on account of exercise of employee stock options	(1.31)	(1.85)
	Closing balance Total (f)	0.15	0.12
g.	Foreign currency translation reserve		
	Opening balance	(0.05)	-
	Addition during the year	0.61	(0.05)
	Closing balance Total (g)	0.56	(0.05)
h.	Capital reserve arising out of business combination		
	Opening balance	488.30	-
	Addition during the year	-	488.30
	Closing balance Total (h)	488.30	488.30
	Total (a+b+c+d+e+f+g+h)	2,024.55	1,696.09

Note: *₹ 41.66 Crores pertains to FY 2021-22 and ₹ 41.53 Crores pertains to FY 2020-21

** ₹ 34.73 Crores pertains to FY 2022-23 and ₹ 34.67 Crores pertains to FY 2021-22

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

19. OTHER EQUITY (CONTD.)

Description of the purposes of reserves within equity

General Reserve

Under the erstwhile Indian Companies Act, 1956, a general reserve was created through an annual transfer of net income in accordance with applicable regulations.

Securities premium

The amount in the Securities premium account represents the additional amount paid by the shareholders for the issued shares in excess of the face value of those shares.

Share options outstanding account

The Group offers ESOP, under which, options to subscribe for the Parent Company's share have been granted to specified senior management employees. The Share options outstanding account balance represents fund created as per the Group's ESOP scheme.

Equity instruments through other comprehensive income

This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

Capital reserve

Capital reserve represents amount arising out of business combination transaction and the same is not available for distribution as dividends.

Foreign currency translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. ₹) are recognised directly in the other comprehensive income and accumulated in foreign currency translation reserve. Exchange difference previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

20. LONG TERM BORROWINGS

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Unsecured		
Term Loans		
From Bank	244.79	196.98
Non-Convertible Debentures	125.00	250.00
Total	369.79	446.98

Details of unsecured term loan from banks

Name of bank	Loan availed (₹ in Crores)	Interest rate per annum payable monthly	Tenure	Principal Repayment
The Hongkong and Shanghai Banking Corporation Limited (HSBC)	70	8.80%	60 months	Repayment in 51 monthly installments (ie. 50 installment of ₹ 1.38 Crore and last installment will be of ₹ 1 Crore). Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 26th April, 2019.
Kotak Mahindra Bank Ltd.	30	7.65%	60 months	Repayment in 51 monthly installments of ₹ 0.59 Crore. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 05th November, 2019.
Kotak Mahindra Bank Ltd.	40	7.65%	60 months	Repayment in 51 monthly installments of ₹ 0.78 Crore. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 05th November, 2019.
Kotak Mahindra Bank Ltd.	50	7.90%	36 months	Repayment in 30 monthly installments of ₹ 1.67 Crore. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 29th October, 2020.
Kotak Mahindra Bank Ltd.	60	7.80%	48 months	Repayment in 39 monthly equall installments of ₹1.53 Crores. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 1st July 2021.

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

20. LONG TERM BORROWINGS (CONTD.)

Name of bank	Loan availed (₹ in Crores)	Interest rate per annum payable monthly	Tenure	Principal Repayment
Kotak Mahindra Bank Ltd.	40	8.10%	48 months	Repayment in 31 monthly equall installments of ₹ 1.29 Crores. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 1st July 2021.
Kotak Mahindra Bank Ltd.	150	7.75%	48 months	Repayment in 36 monthly equall installments of ₹ 4.17 Crores. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 31st December 2021.
Axis Bank Ltd.	125	7.85%	48 months	Repayment in 42 monthly equall installments of ₹ 2.98 Crores. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 28th Feb 2023.
Non-Convertible Debentures - Rated, Listed, Unsecured and redeemable	125	6.65%	24 months	Payable on 10th March 2024. Interest is payable on annual basis.
Non-Convertible Debentures - Rated, Listed, Unsecured and redeemable	125	6.65%	36 months	Payable on 10th March 2025. Put and call option at the end of 24 months. Interest is payable on annual basis.

The amount repayable within 12 months from the reporting date, i.e.₹ 274.48 Crores (PY ₹ 68.61 Crores) has been reflected in note no.24 Short Term Borrowings.

21 LEASE LIABILITY (NON-CURRENT)

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Lease Liability	5.69	2.91
Total	5.69	2.91

22 PROVISIONS (NON-CURRENT)

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Provision for employee benefits		
Leave encashment	11.16	10.79
Total	11.16	10.79

23 DEFERRED TAX LIABILITIES (NET)

The major components of income tax expense for the year ended 31st March, 2023 as given below:

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Statement of Profit and Loss section		
Current income tax:		
Current income tax charge	169.54	146.30
Short/ (excess) for the earlier years	(6.98)	(0.67)
Deferred tax:		
Relating to origination and reversal of temporary differences	17.10	87.84
Income tax expense reported in the Statement of Profit and Loss	179.66	233.47

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

23 DEFERRED TAX LIABILITIES (NET) (CONTD.)

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
OCI Section		
Current income tax:		
Income tax expense / (income) on actuarial gains and losses	-	(1.97)
Deferred tax:		
Deferred tax net loss / (gain) on actuarial gains and losses	0.76	0.17
Fair value changes on equity Instruments	(0.75)	0.86
Income tax charged to OCI	0.01	(0.94)

Reconciliation of actual income tax and effective income tax

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Accounting profit before tax	616.99	533.19
At India's statutory income tax rate of 25.168% (31st March, 2022: 25.168%)	155.28	134.19
Tax effects on adjustments which are not deductible (taxable) in calculating taxable income		
Tax of earlier years	(6.99)	(0.67)
Tax effect of pre-acquisition period on account of business acquisition	-	52.08
On account of business combination and consolidation adjustments	13.78	45.05
Other Items which are not deductible (taxable) in calculating taxable income	6.14	1.76
Tax difference due to Profit on sale of assets chargeable to tax as LTCG	6.19	-
Others	5.26	1.06
Income tax expense reported in the statement of profit and loss	179.66	233.47

Deferred tax relates to the following

(₹ in Crores)

Particulars	Deferred tax asset/ (liability)		Movement in deferred tax
	As at 31 March		For the Year ended 31st March
	2023	2022	2023
Property, plant and equipment and intangible assets	(264.80)	(279.14)	14.34
Disallowances under section 43B of Income tax Act, 1961	20.98	13.04	7.94
Provision for Impairment in Value of Project - Capital work in progress	36.38	75.68	(39.30)
Provision for doubtful debts and advances	1.36	1.35	0.01
Others	(0.64)	(0.55)	(0.09)
Total	(206.72)	(189.62)	(17.10)

(₹ in Crores)

Breakup of movement in Deferred Tax Liabilities, Net	As at 31st March 2023	As at 31st March 2022
Opening balance	189.62	88.44
Tax expense during the year recognised in statement of profit and loss	17.09	87.84
Tax expense during the year recognised in OCI	0.01	1.03
On account of business acquisition	-	12.31
Sub-total	17.10	101.18
Closing balance	206.72	189.62

(₹ in Crores)

Reflected in the Balance Sheet as follows	As at 31st March 2023	As at 31st March 2022
Deferred Tax Liabilities	218.77	279.69
Deferred Tax Assets	12.05	90.07
Deferred Tax Liabilities, Net	206.72	189.62

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

23 DEFERRED TAX LIABILITIES (NET) (CONTD.)

The Group offsets the tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The Group has unused tax losses under the head Business Loss and unabsorbed depreciation as per the Income Tax Act, 1961 of subsidiary Companies .Based on the probable uncertainty regarding the set off of these losses, the said subsidiary Companies have not recognized deferred tax assets in their respective Balance Sheet. Details of tax losses under the head business losses and unabsorbed depreciation with expiry is as follows:

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Within five years	1.72	2.20
Greater than five years	1.39	1.34
No expiry	8.38	7.95
	11.49	11.49

24 BORROWINGS (CURRENT)

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Secured		
Loans payable on demand		
Short term loans	124.12	44.01
Cash credit from banks	11.65	-
Total (a)	135.77	44.01
Unsecured		
Loans payable on demand		
Commercial Papers	72.31	530.43
Current Maturities of Long term borrowings	274.48	68.61
Vendor Bills Discounted	60.78	62.06
Short Term Loans	45.00	44.50
Others	5.75	7.75
Total (b)	458.32	713.35
Total (a + b)	594.09	757.36

Security for Secured Loans

Working capital facilities with Consortium Banks (fund based and non fund based) aggregating to ₹450 Crores (previous year ₹ 450 Crores) are secured by first charge by way of hypothecation on the current assets both present and future, in favour of IDBI Trusteeship Services Limited, as Security Trustees, for the benefit of consortium banks.

Commercial Papers

During FY 2022-23, Commercial Papers of ₹ 75 Crores issued at a discounted rate of 7.85% on 16th March 2023 payable on 12th Sep 2023

During FY 2021-22, Following Commercial Papers have been issued on 8th March 2022 :

a. ₹333.75 Crores issued at a discounted rate of 4.50% p.a. payable on 6th June 2022
b. ₹100.95 Crores issued at a discounted rate of 4.50% p.a. payable on 27th May 2022
c. ₹104.50 Crores issued at a discounted rate of 5.75% p.a payable on 8th March 2023

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

24 BORROWINGS (CURRENT) (CONTD.)

Reconciliation of quarterly returns filled with banks for ISMT ltd. (Subsidiary) :

Name of bank	Aggregate working capital limits sanctioned	Nature of Current asset offered as security	Quarter ended	Amount disclosed as per quarterly return/ statement (₹ In crore)	Amount as per books of account (₹ In crore)	Difference (₹ In crore)	Reasons for difference
Axis Bank	175	Refer Note below	30-Sep-22	562.91	563.29	(0.38)	Inventory of CPP of ₹ 0.38 crores is not considered while making submission of return to bank
ICICI Bank	210	Refer Note below	30-Sep-22	562.91	563.29	(0.38)	Inventory of CPP of ₹ 0.38 crores is not considered while making submission of return to bank
Axis Bank	175	Refer Note below	31-Dec-22	463.36	463.75	(0.38)	Inventory of CPP of ₹ 0.38 crores is not considered while making submission of return to bank
ICICI Bank	210	Refer Note below	31-Dec-22	463.36	463.75	(0.38)	Inventory of CPP of ₹ 0.38 crores is not considered while making submission of return to bank
Kotak Mahindra Bank	145	Refer Note below	31-Dec-22	481.28	481.66	(0.38)	Inventory of CPP of ₹ 0.38 crores is not considered while making submission of return to bank
Axis Bank	175	Refer Note below	31-Mar-23	The company has not yet submitted quarterly return for quarter IV.			
ICICI bank	210	Refer Note below	31-Mar-23				
Kotak Mahindra Bank	145	Refer Note below	31-Mar-23				

The current assets and receivables have been hereby hypothicated as and by way of first charge and shall rank pari-pasu with charge created.

