KIRLOSKAR FERROUS INDUSTRIES LIMITED
A Kirloskar Group Company

Enriching Lives

Ref No. 2589/20 18 July 2020

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

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

Dear Sir,

Subject : Annual Report and Notice of Annual General Meeting

Pursuant to Regulation 30 read with Schedule III and Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; we submit the Annual Report of the Company for the financial year 2019–2020 [including the Notice of 29th Annual General Meeting].

In compliance with provisions of the General Circular No. 14/2020 dated 8 April 2020; the General Circular No. 17/2020 dated 13 April 2020 and the General Circular No. 20/2020 dated 5 May 2020 issued by the Ministry of Corporate Affairs and the Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 May 2020 issued by the SEBI; the Annual Report and the Notice of Annual General Meeting are being sent only by email to all those Members, whose email addresses are registered with the Company or the Registrar and Share Transfer Agent or their respective Depository Participants.

The Annual Report and the Notice of Annual General Meeting are also available at the website of the Company viz. www.kirloskarferrous.com

You are requested to take the same on record.

Thanking you,

Yours faithfully,
For Kirloskar Ferrous Industries Limited

Mayuresh Gharpure
Company Secretary

Enclosed : as above

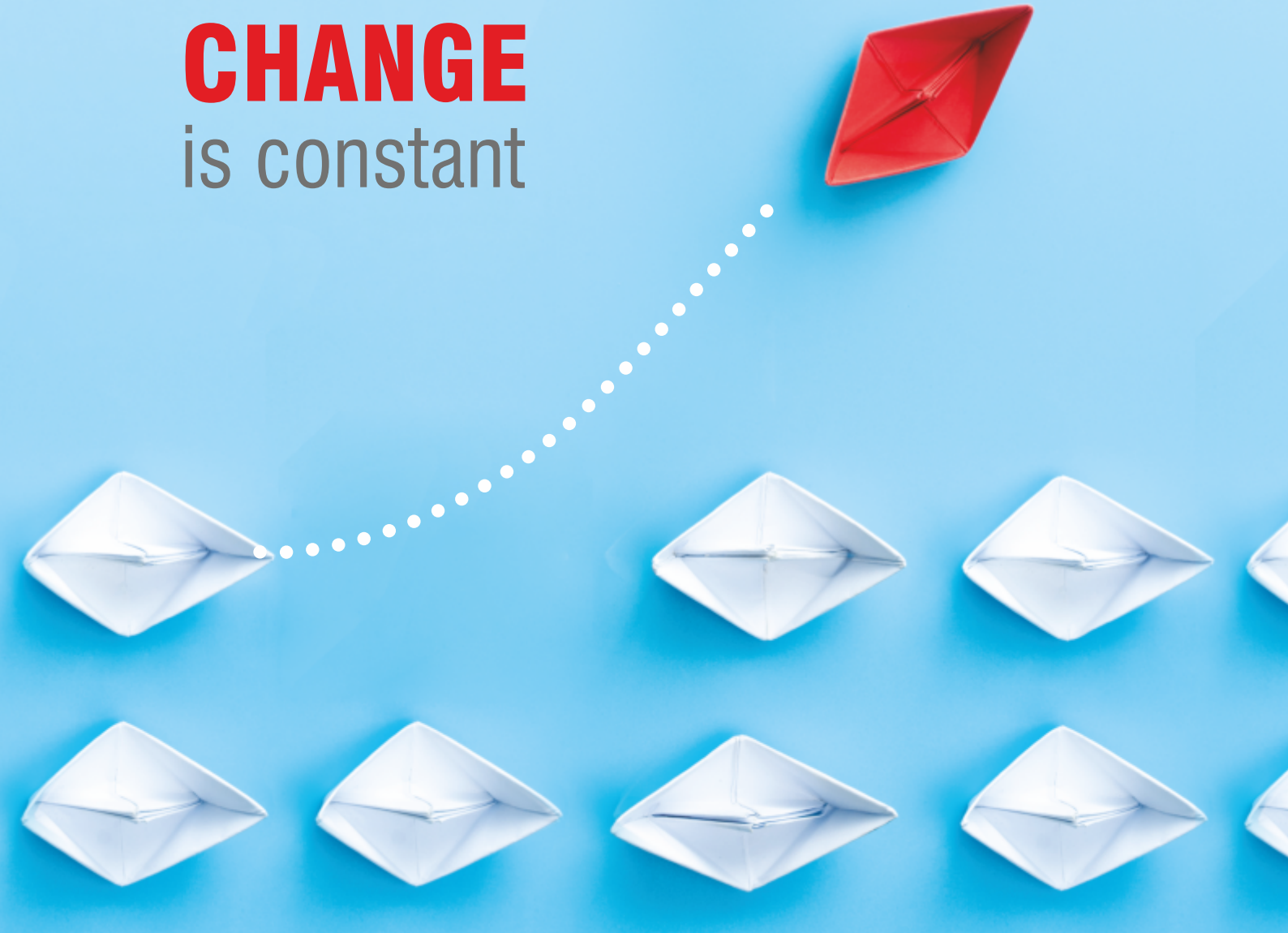
Enriching Lives

KIRLOSKAR FERROUS INDUSTRIES LIMITED

A Kirloskar Group Company

ANNUAL REPORT 2019 - 2020

CHANGE
is constant



Witness it or be it.

Nothing stays with you forever. Change is the only constant in life and permanence is an illusion. The fact is everything that has life, lives in a process of continual change.

Yes, change is very essential and appropriate for development and overall growth. Constant change is needed for living life freely, wisely, gracefully. Change is a part of the process of evolution and hence helps an individual as well as organization for betterment and growth.

In order to move on, things must change. This enables one to experience new things, and also empowers us to understand things better to grow, not only mentally, but also physically and emotionally.

Change is required in pushing us forward in the right direction with limited resources. Today this is the only constant in business as well, the only thing we can be sure will happen.

The human mind resists change and hence individuals as well as organisations need to put in change management strategies. These involve defining and adapting corporate strategies, structures, procedures and technologies so that the organization becomes sustainable. Companies that consistently outperform competitors in profitability, market share, revenue growth and customer satisfaction have reported much greater agility. We need to identify and respond quickly to market changes and forthcoming unexpected challenges.

We at KIRLOSKAR, practice change management with an attitude of gratitude and embrace change as an opportunity for continuous renewal and growth. We have successfully implemented new processes, products and business strategies while minimizing undesirable outcomes. Be it socio-economic, technological, environmental or manufacturing related changes we try not to fall back into old patterns of comfortable behaviours, rather have successfully adapted, cultivated and transformed ourselves.

Change sometimes throws new challenges and opens up doors for different ways of doing things.

Change is the essence of life. Change is inevitable so let's all embrace it.

29th Annual Report for the financial year ended on 31st March, 2020

Board of Directors

Name of Director	Designation	DIN
Mr. Atul Kirloskar	Chairman	00007387
Mr. Rahul Kirloskar	Vice Chairman	00007319
Mr. R. V. Gumaste	Managing Director	00082829
Mr. A. N. Alawani	Non Independent Director	00036153
Mr. A. R. Jamenis	Independent Director	00082620
Mr. B. S. Govind	Independent Director	06912189
Mr. R. Sampathkumar	Independent Director	06894180
Mrs. Nalini Venkatesh	Independent Director	06891397
Mr. Y. S. Bhave	Independent Director	00057170
Mr. M. R. Chhabria	Non Independent Director	00166049
Mr. V. M. Varma (with effect from 5th March, 2020)	Additional Director	00011352
Mr. M. V. Kotwal (with effect from 5th March, 2020)	Additional Director	00001744

Chief Financial Officer
Mr. R. S. Srivatsan

Company Secretary
Mr. Mayuresh Gharpure
(with effect from 15th December, 2019)

Statutory Auditor
Kirtane & Pandit LLP, Chartered Accountants

Secretarial Auditor
Mr. Mahesh J. Risbud, Practicing Company Secretary

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

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

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

Works
1) Bevinahalli Village, P. O. Hitnal, Taluka & District Koppal 583234, Karnataka
2) Hotgi Road, Shivashahi, Solapur 413224, Maharashtra

Information for Members
29th Annual General Meeting

Tuesday, 11th August, 2020 at 11.30 a.m. (IST) through Video Conferencing or Other Audio Visual Means

Date of Book Closure :
3rd August, 2020 to 11th August, 2020
(both days inclusive)

Contents

	Page No.
Board of Directors	01
Decade at a glance	02
Notice	03
Directors' Report	15
Management Discussion and Analysis	48
Report on Corporate Governance	59
Business Responsibility Report	79
Independent Auditors' Report	88
Financial Statements	100
Notes forming part of Financial Statements	104

KIRLOSKAR FERROUS INDUSTRIES LIMITED

A DECADE AT A GLANCE

(₹ in Million)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Net sales / revenue from operations	10,917.58	10,896.51	11,981.09	12,321.61	13,650.92	11,139.30	12,767.60	17,651.90	21,591.50	18,496.60
Other income	19.81	20.84	24.91	30.75	31.10	22.48	53.40	51.60	55.30	156.40
Total income	**10,937.39**	**10,917.35**	**12,006.00**	**12,352.36**	**13,682.02**	**11,161.78**	**12,821.00**	**17,703.50**	**21,646.80**	**18,653.00**
Total expenses	**10,218.76**	**10,360.74**	**11,381.81**	**11,772.50**	**12,963.56**	**10,309.52**	**11,610.10**	**17,159.30**	**20,179.70**	**17,091.20**
Profit before Tax	**718.63**	**556.62**	**624.19**	**579.86**	**718.46**	**852.26**	**1,210.90**	**544.20**	**1,467.10**	**1,561.80**
(% to Total Income)	**6.57**	**5.10**	**5.20**	**4.69**	**5.25**	**7.64**	**9.44**	**3.07**	**6.78**	**8.37**
Tax provisions	235.34	185.81	233.33	181.49	225.69	274.91	332.60	164.20	486.00	438.10
Net Profit after Tax	**483.29**	**370.80**	**390.86**	**398.37**	**492.75**	**577.35**	**878.30**	**380.00**	**981.10**	**1,123.70**
(% to Total income)	**4.42**	**3.40**	**3.26**	**3.23**	**3.60**	**5.17**	**6.85**	**2.15**	**4.53**	**6.02**
Other Comprehensive Income							**2.50**	**(6.10)**	**2.70**	**(12.50)**
Equity share capital	**686.54**	**686.54**	**686.54**	**686.54**	**686.54**	**686.54**	**686.54**	**686.54**	**688.20**	**689.10**
Reserves										
Securities Premium	1,938.38	1,938.38	1,938.38	1,938.38	1,938.38	1,938.38	1,938.38	1,938.38	1,966.50	1,981.00
General reserves	150.00	200.00	250.00	300.00	350.00	400.00	450.00	500.00	550.00	600.00
Profit and Loss account	815.65	976.86	1,191.86	1,339.44	1,575.42	1,895.42	2,750.82	2,785.52	3,346.30	3,909.20
Total	**2,904.03**	**3,115.24**	**3,380.24**	**3,577.82**	**3,863.80**	**4,233.80**	**5,139.20**	**5,223.90**	**5,862.80**	**6,490.20**
Deferred Tax (assets) / liability	**379.68**	**420.55**	**514.75**	**641.76**	**730.59**	**789.04**	**804.70**	**826.30**	**940.50**	**1,142.80**
Non Current Liabilities Provisions							**13.60**	**16.60**	**24.60**	**28.50**
Long term loans	**-**	**-**	**804.62**	**602.31**	**100.00**	**-**	**-**	**-**	**410.00**	**1,577.30**
Net fixed assets including CWIP	3,590.97	3,851.77	4,881.68	5,691.13	5,731.09	5,582.60	5,930.40	6,340.90	6,697.60	9,978.60
Net current assets other than cash and bank balance	67.74	50.49	(17.20)	(413.25)	(584.12)	(92.49)	462.50	216.30	622.10	(343.60)
Cash and bank balance	184.02	136.15	145.81	115.24	101.05	60.17	123.40	51.90	45.50	110.40
Non current assets	127.52	183.92	375.87	115.31	132.91	171.80	127.60	158.50	590.90	218.00
Capital employed	**3,970.25**	**4,222.33**	**5,386.16**	**5,508.43**	**5,380.93**	**5,722.08**	**6,643.90**	**6,767.60**	**7,956.10**	**9,963.40**
Net worth	**3,590.57**	**3,801.78**	**4,066.78**	**4,264.36**	**4,550.34**	**4,920.34**	**5,825.74**	**5,910.44**	**6,551.00**	**7,179.80**
Number of equity shares	137,308,081	137,308,081	137,308,081	137,308,081	137,308,081	137,308,081	137,308,081	137,308,081	137,649,041	137,821,991
Earnings per share (₹)	3.52	2.70	2.85	2.90	3.59	4.20	6.40	2.77	7.14	8.16
Book value per share (₹)	26.15	27.69	29.62	31.06	33.14	35.83	42.43	43.05	47.59	52.09
Dividend %	20	20	25	25	25	25	35	25	40	40

Notes:

Net worth = Share capital + Reserves.

Net current assets has been calculated by deducting current liabilities and short term borrowings from the current assets.

Figures from financial years 2016-17 to 2019-20 are based on the Financial Statements prepared in accordance with Indian Accounting Standards.

Figures have been regrouped wherever necessary.

NOTICE

Notice is hereby given that the 29th Annual General Meeting ('AGM') of the Members of **Kirloskar Ferrous Industries Limited** ('the Company') will be held on **Tuesday, 11th August, 2020 at 11.30 a.m. (IST)** through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM') facility, in compliance of provisions of the Companies Act, 2013 ('the Act') and rules thereof read with the General Circular No. 14/2020 dated 8th April, 2020; the General Circular No. 17/2020 dated 13th April, 2020 and the General Circular No. 20/2020 dated 5th May, 2020 issued by the Ministry of Corporate Affairs (collectively referred to as 'MCA Circulars') and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 to transact the businesses as mentioned below :

ORDINARY BUSINESS

Item No. 1

To receive, consider and adopt the Audited Financial Statements of the Company for the year ended on 31st March, 2020 and also the Reports of the Auditors and the Board of Directors thereon.

Item No. 2

To confirm Interim Dividend paid on equity shares as Final Dividend for the financial year 2019–2020.

Item No. 3

To appoint a Director in place of Mr. Atul Chandrakant Kirloskar (DIN : 00007387), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

Item No. 4

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 force] and as approved by the Board of Directors; the remuneration by way of fees the sum ₹ 3,00,000 plus applicable taxes thereon and the reimbursement of out of pocket expenses on actual basis to be paid to "Parkhi Limaye and Co, the Cost Auditor" to conduct the audit of cost accounting records for the financial year 2020–2021, be and is hereby ratified."

Item No. 5

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

"RESOLVED THAT pursuant to Regulation 17(1A) and other applicable regulations of the SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015, as amended and 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] and based on the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors; the approval of the Members be and is accorded for continuation of directorship of Mr. Anil Narayan Alawani (DIN : 00036153) as a Non Executive Non Independent Director after attainment of age of seventy five years."

Item No. 6

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 Sections 149, 150, 152, 160, 161 read with Schedule IV and all other applicable sections of the Companies Act, 2013; the rules thereof and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or re-enactment 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; Mr. Vijaydipak Mukundprasad Varma (DIN : 00011352), who was appointed as an Additional Director by the Board of Directors with effect from 5th March, 2020 and who holds 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 Section 160 of the Companies Act, 2013 proposing his 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 4th March, 2025."