Registration of charges or satisfaction with ROC :

There are no charge modification / satisfaction of charge in the FY 2022-23.

Net Debt position

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Cash and Bank Balance		
Cash and cash equivalents	55.83	80.58
	55.83	**80.58**
Borrowings		
Current Borrowings	(594.09)	(757.36)
Long term borrowings	(369.79)	(446.98)
	(963.88)	**(1,204.34)**
Net debt	(908.06)	**(1,123.76)**

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

24 BORROWINGS (CURRENT) (CONTD.)

Net debt reconciliation as at 31 March, 2023

(₹ in Crores)

Particulars	Cash and bank balance	Borrowings	Total
Net debt as at 31st March, 2022	**80.58**	**(1,204.34)**	**(1,123.76)**
Cash flows	(24.75)	-	(24.75)
On account of acquisition	-	-	-
Interest accrued but not due as on 1st April, 2022	-	1.01	1.01
Interest accrued but not due as on 31st March, 2023	-	(1.03)	(1.03)
Interest expense	-	89.25	89.25
Interest paid	-	(89.21)	(89.21)
(Borrowing) / Repayment (Net) - Long term	-	(128.68)	(128.68)
(Borrowing) / Repayment (Net) - Short term	-	369.12	369.12
Net debt as at 31st March, 2023	55.83	(963.88)	(908.05)

Net debt reconciliation as at 31 March, 2022

(₹ in Crores)

Particulars	Cash and bank balance	Borrowings	Total
Net debt as at 31st March, 2021	**10.07**	**(291.77)**	**(281.70)**
Cash flows	(648.68)	-	(648.68)
On account of acquisition	719.19	(844.83)	(125.64)
Interest accrued but not due as on 1st April, 2021	-	0.02	0.02
Interest accrued but not due as on 31st March, 2022	-	(1.01)	(1.01)
Interest expense	-	26.09	26.09
Interest paid	-	(25.10)	(25.10)
(Borrowing) / Repayment (Net) - Long term	-	(308.83)	(308.83)
(Borrowing) / Repayment (Net) - Short term	-	241.09	241.09
Net debt as at 31st March, 2022	**80.58**	**(1,204.34)**	**(1,123.76)**

25 LEASE LIABILITY (CURRENT)

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Lease Liability	1.67	0.70
Total	1.67	**0.70**

26 TRADE PAYABLES

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Total outstanding dues of micro enterprises and small enterprises	32.44	33.03
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Acceptances	647.61	679.33
Others	351.69	360.09
Total	1,031.74	**1,072.45**

Ageing of Trade Payables

(₹ in Crores)

Particulars (Outstanding from due date of payment / from date of transaction)	As at 31st March 2023	As at 31st March 2022
(i) MSME		
Not Due	26.24	23.73
Less than 1 year	6.20	8.86
1-2 years	-	0.40
2-3 years	-	0.04
More than 3 years	-	-
Sub-total (i)	32.44	**33.03**

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

26 TRADE PAYABLES (CONTD..)

(₹ in Crores)

Particulars (Outstanding from due date of payment / from date of transaction)	As at 31st March 2023	As at 31st March 2022
(ii) Others		
Unbilled	118.39	57.88
Not Due	799.41	820.30
Less than 1 year	76.14	154.98
1-2 years	1.67	2.85
2-3 years	1.66	0.85
More than 3 years	1.72	2.24
Sub-total (ii)	998.98	1039.10
(iii) Disputed dues – Others		
Not Due		
Less than 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	0.32	0.32
Sub-total (iii)	0.32	0.32
	1,031.74	1,072.45

27 OTHER FINANCIAL LIABILITIES (CURRENT)

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Derivative liabilities		
Foreign currency forward contract	1.48	-
Other financial liabilities		
Interest accrued but not due on borrowings	1.03	1.01
Interest accrued and due on borrowings	1.25	1.25
Unclaimed dividend #	5.36	4.99
Payable for capital purchases	64.31	38.90
Payable to employees	52.27	41.75
Creditors for expenses	10.79	12.39
Security deposit	0.03	0.03
Other liabilities	10.58	8.81
Total	147.10	109.13

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

28 OTHER CURRENT LIABILITIES

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Advance from customers	55.34	42.21
Taxes and duties (Net)	15.05	14.05
Provident fund payable	0.79	0.69
Total	71.18	56.95

29 PROVISIONS (CURRENT)

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Provision for employee benefits		
Contribution to Superannuation funds	0.28	2.24
Gratuity	0.97	6.07
Leave encashment	8.51	9.05
Provision for expected sales returns	1.51	1.29
Total	11.27	18.65

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

30 CURRENT TAX LIABILITY

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Income Tax (Net)	22.62	12.93
Total	22.62	12.93

31 REVENUE FROM OPERATIONS

(₹ in Crores)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Sale of products		
Pig iron	2,062.76	2,182.26
Castings	1,673.26	1,289.63
By-products	76.07	69.12
Tube	1,996.12	123.07
Steel	556.07	27.48
Other operating income		
Export Incentive	4.10	1.78
Scrap / Coke / miscellaneous sales	49.06	54.95
Total	6,417.45	3,748.29

32 OTHER INCOME

(₹ in Crores)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Interest Income	4.83	1.75
Dividend Income	1.12	0.44
Net gain/loss on sale of investments	-	-
Profit on Sale of Assets	6.45	4.71
Exchange Gain on Foreign currency	2.92	-
Interest Income on financial instruments measured at amortised cost	0.54	-
Government Grant-Sales Tax Deferral	0.08	-
Other non-operating income -		
IPS Incentive	26.44	0.19
Rental Income	0.24	0.23
Insurance claim received	0.65	0.01
Sales Tax Refund		-
Provision no longer required written back	1.05	2.94
Sundry credit balances appropriated	0.01	0.14
Miscellaneous Income	5.00	1.51
Total	49.33	11.92

33 COST OF MATERIAL CONSUMED

(₹ in Crores)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Stock at the beginning of the year	544.49	191.32
Add : Acquired pursuant to business combination	-	143.03
Add : Purchases	3,764.09	2,506.37
	4,308.58	2,840.72
Less : Stock at the end of the year	590.72	544.49
Cost of material consumed	3,717.86	2,296.23

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

34 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND BY-PRODUCT

(₹ in Crores)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
At the end of the year		
a. Finished goods	123.43	119.98
b. By-Products	1.42	1.88
c. Work-in-Progress	184.26	167.37
Total (A)	309.11	289.23
At the beginning of the year*		
a. Finished goods	119.98	100.73
b. By-Products	1.87	4.75
c. Work-in-Progress	167.37	154.23
Total (B)	289.22	259.71
(Increase)/Decrease (B-A)	(19.89)	(29.52)

*includes inventory acquired pursuant to business combination

35 EMPLOYEE BENEFITS EXPENSE

(₹ in Crores)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Salaries, wages and incentives	264.30	117.51
Contributions to		
Provident fund (Refer Note No. 44)	12.18	4.33
Superannuation scheme (Refer Note No. 44)	3.28	0.62
Gratuity (Refer Note no.45)	4.88	1.52
Others	0.60	0.04
Employee share-based payment expense (Refer Note no. 46)	9.40	1.67
Staff welfare expenses	25.04	13.81
Total	319.68	139.50

36 FINANCE COSTS

(₹ in Crores)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Interest expense		
on fixed loans	32.44	12.13
on working capital loan	4.85	1.20
on others	51.96	12.76
Interest Cost on Employee Benifits Plan	0.89	
Other Borrowing costs	5.33	3.49
Total	95.47	29.58

37 DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Crores)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Property, plant and equipment (Refer Note No. 5)	172.01	91.36
Intangible assets (Refer Note No. 6)	0.57	0.68
Total	172.58	92.04

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

38 OTHER EXPENSES

(₹ in Crores)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
a. OPERATIONAL EXPENSES		
Consumption of stores and spare parts	229.40	127.42
Consumption of Consumables	305.75	144.76
Power, fuel and water	545.29	123.83
Machinery hire charges	5.98	4.37
Repairs and maintenance	-	
Machinery	35.76	35.52
Buildings	4.06	2.66
Fettling and other manufacturing expenses	35.51	28.70
Other processing expenses	39.94	27.75
Other Direct Expenses	34.24	1.73
Total (a)	1,235.93	496.74
b. SELLING EXPENSES		
Freight and forwarding expenses (net)	172.94	126.84
Advertisement	0.11	0.38
Sales commission and incentive	1.40	0.17
Royalty	9.82	8.40
Other selling expenses	2.09	0.37
Total (b)	186.36	136.16
c. ADMINISTRATIVE EXPENSES		
Rent	0.28	0.15
Rates and taxes	5.54	3.26
Insurance	5.61	2.41
Other repairs and maintenance	3.71	1.55
Travelling expenses	6.33	2.52
Legal and professional charges	19.79	14.72
Communication expenses	1.42	1.00
Printing and stationery	0.74	0.37
Auditors remuneration	1.04	0.49
Miscellaneous expenses	27.59	12.13
Directors' commission	3.48	2.36
Acquisition related cost in business combination	-	8.20
Provision for impairment and other	-	4.12
Bad debts written off (Net)	-	-
Provision for doubtful debts	23.71	0.01
Directors' sitting fees	1.35	0.58
CSR expenses	18.49	4.53
Net loss on foreign currency transactions	22.38	7.89
Loss on assets sold, demolished, discarded and scrapped	0.08	-
Equipment Lease Rentals	0.26	-
Total (c)	141.80	66.29
Total (a+b+c)	1,564.09	699.19

Note (i) Research and Development expenditure

(₹ in Crores)

Revenue expenses on research and development unit situated at Bevinahalli village, Koppal incurred during the year are given below	For the year ended 31st March 2023	For the year ended 31st March 2022
Cost of materials/consumables/spares	0.39	0.16
Employee related expense	3.78	3.80
Other expenses	0.35	0.26
Total	4.52	4.22

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

38 OTHER EXPENSES (CONTD..)

(₹ in Crores)

Capital expenditure on research and development unit situated at Bevinahalli village, Koppal incurred during the year are given below	For the year ended 31st March 2023	For the year ended 31st March 2022
Tangible Assets		
Office equipment	0.01	0.02
Intangible assets	0.45	0.13
Total	0.46	0.15

39 LEASES

The Group have taken various premises and plants and machinery under lease. These are generally cancellable and ranges from 11 months to 10 years and are renewable by mutual consent on mutually agreeable terms. There are no restrictions imposed by these lease arrangements and there are no sub leases. There are no contingent rents.

a) **Following are the changes in the carrying amount of Right-of-Use Assets for the year ended 31st March 2023 and 31st March 2022.**

(₹ in Crores)

Particulars	For the year ended 31st March 2023		For the year ended 31st March 2022	
	Office Building	Plant and Machinery	Office Building	Plant and Machinery
Opening balance	0.34	5.35	0.54	5.40
Addition during the year	5.32	-	0.01	-
Deletion on cancellation of lease	-	-	1.99	0.01
Depreciation on ROU of Assets	1.21	1.16	0.07	0.05
Depreciation on Deletion	-	-	1.85	0.01
Closing balance	4.45	4.19	0.34	5.35

b) **The following is the movement in Lease Liabilities for the year ended 31st March 2023 and 31st March 2022.**

(₹ in Crores)

Particulars	For the year ended 31st March 2023		For the year ended 31st March 2022	
	Office Building	Plant and Machinery	Office Building	Plant and Machinery
Opening balance	0.37	3.24	1.01	2.62
Additions during the year	5.19	-	0.01	-
Finance Cost incurred during the year	0.49	0.40	0.02	0.12
Deletion on Cancellation of lease	-	-	-	-
Payment of lease liabilities	(1.37)	(0.96)	(0.67)	0.50
Closing balance	4.68	2.68	0.37	3.24

c) **The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:**

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Due within one year	2.39	1.13
Due within one year to five years	6.65	3.64
Due for more than five years	-	-
Total Undiscounted Lease Liabilities	9.04	4.77
Lease Liabilities included in the Statement of consolidated financial position		
Non- Current Financial Liabilities	5.69	2.91
Current Financial Liabilities	1.67	0.70
Total	7.36	3.61

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

39 LEASES (CONTD..)

d) **The following amounts are recognized in the Consolidated Statement of Profit and Loss for the year ended 31st March 2023 and 31st March 2022.**

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Interest Expenses on Financial Liabilities	0.89	0.14
Depreciation on ROU Assets	2.36	0.12
Expenses relating to Short Term Lease	0.55	0.90
Total	3.80	1.16

e) **The following amounts are recognized in the Consolidated Statements of Cash Flows for the year ended 31st March 2023 and 31st March 2022.**

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Total Cash outflows for Leases	2.33	(0.17)

40 EARNINGS PER EQUITY SHARE AS CALCULATED IN ACCORDANCE WITH INDIAN ACCOUNTING STANDARD

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

(₹ in Crores)

Particulars		As at 31st March 2023	As at 31st March 2022
a.	Net Profit after tax considered for the calculation of EPS (₹in Crores)	395.10	347.11
b.	Number of equity shares outstanding at the end of year	13,89,58,215	13,87,17,044
c.	Weighted average number of equity shares used in computing earnings per equity share	13,88,39,378	13,85,17,467
d.	Effects of dilution on account of Stock options granted under ESOS	7,45,085	4,00,587
e.	Weighted average number of equity shares adjusted for the effect of dilution*	13,95,84,463	13,89,18,054
f.	Earnings per share		
	Basic (₹)	28.46	25.06
	Diluted (₹)	28.31	24.99
g.	Face value per equity share (₹)	5.00	5.00

* There have been no transactions involving equity shares or potential equity shares between the reporting date and the date of authorisation of these financial statements.

41 FAIR VALUE MEASUREMENTS

Financial instruments by category as at 31st March, 2023

(₹ in Crores)

Particulars	Amortised cost	FVTPL	FVTOCI
Financial assets			
Investments in unquoted equity shares	-	-	1.03
Loans	2.87	-	-
Trade receivables	817.81	-	-
Cash and cash equivalents	55.83	-	-
Other bank balances	6.84	-	-
Other financial assets excluding derivative assets	44.97	-	-
Derivative assets on forward exchange foreign contracts	-	-	-
Total	928.32	-	1.03
Financial liabilities			
Borrowings	963.88	-	-
Lease liabilities	7.36		
Trade payables	1,031.74	-	-

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

41 FAIR VALUE MEASUREMENTS (CONTD.)

(₹ in Crores)

Particulars	Amortised cost	FVTPL	FVTOCI
Other financial liabilities excluding derivative liabilities	145.62	-	-
Derivative liabilities on foreign currency forward contracts	-	1.48	-
Total	2,148.60	1.48	-

Financial instruments by category as at 31st March, 2022

(₹ in Crores)

Particulars	Amortised cost	FVTPL	FVTOCI
Financial assets			
Investments in unquoted equity shares	-	-	4.30
Loans	2.24	-	-
Trade receivables	808.66	-	-
Cash and cash equivalents	80.58	-	-
Other bank balances	246.89	-	-
Other financial assets excluding derivative assets	40.14	-	-
Derivative assets on forward exchange foreign contracts	-	3.37	-
Total	1,178.51	3.37	4.30
Financial liabilities			
Borrowings	1,204.34	-	-
Lease liabilities	3.61		
Trade payables	1,072.45	-	-
Other financial liabilities excluding derivative liabilities	109.13	-	-
Total	2,389.53	-	-

The Group has not performed a fair valuation of some of its investments in unquoted ordinary shares, which are classified as FVTOCI (refer Note No. 7), as the Group believes that impact of change on account of fair value is insignificant.

Fair value hierarchy

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on a recurring basis :

Quantitative disclosures fair value measurement hierarchy for assets:

(₹ in Crores)

Particulars	Amount	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Asset/(Liability) measured at fair value through profit or loss				
Derivative Asset (Liability) on account of forward exchange contracts				
Date of Valuation				
As at 31st March, 2023	(1.48)	-	(1.48)	-
As at 31st March, 2022	3.37	-	3.37	-
Equity Instruments through Other Comprehensive Income				
Date of Valuation				
As at 31st March, 2023	1.02	-	-	1.02
As at 31st March, 2022	4.29			4.29

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

Derivative financial assets / (liability) are valued based on inputs that are directly or indirectly observable in the market.

The Group has invested in unquoted equity shares of Kirloskar Management Services Private Limited which is measured subsequently at FVTOCI. Accordingly, the company has fair valued the investment using income approach under Ind AS 113 (Discounted Cash Flow method). Free cash flows, risk adjusted cost of equity and perpetual growth rate are the significant unobservable inputs considered in fair valuation of investment.

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

41 FAIR VALUE MEASUREMENTS (CONTD.)

Sensitivity analysis of Level 3 Fair values

For the fair values of Investment in equity instruments, reasonably possible changes at the reporting date to one of the significant observable inputs, holding other inputs constant, would have the following effects:

(₹ in Crores)

Significant observable inputs	Change in input	Effect on pre-tax equity as at 31st March 2023	Effect on pre-tax equity as at 31st March 2022
Perpetual growth rate	INCREASE BY 50 BASIS POINTS	0.00	0.20
Perpetual growth rate	DECREASE BY 50 BASIS POINTS	(0.05)	(0.20)
Risk adjusted cost of equity	INCREASE BY 50 BASIS POINTS	(0.10)	(0.24)
Risk adjusted cost of equity	DECREASE BY 50 BASIS POINTS	0.05	0.24

Fair value of financial assets and financial liabilities measured at amortised cost :

The management believes that the fair values of non-current financial assets (e.g. loans and others), current financial assets (e.g., cash and cash equivalents, trade receivables, loans and others excluding other derivative assets), non-current liabilities and current financial liabilities (e.g. trade payables and other payables excluding derivative liabilities) approximate their carrying amounts.

42 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities exposes it to market risks, credit risks and liquidity risks. In order to minimise any adverse effects on the financial performance of the Group, derivative financial instruments such as forward foreign exchange contract are entered to hedge the foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as a trading or speculative purposes.

This note explains the source of risk which the entity is exposed to and how entity manages the risk in the financial statements

Risks	Exposure arising from	Risk Management Plan
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Diversification of bank deposits, credit limits and letter of credits.
Liquidity risk	Borrowings and other liabilities.	Availability of fund based and non fund based borrowing facilities.
Market risk - Foreign exchange	Recognised payables denominated in foreign currency, receivables denominated in foreign currency, firm commitments in foreign currency.	Forward foreign exchange contract.
Market risk - Interest rate risk	Borrowings on account of working capital. Borrowings on account of Term Loans.	Entity continuously monitors interest rates on working capital borrowings at regular intervals and economises the transactions at the best possible rates drawn at the time of monitoring on the basis of comparative rates with various banks / institutions. Long term borrowings are at fixed as well as variable rate of interest.
Market risk - Commodity price risk (Parent company)	Coke/ coal, Iron ore and Pig Iron	Every month entity monitors and reviews the price trend of the materials, demand and supply position and market intelligence report and strategy is adopted before finalising the next consignment / quantities for subsequent months. The Commodity Price Risk is managed without any hedging of commodities by the Company.

i. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk interest rate risk, currency risk and other price risk such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, trade and other payables, foreign exchange forward contracts, security deposit, trade and other receivables, deposits with banks.