Item No. 7

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

"RESOLVED THAT pursuant to provisions of Sections 149, 150, 152, 160, 161 read with Schedule IV and all other applicable sections of the Companies Act, 2013; the rules thereof and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or re-enactment 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; Mr. Madhukar Vinayak Kotwal (DIN : 00001744), who was appointed as an Additional Director by the Board of Directors with effect from 5th March, 2020 and who holds 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 Section 160 of the Companies Act, 2013 proposing his 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 9th October, 2023."

By order of the Board of Directors

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

Mayuresh Gharpure
Company Secretary

Pune : 9th June, 2020

NOTES :

1. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the Special Business to be transacted at the AGM is annexed hereto.

2. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 3rd August, 2020 to Tuesday, 11th August, 2020 (both days inclusive) for the purpose of AGM.

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 Circular, the facility to appoint a proxy to attend and cast vote for a Member will not be available for the AGM. Accordingly, proxy form and attendance slip are not annexed to the Notice of AGM.

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

   - In view of pandemic situation due to outbreak of Covid-19, social distancing is a norm to be followed and 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 Circular.
   - Members are requested to follow detailed instructions provided at Step 3 below in the section 'Instructions for e-voting and procedure for attending the AGM through VC / OAVM facility'.
   - A Member attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under provisions of Section 103 of the Companies Act, 2013.
   - VC / OAVM facility for the AGM will be made available on the date of AGM from 15 minutes before the scheduled time till end of 15 minutes after the scheduled time for 1,000 Members on first-come-first-served basis.

     This restriction will not apply to a Member holding more than 2 percent or more shareholding, Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. who are allowed to attend the AGM.
   - Members are encouraged to join the AGM through Laptop / desktop for better experience and use internet with a good speed to avoid any disturbance. Participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio / video loss due to fluctuation in their respective network. It is, therefore, recommended to use stable Wi-Fi or LAN connection to mitigate any kind of glitches

5. 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.

6. Inspection Documents :

   - Electronic copy of relevant documents referred to in the Notice and Explanatory Statement will be made available through email for inspection by the Members. A Member is requested to send an email to investor@kfil.com for the same.
   - Electronic copies of necessary statutory registers and auditors' reports / certificates will be available for inspection by the Members at the time of AGM.

7. Members' Queries :

   A Member, who wish to receive information regarding financial statements or matters to be placed at the AGM, can send a request by providing full name, DP ID and Client ID / Folio Number and contact number from the registered e-mail ID to investor@kfil.com at least seven days in advance so as to enable the management to keep the information ready.

8. Speaker Registration for the AGM :

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

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

9. A Member holding shares in electronic form is requested to intimate any change in address or bank details to the Depository Participant with whom the demat account is being maintained. A Member holding shares in physical form is requested to intimate any change in address or bank details to the Company or the Registrar and Share Transfer Agent.

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 (as amended); the Company is pleased to provide the Members the facility to exercise the right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means through National Securities Depository Limited ('NSDL') and the business may be transacted through e-voting services.

The Remote e-voting period commences on **Saturday, 8th August, 2020 at 9.00 a.m. (IST)** and ends on **Monday, 10th August, 2020 at 5.00 p.m. (IST)**. During this period, Members of the Company holding shares either in physical form or in dematerialized form as on the **Cut-off date** i.e. **Tuesday, 4th August, 2020** may cast the vote electronically through remote e-voting. The remote e-voting facility shall be disabled by NSDL for voting after 5.00 p.m. on Monday, 10th August, 2020.

Voting rights shall be reckoned on the number of shares registered in the name of the Member as on the Cut-off date, i.e. **Tuesday, 4th August, 2020**.

A Member attending the AGM, who has not casted 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 : How to Login to NSDL Website

1. Visit the e-Voting website of NSDL viz. https://www.evoting.nsdl.com/

2. Once the home page is launched, click on the icon 'Login' available under 'Shareholders / Members' section.

3. You will have to enter your User ID, your Password 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. User ID details shall be entered in following manner :

Members holding shares in	Your User ID is :
a) Demat account 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) Demat account with CDSL	16 Digit Beneficiary ID For example if your Beneficiary ID is 12**********, then your user ID is 12**********
c) Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Then enter your password as under :

- If you are already registered for e-voting, then you can use your existing password to login and cast your vote.
- 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.
- How to retrieve your 'initial password' :
  a) 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. 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'.
  b) If your email ID is not registered, then kindly follow procedure for procuring User ID and password for e-voting and accessing the VC / OAVM facility at the AGM.

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) Click on "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 PAN, your name and your registered address.
   (d) Members can also use 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. After you click on the "Login" button, Home page of e-voting will open.

Step 2 : How to cast your vote electronically on NSDL e-Voting system ?

1. After you have successfully logged into NSDL e-voting system, you will see the home page of e-voting. Click on e-voting and then on Active Voting Cycles.
2. After you click on Active Voting Cycles, you will be able to see "EVEN" of all the companies in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of Kirloskar Ferrous Industries Limited to cast your vote.
4. Now you are ready for e-voting as the Voting page opens.
5. 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.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

Step 3 : How to access the VC / OAVM facility at the AGM ?

Members are requested to follow the instructions given below to attend and view the live proceedings of the AGM :

1. Log in on the NSDL website at https://www.evoting.nsdl.com using your remote e-voting credentials.
2. After you have successfully logged into NSDL e-voting system, you will see the home page of e-voting. Click on "EVEN" of Kirloskar Ferrous Industries Limited and then on 'Video streaming facility'. The link for VC / OAVM facility will be available in shareholders / members login, where EVEN of the Company will be displayed.
3. Kindly note that a Member, who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password, may retrieve the same by following instructions provided in Step 1 above to avoid last minute rush. Further, a Member can also use the OTP based login for logging into the e-voting system of NSDL.
4. In case of any query relating to attending the AGM through VC / OAVM, kindly contact Ms. Sarita Mote, Assistant Manager, National Securities Depository Limited, 4th Floor, 'A' wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400013.

   Email : evoting@nsdl.co.in / saritam@nsdl.co.in Telephone Nos. +91 (22) 2499 4545 or 1800-222-990

Procedure for procuring User ID and password for Members, who have not registered their email ID :

1. In case shares are held in physical form, kindly provide your name, Folio Number, scanned copy of the share certificate (front and back), Income Tax PAN (self-attested scanned copy) and AADHAR (self-attested scanned copy) by email to pune@linkintime.co.in and investor@kfil.com
2. In case shares are held in demat form, kindly provide your name, DP ID and Client ID (16 digit DPID plus Client ID or 16 digit Beneficiary ID), client master or copy of Consolidated Account statement, Income Tax PAN (self-attested scanned copy) and AADHAR (self-attested scanned copy) by email to pune@linkintime.co.in and investor@kfil.com

General Instructions for e-voting :

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

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

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

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

- In case of any queries, you may refer the Frequently Asked Questions (FAQs) and e-voting user manual for Shareholders available at the downloads section of www.evoting.nsdl.com or call on Toll Free Number 1800–222–990 or send a request to evoting@nsdl.co.in

- 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, 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" option available on www.evoting.nsdl.com

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

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

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

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

- Only those Members, who will be present in the AGM through VC / OAVM facility and have not casted their vote 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 casted the vote by remote e-voting, may also attend the AGM but shall not be entitled to cast the vote again.

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

Item No. 3 of the Notice

Mr. Atul Chandrakant Kirloskar, aged 64 years, began his career with the Kirloskar group in the year 1978. In 1984, he was appointed as the Executive Vice President of Kirloskar Oil Engines Limited (KOEL). In 1988, he became the Vice Chairman of KOEL and held the position until 25th July, 1998 when he was appointed as the Chairman of KOEL. He is a former President of the Maharashtra Chamber of Commerce, Industries and Agriculture (MCCIA), Pune and a past Chairman of CII National Committee of Defence.

He was appointed as a Director of the Company on 10th August, 1992. He is the Chairman of the Company.

He is the Chairman of Stakeholders Relationship Committee and the Member of Nomination and Remuneration Committee of the Company.

Other Directorships :

Kirloskar Oil Engines Limited	Kirloskar Pneumatic Company Limited
Kirloskar Industries Limited	Kirloskar Proprietary Limited
Kirloskar Energen Private Limited	Kirloskar Solar Technologies Private Limited
Navsai Investments Private Limited	Asara Sales and Investments Private Limited
Greentek Systems (India) Private Limited	Toyota Kirloskar Motor Private Limited
Samarth Udyog Technology Forum	S. L. Kirloskar CSR Foundation

Other Committee Positions

Name of the Company	**Name of Committee and position held**
Kirloskar Industries Limited	Nomination and Remuneration Committee – Member
Kirloskar Pneumatic Company Limited	Risk Management Committee – Member
Kirloskar Proprietary Limited	Nomination and Remuneration Committee – Chairman Corporate Social Responsibility Committee – Member

He is a brother of Mr. Rahul Kirloskar, Vice Chairman.

He holds 1,427,939 equity shares (1.04 percent) in the Company.

He attended all meetings of the Board of Directors held during the financial year 2019-2020.

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

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

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

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

Item No. 4 of the Notice

On recommendation of the Audit Committee, the Board of Directors at its meeting held on 9th June, 2020 has appointed Parkhi Limaye and Co, Cost Accountants as the Cost Auditor of the Company to conduct the audit of cost accounting records for the financial year 2020–2021 and approved the remuneration subject to the ratification of the Members at the annual general meeting.

Pursuant to provisions of Section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014; the remuneration to the Cost Auditor needs to be ratified by the Members of the Company. Accordingly, it is proposed to obtain the consent of the Members to ratify the remuneration and the reimbursement of expenses on actual basis to the Cost Auditor.

None of 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. 4 of the Notice for approval of the Members.

Item No. 5 of the Notice

Pursuant to Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and on recommendation of the Nomination and Remuneration Committee; the Board of Directors at its meeting held on 9th June, 2020 has considered and sought the approval of the Members by way of special resolution for continuation of directorship of Mr. Anil Narayan Alawani (DIN : 00036153) as a Non Executive Non Independent Director, who will complete the age of seventy five years on 24th August, 2020.

Mr. Anil Narayan Alawani, aged 74 years, is a Chartered Accountant by profession and has been associated with the Kirloskar Group of Companies since 1977. Prior to his appointment as a Director in the Company, he was Director (Finance) of Kirloskar Oil Engines Limited. Besides his core area of finance and taxation, he has experience in import–export and labour matters. His abilities in corporate tax planning and finance have helped the Company immensely in financial restructuring and tax benefits.

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

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

Other Directorships :

Kirloskar Industries Limited	Kirloskar Integrated Technologies Private Limited
S. L. Kirloskar CSR Foundation	

Other Committee Positions :

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

He holds 35,000 equity shares (0.025 percent) in the Company.

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

He attended all meetings of the Board of Directors held during the financial year 2019-2020.

Mr. A. N. Alawani 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 other Directors / Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board of Directors is of the opinion that continuation of directorship of Mr. A. N. Alawani would be beneficial to the Company and recommends the special resolution set out at Item No. 5 of the Notice for approval of the Members.

Item No. 6 of the Notice

On recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 5th March, 2020 has appointed Mr. Vijaydipak Mukundprasad Varma (DIN : 00011352) as an Additional Director of the Company in the category of Independent Director with effect from 5th March, 2020, pursuant to provisions of Section 161(1) of the Companies Act, 2013 read with the Articles of Association of the Company.

Pursuant to provisions of Section 161(1) of the Companies Act, 2013; Mr. V. M. Varma will hold office upto the date of annual general meeting. The Company has received a notice in writing from a Member pursuant to provisions of Section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director.

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

In the opinion of the Board of Directors; he possesses integrity, expertise and experience and fulfils 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 and he is independent of the management of the Company. He holds valid registration certificate with the Databank of Independent Directors and is not required to pass online proficiency test.

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

Brief Profile of Mr. V. M. Varma :

Mr. V. M. Varma, aged 68 years, graduated in Mechanical Engineering from the College of Engineering (COEP), Pune. He worked earlier with Kirloskar Oil Engines Limited and held key positions in domestic and export marketing and sales, setting up power plant, heading business to generate and sell power, managing projects in strategy development, process engineering and information technology and was responsible for negotiating, setting up and closing technology transfers and joint ventures, and acquisitions of businesses.

He was Managing Director / President of Kirloskar Proprietary Limited, who owns brands and trademarks used by Kirloskar Group companies and manages, promotes and protects brands and trademarks and licenses these to users.

He is a Director of Swaraj Engines Limited. He is a Member of CSR Committee of that company. He is the Chairman of Executive Council of Indian Diesel Engine Manufacturers' Association (IDEMA).

He does not hold any equity share in the Company.

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

He was not entitled to attend any meeting of the Board of Directors of the Company during the financial year 2019-2020.

Mr. V. M. Varma may be deemed to be concerned or interested, financially or otherwise, in the resolution.

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

The Board of Directors is of the opinion that appointment of Mr. V. M. Varma as an Independent Director would be beneficial to the Company and recommends the ordinary resolution set out at Item No. 6 of the Notice for approval of the Members.

Item No. 7 of the Notice

On recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 5th March, 2020 has appointed Mr. Madhukar Vinayak Kotwal (DIN : 00001744) as an Additional Director of the Company in the category of Independent Director with effect from 5th March, 2020, pursuant to provisions of Section 161(1) of the Companies Act, 2013 read with the Articles of Association of the Company.

Pursuant to provisions of Section 161(1) of the Companies Act, 2013; Mr. M. V. Kotwal will hold office upto the date of annual general meeting. The Company has received a notice in writing from a Member pursuant to provisions of Section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director.

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

In the opinion of the Board of Directors; he possesses integrity, expertise and experience and fulfils 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 and he is independent of the management of the Company. He holds valid registration certificate with the Databank of Independent Directors and is not required to pass online proficiency test.

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

Brief Profile of Mr. M. V. Kotwal :

Mr. M. V. Kotwal, aged 71 years, is a graduate in Mechanical Engineering and a Fellow of the Indian National Academy of Engineering (INAE). He joined Larsen & Toubro Limited (L&T) in 1968 and retired in August 2015 as a Whole-time Director on the Board of Directors of L&T and President (Heavy Engineering) after nearly 47 years of service. He played a leadership role in manufacture of critical equipment and systems for core strategic sectors such as, Nuclear Power, Space Research and Defence and for Refineries, Petrochemicals and Fertilisers covering both Domestic and International Markets. He was also responsible for the entire business of shipbuilding for Naval and Commercial use.

He played a vital role in setting up several unique green-field manufacturing facilities for L&T across the country for super-heavy fabrication and shipbuilding, design and engineering of submarines and ships, special steels and heavy forgings, advanced composites, precision manufacturing, strategic electronics and system integration. He was also involved in setting up a heavy fabrication facility in Sohar, Oman.

He has been a member of a Technology Advisory Group for the International Thermonuclear Experimental Nuclear Fusion project ITER in France, a member of the Vijay Kelkar Committee on Defence, Co-Chair of CII Defence Committee, Chairman of FICCI Defence Committee and Member of the National Aeronautics Advisory Group of Government of India and past Chairman of the Process Plant and Machinery Association of India (PPMAI). He was a recipient of the “Business Leader of the Year” award in 2009.

Currently based in Pune, he is on the Governing Council of INAE and the Chairman of its Pune Chapter, a member of Pune International Centre and a Member of the Board for Research in Nuclear Sciences.

He is an Independent Director on the Board of Sanghvi Movers Limited. He is the Chairman of Stakeholders Relationship Committee and the Member of Audit Committee and Risk Management Committee of Sanghvi Movers Limited.

He is the Founder Director of Nootantra (OPC) Private Limited.

He does not hold any equity share in the Company.

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

He was not entitled to attend any meeting of the Board of Directors of the Company during the financial year 2019-2020.

Mr. M. V. Kotwal may be deemed to be concerned or interested, financially or otherwise, in the resolution.

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

The Board of Directors is of the opinion that appointment of Mr. M. V. Kotwal as an Independent Director would be beneficial to the Company and recommends the ordinary resolution set out at Item No. 7 of the Notice for approval of the Members.

By order of the Board of Directors

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

Mayuresh Gharpure
Company Secretary

Pune : 9th June, 2020

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting 29th Annual Report together with the Audited Financial Statements for the year ended 31st March, 2020.

FINANCIAL PERFORMANCE

The audited financial results of the Company for the financial year 2019-2020 as compared with the previous year are as given below :

(₹ in Lakhs)

	2019-2020	2018-2019
Total Income	**186,530**	216,468
Profit before tax	**15,618**	14,671
Tax Expenses	**4,381**	4,860
Profit for the year	**11,237**	9,811
Other Comprehensive Income for the year	**(125)**	27
Total Comprehensive Income for the period	**11,112**	9,838
Profit brought forward from previous year	**33,463**	27,855
Final Dividend (2018-2019) paid on equity shares	**(1,377)**	(1,717)
Tax on above Dividend	**(283)**	(353)
Interim Dividend paid on equity shares	**(2,756)**	(1,377)
Tax on above Dividend	**(567)**	(283)
Profit available for appropriation	**39,592**	33,963
Transfer to General Reserves	**(500)**	(500)
Balance carried to Surplus in Statement of Profit and Loss	**39,092**	33,463

DIVIDEND

The Board of Directors at its meeting held on 5th March, 2020 declared the Interim DIvidend at the rate of ₹ 2 per equity share of ₹ 5 each (i.e. 40 percent) for the financial year 2019-2020. The Interim Dividend has been paid to the eligible Members on 20th March, 2020.

The Board of Directors has not proposed any further dividend and the payment of Interim Dividend shall be the Final Dividend for the financial year 2019–2020.

COMPANY PERFORMANCE

Sale of products :

Your Company achieved Net Sales of ₹ 184,966 Lakhs as compared to ₹ 215,915 Lakhs in the previous year.

The Profit Before Tax for the year under review stood at ₹ 15,618 Lakhs as compared to ₹ 14,671 Lakhs of the previous year after providing for depreciation and amortisation.

Your Company sold 3,58,146 MT of pig iron valued at ₹ 1,070.00 crores during FY 2019-2020 as compared to 358,558 MT of pig iron valued at ₹ 1,175.72 crores in the previous financial year.

Your Company was successful in selling all the Pig Iron that was produced during the year. The reduction in the value of sales compared to the previous year sales value is mainly on account of reduction in realisation of pig iron price.

The demand for Pig Iron during the first half of FY 2019–2020 was low from Auto and Pump sector in Southern and Western region and the Company took a strategic decision to sell the Pig Iron in the markets where the demand for the product was good.

Though the demand for the Pig Iron was low in the first half of FY 2019-2020, it improved in the second half of FY 2019–2020. Even though the prices of input materials increased in the last quarter of FY 2019-2020, the Company was able to pass on the increasing costs to the customers and thereby improve the performance.

During the year under review, the Company took steps towards reducing the coke consumption and improving the power generation to bring the reduction in the manufacturing cost of the Pig Iron.

Your Company sold 78,663 MT castings aggregating to ₹ 734.21 Crores during FY 2019-2020 as compared to 97,268 MT castings aggregating to ₹ 923.11 Crores in the previous financial year.

Sale of castings were on low till end of October 2019, due to weak demand both in Tractor and Auto industry (i.e both in utility vehicles and commercial vehicles). From November 2019 onwards, there was a gradual improvement in the demand for the castings from both Tractor industry and Auto industry. During the period of sluggishness your Company worked with all its customers to increase the share of business from the existing products and also to develop new parts. From January 2020 onwards, demand for castings further increased from all the customers. All the castings of Cylinder Block and Head supplied to Auto industry were smoothly migrated to BS-VI variant.

Operational Improvements :

Your Company worked on restoration of efficiency of power generation through Turbo-generators during the year 2018-19 and during the year under review these Turbo generators could generate around 24 percent more power using the Mini Blast Furnace gas and thereby reducing power cost. During the year under review, your company generated and used Solar Power throughout the year which helped the Company to reduce power cost and increase green power utilisation.

Your Company worked on efficiency improvement in the manufacturing activities in Pig Iron and Foundry and reduced the consumption of consumables, stores and spares and thereby saving on other manufacturing expenses.

During the year under review, your Company was successful in further improving the quality of casting and reduce rejection substantially thereby reducing the cost of poor quality. During the year, your Company started machining of Proto castings in addition to Proto type casting using 3D Printing. This enhanced the capability of your Company to supply fully machined Proto castings to our valuable customers. These Proto castings are unique as they are close to serial production castings and are produced on automated high pressure moulding lines.

Finance Costs :

Your Company worked on the optimisation of Inventories and Debtors thereby reduced current assets by ₹ 97 Crores, which enabled the availability of funds to reduce the current liabilities thereby improving the Current Ratio compared to the previous year.

The Company was successful in reducing the financing cost of working capital by availing facility at competitive rates during the year under review.

Your Company hedged import transactions of input materials by taking forward covers to minimize the impact of fluctuations in the forex currencies. However, the depreciation of Rupee against US Dollar by 9.02 percent resulted in exchange loss and higher cost of forward cover during the year under review.

Updates on Customers :

During the year under review, your Company was successful to bring in new customers and new products to increase the customer and product base and also increased the supply of castings in machined castings.

Employee Engagement Survey Results :

During the year under review, Employee Engagement survey was conducted and engagement scores moved from 68 percent - moderate zone in 2017 to manufacturing top quartile at 76 percent in 2019. This reflects the employees' confidence in the Company and its policies.

Customer Satisfaction Survey Results :

The vision of the Company to become partner of choice with our valued customers has been realized and has reflected in the Customer Satisfaction Survey conducted during the year by AC Nielsen. Customer satisfaction survey conducted by A.C Nielsen shows that the overall satisfaction index or eQ index has increased to 86 in 2019 from 81 in 2017 and index for castings business increased significantly to 88 from 74.

Update on Projects :

Your Company has completed following projects during the year under review :

1. Railway siding at Koppal plant became operational from second quarter of the financial year and this facilitated movement of bulk materials by rail and to achieve economy in operations.

2. Commissioned 2 lakh Metric Ton Coke Oven project on 31st March, 2020. Since the process of heating the ovens had started before the commencement of national lock-down declared by the Government of India with effect from 25th March, 2020, the Management of the Company decided to commission the plant as that was the safer option. The Coke Oven plant will enable the Company to reduce the consumption of coke in the manufacture of Pig Iron and also decrease the dependency on import of coke. The benefits of the Coke Oven plant would accrue upon stabilization of operations of the plant, which is expected from the financial year 2020-2021. The commissioning of 20 MW Power Plant (using waste gas generated from Coke Oven plant) is expected to be commissioned in the first quarter of the financial year 2020-2021. Upon commissioning of the said Power Plant, generated power would be captively used at Koppal plant and the unit would achieve self-sufficiency in power requirement resulting in reduction of power cost. Company is also exploring the possibility of use of surplus power generated especially on weekly off days to Solapur plant.

3. Various projects for capacity expansion in foundry, fettling and finishing of castings and machine shop as per requirements of the customers were undertaken both at Koppal and Solapur units, to meet the increasing demand for castings from the customers.

4. "No Bake" foundry project for manufacturing of large castings weighing in the range of 500 to 2500 kgs. First phase equipment was installed and commissioned. This will facilitate customer requirements in the large casting category.

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

- The Company is continuously working on more value added products to secure increased orders for machined castings from its customers by expanding machining facilities at both the plants.

- Bell-less Top equipment for both the Mini Blast Furnaces (MBF) and upgradation of MBF II and Pulvarised Coal Injection project commenced during the year under review. On completion of these projects, there will be increase of the production of Pig Iron and cost benefit on installation of Pulvarised Coal Injection and Bell less Top equipment. This project is expected to be completed in the financial year 2021-2022.

DIRECTORS

a) Changes in Directors and Key Managerial Personnel

Mr. Atul Kirloskar retires by rotation at the ensuing annual general meeting and being eligible, offers himself for re-appointment.

Upon recommendation of the Nomination and Remuneration Committee; the Board of Directors has sought the approval of the Members to the appointment of Mr. V. M. Varma and Mr. M. V. Kotwal as Independent Directors to hold office for a term upto 4th March, 2025 and 9th October, 2023 respectively. In the opinion of the Board of Directors; both Independent Directors possess integrity, expertise and experience and are not required to pass online proficiency test pursuant to provisions of Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

Pursuant to Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and upon recommendation of the Nomination and Remuneration Committee; the Board of Directors has sought the approval of the Members for continuation of directorship of Mr. A. N. Alawani as a Non-Executive Non-Independent Director after attainment of age of seventy five years.

Changes in Directors during the FY 2019–2020 :

The Members at their Annual General Meeting held on 23rd July, 2019 have re-appointed Mrs. Nalini Venkatesh, Mr. R. Sampathkumar and Mr. B. S. Govind as Independent Directors of the Company to hold office for a second term as per details given below :

Name of the Director	Term
Mrs. Nalini Venkatesh	5 consecutive years upto 12th August, 2024
Mr. R. Sampathkumar	3 consecutive years upto 12th August, 2022
Mr. B. S. Govind	1 year upto 12th August, 2020

Upon recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 5th March, 2020 has appointed Mr. V. M. Varma and Mr. M. V. Kotwal as Additional Directors in the category of Independent Directors with effect from 5 March 2020.

Changes in Key Managerial Personnel (KMP) during the FY 2019–2020 :

The Board of Directors at its meeting held on 18th October, 2019 has appointed Mr. Mayuresh Gharpure as the Company Secretary (Key Managerial Person) and the Compliance Officer with effect from 15th December, 2019. Mr. C. S. Panicker, Executive Vice President (Corporate Finance) and the Company Secretary superannuated from the services of the Company on 14th December, 2019.

b) Statement on declarations by Independent Directors :

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also confirmed that they have complied with the Code for Independent Directors prescribed in Schedule IV of the Companies Act, 2013.

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

The Company has laid down a Code for the Board of Directors and Senior Management of the Company. The said Code is available on the website of the Company viz. www.kirloskarferrous.com

All the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct.

c) **Board Evaluation :**

Pursuant to provisions of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of working of its Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and CSR Committee. Performance evaluation has been carried out as per the criteria prescribed by the Nomination and Remuneration Committee.

d) **Nomination and Remuneration Policy :**

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

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

During the financial year 2019–2020, five meetings of the Board of Directors were convened and held, the details of which are given in the Corporate Governance Report.

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

The composition of committees of the Board of Directors has been provided in the Report on Corporate Governance, which forms part of the Annual Report.

g) **Revision in the remuneration to Directors**

In view of impact of Covid-19 pandemic on business operations of the Company; the Board of Directors at its meeting held on 9th June, 2020 has reviewed recommendations of the Nomination and Remuneration Committee and approved the revision in the remuneration to the Managing Director and Non Executive Directors as per details given below :

- The remuneration by way of salary payable per month to Mr. R. V. Gumaste, the Managing Director has been reduced by around 30 percent for a period of 3 months.
- The remuneration by way of Sitting Fees payable to a Non Executive Director for attending a meeting of the Board or any committee thereof has been reduced from ₹ 50,000 to ₹ 35,000 per meeting with effect from 1st April, 2020.

Based on performance of the Company during the financial year 2020–2021; the Board of Directors will review the remuneration to Directors from time to time.

EXTRACT OF ANNUAL RETURN

Details forming part of the Extract of the Annual Return in Form No. MGT-9 are annexed herewith as Annexure “A”.

Annual Returns filed with the Ministry of Corporate Affairs (MCA) are available at the website of the Company viz. www.kirloskarferrous.com and the Annual Return for the financial year 2019–2020 will be made available on the website after filing with the Ministry of Corporate Affairs (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”.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The Company has granted loans aggregating to ₹ 1,62,60,000 during the year ended 31st March, 2020. These primarily consist of loans to employees as per the policies of the Company and loans to suppliers in the normal course of business of the Company. Closing balances of these loans are disclosed under the schedule of Loans and Advances in the Financial Statements.

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

RELATED PARTY TRANSACTIONS

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

GENERAL

During the financial year 2019–2020;

a) Pursuant to provisions of Section 148 of the Companies Act, 2013 and rules thereof; maintenance of cost records has been mandatory for the Company and such accounts and records relating to utilisation of materials, labour and other items of cost have been prepared and maintained.

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

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

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

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

f) To the best of our knowledge, the Company has not received any such order from Regulators, Courts or Tribunals, which may impact the going concern status or the operations of the Company in future.

Disclosures relating to impact of Covid–19 pandemic on business operations of the Company occurring from last week of March 2020 are provided in the Report on Management Discussion and Analysis and in the Notes to the Financial Statements.

RISK MANAGEMENT POLICY

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

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

The Directors have reviewed progress on the risk management activities in the current year.

INTERNAL FINANCIAL CONTROLS

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

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has been carrying out activities relating to the Corporate Social Responsibility (CSR). These activities are carried out pursuant to provisions of Section 135 read with Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Annual Report on CSR activities includes details about the CSR policy developed and implemented by the Company. Details of CSR initiatives taken during the financial year are annexed herewith as Annexure “C”.

INFORMATION FORMING PART OF THE DIRECTORS' REPORT PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Sr No	Information required	Particulars
1	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	Kindly refer to Annexure '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 Annexure 'D-2'
3	The percentage increase in the median remuneration of employees in the financial year	1.2 percent
4	The number of permanent employees on the rolls of company	1,248
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 : 3.01 percent Percentage increase in salaries of Non-managerial personnel at 50th percentile : 5.92 percent (Note : Percentage increase in salaries of Non-managerial personnel is in the range 1 percent to to 27 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 as per 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 Annexure 'E'

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 of the Company 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

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 of women 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 were no complaints / cases 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.

EMPLOYEE STOCK OPTIONS SCHEME (ESOS) :

Your Company has instituted a stock option plan in order to motivate, incentivize and reward employees. This plan is called KFIL Employee Stock Option Scheme 2017 (hereinafter referred as 'KFIL ESOS 2017' or 'Scheme'). Your Company views employee stock options as an instrument that would enable the employees to share the value they create for the Company and align individual objectives of the employees with the objectives of the Company. The Board of Directors and the Nomination and Remuneration Committee of the Company are authorised to administer the said scheme pursuant to provisions of the Scheme.