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

42 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

The sensitivity analysis in the following sections relate to the position as at 31st March, 2023 and 31st March, 2022. The sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. The analyses exclude the impact of movements in market variables on the carrying values of gratuity and other post retirement obligations and provisions.

The Group's activities expose it to variety of market risks, including effect of changes in foreign currency exchange rate, interest rate and commodity price.

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date the interest rate profile of the Group's interest bearing financial instruments are follows:

(₹ in Crores)

Particulars	31st March 2023	31st March 2022
Fixed rate borrowings		
Term loan from banks	394.27	265.59
Non Convertible Debentures	250.00	250.00
Commercial Papers	72.31	530.43
Others	45.00	44.50
Total fixed rate borrowings	761.58	1,090.52
Variable rate borrowings		
Term loan from banks		
Loans repayable on demand	202.30	113.82
Total variable rate borrowings	202.30	113.82

(₹ in Crores)

Particulars	31st March 2023	31st March 2022
Impact on profit before tax and pre-tax equity		
Increase by 50 basis points	(1.01)	(0.57)
Decrease by 50 basis points	1.01	0.57

b. Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Group transacts business in its functional currency and in different foreign currencies. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities, where revenue or expense is denominated in a foreign currency. The Group manages its foreign currency risk by hedging foreign currency payables using foreign currency forward contracts. It negotiates the terms of those foreign currency forward contracts to match the terms of the hedged exposure.

Details of foreign currency exposures that are hedged by derivative instruments or otherwise

(Currency in Crores)

Particulars	Currency	Amount in foreign currency	Equivalent Indian currency	Maturity Profile
As at 31st March, 2023				
Payables	USD	5.59	462.41	Within 6 Months
As at 31st March, 2022				
Payables	USD	5.83	439.44	Within 6 Months

Details of foreign currency exposures that are not hedged by derivative instruments or otherwise

(Currency in Crores)

Particulars	Currency	Amount in foreign currency	Equivalent Indian currency
As at 31st March, 2023			
Secured Loans	USD	0.84	68.90
Receivables	USD	0.06	4.56
	EURO	0.28	24.55

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

42 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(Currency in Crores)

Particulars	Currency	Amount in foreign currency	Equivalent Indian currency
Payables	USD	1.38	113.06
	EURO	0.03	2.83
As at 31st March, 2022			
Receivables	USD	0.50	3.80
	Australian Dollar	0.00	0.01
	GBP	0.00	0.24
	EURO	0.49	41.21
Payables	USD	3.22	244.09
	EURO	0.38	30.81
	YEN	2.61	1.62

Foreign currency sensitivity on unhedged exposure

(Currency in Crores)

Financial Year	Foreign currency	Change in foreign currency rates	Effect on profit before tax ₹ in Crores	Effect on pre-tax equity ₹ in Crores
For 31st March, 2023	USD	+5%	(8.87)	(8.87)
		-5%	8.87	8.87
	EURO	+5%	1.09	1.09
		-5%	(1.09)	(1.09)
For 31st March, 2022	USD	+5%	(12.01)	(12.01)
		-5%	12.01	12.01
	Austrailian Dollar	+5%	0.00	0.00
		-5%	(0.00)	(0.00)
	GBP	+5%	0.01	0.01
		-5%	(0.01)	(0.01)
	EURO	+5%	0.52	0.52
		-5%	(0.52)	(0.52)
	YEN	+5%	(0.08)	(0.08)
		-5%	0.08	0.08

c. Commodity price risk

Commodity price risk is a financial risk on the Group's financial performance which is affected by the fluctuating prices on account of global and regional supply / demand. Fluctuations in the prices of commodities mainly depend on market conditions. The Parent company is subject to fluctuations in prices for the purchase of metallurgical coke, coking coal and iron ore which are the major input materials for production of pig iron.

The Parent company has an elaborate control procedure for finalising the prices of commodities through approval process from designated group officials. Every month the price trend of the materials, demand and supply position and market intelligence report are reviewed and strategy is adopted before finalising the next consignment/quantities for subsequent months. The Commodity Price Risk is managed without any hedging of the commodities.

For subsidiaries

The subsidiaries are exposed to the movement in price of key raw materials in domestic and international markets. The subsidiaries review the prices of key raw materials periodically and enters into most of the contracts for procurement of material on short term fixed price basis.

ii. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities such as primarily trade receivables and from its investing activities, including deposits with banks and financial institutions, cash and cash equivalent and other financial instruments.

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

42 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

a. Trade receivables

Customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Credit exposure risk is mainly influenced by class or type of customers, depending upon their characteristics. Credit risk is managed through credit approval process by establishing credit limits along with continuous monitoring of credit worthiness of customers to whom credit terms are granted. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are combined into homogenous category and assessed for impairment collectively. The calculation is based on actual incurred historical data as well as futuristic information. The Group uses expected credit loss model to assess the impairment loss. The Group uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors.

The ageing of trade receivables at the reporting date that were not impaired are as follows

(₹ in Crores)

Particulars	31st March, 2023		31st March, 2022	
	Amount	Percentage	Amount	Percentage
- Less than one year	831.70	96.92%	810.52	98.21%
- one year to three years	13.34	1.55%	1.33	0.16%
- three years and above	13.11	1.53%	13.47	1.63%
Total	858.15	100.00%	**825.32**	**100.00%**

b. Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counter parties. The Group monitors rating, credit spreads and financial strength of its counter parties. Based on ongoing assessment the Group adjust it's exposure to various counter parties.

c. Liquidity risk

Liquidity risk is the risk that the Group may not be able to meet its present and future cash flow and collateral obligations without incurring unacceptable losses. Group's objective is to, at all time maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including overdraft, debt from domestic and international banks at optimised cost. The Group has access to banks, capital and money market across debt, equity and hybrids.

The table given below summarises the maturity profile of the Group's financial liabilities based on contractual payments excluding interest payments :

(₹ in Crores)

Particulars	Less than 1 year	More than 1 year but less than 3 year	More than 3 year but less than 5 year	Total
As at 31st March, 2023				
Borrowings - Current	594.09	-	-	594.09
Borrowings - Non-current	-	369.79	-	369.79
Lease liabilities	1.67	5.69	-	7.36
Trade payables	1,031.74	-	-	1,031.74
Any other financial liabilities	147.10	-	-	147.10
Total	1,774.60	375.48	-	2,150.08
As at 31st March, 2022				
Borrowings - Current	757.36	-	-	757.36
Borrowings - Non-current	-	446.98	-	446.98
Lease liabilities	0.70	2.91	-	3.61
Trade payables	1,072.45	-	-	1,072.45
Any other financial liabilities	109.13	-	-	109.13
Total	**1,939.64**	**449.89**	**-**	**2,389.53**

Note : The Group is not expecting to prepay any of its liabilities.

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

43 Capital management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March, 2023 and 31st March, 2022.

44 DISCLOSURE PURSUANT TO IND-AS 19 EMPLOYEE BENEFITS:

Defined contribution plan

Contribution to the defined contribution plan recognised as expense are as under

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
a. Employer's contribution to provident fund	12.18	4.33
b. Employer's contribution to superannuation fund	3.28	0.62

Subsidiary Companies : Structo Hydraulics AB

The Company has recognized the following amounts as an expense and included under the head " Employee Benefits Expense" – Contribution to Provident and other Fund :

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Social Security Contribution	2.23	0.35
Total	2.23	0.35

45 DISCLOSURE PURSUANT TO IND-AS 19 EMPLOYEE BENEFITS

1) Defined Benefit Plan: Parent Company

The Employee Gratuity Fund Scheme is a Defined Benefit Plan. The present value of the obligation is based on the actuarial valuation using Projected Unit Credit Method

(₹ in Crores)

	Particulars	Gratuity (Funded) For the year ended 31st March 2023	Gratuity (Funded) For the year ended 31st March 2022
a.	Asset and Liability		
	Present Value of Obligation	31.65	29.38
	Fair Value of Plan Assets	30.68	28.28
	Surplus/ (Deficit)	(0.97)	(1.10)
b.	Expenses Recognized during the year		
	In income Statement	1.78	1.75
	In Other Comprehensive Income	0.29	(0.68)
	Total Expenses Recognized during the year	2.07	1.07
c.	Changes in the Present Value of Obligations (PVO)		
	PVO at beginning of Period	29.38	27.97
	Current Service Cost	1.69	1.59
	Interest Expenses or Cost	2.02	1.76
	Re-measurement (or actuarial) (Gain) / Loss arising from:		
	change in Demographic assumptions	-	-
	change in Financial assumptions	(1.02)	(1.05)

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

45 DISCLOSURE PURSUANT TO IND-AS 19 EMPLOYEE BENEFITS (CONTD.)

(₹ in Crores)

	Particulars	Gratuity (Funded)	
		For the year ended 31st March 2023	For the year ended 31st March 2022
	experience Variance (i.e., actual experience vs assumptions)	1.28	0.41
	Others	-	-
	Past Service Cost	-	-
	Effect of Change in Foreign exchange rates	-	-
	Benefits paid	(1.70)	(1.30)
	Acquisition Adjustment	-	-
	Effect of Business Combinations or Disposals	-	-
	PVO at end of period	31.65	29.38
d.	Bifurcation of Present Value of Obligation		
	Current Liability (Short term)	6.34	5.07
	Non-Current Liability (Long term)	25.31	24.31
	Present Value of Obligation	31.65	29.38
e.	Changes in Fair Value of Plan Assets		
	Fair Value of Plan Assets as at the beginning	28.28	25.53
	Investment income	1.94	1.61
	Employer's Contribution	2.20	2.40
	Employee's Contribution	-	-
	Benefit Paid	(1.70)	(1.30)
	Return on plan Assets, Excluding amount recognised in net interest expense	(0.04)	0.04
	Acquisition Adjustment	-	-
	Fair Value of Plan Assets at the end of period	30.69	28.28
f.	Change in the effect of asset ceiling		
	Effect of asset ceiling at the beginning	-	-
	Interest Expense or cost (to the extent not recognized in net interest expense)	-	-
	Re-measurement (or Actuarial) (Gain)/loss arising because of Change in effect of asset ceiling	-	-
	Effect of Asset Ceiling at the End	-	-
g.	Expenses Recognized in the Statement of Profit and Loss		
	Current Service Cost	1.69	1.59
	Past Service Cost	-	-
	Loss/(Gain) on Settlement	-	-
	Net interest cost/ (Income) on the net Defined Benefit Liability / (Asset)	0.09	0.16
	Expenses Recognized in the income Statement	1.78	1.75
h.	Effect on Other Comprehensive income		
	Actuarial (gains) / losses		
	change in Demographic Assumptions	-	-
	change in financial Assumptions	(1.02)	(1.05)
	Experience variance (i.e. Actual experience vs. assumptions)	1.28	0.41
	Others	-	-
	Return on plan assets, excluding amount recognized in net interest expense	0.04	(0.04)
	Re-measurement (or Actuarial) (Gain)/loss arising because of Change in effect of asset ceiling	-	-
	Components of defined benefit costs recognized in other comprehensive income	0.29	(0.68)
i.	Actuarial Assumptions		
	Mortality	100%	100%
		(% OF IALM 2012-14)	(% of IALM 2012-14)
	Discount Rate	7.45%	6.80%
	Rate of increase in compensation	7.00%	7.00%
	Withdrawal rates	4.00%	4.00%