The Nomination and Remuneration Committee at its meeting held on 18th October, 2019 has approved the grant of 100,000 stock options exercisable into 100,000 Equity Shares of the Company pursuant to the

approval granted by the Members at their Annual General Meeting held on 3rd August, 2017. KFIL ESOS 2017 is in compliance with applicable provisions of the Companies Act, 2013; its rules and the SEBI (Share Based Employee Benefits) Regulations, 2014 and other applicable regulations.

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

There have been no material changes to the KFIL ESOS 2017 during the financial year. Disclosures on the scheme, details of options granted, shares allotted upon exercise are enclosed herewith as Annexure "F" and are available on the website of the Company at www.kirloskarferrous.com

No employee has been granted stock options equal to or exceeding one percent of the issued capital of the Company (excluding convertible shares and warrants).

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

AUDITORS

a) Statutory Auditor

The Members of the Company at their 25th annual general meeting held on 28th July, 2016 have appointed Kirtane & Pandit LLP, Chartered Accountants as the Statutory Auditor of the Company to hold office till the conclusion of the 30th Annual General Meeting to be held in the year 2021.

A certificate confirming that, requirements prescribed under provisions of Section 141 of the Companies Act, 2013 have been fulfilled, has been received from the Statutory Auditor.

b) Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014; Mr. Mahesh J. Risbud, Practicing Company Secretary has been appointed to undertake the Secretarial Audit of the Company. The Secretarial Audit Report issued by him is annexed herewith as Annexure "G".

Pursuant to the SEBI Circular CIR/CFD/CMD1/27/2019 dated 8th February, 2019; Mr. Mahesh J. Risbud, Practicing Company Secretary has also issued the Secretarial Compliance Report for the financial year 2019–2020.

There is no qualification, reservation or adverse remark or disclaimer made by the statutory auditor in the audit report or by the practicing company secretary in the secretarial audit report.

c) Cost Auditor

The Board of Directors has appointed Parkhi Limaye and Co, Cost Accountants as the Cost Auditor to conduct the audit of cost records maintained by the Company for the financial year 2019–2020.

REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to provisions of Regulation 34(2) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; the Report on Management Discussion and Analysis forms part of this Annual Report.

REPORT ON CORPORATE GOVERNANCE

The Company conforms to norms of the Corporate Governance as envisaged in the Listing Agreement executed with the stock exchange. Pursuant to provisions of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; the Report on Corporate Governance forms part of this Annual Report.

A certificate from the Statutory Auditor, regarding compliance with conditions of corporate governance as required under provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has been annexed to the Report on Corporate Governance.

BUSINESS RESPONSIBILITY REPORT

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

b) accounting policies as mentioned in the Notes forming part of the Financial Statements have been selected and applied consistently. Further, judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 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,

Atul Kirloskar
Chairman
DIN : 00007387

Date : 9th June, 2020
Place : Pune

ANNEXURE "A"

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st March, 2020
[Pursuant to provisions of Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other details

i)	CIN	L27101PN1991PLC063223
ii)	Registration date	10th September, 1991
iii)	Name of the Company	Kirloskar Ferrous Industries Limited
iv)	Category / Sub category of the Company	Public Company / Limited by Shares
v)	Address of the Registered office and contact details	13, Laxmanrao Kirloskar Road, Khadki, Pune 411003 Tel No : (020) 66084664 Fax No : (020) 25813208 Email : investor@kfil.com Website : www.kirloskarferrous.com
vi)	Whether listed Company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited Akshay Complex, Block No. 202, Second Floor, Off Dhole Patil Road, Near Ganesh Temple, Pune 411001 Tel No : (020) 26160084 Fax No :(020) 26163503 E-mail: pune@linkintime.co.in

II. Principal business activities of the Company

All the business activities contributing 10 percent or more of the total turnover of the Company are as stated below:-

Sl. No.	Name and Description of main products/services	NIC Code of the product / service	Percentage to total turnover of the Company
1	Iron Castings	27310	97.54

III. Particulars of Holding, Subsidiary And Associate Companies

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Kirloskar Industries Limited Office No. 801, 8th Floor, Cello Platina, F.C. Road, Shivajinagar, Pune 411005	L70100PN1978PLC088972	Holding Company	51.26	2(46)

IV. Shareholding Pattern (Equity share capital breakup as percentage of total equity)

i) Category-wise Shareholding:

	Category of Shareholders	Number of shares held at the beginning of the year ie.1st April, 2019				Number of shares held at the end of the year ie. 31st March, 2020				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(A)	**Promoters**									
(1)	**Indian**									
a)	Individual / HUF	9,139,327	-	9,139,327	6.64	9,139,327	-	9,139,327	6.63	(0.01)
b)	Central Government	-	-	-	-	-	-	-	-	-
c)	State Government(s)	-	-	-	-	-	-	-	-	-
d)	Bodies Corporate	72,644,495	-	72,644,495	52.77	72,644,495	-	72,644,495	52.71	(0.06)
e)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
f)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	**81,783,822**	**-**	**81,783,822**	**59.41**	**81,783,822**	**-**	**81,783,822**	**59.34**	**(0.07)**
(2)	**Foreign**									
a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
b)	Other - Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
d)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
e)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	**81,783,822**	**-**	**81,783,822**	**59.41**	**81,783,822**	**-**	**81,783,822**	**59.34**	**(0.07)**
(B)	**Public shareholding**									
(1)	**Institutions**									
a)	Mutual Funds / UTI	17,100,909	3,500	17,104,409	12.43	18,634,746	3,500	18,638,246	13.52	1.09
b)	Banks / Financial Institutions	-	500	500	0.00	-	500	500	0.00	-
c)	Central Government	-	-	-	-	-	-	-	-	-
d)	State Government(s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	Foreign Institutional Investors (FII)	5,000	23,500	28,500	0.02	5,000	23,500	28,500	0.02	-

	Category of Shareholders	Number of shares held at the beginning of the year ie.1st April, 2019				Number of shares held at the end of the year ie. 31st March, 2020				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)	Any other (specify)									
	(i) Foreign Portfolio Investors	34,044	-	34,044	0.02	32.444	-	32.444	0.02	-
	(ii) Alternate Investments Fund	10,982	-	10,982	0.01	-	-	-	-	-
	Sub-Total (B)(1)	**17,150,935**	**27,500**	**17,178,435**	**12.48**	**18,672,190**	**27,500**	**18,699,690**	**13.57**	**1.09**
(2)	**Non - Institutions**									
(a)	Bodies Corporate									
	i) Indian	2,459,514	517,300	2,976,814	2.16	2,148,359	517,200	2,665,559	1.93	(0.23)
	ii) Overseas	-	-	-	-	-	-	-	-	-
(b)	Individuals									
i	Individual shareholders holding nominal share capital upto Rs 1 lakh	15,753,266	2,686,090	18,439,356	13.40	14,512,218	2,440,960	16,953,178	12.30	(0.79)
ii	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	11,481,161	-	11,481,161	8.34	11,932,109	-	11,932,109	8.66	0.32
c)	Others									
	i) Non - Resident Indians	1,332,760	390,140	1,722,900	1.25	1,197,296	347,790	1,545,086	1.12	(0.13)
	ii) Clearing Members	112,767	-	112,767	0.08	25,681	-	25,681	0.02	(0.06)
	iii) Directors and their relatives	360,488	-	360,488	0.26	485,488	-	485,488	0.35	0.09
	iv) Hindu Undivided Families	1,855,223	-	1,855,223	1.35	1,701,487	600	1,702,087	1.23	(0.12)
	v) Trusts	1,175	-	1,175	0.00	1,175	-	1,175	0.00	-
	vi) IEPF	1,484,850	-	1,484,850	1.08	1,656,730	-	1,656,730	1.20	0.12
	vii) NBFCs registered with RBI	25,690	-	25,690	0.02	25,000	-	25,000	0.02	-
	viii) Employees	224,160	2,200	226,360	0.17	346,386	-	346,386	0.25	0.08
	Sub-Total (B)(2)	**35,091,054**	**3,595,730**	**38,686,784**	**28.11**	**34,031,929**	**3,306,550**	**37,338,479**	**27.09**	**(1.02)**
	Total Public Shareholding (B)=(B)(1)+(B)(2)	**52,241,989**	**3,623,230**	**55,865,219**	**40.59**	**52,704,119**	**3,334,050**	**56,038,169**	**40.66**	**0.07**
(C)	**Shares held by Custodians for GDRs and ADRs**	-	-	-	-	-	-	-	-	-
	Grand Total (A+B+C)	**134,025,811**	**3,623,230**	**137,649,041**	**100.00**	**134,487,941**	**3,334,050**	**137,821,991**	**100.00**	-

ii) **Shareholding of Promoters :**

Sl. No.	Shareholders Name	Shareholding as at 1st April, 2019		Shareholding as at 31st March, 2020	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Kirloskar Industries Limited	70,643,754	51.32	70,643,754	51.26
2	Kirloskar Pneumatic Company Limited	2,000,000	1.45	2,000,000	1.45
3	Alpana Rahul Kirloskar	1,591,229	1.16	1,591,229	1.15
4	Jyotsna Gautam Kulkarni	1,549,320	1.13	1,549,320	1.12
5	Arti Atul Kirloskar	1,493,865	1.09	1,493,865	1.08
6	Atul C. Kirloskar	1,427,939	1.04	1,427,939	1.04
7	Rahul C. Kirloskar	1,425,279	1.04	1,425,279	1.03
8	Nihal Gautam Kulkarni	774,660	0.56	774,660	0.56
9	Ambar Gautam Kulkarni	774,660	0.56	774,660	0.56
10	Suman C. Kirloskar	90,535	0.06	90,535	0.07
11	Mrinalini Shreekant Kirloskar	6,500	0.00	6,500	0.00
12	Alok Sanjay Kirloskar	1,520	0.00	1,520	0.00
13	Gauri Kirloskar – Kolenaty	1,140	0.00	1,140	0.00
14	Aditi Atul Kirloskar	760	0.00	760	0.00
15	Rama Sanjay Kirloskar	760	0.00	760	0.00
16	Achyut & Neeta Holdings & Finance Private Limited	541	0.00	541	0.00
17	Sanjay C. Kirloskar	380	0.00	380	0.00
18	Alika Rahul Kirloskar	380	0.00	380	0.00
19	Geetanjali Vikram Kirloskar	200	0.00	200	0.00
20	Roopa Jayant Gupta	200	0.00	200	0.00
21	Alpak Investments Private Limited	100	0.00	100	0.00
22	Navsai Investments Private Limited	100	0.00	100	0.00
	Total	**81,783,822**	**59.41**	**81,783,822**	**59.34**

Notes :

a) Atul C. Kirloskar holds 1,427,179 equity shares in the individual capacity and 380 as Karta of Atul C. Kirloskar (HUF) and 380 equity shares as a Trustee of C. S. Kirloskar Testamentary Trust.

b) Rahul C. Kirloskar holds 1,424,899 equity shares in the individual capacity and 380 equity shares as a Trustee of C. S. Kirloskar Testamentary Trust.

c) Sanjay C. Kirloskar holds 380 equity shares as Karta of Sanjay C. Kirloskar (HUF).

d) Suman C. Kirloskar holds 42,705 equity shares in the individual capacity and 47,450 equity shares as Karta of C. S. Kirloskar (HUF) and 380 equity shares as a Trustee of Vijaya Durga Devi Trust.

e) Vikram S. Kirloskar is the Promoter of the Company. However, he does not hold any equity share in the Company.

f) None of shares of promoters have been pledged or encumbered as of 1st April, 2019 or 31st March, 2020 or during the year ended 31st March, 2020.

iii) **Change in Promoters' Shareholding:**

During the financial year 2019–2020, there was no change in the Promoters' Shareholding.

iv) **Shareholding pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)**

Shareholding pattern of top ten shareholders as at the beginning of the year (i.e.1st April, 2019):

Sl. No.	Name of Shareholder	Number of shares	% of total shares of the Company
1	HDFC Small Cap Fund	5,208,667	3.78
2	DSP Small Cap Fund	3,515,106	2.55
3	Arun Nahar	2,717,587	1.97
4	Principle Trustee Co. Private Limited A/c – Hybrid Equity Fund	1,963,888	1.43
5	Investor Education And Protection Fund Authority Ministry Of Corporate Affairs	1,484,850	1.08
6	IDFC Sterling Value Fund	1,408,614	1.02
7	Jagdish Amritlal Shah	1,283,530	0.93
8	IDFC Tax Advantage (ELSS) Fund	1,163,416	0.85
9	Principal Multi Cap Growth Fund	1,100,549	0.80
10	SBI Magnum Comma Fund	950,000	0.69

Shareholding pattern of top ten shareholders as at the end of the year (i.e. 31st March, 2020):

Sl. No.	Name of Shareholder	Number of shares	% of total shares of the Company
1	HDFC Small Cap Fund	8,609,262	6.25
2	DSP Small Cap Fund	4,460,875	3.24
3	IDFC Tax Advantage (ELSS) Fund	3,600,000	2.61
4	Arun Nahar	2,717,587	1.97
5	Investor Education And Protection Fund Authority Ministry Of Corporate Affairs	1,656,730	1.20
6	Jagdish Amritlal Shah	1,283,530	0.93
7	SBI Magnum Comma Fund	950,000	0.69
8	Anju Ajay Saraf	761,042	0.55
9	Shaunak Jagdish Shah	580,150	0.42
10	Beautiful Diamonds Limited	500,000	0.36

Note :

The increase or decrease in the shareholding above is due to transactions between the shareholders.

Shareholding of Directors and Key Managerial Personnel:

Shareholding of Directors:

Sl. No.	Name of Director	Shareholding as at the beginning of the year (i.e.1st April, 2019)		Shareholding as at the end of the year (i.e. 31st March, 2020)	
		Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
1	Mr. Atul C. Kirloskar	1,427,939	1.04	1,427,939	1.04
2	Mr. Rahul C. Kirloskar	1,425,279	1.04	1,425,279	1.03
3	Mr. R. V. Gumaste	262,521	0.19	387,521	0.28
4	Mr. A. N. Alawani	35,000	0.03	35,000	0.03
5	Mr. A. R. Jamenis	3,400	0.00	3,400	0.00
6	Mrs. Nalini Venkatesh	10,600	0.01	10,600	0.01
7	Mr. B. S. Govind	200	0.00	200	0.00
8	Mr. R. Sampathkumar	Nil	-	Nil	-
9	Mr. Y. S. Bhave	Nil	-	Nil	-
10	Mr. M. R. Chhabria	Nil	-	Nil	-
11	Mr. V. M. Varma	N.A.	N.A.	Nil	-
12	Mr. M. V. Kotwal	N.A.	N.A.	Nil	-

Notes :

1. The shareholding above reflects the ownership post the person being appointed as Director or KMP.
2. N.A. represents Not Applicable.

Shareholding of Key Managerial Personnel:

Sl No	Name of Key Managerial Personnel	Shareholding as at the beginning of the year (i.e.1st April, 2019)		Shareholding as at the end of the year (i.e. 31st March, 2020)	
		Number of shares	% to total shares of the Company	Number of shares	% to total shares of the Company
1	Mr. R. V. Gumaste Managing Director	262,521	0.19	387,521	0.28
2	Mr. R. S. Srivatsan Chief Financial Officer	27,000	0.02	57,000	0.04
3	Mr. Mayuresh Gharpure Company Secretary (from 15th December, 2019)	N. A.	N. A.	Nil	-
4	Mr. C. S. Panicker Company Secretary (Till 14th December, 2019)	28,500	0.02	N. A.	N. A.