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

45 DISCLOSURE PURSUANT TO IND-AS 19 EMPLOYEE BENEFITS (CONTD.)

Sensitivity Analysis

(₹ in Crores)

Particulars	31st March, 2023		31st March, 2022	
Defined Benefit Obligation (Base)		31.65		29.39
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+0.01%)	33.51	29.98	31.26	27.70
(% Change compared to base due to sensitivity)	5.8%	(5.3%)	6.4%	(5.7%)
Salary Growth Rate (- / + 1 %)	29.97	33.49	27.70	31.22
(% Change compared to base due to sensitivity)	(5.3%)	5.8%	(5.7%)	6.2%
Attrition Rate (-/ + 50% of attrition rates	31.62	31.69	29.45	29.33
(% Change compared to base due to sensitivity)	(0.1%)	0.1%	0.2%	(0.2%)
Mortality Rate (- / + 10% of mortality rates)	31.66	31.66	29.39	29.39
(% Change compared to base due to sensitivity)	0.0%	0.0%	0.0%	0.0%

Effect of Plan on entity's future cash flows

a) Funding arrangements and funding policy

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year,the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

b) Expected contribution during the next annual reporting period

(₹ in Crores)

The Company's best estimate of contribution during the next year	**2.40**

c) Maturity Profile of defined benefit Obligation

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Expected cash flows over the next (Valued on Undiscounted basis):		
1 Year	6.35	5.07
2 to 5 years	13.87	11.58
6 to 10 years	18.05	16.45
More than 10 years	13.34	14.36

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

Particulars	As at 31st March 2023		As at 31st March 2022	
	₹ in Crores	Percent	₹ in Crores	Percent
Funds with Life Insurance Corporation of India	30.69	100.00%	28.28	100.00%
Total	30.69	100.00%	**28.28**	**100.00%**

2) Defined Benefit Plan: Subsidiaries

(₹ in Crores)

Particulars	Gratuity	
	31st March 2023	
	ISMT Ltd (Funded)	Tridem Port and Power Company Pvt Ltd
a) Changes in present value of defined benefit obligations		
Present value of defined benefit obligation at the beginning of the Year	49.23	0.03
Current Service Cost	2.11	-
Interest Cost	3.29	0.00
Actuarial changes arising from change in financial assumptions	(0.70)	(0.00)
Actuarial changes arising from change in experience adjustments	0.38	0.00

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

45 DISCLOSURE PURSUANT TO IND-AS 19 EMPLOYEE BENEFITS (CONTD.)

(₹ in Crores)

Particulars	Gratuity 31st March 2023 ISMT Ltd (Funded)	Gratuity 31st March 2023 Tridem Port and Power Company Pvt Ltd
Benefits paid	(6.91)	-
Present value of defined benefit obligation at the end of the Year	47.40	0.03
b) Changes in fair value of Plan Assets:		
Fair value of Plan Assets as at beginning of the Year	44.30	-
Interest Income	3.03	-
Return on plan assets excluding interest income	2.99	-
Employer Contribution	5.93	-
Benefits paid	(6.90)	-
Fair value of plan Assets as at end of the Year	49.35	-
c) Net asset / (liability) recognised in the balance sheet		
Present value of defined benefit obligation at the end of the Year	47.40	0.03
Fair value of plan Assets as at end of the Year	49.35	-
Amount recognised in the Balance Sheet	(1.95)	0.03
Net (liability) / assets - Current	(1.95)	0.03
Net (liability) / assets - Non - current	-	-
d) Expenses recognised in the Statement of Profit and Loss for the year		
Current Service Cost	2.11	-
Interest Cost on benefit obligation (net)	0.14	-
Actuarial (gain)/ Loss	-	-
Total expenses included in employee benefits expenses	2.25	-
e) Recognised in other comprehensive income for the year		
Actuarial changes arising from change in financial assumptions	(0.70)	(0.00)
Actuarial changes arising from change in experience adjustments	0.38	0.00
Return on plan assets excluding interest income	(2.99)	-
Recognised in other comprehensive income	(3.31)	0.00
f) Estimate of expected defined benefit obligation (in absolute terms i.e. undiscounted)		
within the next 12 months	9.37	0.03
Between 2 to 5 Years	27.55	-
6 years and onwards	33.13	0.00
g) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at end of the year		
Government of India Securities	0.57%	NA
Corporate Bonds	0.00%	NA
Special Deposit Scheme	0.16%	NA
Insurer Managed Funds	99.19%	NA
Others	0.08%	NA
	100.00%	NA
i) Principal Actuarial Assumptions used as at the Balance Sheet date :		
Discount Rate	7.50%	-
Expected Rate of Return on Plan Assets	7.20%	-
Salary Escalation Rate	4.00%	-
j) Expected Contribution for the next year	5.93	NA

(₹ in Crores)

Particulars	Gratuity 31st March 2022
Opening defined benefit obligation as on the date of acquisition	6.32
Expenses Recognized in the Statement of Profit and Loss	(3.32)
Components of defined benefit costs recognized in other comprehensive income	1.96

Notes to and forming part of Consolidated Financial Statements

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45 DISCLOSURE PURSUANT TO IND-AS 19 EMPLOYEE BENEFITS (CONTD.)

(₹ in Crores)

Particulars	Gratuity 31st March 2022
Closing defined benefit obligation as at the reporting date	**4.96**
Bifurcation of liability	
ISMT Limited	4.93
Tridem Port and Power Company Private Limited	0.03

(₹ in Crores)

	Particulars	Gratuity	
		31st March 2022	
		ISMT Ltd (Funded)	Tridem Port and Power Company Pvt Ltd
a)	Net asset / (liability) recognised in the balance sheet		
	Present value of defined benefit obligation at the end of the Year	49.23	0.03
	Fair value of plan Assets as at end of the Year	44.30	-
	Amount recognised in the Balance Sheet	4.93	0.03
	Net (liability) / assets - Current	4.93	0.03
	Net (liability) / assets - Non - current	-	-
b)	Estimate of expected defined benefit obligation (in absolute terms i.e. undiscounted)		
	within the next 12 months	10.88	0.03
	Between 2 to 5 Years	24.75	-
	6 years and onwards	35.11	0.00
c)	Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at end of the year		
	Government of India Securities	1.35%	NA
	Corporate Bonds	0.06%	NA
	Special Deposit Scheme	0.17%	NA
	Insurer Managed Funds	98.38%	NA
	Others	0.04%	NA
		100.00%	NA

Sensitivity Analysis

(₹ in Crores)

ISMT Ltd	31st March, 2023		31st March, 2022	
Defined Benefit Obligation (Base)		49.23		**49.23**
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+1%)	49.81	45.21	51.85	46.86
(% Change compared to base due to sensitivity)	1.18%	(8.17%)	5.32%	(4.81%)
Salary Growth Rate (- / + 1 %)	45.51	49.44	47.16	51.47
(% Change compared to base due to sensitivity)	(7.56%)	0.43%	(4.20%)	4.55%
Attrition Rate (-/ +1%)	47.02	47.77	48.91	49.53
(% Change compared to base due to sensitivity)	(4.49%)	(2.97%)	(0.65%)	0.61

(₹ in Crores)

Tridem Port and Power Company Pvt Ltd	31st March, 2023		31st March, 2022	
Defined Benefit Obligation (Base)		0.03		**0.03**
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+1%)	0.03	0.03	0.03	0.03
(% Change compared to base due to sensitivity)	(18.67%)	(19.66%)	0.66%	(0.56%)
Salary Growth Rate (- / + 1 %)	0.03	0.03	0.03	0.03
(% Change compared to base due to sensitivity)	(19.56%)	(18.78)	(0.44%)	0.52%
Attrition Rate (-/ +1%)	0.03	0.03	0.03	0.03
(% Change compared to base due to sensitivity)	(19.39%)	(19.04%)	(0.23%)	0.20%

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45 DISCLOSURE PURSUANT TO IND-AS 19 EMPLOYEE BENEFITS (CONTD.)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the senility of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation within the balance sheet.

Asset liability matching strategy

The Group has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The Insurance company, as a part of policy rules makes payment of all gratuity payouts during the year as per policy conditions. The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Group is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

46 STOCK OPTIONS SCHEMES - KIRLOSKAR FERROUS INDUSTRIES LIMITED (PARENT COMPANY)

I. KFIL Employee Stock Option Scheme 2017 :

The Company has introduced employee stock option scheme. This employee equity-settled compensation scheme is known as KFIL Employee Stock Option Scheme 2017 ("KFIL ESOS 2017/ Scheme"). The employee stock option scheme is approved and authorized by the Board of Directors. This scheme is designed to provide incentives to specified senior management employees who are in the employment of the company and director(s), whether wholetime or otherwise, (other than promoters of the company, persons belonging to promoters group, independent directors and directors holding directly or indirectly more than 10% of the outstanding equity shares of the company). The specific employees to whom the options would be granted, and their eligibility criteria would be determined by the Nomination and Remuneration Committee.

Options granted under KFIL ESOS 2017 would vest after 1 (one) year but not later than 4 (four) years from the date of grant of such options. Options will be vested equally over four years. Vesting of options would be subject to continued employment with the Company and thus the options would vest essentially on passage of time. In addition to this, the Nomination and Remuneration Committee may also specify certain performance criteria subject to satisfaction of which the options would vest. Any option granted shall be exercisable according to the terms and conditions as determined by the Nomination and Remuneration Committee and as set forth in the Grant Letter. The exercise period shall be 3 (three) years from the date of vesting of options in case of employee is in continuation of employment. The vested options can be exercised by the employee at any time within the exercise period, or such other shorter period as may be prescribed by the Nomination and Remuneration Committee from time to time and as set out in the Grant Letter. When exercisable, each option is convertible into one equity share. The options not exercised within the exercise period shall lapse and the employee shall have no right over such lapsed or cancelled options. The shares arising out of exercise of vested options shall not be subject to any lock-in period from the date of allotment of such shares under KFIL ESOS 2017.

Under the said scheme, Nomination and Remuneration Committee of the board of directors has granted following options to its eligible employees

Grant date	No. of options
3rd November, 2017	17,65,000
30th October, 2018	1,20,000
'18th October, 2019	1,00,000
16th October, 2020	1,30,000
22nd October, 2021	3,70,000
05th November, 2022	1,60,000

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Weighted average exercise price per share per option (₹)	Number of options	Weighted average exercise price per share per option (₹)	Number of options
Opening Balance	97	8,98,200	51	9,13,200
Granted during the year	166	1,60,000	163	3,70,000
Exercised during the year	56	2,39,011	50	3,67,863
Lapsed during the year	-	-	50	9,000

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

46 STOCK OPTIONS SCHEMES - KIRLOSKAR FERROUS INDUSTRIES LIMITED (PARENT COMPANY) (CONTD.)

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Weighted average exercise price per share per option (₹)	Number of options	Weighted average exercise price per share per option (₹)	Number of options
Forfeited during the year	108	77,600	50	8,137
Closing Balance	124	7,41,589	97	8,98,200
Options exercisable at the end of the period	80	2,66,089	51	3,50,700

Weighted average share price as on the date of exercise is ₹ 304.94/- (Previous year : ₹ 227.70).

Share options outstanding at the end of the period have the following expiry date and exercise prices

Particulars	Grant date	Expiry date	Exercise price (₹)	Options outstanding as at 31 March 2023	Options outstanding as at 31 March 2022
Vesting 2	3rd November, 2017	3rd November, 2022	50	-	26,500
Vesting 3	3rd November, 2017	3rd November, 2023	50	30,100	55,000
Vesting 4	3rd November, 2017	3rd November, 2024	50	91,000	1,93,750
Vesting 1	30th October, 2018	30th October, 2022	51	-	6,000
Vesting 2	30th October, 2018	30th October, 2023	51	4,000	10,000
Vesting 3	30th October, 2018	30th October, 2024	51	9,700	9,700
Vesting 4	30th October, 2018	30th October, 2025	51	21,700	30,000
Vesting 1	18th October, 2019	18th October, 2023	50	-	10,000
Vesting 2	18th October, 2019	18th October, 2024	50	-	9,800
Vesting 3	18th October, 2019	18th October, 2025	50	1,125	25,000
Vesting 4	18th October, 2019	18th October, 2026	50	25,000	25,000
Vesting 1	16th October, 2020	16th October, 2024	55	19,700	29,950
Vesting 2	16th October, 2020	16th October, 2025	55	20,000	32,500
Vesting 3	16th October, 2020	16th October, 2026	55	20,000	32,500
Vesting 4	16th October, 2020	16th October, 2027	55	20,000	32,500
Vesting 1	22nd October, 2021	22nd October, 2025	163	68,764	92,500
Vesting 2	22nd October, 2021	22nd October, 2026	163	83,500	92,500
Vesting 3	22nd October, 2021	22nd October, 2027	163	83,500	92,500
Vesting 4	22nd October, 2021	22nd October, 2028	163	83,500	92,500
Vesting 1	05th November, 2022	05th November, 2026	166	40,000	-
Vesting 2	05th November, 2022	05th November, 2027	166	40,000	-
Vesting 3	05th November, 2022	05th November, 2028	166	40,000	-
Vesting 4	05th November, 2022	05th November, 2029	166	40,000	-
Total				7,41,589	8,98,200
Weighted average remaining contractual life of the options outstanding at the end of the period				3.65 YEARS	3.78 years

Fair value of the options granted

The fair value of the options granted is mentioned below as per vesting period. The fair value of the options is determined using Black-Scholes-Merton model which takes into account the exercise price, the term of the option (time to maturity), the share price as at the grant date and expected price volatility (standard deviation) of the underlying share, the expected dividend yield and risk-free interest rate for the term of the option.

Fair value and assumptions for the equity-settled grant made on 05 November 2022

Grant: KFIL ESOS 2017	Vesting date 05 November			
Grant Date: 05th November, 2022 Exercise price- ₹ 166	2023	2024	2025	2026
Input variables				
Share Price (₹)	276.60	276.60	276.60	276.60
Standard Deviation (Volatility)	0.46	0.46	0.44	0.43
Risk-free rate	0.07	0.07	0.07	0.07

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

46 STOCK OPTIONS SCHEMES - KIRLOSKAR FERROUS INDUSTRIES LIMITED (PARENT COMPANY) (CONTD.)

Grant: KFIL ESOS 2017	Vesting date 05 November			
Grant Date: 05th November, 2022 Exercise price- ₹ 166	2023	2024	2025	2026
Exercise price (₹)	166.00	166.00	166.00	166.00
Time to maturity (in years)	2.50	3.50	4.50	5.50
Dividend yield	0.02	0.02	0.02	0.02
Output				
Fair value of option (₹)	**138.77**	**147.47**	**151.67**	**156.53**

Fair value and assumptions for the equity-settled grant made on 22 October 2021

Grant: KFIL ESOS 2017	Vesting date 22 October			
Grant Date: 22nd October, 2021 Exercise price- ₹ 163	2022	2023	2024	2025
Input variables				
Share Price (₹)	270.25	270.25	270.25	270.25
Standard Deviation (Volatility)	46.37%	43.12%	42.78%	43.20%
Risk-free rate	5.10%	5.48%	5.81%	6.05%
Exercise price (₹)	163.00	163.00	163.00	163.00
Time to maturity (in years)	2.50	3.50	4.50	5.50
Dividend yield	2.38%	2.38%	2.38%	2.38%
Output				
Fair value of option (₹)	**127.87**	**132.24**	**137.73**	**142.76**

II. KFIL Employee Stock Option Scheme 2021 :

The Company has introduced employee stock option scheme. This employee equity-settled compensation scheme is known as KFIL Employee Stock Option Scheme 2021 (“KFIL ESOS 2021/ Scheme”). The employee stock option scheme is approved and authorized by the Board of Directors. This scheme is designed to provide incentives to specified senior management employees who are in the employment of the company and director(s), whether wholetime or otherwise, (other than promoters of the company, persons belonging to promoters group, independent directors and directors holding directly or indirectly more than 10% of the outstanding equity shares of the company). The specific employees to whom the options would be granted, and their eligibility criteria would be determined by the Nomination and Remuneration Committee.

Options granted under KFIL ESOS 2021 would vest after 1 (one) year but not later than 4 (four) years from the date of grant of such options. Options will be vested equally over four years. Vesting of options would be subject to continued employment with the Company and thus the options would vest essentially on passage of time. In addition to this, the Nomination and Remuneration Committee may also specify certain performance criteria subject to satisfaction of which the options would vest. Any option granted shall be exercisable according to the terms and conditions as determined by the Nomination and Remuneration Committee and as set forth in the Grant Letter. The exercise period shall be 3 (three) years from the date of vesting of options in case of employee is in continuation of employment. The vested options can be exercised by the employee at any time within the exercise period, or such other shorter period as may be prescribed by the Nomination and Remuneration Committee from time to time and as set out in the Grant Letter. When exercisable, each option is convertible into one equity share. The options not exercised within the exercise period shall lapse and the employee shall have no right over such lapsed or cancelled options. The shares arising out of exercise of vested options shall not be subject to any lock-in period from the date of allotment of such shares under KFIL ESOS 2021.

Under the said scheme, Nomination and Remuneration Committee of the board of directors has granted following options to its eligible employees

Grant date	No. of options
19th May, 2022	16,70,000

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Weighted average exercise price per share per option (₹)	Number of options	Weighted average exercise price per share per option (₹)	Number of options
Opening Balance	-	-	-	-
Granted during the year	157	16,70,000	-	-

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

46 STOCK OPTIONS SCHEMES - KIRLOSKAR FERROUS INDUSTRIES LIMITED (PARENT COMPANY) (CONTD.)

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Weighted average exercise price per share per option (₹)	Number of options	Weighted average exercise price per share per option (₹)	Number of options
Exercised during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Closing Balance	157	16,70,000	-	-
Options exercisable at the end of the period	-	-	-	-

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

Share options outstanding at the end of the period have the following expiry date and exercise prices

Particulars	Grant date	Expiry date	Exercise price (₹)	Options outstanding as at 31 March 2023	Options outstanding as at 31 March 2022
Vesting 1	19th May, 2022	19th May, 2026	157	4,17,500	-
Vesting 2	19th May, 2022	'19th May, 2027	157	4,17,500	-
Vesting 3	19th May, 2022	'19th May, 2028	157	4,17,500	-
Vesting 4	19th May, 2022	'19th May, 2029	157	4,17,500	-
Total				16,70,000	-
Weighted average remaining contractual life of the options outstanding at the end of the period				4.64 YEARS	-

Fair value of the options granted

The fair value of the options granted is mentioned below as per vesting period. The fair value of the options is determined using Black-Scholes-Merton model which takes into account the exercise price, the term of the option (time to maturity), the share price as at the grant date and expected price volatility (standard deviation) of the underlying share, the expected dividend yield and risk-free interest rate for the term of the option.