Note : N.A. represents Not Applicable.

During the financial year 2019–2020, changes in the shareholding of Key Managerial Personnel are as per details given below :

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
Mr. R. V. Gumaste, Managing Director				
As on 1st April, 2019	262,521	0.19		
Equity shares acquired through open market on 11th December, 2019	80,000	0.06	342,521	0.25
Equity shares acquired through open market on 12th December, 2019	37,675	0.03	380,196	0.28
Equity shares acquired through open market on 13th December, 2019	7,325	0.00	387,521	0.28
As on 31st March, 2020			387,521	0.28
Mr. R. S. Srivatsan, Chief Financial Officer				
As on 1st April, 2019	27,000	0.02		
Allotment of equity shares upon exercise of employee stock options on 7th December, 2019	30,000	0.02	57,000	0.04
As on 31st March, 2020			57,000	0.04

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment:

(Amount in ₹)

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness as at 31st March, 2019				
i) Principal amount	670,976,404	597,837,769	-	1,268,814,173
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	90,959	40,487	-	131,446
Total (i+ii+iii)	671,067,363	597,878,256	-	1,268,945,619
Change in indebtedness during the financial year				
- Addition/(reduction) in cash credit accounts*	(570,976,404)	-	-	(570,976,404)
- Addition in loans other than cash credit #	797,201,109	1,778,762,758	-	2,575,963,867
- (Reduction in loans other than cash credit)	(67,292,068)	(94,177,941)	-	(161,470,009)
Net change	158,932,637	1,684,584,817	-	1,843,517,454
Indebtedness as at 31st March, 2020				
i) Principal amount	830,000,000	2,282,400,000	-	3,112,400,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	63,073	-	63,073
Total (i+ii+iii)	830,000,000	2,282,463,073	-	3,112,463,073

represents interest amount paid during the year.

* represents the difference between the closing and opening balances in the cash credit accounts.

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole Time Directors and/or Manager :

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Managing Director
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	16,479,991
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	135,435
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	
	- as percentage of profit	40,000,000
	- others	-
5.	Others	-
	Total (A)	56,615,426
	Ceiling as per the Act	81,341,639

B. Remuneration to other Directors :

(Amount in ₹)

Sl. No.	Name of Director	Particulars of Remuneration			Total Amount
		Fees for attending board / committee meetings	Commission	Others	
1.	Independent Directors				
	Mr. A. R. Jamenis	900,000	1,100,000	-	2,000,000
	Mrs. Nalini Venkatesh	450,000	1,100,000	-	1,550,000
	Mr. B. S. Govind	450,000	1,400,000	-	1,850,000
	Mr. R. Sampathkumar	300,000	500,000	-	800,000
	Mr. Y. S. Bhave	500,000	500,000	-	1,000,000
	Mr. V. M. Varma	-	-	-	-
	Mr. M. V. Kotwal	-	-	-	-
	Total (1)	2,600,000	4,600,000	-	7,200,000
2.	Other Non Executive Directors				
	Mr. Atul C. Kirloskar	650,000	500,000	-	1,150,000
	Mr. Rahul C. Kirloskar	300,000	500,000	-	800,000
	Mr. A. N. Alawani	850,000	2,300,000	-	3,150,000
	Mr. M. R. Chhabria	250,000	500,000	-	750,000
	Total (2)	2,050,000	3,800,000	-	5,850,000
	Total (B)=(1+2)	4,650,000	8,400,000	-	13,050,000
	Ceiling as per the Act		16,268,328		
	Total Managerial Remuneration (A+B)*		65,015,426		
	Overall Ceiling as per the Act		97,609,967		

* Exclusive of Sitting Fees paid to Non Executive Directors.

C. Remuneration to Key Managerial Personnel other than Managing Director / Manager / Whole Time Director :

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Company Secretary		CFO	Total
		C. S. Panicker (Till 14/12/2019)	Mayuresh Gharpure (From 15/12/2019)		
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	7,755,442	1,665,470	9,011,082	18,431,994
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	533,663	86,400	280,179	900,242
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-	-
2.	Stock Option	479,250	-	337,200	816,450
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- as percentage of profit	-	-	-	-
	- others	-	-	-	-
5.	Others	-	-		
	Total	8,768,355	1,751,870	9,628,461	20,148,686

VII. Penalties / Punishment / Compounding of Offences :

During the financial year, there is no instance of any penalty / punishment / compounding of offence under the Companies Act, 2013 against any Director, Key Managerial Person and other officers in default.

ANNEXURE "B"

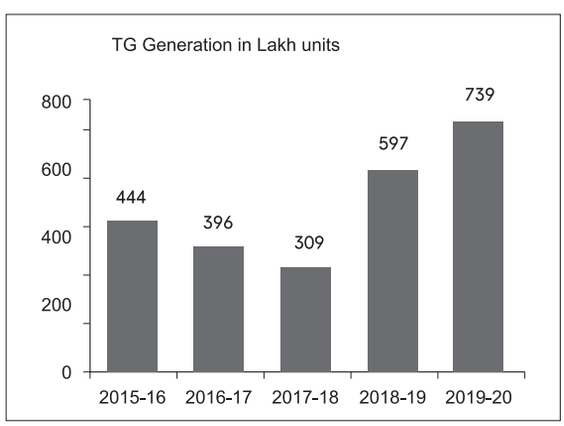
CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

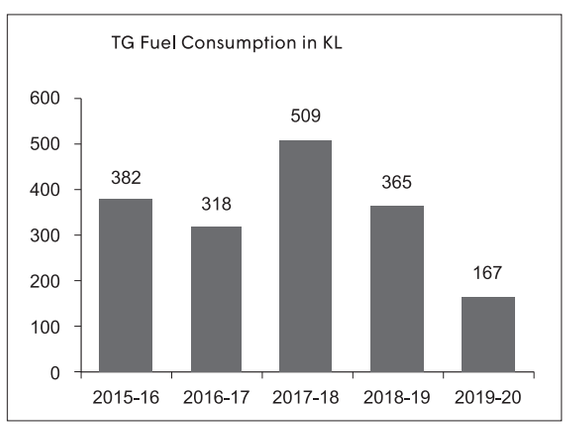
A. CONSERVATION OF ENERGY

a) Energy conservation measures taken during the financial year 2019-2020 :

1. 30 ton Furnace replaced with new 8 ton melting furnace at Koppal Plant Foundry to reduce melting losses and power consumption.
2. Installation of Variable frequency drives for Induced Draft and Forced Draft fans at Turbo Generator-1, 2, 3 as per energy audit report at Koppal plant.
3. Installation of Variable frequency drive for DK4 Blast wheels, Mould machine hydraulic motors and sand cooler blower motors at Koppal plant Foundry.
4. Modification in burner regulator at sand drying ovens to reduce LPG consumption at Koppal Foundry plant.
5. Replacement of old pumps with energy efficient pumps at both Koppal and Solapur Plants.
6. Purchase of Solar and Wind/ Hydel power through open access at Koppal plant.
7. Reduction in power import from grid by doing proper redistribution of loads and thereby utilising the Turbo Generator power at Koppal plant.
8. Replacement of conventional Lights with LED light fittings at Koppal and Solapur Plants.

Figures of Fuel Consumption and Power generation:





TG-3 operation started in synchronisation with Grid, after refurbishment from November 2018 which has resulted in reduction of fuel consumption and increase in power generation from Turbo Generators.

b) Proposals for the financial year 2020-2021 :

1. Commissioning of 20 MW Power plant using the waste gas of coke oven plant.
2. Replacement of old pumps with energy efficient pumps at plant level at both Koppal and Solapur plants.
3. Various Variable Frequency Drives installation as per Energy audit report at both Koppal and Solapur plants.
4. Power procurement through open access at Koppal Plant.
5. Purchase of renewable energy certificates from Indian Energy Exchange at Koppal Plant.
6. Cupola modification work for production improving at Solapur Plant.
7. Procurement and fixing LED lamps wherever required to replace or new requirement at both Koppal and Solapur plants.

8. Providing of Harmonic filters to improve power factor to unity.
9. Conducting of Energy Audit and taking actions on the audit findings.

c) Impact of the above measures:

1. Increased generation of power and reduction in power import.
2. Reduction in energy consumption.
3. Reduction in Coke consumption.
4. Conservation of non-renewable energy resources.
5. Improvement in operational efficiency and widening the scope for energy conservation.

B. TECHNOLOGY ABSORPTION:

1. Provided Robo for drilling and coating in core shop for increasing the productivity.
2. Following are under implementation :
   a) Coke oven technology : High transmission efficiency with six link arch design for effective waste heat recovery which enables higher power generation.
   b) Boiler placed in between the coke oven batteries to reduce waste heat temperature loss and resulting in higher power generation.
   c) State of art Distributed Control System based coke oven and power plant control system.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

	(₹ in Lakhs)
Earnings	Nil
Outgo	545.11

D. RESEARCH AND DEVELOPMENT (R&D) :

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

1. Specific areas in which R&D carried out by the Company :
   - Joint design and development activities of BS 6 compliant engine components along with OEMs.
   - Joint design and development of Transmission part with reduced weight.
   - Use of Simulation software MAGMA and AD Stefan, CAE/ CAM, Laser scanning and 3D modelling technologies for efficient and effective casting development.
   - Use of robotic facilities for improved productivity and quality of castings.
   - 3D printing of cores for development of prototype castings without tooling with less development cycle times.
   - Study of the 3D Printing process of core for mass production.
   - Study of Lost Foam Casting for new technology development.
2. Benefits derived as result of the above R&D:
   - Acquired capability of developing critical castings.

- Reduction of development cycle time.
- Improved quality and consistency.
- Exploring the new technologies for Improving productivity and cost reduction.
- Reduced casting weight and better value for customers.

3. Future Plan of Action:
   - New Transmission parts with reduced weight.
   - Plastic printing technology for making quick changes in fixtures and tools used for development.
   - Lost Foam Casting Process study and adaptation.
   - Adopting 3D printing core making process for mass production.
   - Value engineering solutions to Original Equipment Manufacturers.
   - Continuous improvements to make the processes more efficient.

4. Expenditure on R&D:

(₹ in Lakhs)

Particulars	**2019-2020**	2018-2019
Capital	**Nil**	1,002
Recurring	**315**	307
Total R&D expenditure	**315**	1,309

ANNEXURE "C"

ANNUAL REPORT ON CSR ACTIVITIES

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

As per the Corporate Social Responsibility (CSR) Policy of the Company as adopted by the Board of Directors at its meeting held on 28th April 2017, eligible funds for CSR activities in each financial year will be expended in the areas of Education, Environment, Health and Rural Development through one or more trusts. These CSR activities will be carried out through various programmes or projects as specified in the CSR Policy. The CSR policy of the Company is available for inspection at the website of the Company, viz. www.kirloskarferrous.com

As on date, the CSR Committee of the Company consists of four Directors, viz. Mr. Rahul Kirloskar as Chairman and Mr. R. V. Gumaste, Mr. A. R. Jamenis, and Mr. R. Sampathkumar as Members.

Details of expenditure on CSR activities are as follows:

Average net profit of the Company for the financial years 2016-2017, 2017-2018 and 2018-2019	₹ 1,07,40,58,207
Prescribed CSR expenditure (2 percent of the average net profit computed above)	at least ₹ 2,14,81,164
Total amount spent on CSR activities for the financial year 2019-2020	₹ 2,28,19,675
Amount unspent, if any	Nil

Manner in which the amount spent during the financial year 2019-2020 is detailed below:

Sr No	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct Expenditure on projects or programs. 2) Overheads (₹ In Lakhs)	Cumulative expenditure up to the reporting period (₹ In Lakhs)	Amount spent (Direct or through implementing agency) (₹ In Lakhs)
1	Rural education, financial assistance to school children, scholarships, infrastructure for schools, providing stationary to the students, conducting vocational education and coaching classes, soft skill and personality development training, financial assistance to school children for cultural activities.	Education	Bevinahalli, Koppal, Hospet, Bijapur, Hitnal, Lingadahalli, In Karnataka Pune in Maharashtra	Amount not specified	161.68	161.68	161.68 Partially direct and partially through trust.
2	Environment Awareness programmes, programmes on energy conservation	Environment	Solapur in Maharashtra Hospet, Koppal in Karnataka	Amount not specified	6.69	6.69	6.69 Partially through trust and partially through Implementing agency

Sr No	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct Expenditure on projects or programs. 2) Overheads (₹ In Lakhs)	Cumulative expenditure up to the reporting period (₹ In Lakhs)	Amount spent (Direct or through implementing agency) (₹ In Lakhs)
3	Clean drinking water to villages, Construction of toilets, Community health, cleanliness drives, hygiene awareness programmes, health checkup camps, counselling etc.	Health	Bevinahalli, Koppal, Hospet, Shahapur Village, Guddadahalli in Karnataka. Solapur, Pune in Maharashtra	Amount not specified	31.84	31.84	31.84 Through trust.
4	Construction of drainages, Construction and renovation of toilet blocks, Construction of rural infrastructure, Construction and renovation of temples, mass marriages, assistance to physically challenged.	Rural Development	Bevinahalli, Koppal, Hospet, Lingadahalli, Shahapur Village, Hitnal, Bevinahalli in Karnataka	Amount not specified	27.99	27.99	27.99 Through trust.
Total					228.20	228.20	228.20

The CSR Committee has confirmed that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and the policy of the Company.

sd/-
Rahul C. Kirloskar
Chairman of the CSR Committee
DIN : 00007319
Date : 9th June, 2020

sd/-
Mr. R. V. Gumaste
Managing Director
DIN : 00082829

ANNEXURE "D-1"

Sr. No.	Name of the Director	Ratio of remuneration of each director to the median remuneration of the employees of the Company
1	Mr. Atul C. Kirloskar	2.35
2	Mr. Rahul C. Kirloskar	1.63
3	Mr. R. V. Gumaste (MD)	115.51
4	Mr. A. N. Alawani	6.43
5	Mr. A. R. Jamenis	4.08
6	Mrs. Nalini Venkatesh	3.16
7	Mr. R. Sampathkumar	1.63
8	Mr. B. S. Govind	3.77
9	Mr. Y. S. Bhave	2.04
10	Mr. M. R. Chhabria	1.53
11	Mr. V. M. Varma (Note 1)	Not applicable
12	Mr. M. V. Kotwal (Note 2)	Not applicable

ANNEXURE "D-2"

Sr. No.	Name of the Director/KMP	Designation	% Increase/ (Decrease) in the Remuneration
1	Mr. Atul C. Kirloskar	Director	27.78
2	Mr. Rahul C. Kirloskar	Director	0.00
3	Mr. R. V. Gumaste (MD)	Managing Director and KMP	(3.68)
4	Mr. A. N. Alawani	Director	6.78
5	Mr. A. R. Jamenis	Director	11.11
6	Mrs. Nalini Venkatesh	Director	0.00
7	Mr. R. Sampathkumar	Director	0.00
8	Mr. B. S. Govind	Director	0.00
9	Mr. Y. S. Bhave	Director	81.82
10	Mr. M. R. Chhabria	Director	0.00
11	Mr. V. M. Varma (Note 1)	Additional Director	Not applicable
12	Mr. M. V. Kotwal (Note 2)	Additional Director	Not applicable
13	Mr. R. S. Srivatsan	KMP	1.83
14	Mr. Mayuresh Gharpure (Note 3)	KMP	Not applicable
15	Mr. C. S. Panicker (Note 4)	KMP	Not applicable

Notes:

1. Mr. V. M. Varma was appointed as an Additional Director with effect from 5th March, 2020.
2. Mr. M. V. Kotwal was appointed as an Additional Director with effect from 5th March, 2020.
3. Mr. Mayuresh Gharpure has been appointed as the Company Secretary with effect from 15th December, 2019.
4. Mr. C. S. Panicker superannuated from the service of the Company on 14th December, 2019.