Fair value and assumptions for the equity-settled grant made on 19 May 2022

Grant: KFIL ESOS 2021	Vesting date 19th May			
Grant Date: 19th May, 2022 **Exercise price- ₹ 157**	**2023**	**2024**	**2025**	**2026**
Input variables				
Share Price (₹)	209.00	209.00	209.00	209.00
Standard Deviation (Volatility)	50.24%	45.34%	44.36%	43.31%
Risk-free rate	6.70%	6.98%	7.11%	7.19%
Exercise price (₹)	157.00	157.00	157.00	157.00
Time to maturity (in years)	2.50	3.50	4.50	5.50
Dividend yield	1.91%	1.91%	1.91%	1.91%
Output				
Fair value of option (₹)	**90.59**	**95.58**	**101.68**	**106.23**

Rationale for principle variables used

1. Time to maturity of options is the period of time from the grant date to the date on which option is expected to be exercised. The minimum life of stock option is the minimum period before which the options cannot be exercised and maximum life is the period after which the options cannot be exercised.

2. The expected price volatility is based on the historic volatility, adjusted for any changes to future volatility due to publicly available information.

   The Group has recorded employee share-based compensation expense in current year amounting to ₹9.4 Crores (Previous Year : ₹ 1.67 Crores) for the options issued to the employees.

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

47 THE DISCLOSURE REQUIRED BY INDIAN ACCOUNTING STANDARD (IND AS 37) "PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSETS" ARE AS FOLLOWS

(₹ in Crores)

Class of Provision	Opening balance as on 1st April, 2022	Provisions for the year	Amounts used during the year	Closing balance as on 31st March, 2023
	₹	₹	₹	₹
Casting rejections	1.29	1.51	1.29	1.51

Nature of obligation : Provision for possible obligation towards outflow of resources on casting rejections.

Expected timing of resulting outflow : Substantial costs will be incurred in the next financial year.

48 DISCLOSURES OF TRANSACTIONS WITH RELATED PARTIES AS REQUIRED BY IND AS 24

Name of Related Party & Relationship

Holding Company

Kirloskar Industries Limited

Fellow Subsidiary

Avante Spaces Limited

Key Managerial Personnel

For Kirloskar Ferrous Industries Limited

Mr. R.V.Gumaste - Managing Director

Mr. Mayuresh Gharpure - Company Secretary

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

For Subsidiaries (Refer Note iii)

a) *ISMT Limited*

Mr. Nishikant Ektare - Managing Director (w.e.f. March 10, 2022)

Mr. Rajiv Goel - Chief Financial Officer (upto September 30, 2022)

Mr. S G Patil - Chief Financial Officer (w.e.f. November 05, 2022)

Mr. Chetan Nathani - Company Secretary

b) *Tridem Port and Power Company Private Limited*

Mr. Sinna Durai Rajanbabu

b) *Structo hydraulics*

Ms. Anne Karlson - Director

Post Employment Benefit Plans

For Kirloskar Ferrous Industries Limited

KFIL Employees Group Gratuity

KFIL Officers Superannuation Fund Trust

For Subsidiaries (Refer Note iii)

The Indian Seamless Metal Tubes Ltd Provident Fund (Unit -A)

ISMTL Provident Fund (Unit B)

ISSAL Provident Fund

Indian Seamless Superannuation Scheme

ISSAL Superannuation Fund

Indian Seamless Gratuity Fund

ISSAL Gratuity Fund

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

48 DISCLOSURES OF TRANSACTIONS WITH RELATED PARTIES AS REQUIRED BY IND AS 24 (CONTD..)

(₹ in Crores)

Name of related party and nature of relationship	Nature of transaction	2022-2023		2021-22	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
A. Holding Company					
Kirloskar Industries Limited	Dividend	38.85	-	38.85	-
	Building rent paid	0.06	-	0.06	-
	Rent Deposit Receivable	-	0.03	-	0.03
B Key management personnel					
Mr. R.V.Gumaste	Dividend	0.41	-	0.37	-
	Compensation	17.78	-	15.13	-
	Compensation payable	-	14.60	-	12.11
Mr. Mayuresh Ghapure	Dividend	0.00	-	-	-
	Compensation	0.53	-	0.25	-
	Compensation payable	-	0.02	-	0.02
Mr. R.S. Srivatsan	Dividend	0.06	-	0.05	-
	Compensation	6.60	-	1.78	-
	Compensation payable	-	3.22	-	0.07
Mr. Nishikant Ektare	Compensation	4.55	-	0.08	-
	Compensation payable		3.27	-	0.02
Mr. Rajiv Goel	Co`mpensation	4.90	-	0.04	-
	Compensation payable	-	0.03	-	0.05
Ms. Anne Karlson	Compensation	0.64	-	0.10	-
	Compensation payable	-	-	-	-
Mr. B. R. Taneja	Compensation	-	-	-	-
	Compensation payable	-	4.21	-	4.21
Mr. O. P. Kakkar	Compensation	-	-	-	
	Compensation payable	-	-		0.40
Mr. S G Patil	Compensation	0.29	-	-	-
	Compensation payable	-	0.03	-	-
Mr. Chetan Nathani	Compensation	0.18	-	0.05	-
	Compensation payable	-	0.01	-	0.01
Mr. Rahul Kirloskar	Commission	0.06	-	-	-
	Commission Payable	-	0.05	-	-
Mr. S. Venkataramani	Commission	0.28	-	-	-
	Commission Payable	-	0.25	-	-
Mrs. Shalini Sarin	Commission	0.15	-	-	-
	Commission Payable	-	0.13	-	-
Mr. R Poornalingam	Commission	0.14	-	-	-
	Commission Payable	-	0.13	-	-
Mr. Kanakraj M	Commission	0.11	-	-	-
	Commission Payable	-	0.10	-	-
Mr. Sinna Durai Rajanbabu	Compensation			-	-
	Total Compensation	35.46		17.43	
C Fellow Subsidiary Company					
Avante Spaces Limited	Capital Advance paid	15.41	15.41	-	-
D Post Employment Benefit Trusts					
KFIL Employees Group Gratuity	Contribution	2.20	-	2.40	-
KFIL Officers Superannuation Fund Trust	Contribution	-	-	0.26	0.24
Indian Seamless Superannuation Scheme	Contribution	2.01	0.21	-	1.76
ISSAL Superannuation Fund	Contribution	0.31	0.07	-	0.23
The Indian Seamless Metal Tubes Ltd Provident Fund (Unit -A)	Contribution	6.08	0.38	0.33	1.87
ISMTL Provident Fund (Unit B)	Contribution	0.76	0.04	0.04	0.34

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

48 DISCLOSURES OF TRANSACTIONS WITH RELATED PARTIES AS REQUIRED BY IND AS 24 (CONTD..)

(₹ in Crores)

Name of related party and nature of relationship	Nature of transaction	2022-2023		2021-22	
		Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
Indian Seamless Gratuity Fund	Contribution	5.28	1.79	3.50	1.16
ISSAL Gratuity Fund	Contribution	0.65	0.37	-	0.42

Note

(i) Outstanding amount carried in Balance Sheet does not include liability in respect of gratuity and leave encashment which is provided on actuarial basis for the Company as a whole.

(ii) Company has not made any Loans/Advances/Investments during the year to the Ultimate Holding Company.

(iii) The compensation paid to the Key managerial personnel of the subsidiaries and contribution to post employment benefit trusts by the subsidiaries are for a period of 21 days in FY 21-22 i.e. for the remainder of the period after acquisition in the previous financial year.

(iv) Transactions with related parties are at arms length price and the balances receivable / payable are un-secured.

(v) The terms of payment are generally similar to those of other non-related parties.

Compensation of key management personnel of the Group

(₹ in Crores)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Short term employee benefits	32.48	16.71
Post employment benefits	1.25	0.57
Other long term benefits	0.19	0.15
Share-based payments	1.54	-
Termination benefits	-	-
Total	35.46	17.43

49 CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in Crores)

Particulars	As at 31st March 2023	As at 31st March 2022
Claims against the Company not acknowledged as debt		
Central Excise and Customs	26.81	28.26
Service Tax	3.02	3.77
Goods and Service Tax	3.54	2.75
Income Tax	38.08	21.47
Sales Tax	1.34	4.43
Labour Matters to the extent quantifiable	0.50	0.47
Provident Fund Matters	0.67	0.67
License fee - Tamilnadu Maritime Board (TPPCL)	-	11.39
Others	23.32	11.96
Guarantees excluding financial guarantee		
Bank Guarantee	111.32	13.78
Capital and Other Commitments		
Stamp Duty & Reg. Fee	1.21	1.21
Estimated amount of contracts remaining to be executed on capital account and not provided for	542.69	288.80

Note

In the opinion of the management the above legal matters, under claims against Company not acknowledged as debt, when ultimately concluded will not have material effect on the results of the operations or the financial position of the Group.

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

50 BORROWING COST CAPITALIZED

(₹ in Crores)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Amount of borrowing costs capitalized	4.99	0.40

51 DISCLOSURE PURSUANT TO IND AS 103 "BUSINESS COMBINATIONS"

Acquisition of ISMT Limited in FY 21-22 :

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

Fair value of identifiable assets acquired and liabilities assumed as on the date of acquisition is as below:

(₹ in Crores)

Particulars	Fair value as on acquisition date
Property Plant & Equipment	1,580.08
Capital Work in Progress	4.64
Financial Assets	
Loans	7.18
Other Financial Assets	11.54
Other Non-current Assets	2.66
Total Non-current assets	1,606.10
Current assets	
Inventories	456.39
Financial Assets	
Trade Receivables	315.51
Cash and Cash Equivalents	719.19
Bank Balance other than above	2.71
Loans	1.79
Other Financial Assets	1.01
Current Tax Assets (Net)	2.83
Other Current Assets	31.58
Total Current assets	1,531.01
Total assets [A]	3,137.11
Non-current liabilities	
Financial Liabilities	
Borrowings	-
Other financial liabilities	3.17
Provisions	12.68
Deferred tax liabilities (Net)	12.31
Total Non-current liabilities	28.16
Current liabilities	
Financial Liabilities	
Borrowings	844.83
Lease Liabilities	0.46
Trade Payables	264.81
Other Financial Liabilities	66.46
Other Current Liabilities	40.08
Provisions	9.51
Total Current liabilities	1,226.15
Total liabilities [B]	1,254.31

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

51 DISCLOSURE PURSUANT TO IND AS 103 "BUSINESS COMBINATIONS" (CONTD..)

(₹ in Crores)

Particulars	Fair value as on acquisition date
Fair value of identifiable net assets [C=A-B]	1,882.80
Consideration paid	476.63
Non-controlling interests	917.87
Consideration paid including non-controlling interests [D]	1,394.50
Capital reserve [C-D]	488.30

Pursuant to the acquisition of ISMT Limited by the holding company, the lenders of ISMT opted for One Time Settlement (OTS) of entire outstanding debt for ₹670 Crore along with change in management.