   Pursuant to KFIL Employee Stock Option 2017, stock options were exercised during the financial year and have been considered for calculating the increase in remuneration.

ANNEXURE "E"

Statement showing names 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	56,615,426	B.Tech (Met.)	38	08/11/2001	62	Chief Executive (Works) Indian Seamless Metal Tubes Ltd	0.28
2	Mr. N. B. Ektare COO	11,329,449	B.E. (Elec.)	37	12/01/1994	60	Manager – Electrical Usha Ispat Limited	0.02
3	Mr. R. S. Srivatsan CFO	9,628,461	B.Com., CA	36	12/01/1998	57	Sr. Manager-Finance Vasavadatta Cement (Unit of Kesoram Industries Limited)	0.04
4	Mr. C. S. Panicker Ex Company Secretary	8,768,355	B.Com(Hon's), CA & CS	40	14/12/1999	66	Finance Controller Magnetti Marelli Automotive Components India Ltd.,	0.04
5	Mr. Suresh Laxman Kulkarni SVP	7,918,773	DME, DBM	43	28/06/2004	64	Senior Manager - The Indian Seamless Metal Tubes Ltd	0.03
6	Mr. P. Narayana SVP (HR)	6,218,379	B.Com., PG-Dip-HRM, LLB	32	09/06/2016	57	DGM JSW Steels Limited	0.02
7	Mr. Inturi Chandra Sekhar VP (R & D)	5,935,519	B.E (Mech.) & MBA-Mktg.	32	16/10/2013	56	GM-Design & Development Neosym Industry Limited	0.03
8	Mr. C. Ramesh VP (Fdy)	5,552,358	B.E (Mech.)	26	26/09/1994	49	Not applicable	0.03
9	Mr. M. G. Nagaraj VP (PIP)	5,429,811	B.E (Mettalurgy)	27	01/10/1993	51	Not applicable	0.01
10	Mr. G. S. Krishnamurthy AVP (Fdy)	3,985,014	Diploma-Mech	28	01/05/2002	50	The Mysore Kirloskar Ltd, Harihar	0.01

Notes:

1. All aforesaid employees, except Mr. C. S. Panicker, are Regular Employees as of 31st March, 2020. Mr. C. S. Panicker superannuated from the service of the Company on 14th December, 2019.
2. The Managing Director and employees mentioned above at serial numbers from 2 to 10 are not relative of any Director on the Board of Directors of the Company.

ANNEXURE "F"

EMPLOYEE STOCK OPTION SCHEME (ESOS)

Disclosures pursuant to Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 read with the SEBI circular dated 16th June, 2015 on ESOS disclosures for the financial year ended 31st March, 2020

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

B) Diluted Earnings Per Share (EPS) pursuant to issue of equity shares on exercise of options calculated in accordance with IND-AS 33 (Earnings per Share) : ₹ 8.15 per equity share

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

i) The description including terms and conditions of ESOS is summarized as under :

Sr. No.	Particulars	KFIL ESOS 2017
1.	Date of shareholders' approval	3rd August, 2017
2.	Total number of options approved under the Scheme	2,500,000
3.	Vesting requirements	There shall be a minimum period of 1 year between grant of options and vesting of options. The options would vest over a maximum period of 4 years. Vesting shall be subject to the condition that the grantee is in employment or service of the Company on the date of Vesting and must neither be serving his notice for termination of employment / service nor subject to any disciplinary proceedings pending against him on the date of vesting.
4.	Exercise price or pricing formula	40 percent discount to Market Price of the equity share as on date of Grant of Options, as decided by the Nomination and Remuneration Committee (NRC), but in no case shall it be less than the face value of the equity share.
5.	Source of shares	Primary
6.	Variation in terms of options	Subject to necessary approvals as may be required, the NRC may, at any time amend, alter or vary the terms of the KFIL ESOS 2017 and/ or terms of the options already granted under the KFIL ESOS 2017, subject to the condition that such amendment, alteration or variation as the case may be is not detrimental to the interest of Employees. During the financial year 2019–2020, no amendment/ modification/ variation has been introduced in terms of options granted by the Company.

ii) Option movement during the year : As on 31st March, 2020

a)	Number of options outstanding at the beginning of year	1,505,940
b)	Number of options granted during the year	100,000
c)	Number of options forfeited / lapsed during the year	60,000
d)	Number of options vested during the year	491,250
e)	Number of options exercised during the year	185,450
f)	Number of shares arising as a result of exercise of options	172,950
g)	Money realized by exercise of options	9,285,900
h)	Loan repaid by the Trust during the year from exercise price received	Nil
i)	Number of options outstanding at the end of the year	1,360,490
j)	Number of options exercisable at the end of the year	367,990

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

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

Sl No	Name of Senior Managerial personnel	Designation	No. of Stock options granted under KFIL ESOS 2017	Exercise Price ₹
1	K. Chandrasekhara Chari	Senior General Manager	40,000	50
2	Purushothama Raja Urs	Senior General Manager	30,000	50
3	Sridhar M	Senior General Manager	30,000	50
		Total	1,00,000	

b) Any other employees who receive a grant in any one year of options amounting to 5 percent or more of options granted during that year : Nil

c) Identified employees who were granted options, during any one year, equal to or exceeding 1 percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant : Nil

iv) Method used to account for ESOS :

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

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

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

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

Weighted average exercise price : ₹ 50.07

Weighted average fair value : ₹ 23.58

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

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

(a) The model inputs for options granted during the year ended 31st March, 2020 included :

Particulars	18 Oct 2020	18 Oct 2021	18 Oct 2022	18 Oct 2023
Share price (₹)	60.30	60.30	60.30	60.30
Exercise Price (₹)	50	50	50	50
Expected Volatility (standard deviation)	36.44%	39.36%	39.16%	40.80%
Expected option life (in years)	2.50	3.50	4.50	5.50
Expected Dividend	2.15%	2.15%	2.15%	2.15%
Risk free interest rate	5.88%	6.17%	6.34%	6.46%
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 "G"

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

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

To,

The Members of

KIRLOSKAR FERROUS INDUSTRIES LIMITED,

13, Laxmanrao Kirloskar Road, Khadki,

Pune - 411003.

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of :

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

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

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

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

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

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

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

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

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

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

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

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

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; [No incidence during the audit period, hence not applicable]

(vi) No other law is applicable specifically to the Company.

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

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

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

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

I further report that,

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

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

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

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

I further report that, during the audit period, there was no event / action having a major bearing on the Company's affairs.

My report should be read along with the attached 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 – F000810B000329281

Date: 9 June, 2020
Place: Pune

PR - 208/2015

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

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

1. Maintenance of records is the responsibility of the management of the Company. My responsibility is to express my opinion on these records based on my audit.
2. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards, is the responsibility of the management. My examination was limited to the verification of procedures on test basis.
3. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the records. The verification was done on test basis / check lists basis to ensure that correct facts are reflected in records. I believe that the processes and practices followed by me provide a reasonable basis for my opinion.
4. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. 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.

Note :

In view of nationwide lock-down declared by the Government of India with effect from 25 March 2020 to contain spread of pandemic COVID-19; I was unable to visit the office of the Company for physical verification of documents after 31 March 2020. However, this report has been given on the basis of visit to the office of the Company for interim audit in 2019 and on the basis of records and documents received from the Company from time to time through electronic means.

Signature:
Mahesh J. Risbud
Practicing Company Secretary
FCS No. 810
C P No.: 185
UCN – S1981MH000400
UDIN – F000810B000329281

Date: 9 June, 2020
Place: Pune

REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS

(A) Economy and Industry Overview

World Economy and Outlook :

Global growth decelerated markedly in 2019 due to escalation of global trade tensions, sharp downturns in major economies and continued weakness in global trade and investment. This weakness was widespread, affecting advanced economies particularly in the Euro Area and emerging markets and developing economies.

Bilateral negotiations between the United States and China since mid–October 2019 resulted in a Phase One agreement, including a planned partial rollback of tariffs, that has de-escalated trade tensions. This comes after a prolonged period of rising trade disputes between the two countries, which has heightened policy uncertainty and weighed on international trade, confidence and investment.

Growth in the South Asia region is estimated to have decelerated to 4.9 percent in 2019 due to a sharper-than-expected slowdown in major economies and a reescalation of regional geopolitical tensions.

India has moved to 63rd rank among 190 countries from 77th rank as per the latest 'Doing Business Report (DBR, 2020) released by the World Bank on 24th October, 2019.

Net Foreign Direct Inflows in India during April 2019 to January 2020 were at US $ 37.8 Billion substantially higher than a year ago. Portfolio Investment recorded net outflows of US $ 5.2 Billion for the period from 1st April, 2019 to 25th March, 2020 down from US $ 6.6 Billion a year ago.

As per the report published by the World Bank Group, global growth has been projected around 2.5 percent in 2020 amid weakening trade and investment. However, due to spread of pandemic COVID-19 since January 2020, risk of global recession in 2020 is high as nations shutdown economic activity to limit the spread of COVID-19. Till the time the Covid – 19 is not controlled, the economy and the business scenario may remain uncertain and the world may have to adjust to the new normal way of doing the business, considering the changes in life style and work style due to pandemic.

The global macroeconomic outlook is overcast with the COVID-19 pandemic, with massive stoppages of production, disruptions in supply chains, trade and tourism. Financial markets across the world are experiencing extreme volatility impacting the global commodity prices, especially of crude oil, has declined sharply.

According to the United Nations Conference on Trade and Development (UNCTAD), the value of global trade contracted by 3 percent in first quarter of 2020. The volume of world trade can shrink by 13 to 32 percent in 2020, as projected by the World Trade Organisation (WTO). World services trade deteriorated in the first quarter of 2020 due to a broad-based loss of momentum in passenger air travel, container shipping, financial and ICT services.

Indian Economy :

GDP growth of India for financial year 2019–2020 has been estimated at 5 percent. GDP growth moderated to 4.8 percent in first half of 2019-2020 amidst a weak environment for global manufacturing, trade and demand. As per the statement dated 22nd May, 2020 issued by Governor of the Reserve Bank of India; GDP growth in the financial year 2020-2021 is estimated to remain in negative territory.

Fiscal deficit was budgeted at US$ 99.56 Billion for the financial year 2019–2020 and was valued at US$ 91.86 Billion for the financial year 2018–2019. During the period from April 2019 to January 2020, the fiscal deficit was 128 percent of the revised estimate. The Government expects the fiscal deficit to be 3.8 percent of GDP and 0.5 percent higher than the budget estimate.

Gross GST monthly collections have crossed the mark of Rs 1 lakh crore for a total of five times during the period from April 2019 to December 2019.

Revenue Receipts for the current financial year are estimated to be ₹ 18.50 lakh crore, lower than budget estimate on account of lower tax revenue collection.

Total value of export for the period April–December 2019 was US $ 399.57 Billion as against US $ 393.80 Billion during the period April–December 2018, registering a positive growth of 1.46 percent. Total value of import for the period April–December 2019 was US $ 456.38 Billion as against US $ 483.26 Billion during the period April–December 2018, registering a negative growth of 5.56 percent. As a result, overall trade deficit during April-December 2019 has decreased as compared to April-December 2018. The contraction in imports was largely on account of lower import bill on account of fall in crude oil prices.

India's foreign exchange reserves reached a level of US $ 487.2 Billion on 6th March, 2020 from US $ 412.9 Billion of forex reserves as of 31st March, 2019.

Indian Rupee depreciated against US Dollar by 9.02 percent during the year under review. Indian Rupee opened at a level of ₹ 69.15 against US Dollar on 1st April, 2019 and closed at ₹ 75.39 on 31st March, 2020. Emerging and advanced economy currencies are experiencing severe currency depreciation pressure on a daily basis, because of increased sales due to extreme risk aversion.

Sensex, which opened at 38,858.88 on 1st April, 2019 and closed at 29,468.49 on 31st March, 2020, registered a decline of 24.16 percent. It touched the high of 42,273.87 on 20th January, 2020. Financial markets have become highly volatile from January 2020 onwards due to the outbreak of COVID-19. Panic sell-offs have resulted in wealth destruction in equity markets across advanced and emerging economies alike.

Repo rate was cut by 185 basis points from 6.25 to 4.40 in four consecutive meetings of the Monetary Policy Committee in the financial year 2019–2020 due to slower growth and lower inflation. The Monetary Policy Committee at its meeting held on 22nd May, 2020 has further reduced the Policy Repo Rate by 40 basis points from 4.40 percent to 4.00 percent with immediate effect under the Liquidity Adjustment Facility (LAF).

Real GDP of India decelerated to its lowest in over six years in third quarter of the financial year 2019–2020 and the outbreak of COVID-19 posed fresh challenges. Steps taken to contain its spread such as nationwide lockdown of states have brought economic activity to a standstill and could impact both consumption and investment.

To mitigate the economic difficulties arising out of the virus outbreak, the Government of India has announced financial stimulus amount aggregating to around twenty lakh crores covering moratorium of loans, cash transfers and food security for vulnerable sections of society, including farmers, migrant workers, urban and rural poor, differently abled persons and women, and fund availability to MSME, thrust to Make in India project etc.

COVID-19 would impact economic activity in India directly due to lockdowns and impact of this pandemic disease on the economy may not be measurable till economic activities become normal.

Steel Industry and Outlook :

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

Finished steel consumption in India was 66.461 Million Tonnes from April 2019 to November 2019 and 97.54 Million Tonnes for the financial year 2018–2019. Automotive industry accounts for around 10 percent of demand of steel in India. With increasing capacity addition in the automotive industry, demand for steel from the sector is expected to be robust. However, the Covid -19 has badly affected the demand as of now.

The Government of India is working on various fronts to make steel sector globally efficient and competitive. The Government of India raised import duty on most steel items twice, each time by 2.5 percent and imposed measures, including anti-dumping and safeguard duties on iron and steel items. The Government of India also introduced Steel Scrap Recycling Policy aimed to reduce import.

Iron ore Mines :

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

Out of 51 C category mines, so far 19 mines were put up for auction. Out of 19 mines, 14 mines were auctioned successfully and in respect of 5 mines, there were no bidders, hence auction was annulled. Out of auctioned 14 mines, 7 mines are in operation and balance 7 mines are in the process to obtain various clearances from the Government. Balance 32 mines have not been put up for auction till end of 31st May, 2020.

There are total 38 mines in categories A and B and leases of these mines will be expiring between Financial Year 2019-2020 to 2021-2022. Out of these 38 mines, 5 mines were auctioned during the year under review and other mines are yet to be auctioned by the State Government of Karnataka.