From the date of acquisition, ISMT Limited contributed ₹ 133.33 crore to revenue from operations and a loss of ₹8.21 crore to the consolidated profit before tax on a post-consolidation adjustments basis.

Acquisition-related costs amounting to ₹8.20 crore have been excluded from the consideration transferred and have been recognised as an expense in the consolidated statement of profit and loss within other expenses.

52 STATEMENT OF NET ASSETS, PROFIT & LOSS, OTHER COMPREHENSIVE INCOME & TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS & NON CONTROLLING INTEREST AS ON 31ST MARCH 2023

(₹ in Crores)

Name of Entity	Net Assets i.e. Total assets minus total liability		Share of profit & loss		Share in Other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amounts	As % of consolidated profit & loss	Amounts	As % of consolidated other comprehensive income	Amounts	As % of consolidated total comprehensive income	Amounts
Parent								
Kirlosker Ferrous industries Limited	53.80%	1,618.49	80.19%	350.69	(294.17%)	(2.74)	79.39%	347.95
Subsidiaries								
a) Direct Indian subsidiary								
ISMT	50.35%	1,514.81	22.08%	96.55	266.36%	2.48	22.60%	99.03
b) Indirect Indian subsidiaries								
Tridem Port and Power Company Private Limited	(2.74 %)	(82.31)	(0.06%)	(0.28)	0.00%	-	(0.06%)	(0.28)
Nagapattinam Energy Private Limited	(1.23%)	(37.12)	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Best Exim Private Limited	(0.06%)	(1.93)	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Success Power & Infraprojects Private Limited	(0.03%)	(1.02)	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Marshal Microware Infrastructure Development Company Private Limited	(0.10%)	(3.07)	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
c) Indirect foreign subsidiaries								
ISMT Enterprises SA, Luxembourg	1.00%	30.02	(0.44%)	(1.92)	0.00%	-	(0.44%)	(1.92)
Structo Hydraulics AB, Sweden	0.36%	10.73	(1.99%)	(8.72)	0.00%	-	(1.99%)	(8.72)
ISMT Europe AB, Sweden	0.26%	7.92	0.00%	0.01	0.00%	-	0.00%	0.01
Indian Seamless Inc., USA	0.05%	1.37	0.01%	0.03	0.00%	-	0.01%	0.03
PT ISMT Resources, Indonesia	0.00%	0.01	0.00%	-	0.00%	-	0.00%	-
d) Total	101.64%	3,057.90	99.77%	436.32	(27.81%)	(0.26)	99.50%	436.06
e) Non-controlling interest	30.40%	914.45	9.66%	42.24	191.18%	1.78	10.04%	44.02
f) Elimination & consolidation adjustment	(32.04%)	(963.88)	(9.43%)	(41.24)	(63.37%)	(0.59)	(9.54%)	(41.83)
g) Total	100.00%	3,008.47	100.00%	437.32	100.00%	0.93	100.00%	438.25

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

52 STATEMENT OF NET ASSETS, PROFIT & LOSS, OTHER COMPREHENSIVE INCOME & TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS & NON CONTROLLING INTEREST AS ON 31ST MARCH 2023 (CONTD.)

Statement of net assets, profit & loss, other comprehensive income & total comprehensive income attributable to Owners & Non controlling interest as on 31st March 2022

(₹ in Crores)

Name of Entity	Net Assets i.e. Total assets minus total liability		Share of profit & loss		Share in Other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amounts	As % of consolidated profit & loss	Amounts	As % of consolidated other comprehensive income	Amounts	As % of consolidated total comprehensive income	Amounts
Parent								
Kirloskar Ferrous industries Limited	50.69%	1,336.21	135.49%	406.10	0.69%	3.41	51.75%	409.50
Subsidiaries								
a) Direct Indian subsidiary								
ISMT	53.71%	1,415.78	(140.81%)	(422.02)	0.00%	0.01	(53.33%)	(422.01)
b) Indirect Indian subsidiaries								
Tridem Port and Power Company Private Limited	(3.11%)	(82.02)	(6.30%)	(18.87)	0.00%	-	(2.38%)	(18.87)
Nagapattinam Energy Private Limited	(1.41%)	(37.11)	(4.21%)	(12.61)	0.00%	-	(1.59%)	(12.61)
Best Exim Private Limited	(0.07%)	(1.93)	0.00%	-	0.00%	-	0.00%	-
Success Power & Infraprojects Private Limited	(0.04%)	(1.02)	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Marshal Microware Infrastructure Development Company Private Limited	(0.12%)	(3.07)	0.00%	-	0.00%	-	0.00%	-
c) Indirect foreign subsidiaries								
ISMT Enterprises SA, Luxembourg	1.15%	30.26	(0.11)	(32.92)	0.00%	-	(4.16%)	(32.92)
Structo Hydraulics AB, Sweden	0.75%	19.80	0.53%	1.59	0.00%	-	0.20%	1.59
ISMT Europe AB, Sweden	0.31%	8.09	(0.01%)	(0.02)	0.00%	-	0.00%	(0.02)
Indian Seamless Inc., USA	0.05%	1.23	0.00%	-	0.00%	-	0.00%	-
PT ISMT Resources, Indonesia	0.00%	0.01	0.00%	-	0.00%	-	0.00%	-
d) Total	**101.91%**	**2,686.23**	**(26.28%)**	**(78.76)**	**0.69%**	**3.42**	**(9.52%)**	**(75.34)**
e) Non-controlling interest	33.02%	870.43	(15.77%)	(47.26)	(0.01%)	(0.04)	(9.52%)	(47.30)
f) Elimination & consolidation adjustment	(34.93%)	(920.78)	142.05%	425.74	99.31%	488.24	115.50%	913.99
g) Total	**100.00%**	**2,635.88**	**100.00%**	**299.72**	**100.00%**	**491.62**	**100.00%**	**791.35**

53 OPERATING SEGMENTS

(i) The Group's operating segments are established on the basis of those components of the Group that are evaluated regularly by the Executive Committee, the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments', in deciding how to allocate resources and in assessing performance. These segments have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems.

(ii) The Group is engaged primarily into manufacturing of Castings, Steel and Tubes. Thus, the primary segments are Casting segment, Tube Segment and Steel Segment.

(iii) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as unallocable.

(iv) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities which cannot be allocated to a segment on a reasonable basis have been included under "Unallocable Assets / Liabilities.

(v) Inter Division Transfer represents transfer of finished / semi-finished products within the Segment for further processing and sale. Profit or loss on inter Division transfers are eliminated at the Group level.

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

53 OPERATING SEGMENTS (CONTD..)

(₹ in Crores)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
1. Segment Revenue		
(a) Casting Segment	4,123.53	3,560.51
(b) Tube segment	2,108.75	139.95
(c) Steel Segment	1,786.58	108.22
(d) Unallocated Total	53.17	56.73
Less: Inter Segment Revenue (including inter division)	1,654.58	117.12
Net sales/Income From Operations	6,417.45	3,748.29
2. Segment Results (Profit)(+)/ Loss (-) before tax and interest from Each segment)#		
(a) Casting Segment	545.81	561.30
(b) Tube segment	140.65	18.60
(c) Steel Segment	24.76	(10.00)
(d) Unallocated Total	1.24	(7.13)
Less: Inter Segment Revenue	-	-
Total	712.46	562.77
Less: Interest	95.47	29.58
Total Profit Before Tax	616.99	533.19
3. Capital Employed		
(Segment assets – Segment Liabilities)		
(a) Casting Segment	1,391.77	1,265.15
(b) Tube segment	1,350.67	1,411.54
(c) Steel Segment	671.04	534.21
(d) Unallocated Total	(404.99)	(575.02)
Total	3,008.47	2,635.88
4. Segment Assets		
(a) Casting Segment	3,065.05	2,643.34
(b) Tube segment	1,531.69	1,541.22
(c) Steel Segment	768.20	696.07
(d) Unallocated Total	116.57	433.72
Total	5,481.51	5,314.35
5. Segment Liabilities		
(a) Casting Segment	1,673.28	1,378.19
(b) Tube segment	181.02	129.68
(c) Steel Segment	97.16	161.86
(d) Unallocated Total	521.56	1,008.74
Total	2,473.02	2,678.47

#Segment Revenue & Segment Results of Tube and Steel Segment are not comparable, as KFIL gained Management Control over ISMT on 10th Mar 2022 and only 21 days are considered for ConsolidationControl over ISMT on 10th Mar 2022 and only 21 days are considered for Consolidation

Notes to and forming part of Consolidated Financial Statements

for the year ended 31st March, 2023

54 RECENT ACCOUNTING PRONOUNCEMENTS

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31st March, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from 1st April, 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general-purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

As per our report of even date attached

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

Suhas Deshpande
Partner
Membership No. 031787

Pune 12th May, 2023

For and on behalf of the Board of Directors

Rahul C. Kirloskar
Vice Chairman
DIN : 00007319

R. V. Gumaste
Managing Director
DIN : 00082829

R. S. Srivatsan
Executive Director (Finance) &
Chief Financial Officer
DIN : 0009607651

Mayuresh Gharpure
Company Secretary

Pune 12th May, 2023

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