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

Presently, 33 iron ore merchant mines with production capacity of 36.13 Million Tonnes per annum are operating in Karnataka State. During the year under review, 29.13 Million Tonnes of iron ore was produced and sold through e-auction. There was a shortage in production of iron ore by 7 Million Tonnes due to suspension of mining activities by NMDC, Donimalai.

Iron Ore :

The Government of India has hiked the export duty on iron ore from 30 percent to 50 percent ad valorem on all varieties of iron ore (except pellets).

The prices of the iron ore lumps and fines remained range bound throughout the year.

NMDC, which has a production capacity of seven Million Tonnes at Donimalai, suspended its mining operations after the Karnataka Government imposed an 80% premium on sales during the year 2018-2019 and remain closed till March 2020, which has put additional pressure on procurement of quality iron ore. At present, NMDC is pursuing the matter with the Government of Karnataka to facilitate execution of lease deed and resumption of mining operations at Donimalai Mine.

Coal and Coke :

The Coke prices at the beginning of the financial year was around USD 331 per MT and subsequently prices dropped and closed at USD 285 per MT by end of the financial year under review.

Price of Prime Hard Coking Coal was around USD 224 per MT at the beginning of the financial year and subsequently dropped and closed at USD 174 per MT at the end of the financial year under review.

During the year under review, the supply of coke from China's coke exports (a traditional exporter of coke to the spot market) were no longer competitive for international buyers and its coke exports decreased, largely due to strong domestic demand and uncompetitive coke prices in the coke export market.

Coke, originating from non-traditional sources like Australia, Colombia, Japan and Indonesia was offered at competitive price in the spot market. The coke import from different origins was subjected to varying import duties by the Government of India. Further, coke supply from Australia increased in second quarter of the year under review and coal sales from Russia have increased in the recent months.

Automotive Industry and Outlook :

Automotive manufacturing industry in India comprises the production of commercial vehicles,

passenger cars, three and two-wheelers and accounts for around 7 percent of India's Gross Domestic Product (GDP).

The Indian auto industry is the fifth largest in the world only behind China, US, Japan and Germany and produces about 5.6 percent of passenger cars and about 4.4 percent of commercial vehicles globally.

For the financial year 2019–2020, the industry manufactured 26.36 Million automobiles as compared to 30.92 Million automobiles for the financial year 2018–2019 registering a decline of 14.75 percent. During the financial year 2019–2020, the industry sold 21.55 Million automobiles in domestic market as compared to 26.27 Million automobiles during the previous year.

In the financial year 2019–2020, sales of commercial vehicles in domestic market fell to 717,688 units from 1,007,317 units as compared to the previous year. The decline in sales is on account of reasons such as less availability of funds due to crisis of Non Banking Financial Companies, revised axle load norms and firm decision by the Government of India on migration of vehicles from BS-IV to BS-VI from 1st April, 2020.

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

Automotive Mission Plan (AMP) 2016-26 of the Government of India will help the automotive industry to grow and benefit Indian economy in the following ways:

- Increased contribution of auto industry in the country's GDP
- Around 65 million incremental number of direct and indirect jobs will be created.
- End of life Policy will be implemented for old vehicles.

The Auto Component industry in India, with a strong positive multiplier effect, is one of key drivers of India's economic growth. The well-developed Indian auto component industry manufactures a wide variety of products including engine parts, drive transmission and steering parts, body and chassis, suspension and braking parts, equipment and electrical parts, besides others.

The auto-components industry accounts for 2.3 percent of India's Gross Domestic Product (GDP) and 25 percent to its manufacturing GDP. A stable government framework, increased purchasing power, large domestic market, and an ever-increasing development in infrastructure have made India a favourable destination for investment.

Tractor Industry and outlook :

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

For the period from April–December 2019, the tractor industry saw a decline of about 10 percent compared to the corresponding period in the previous year. From the month of January 2020, onwards Tractor industry experienced strong demand.

All the major OEM's of Tractor industry developed wide range of Tractors with new features to further strengthen its position both in domestic and overseas markets.

Tractor Industry is expected to grow at five percent for the financial year 2020–2021. Rabi sowing has been good and reservoir levels are also good. Coming monsoon is expected to be normal, which will augur well for the tractor industry

Crude oil :

International crude prices initially traded with a softening bias from January 2020 in anticipation of demand weakening due to the COVID-19 outbreak. Production cut disagreements among key oil producers, however, set off retaliatory supply scale-ups and a price war that plunged international Brent crude prices to a low of US $ 25 per barrel on 18th March, 2020. These developments are likely to dampen inflation across advanced and emerging economies.

Falling oil prices is a positive fallout for the Indian Economy, as 80 percent of its oil requirements are met through imports. Oil import bill has been estimated at US $ 103 Billion for the financial year 2019–2020 lesser by around 8 percent, as compared to oil import bill valued at US $ 111.96 Billion for the financial year 2018–2019.

(B) Discussion on financial and operational performance has been covered in the Directors' Report.

(C) Cost Control

Your Company adopted following measures to reduce cost :

- Commissioning of coke oven to reduce the raw material costs.
- Improved the quality of the castings to bring down the rejections in castings.
- Strategically sourced raw material and consumables.
- Improvement projects through Total Productivity Management (TPM), Kaizens, involvement of cross functional teams to bring cost reductions.
- Improved operational efficiencies and cost control measures at both Koppal and Solapur Plants have resulted in reduced consumption of consumables, Stores and Spares.
- Improved power generation using Mini Blast Furnace gas and thereby reducing the power cost.

(D) Concerns and Threats

Business of the Company may get impacted with prolonged and intermittent Lock-down conditions in various parts of India and abroad arising from the situation of Covid–19 pandemic.

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

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

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

(E) Prospects for the Current Year

The present Covid–19 pandemic may have uncertainties in the economic and business scenario during the current year. However, your Company is considering the following activities:

1. Operation of two lakh tonnes capacity coke oven plant at its full capacity will enable in reducing the cost of coke and commissioning and operation of and 20 MW power plant will reduce power cost.
2. The Company proposes to participate in e-auctions of iron ore mines in Karnataka, as and when the State Government invites the tender for participation in the same to secure some more iron ore mines to cover iron ore requirement.
3. 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.
4. Your Company had won two iron ore mines [viz. M/s. Bharath Mines & Minerals and Sri. M Channakesava Reddy (M/s. Sri Lakshmi Narasimha Mining Co)] through e-auction in the financial year 2018-2019 and the process of obtaining various clearances from the Government is under process. Once all clearances are obtained, the Company will be in a position to start the mining of iron ore from the two mines in financial year 2020-2021.

(F) Impact on the performance of the Company due to outbreak of pandemic Covid–19 :

Business of the Pig Iron and Casting was normal till mid-March 2020 and the Company was able to meet the increasing demand for Pig Iron and Castings by way of increased production and sales.

Considering gravity of the COVID-19 Government of India announced nationwide lockdown from 25th March, 2020. In compliance with directives issued by the Government of India, State Governments and the Local Authorities from time to time the operations of two Mini Blast Furnaces and the Foundry situated at Bevinahalli Village, Koppal, Karnataka and of the Plant situated at Solapur, Maharashtra were suspended in phases and offices of the Company remained closed from last week of March 2020.

To ensure safety and well-being of the employees, the Company took all recommended precautions against the Covid-19, which includes 'Work from Home' policy for eligible employees, regular communication with employees, arrangements for online meetings, sharing details of online learning programs for self-development, restrictions on travel, minimizing contacts, and health advisory to employees.

In view of permissions granted pursuant to the Covid-19 Guidelines issued by the Government of India, State Governments and the Local Authorities from time to time; operations of Mini Blast Furnaces I & II and the Foundry situated at Bevinahalli Village, District Koppal, Karnataka have resumed from 6th May, 2020, 5th June, 2020 and 11th May, 2020 respectively. The Plant situated at Solapur, Maharashtra resumed the operations from 14th May, 2020.

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

Pursuant to the Covid-19 Guidelines issued by the Governments from time to time, following necessary precautions are being taken to ensure safety of employees :

a. Implementation of cleaning and disinfection program at plants and office premises,

b. Information campaign on preventive measures,

c. Thermal screening at entry points and supply of sanitation materials like anti-bacterial hand wash, sanitizers and masks to the employees at work and visitors for essential services,

d. Maintaining social distancing at plants and office premises and also during the transit of employees for attending office duties,

e. Disinfection of vehicles of the Company and of the employees,

f. Ban on all but critical travel.

In view of global nature of the pandemic Covid-19 and the uncertainty around its severity and duration of the impact, it is difficult to determine a potential impact on financial performance of the Company in near future. As part of mitigation measures, the Company has stopped or deferred various spends that will not be essential in the current environment and has been effectively managing working capital.

(G) Internal Control Systems and their adequacy

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

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

(H) Safety Health and Environment

Your Company believes in the policy of "Safety First" and is committed to provide "Safe Workplace" to all its employees by addressing Safety, Health and Environment related issues by emphasizing safety and health culture in the organization. Employees are trained at regular intervals to update their safety awareness and skills. New employees are being given intensive safety induction training and on job training. On completion, "Safety Passport" related to their work area is issued authorizing the person to enter the plant / department. All the statutory requirements related to Safety, Health and Environment are being complied with. As a proactive approach, the periodical safety audit by trained in-house employees, Cross functional safety audit, External safety audits are conducted by safety experts to enhance safety performance.

National Safety Council and other agencies are engaged to identify unsafe conditions / unsafe acts (if any) and to recommend remedial safety measures / actions. Safety Performance Management System developed through Hazard Identification and Risk Assessment (HIRA) and Safe Operating Procedures (SOP) are developed emphasizing on engineering controls. Reporting of "Near Miss incidents" and "First Aid Injuries" are being practiced to take corrective and preventive action to achieve the goal of zero accidents.

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

The Company is having well equipped "Occupational Health Centre" with a full-time Doctor and qualified paramedical staffs. The pre-employment health check-up of the employees are being conducted and also regular health checkups are being conducted on annual basis during the continuance of the employment. The Company is equipped with two ambulances, which are available round the clock to meet the requirement of emergencies of employees as well as for the neighbouring community.

The Company is certified for Quality Management Systems under IATF 16949:2016, Environmental Management System under ISO 14001:2015 and also certified for Occupational Health and Safety Assessment Series (OHSAS 18001:2007) by Indian Register Quality Systems (IRQS). OHSAS system is in the process of up-gradation to ISO 45001:2018.

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

Sewage Treatment Plant (STP) with 250 KLD (kilo liters per day) capacity is operated to treat domestic wastewater with extended biological aeration system. Sludge generated from STP is being used as manure for garden and treated water is used for plantation development. For effective suppression of dust emissions, jet type fixed sprinklers are provided.

Under ISO: 14001 and OHSAS: 18001, following management programs have been taken-up and completed during the financial year 2019–2020 at Koppal Plant :

1. Installed acoustic enclosure for the Z-pan conveyor of DK-6 to control noise emission.
2. Introduced robotic core drilling operation to eliminate stress and strain for the people during manual drilling.
3. As a part of environmental improvement project, existing 606 meters of porous fence (mesh) of 12 meters height has been extended by another 70 meters in southern boundary to prevent the fugitive dust emission.
4. Installed necessary air pollution control equipment, viz,. bag lifters at primary coal crusher, secondary coal crusher, belding silo, charging car, coke crusher and coke junction hose, etc, at newly constructed coke oven plant.

5. Plantation of around 10,500 tree saplings during the year in and around the plant premises to increase the green belt area.

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

(I) Social Responsibility

In order to align the Mission and Values of your organization viz. "To be a preferred Employer and responsible neighbour", your Company has taken following measures as a part of its Corporate Social Responsibility. The Company focuses on Education, Health and Hygiene and Environment facilities in the local vicinity of the plant. Major activities undertaken during the financial year 2019–2020 are as follows :

- **Education**
  - 3200 school bags and 3000 note books were distributed among school children of neighboring Government Schools.
  - Financial assistance was given to Government Higher Primary School of neighboring village for providing educational tour for children.
  - Financial assistance of neighboring villages for Higher Education for Professional and Degree courses.
  - Provided utensils to Government Higher Primary School at Koppal for Mid- Day meals.
  - Financial assistance for construction of school and college building.
  - Provided sports materials to Government Higher Primary School for Taluka Level Sports Meet.
  - Skill development training, electrical and plumbing for SSLC and PUC students at neighbouring village.
  - Scholarship provided to the students of neighboring villages who scored 80 percent and above in SSLC and PUC examination.
- **Health and Hygiene**
  - Implemented Kirloskar WaSH initiative at Koppal, Hospet and Solapur (Clean and Beautiful School). Koppal Plant covered 54 schools and 14,200 students were benefitted while Solapur Plant covered 9 schools and 6,700 students were benefitted.
  - Organized 'Free Hearing Aid Screening Camp' at Koppal plant and many people situated in around the plant got benefitted.
  - Engaged a General Physician doctor once in a week and Pediatrician once in a month to Bevinahalli village and also the Company Medical Officer visit twice a week. The Company is providing free medicines.
  - Organized Mega Health Camp Cardiac, Neurology and Urology in association with Saptagiri Hospital, Bangalore, Lions Eye Hospital Koppal, Departments of Health and Women's Koppal and Sarvodaya Integrated Rural Development Society, Koppal and conducted ECG test, Echo test, counselling and consulting and certain cases were referred for higher treatment under Arogaya Karnataka.
  - Regular Blood Donation Camp gets orgainised by the Company and employees are encouraged to donate the blood voluntarily.
  - Financial support is given for higher medical treatment for deprived villagers.

- Constructed toilet block at Government Higher Primary School at Shahapur village, Taluka Koppal.
- Provided RO water units at Government Higher Primary School, Mangalapur, Taluka Koppal.
- Provided drinking water stations (RO water) at Gavisiddeshwara Car festival at Koppal.

Rural Development

The Company supported following activities undertaken at Bevinahalli village :

- Primary Information Centre
- Garment Tailoring Training
- Beautician training for ladies -2 batches completed
- Food processing and marketing -2 batches completed
- Organic farming
- Waste Management
- Skill development training
- Swach Abhiyan (our village clean village)

- Financial assistance for the mass marriages at nearby villages.
- Financial support was provided to Bevinahalli Village Gram Panchayat for purchase of half acre land and construction of new Gram Panchayat office.
- Skill development program on Plumbing and Electrical Skill was organized at Bevinahalli village in association with SIRDS and Wonderla Bengaluru for 3 months. 15 students got benefited.
- Installed heavy duty pump and pipeline for Shahapur and Bevinahalli villages for agriculture development with a cost of ₹ 15 Lakhs and 400 villagers got benefitted.

Environment

- Provided tree guards to Huligeamma Temple, Hulugi, Taluka Koppal and Government Schools at Koppal.
- Awareness session on waste segregation to Gram Panchayat Members, Officials of 5 villages in association with Hasiru Dala NGO Bangalore conducted at Bevinahalli village.
- Swacha Bharat Abhiyan was organized at Bevinahalli village. The entire village was cleaned by men and machine supplemented by village youth, panchayat member's officials and KVIFF Volunteers, under the slogan "No to Plastic, Yes to Earth". During this drive, dust bins were provided to villagers and one tractor was provided to collect the waste. Waste was dumped at Multi Gram Panchayat Solid Waste Disposal Yard Honurmatti.
- Kirloskar - Vasundhara International Film Festival (KVIFF) was organized both at Koppal and Solapur in order to bring awareness among people to take care of the environment under the theme "No to Plastic, Yes to Earth". Screening of films at schools and colleges, painting competition, slogan competition were organized.
- KVIFF awareness session on Rain Water Harvesting by water specialist was organized at Koppal pant for taking guidance for proper use of water, so that water, the precious resource, can be preserved for the future generation.
- 5 colleges at Koppal were selected for current financial year for carrying out the activities of Kiloskar Vasundhara Eco Rangers (KVER). Each college nominated 20 students as KVER Volunteers, various awareness session and competitions were organized. Competition

was organized on Green College Clean College initiatives taken by 5 colleges and colleges enthusiastically participated and presented initiatives taken in prevention of environment, top 3 were selected, prizes and trophies were provided to best performers.

(J) Developments in Human Resource / Industrial Relations

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

During the financial year 2019–2020, the Company has taken following initiatives :

- To develop future leaders, the Company organized Management Development Programmes (MDP) on various topics. The training program was organized for Senior Leadership Team to improve their management skills.
- Training programmes on behavioral and technical skills were organized on a continuous basis by engaging internal and external faculties to enhance competencies and skills of employees.
- To develop and nurture internal pool of faculties for training and development Faculty Development Policy (FDP) has been implemented. The purpose is to better manage our core knowledge by inculcating the habit of knowledge sharing amongst our executives. This has helped in meeting twin objectives of facilitating enhancement of knowledge / awareness of peers / subordinates as well as development of the faculty by improving their teaching skills.
- 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. Program is based on the methodology adopted by Dale Carnegie Institute. This programme is an improved model based on the works of Stephen Covey and Swami Chinmayananda. Program is based on the mahamantra "Knowing Is Not Doing, Doing Is Doing". It makes people Do and Not merely Know.
- To enhance safety culture "Behavioral Based Safety" training programmes were conducted.
- Training Programme on 'Healthy Living' was organized.
- Performance of employees was monitored through an effective performance management system on quarterly basis.
- Communication meet by top management with managerial staff on 'Business Scenario', as well as sharing knowledge with young professionals through staff dialogues and Town Hall programs were organized.
- Talented employees are continuously recognized and are motivated through rewards and recognitions.
- Conducted skill development programmes for apprentices / trainees as per their trade.
- Training programme on 'Life Management' and 'Stress Management' was organized with internal resources.
- Training programmes on '5'S and Total Productivity Management were organized on regular basis.
- "Transform Challenge" (Fitness Game) has been started for millennial. Kirloskar Groups' 24 weeks Transformation Challenge was a unique proposition for millennials to take up challenges of transformation to improve fitness, agility and sharpness of body and mind. The program started on 1st January, 2020 throwing challenges to achieve the objectives of "Improvement in Muscle to fat ratio, Fat loss / Inch loss, Increase in focus and mindfulness and Increased activity and energy levels (BMI and BMR)" by 30th June, 2020.

- Employee Engagement of the Company moves from 68 percent a moderate zone in 2017 to 76 percent, which is a top quartile in 2019

As on 31st March, 2020, the total number of salaried employees stood at 1,248. The Employer - Employee relations was cordial throughout the year.

Recognition / Awards received by the Company during the year under review are as follows :

- Foundry man of the year 2020 award to Managing Director of the Company from Indian Foundry Congress.
- "Top Organization with Innovative HR Practices" Award from Asia Pacific HRM Congress.
- Best CFO of India Award - Auto small cap Companies for the year 2019 from Dalal Street Investment Journal (DSIJ) to CFO of the Company.
- "Unnatha Suraksha Puraskara" Award from National Safety Council, Bangalore.
- ET NOW CSR Leadership Award : consecutively got this award for third time (1) Community Development (2) Concern for Health.
- CII – EXIM Bank – Platinum Award, 2019.
- CII – National HR Excellence Award - Significant Achievement in HR Excellence, 2019.
- National Energy Conservation Award.
- Fastest Growing Steel Company (Small) – Business Magazine award.
- "Excellence Award" from Mahindra & Mahindra.
- Special Award' from VE Commercial Vehicles.

(K) Details of significant changes, (i.e., change of 25 percent or more, as compared to the immediately previous Financial Year) in key financial ratio, along with detailed explanation therefor:

Sr. No.	Particulars	Ratio as on 31st March, 2020	Ratio as on 31st March, 2019	% Change	Explanations, if any
1	Debt Equity Ratio	0.43	0.17	147 %	Refer Note 1
2	Net Profit Margin (%)	6.02	4.53	33 %	Refer Note 2

Details of change in Return on Net Worth as compared to the immediately previous Financial Year as follows :

Sr. No.	Particulars	Ratio as on 31st March, 2020	Ratio as on 31st March, 2019	% Change	Explanation
1	Net worth	15.39	14.95	3 %	Not applicable

Notes :

1. Debt Equity ratio has increased on account of term loan borrowings during the financial year for installation of the Coke Oven plant alongwith the Power Plant.
2. Net Profit margin has improved on account of strategic purchasing of raw materials, reduction in casting rejections and improved power efficiencies of turbo generators and benefits of Solar Power Plant. Additionally, tax expenses have reduced by availing benefits under Section 80IA of the Income Tax Act, 1961 on account of power generation.

CORPORATE GOVERNANCE REPORT

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

1. Company's philosophy on Code of Governance

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

2. Board of Directors

(a) Composition of the Board

The Board of Directors comprised of Twelve Directors as on 31st March, 2020. Out of these, there is one Managing Director, four Non Independent Directors and seven Independent Directors, which includes one woman Director.

The Board of Directors is duly constituted pursuant to 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 2019–2020; five meetings of the Board of Directors were held on 3rd May, 2019; 22nd July, 2019; 18th October, 2019, 24th January, 2020 and 5th March, 2020.

(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 under :

Category of Directors and Name of Director	Financial Year 2019–2020		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 C. Kirloskar Chairman	5	5	4	Nil	Nil
Mr. Rahul C. Kirloskar Vice Chairman	5	5	4	2	Nil
Managing Director (Executive)					
Mr. R. V. Gumaste	5	5	Nil	Nil	Nil
Non Independent Director (Non Executive)					
Mr. A. N. Alawani	5	5	1	1	1
Mr. M. R. Chhabria	5	5	6	2	2
Independent Directors (Non Executive)					
Mr. A. R. Jamenis	5	5	Nil	Nil	Nil
Mr. B. S. Govind	5	5	Nil	Nil	Nil
Mr. R. Sampathkumar	5	5	1	Nil	Nil
Mrs. Nalini Venkatesh	5	5	1	Nil	Nil
Mr. Y. S. Bhave	5	5	2	2	Nil
Mr. V. M. Varma (Refer Note 4)	N.A.	N.A.	1	Nil	Nil
Mr. M. V. Kotwal (Refer Note 4)	N.A.	N.A.	1	1	1

Notes :

1. Directorships held in foreign companies, private limited companies, one person companies and companies under Section 25 of the Companies Act, 1956 / under Section 8 of the Companies Act, 2013 have not been considered.
2. For the purpose of reckoning the limit on committee positions, chairmanship / membership of the Audit Committee and the Stakeholders Relationship Committee are considered.
3. None of Directors on the Board is a Director of more than seven listed companies.
4. Mr. V. M. Varma and Mr. M. V. Kotwal were appointed as Additional Directors in the category of Independent Directors with effect from 5th March, 2020.
5. All ten Directors on the Board were present at the Annual General Meeting of the Members held on 23rd July 2019.

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

Name of the Director	Name of the listed entities in which Director holds Directorship	Category of Directorship
Mr. Atul C. Kirloskar	Kirloskar Oil Engines Limited	Executive Chairman
	Kirloskar Industries Limited	Non Independent Director
	Kirloskar Pneumatic Company Limited	Non Independent Director
Mr. Rahul C. Kirloskar	Kirloskar Pneumatic Company Limited	Executive Chairman
	Kirloskar Oil Engines Limited	Non Independent Director
Mr. R. V. Gumaste	Nil	-
Mr. A. N. Alawani	Kirloskar Industries Limited	Non Independent Director
Mr. M. R. Chhabria	Kirloskar Industries Limited	Managing Director
	Kirloskar Oil Engines Limited	Non Independent Director
	Deepak Fertilizers and Petrochemicals Corporation Limited	Independent Director
	Tube Investments of India Limited	Independent Director
Mr. A. R. Jamenis	Nil	-
Mr. B. S. Govind	Nil	-
Mr. R. Sampathkumar	Nil	-
Mrs. Nalini Venkatesh	Kirloskar Pneumatic Company Limited	Independent Director
Mr. Y. S. Bhave	Nil	-
Mr. V. M. Varma	Swaraj Engines Limited	Non Independent Director
Mr. M. V. Kotwal	Sanghvi Movers Limited	Independent Director

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

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

Statement showing number of equity shares of the Company held by the Directors as on 31st March, 2020 :

Name of Director	Equity Shares of ₹ 5 each
Mr. Atul Kirloskar	1,427,939
Mr. Rahul Kirloskar	1,425,279
Mr. R. V. Gumaste	387,521
Mr. A. N. Alawani	35,000
Mr. A. R. Jamenis	3,400
Mr. B. S. Govind	200
Mr. R. Sampathkumar	Nil
Mrs. Nalini Venkatesh	10,600
Mr. Y. S. Bhave	Nil
Mr. M. R. Chhabria	Nil
Mr. V. M. Varma	Nil
Mr. M. V. Kotwal	Nil

Meeting of Independent Directors :

The meeting of Independent Directors was held on 19th October, 2019 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.

Out of five Independent Directors on that date, four Independent Directors attended the meeting.

Mr. Y. S. Bhave, Independent Director could not attend the meeting.

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

Statement of Declaration by Independent Directors

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also confirmed that they have complied with the Code for Independent Directors prescribed in Schedule IV of the Companies Act, 2013.

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

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

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

Familiarization programmes for Independent Directors :

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

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

Skills matrix for the Directors

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

Skill	Skill definitions
Strategy 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 merger / acquisition decisions and execute the same effectively, including integration of operations.
Technology	Ability to anticipate changes in technology, drive product and process innovation.
Legal and Regulatory Knowledge	Understanding of regulatory and legal frameworks.

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

Name of Director	Skills							
	Strategy & Strategic planning	Corporate Governance	Business Acumen	Leadership	Industry knowledge	Financial Skills	Technology	Legal & Regulatory knowledge
Atul Kirloskar	✔	✔	✔	✔	✔	✔	✔	✔
Rahul Kirloskar	✔	✔	✔	✔	✔	✔	✔	✔
R. V. Gumaste	✔	✔	✔	✔	✔	✔	✔	✔
A. N. Alawani	✔	✔	✔	✔	✔	✔		✔
A. R. Jamenis	✔	✔	✔	✔	✔	✔	✔	✔
B. S. Govind	✔	✔	✔	✔	✔	✔	✔	✔
Nalini Venkatesh	✔	✔	✔			✔		✔
R. Sampathkumar	✔	✔	✔	✔	✔	✔	✔	✔
Y. S. Bhave	✔	✔	✔	✔		✔		✔
M. R. Chhabria	✔	✔	✔	✔	✔	✔		✔
M. V. Kotwal	✔	✔	✔	✔	✔	✔	✔	✔
V. M. Varma	✔	✔	✔	✔	✔	✔		✔

3. Audit Committee

(a) Composition

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

Mr. A. R. Jamenis, an Independent Director is the Chairman of the Audit Committee. Other Members of the Committee are Mr. B. S. Govind, Mrs. Nalini Venkatesh and Mr. A. N. Alawani.

The Company Secretary acts as the Secretary to the Committee.

During the financial year 2019-2020, four meetings of the Audit Committee were held on 2nd May, 2019; 22nd July, 2019; 18th October, 2019 and 24th January, 2020.

Details of attendance by committee members are as given below :

Name of Director	Category	Number of meetings held	Number of meetings attended
Mr. A. R. Jamenis	Independent and Non–Executive	4	4
Mrs. Nalini Venkatesh	Independent and Non–Executive	4	4
Mr. B. S. Govind	Independent and Non–Executive	4	4
Mr. A. N. Alawani	Non–Independent and Non–Executive	4	4

The Managing Director and the Chief Financial Officer attended meetings of the Audit Committee. The representatives of the Statutory Auditor, the Cost Auditor and the Internal Auditor were invited and attended the meetings of the Audit Committee.

Mr. A. R. Jamenis, the Chairman of the Audit Committee was present at the 28th Annual General Meeting of the Members of the Company held on 23rd July, 2019.

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

The Audit Committee has been vested with following powers :

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

(b) **Terms of Reference**

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

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- Examination of the financial statement and the auditor's report thereon.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with the Management, the annual financial statements and auditors' report thereon before submission to the Board, for approval, with particular reference to :
  a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (c) of Sub-Section 3 of Section 134 of the Companies Act, 2013.
  b) Changes, if any, in accounting policies and practices and reasons for the same.
  c) Major accounting entries involving estimates based on the exercise of judgment by management.
  d) Significant adjustments made in the financial statements arising out of audit findings.
  e) Compliance with listing and other legal requirements relating to financial statements.
  f) Disclosure of any related party transactions.
  g) Modified opinions in the draft audit report.
- Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
- Reviewing with the management, the statement of uses / applications of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments. Valuation of undertakings or assets of the Company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Reviewing, with the Management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

- Discussion with statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture-holders, shareholders (in case of non payment of declared dividends) and creditors.
- To review the functioning of the whistle blower mechanism.
- Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate.
- Reviewing the following information :
  a) Management discussion and analysis of financial condition and results of operations;
  b) Statement of significant related party transactions submitted by the management;
  c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
  d) Internal audit reports relating to internal control weaknesses and
  e) The appointment, removal and terms of remuneration of the Chief Internal Auditor.
  f) Statement of deviations :
    i. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1);
    ii. Annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(7).
- Carrying out any other function as mentioned in terms of reference of the Audit Committee, as amended from time to time by the Companies Act, 2013 and the Listing Regulations.
- reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing.
- Reviewing with the compliance of provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and shall verify that the systems of internal control are adequate and are operating effectively.

4. Nomination and Remuneration Committee

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

Mr. A. R. Jamenis, Independent Director is the Chairman of the Nomination and Remuneration Committee. Other Members of the Committee are Mr. Atul Kirloskar, Mr. Y. S. Bhave and Mr. A. N. Alawani.

The Company Secretary acts as the Secretary to the Committee.

During the financial year 2019–2020; five meetings of the Nomination and Remuneration Committee were held on 2nd May, 2019; 18th October, 2019; 9th November 2019; 3rd January, 2020 and 5th March, 2020.

Details of attendance by committee members are as given below :

Name of Director	Category	Number of meetings held	Number of meetings attended
Mr. A. R. Jamenis	Independent and Non – Executive	5	5
Mr. Atul Kirloskar	Non – Independent and Non – Executive	5	5
Mr. A. N. Alawani	Non – Independent and Non – Executive	5	5
Mr. Y. S. Bhave	Independent and Non – Executive	5	5

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

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

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

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

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

d) formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel, senior management personnel and other employees,

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

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

g) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal,

h) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors,

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

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

k) perform such functions as required as per provisions of 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, etc. Further, performance evaluation of the Managing Director was also based on business achievements of the Company.

5. Remuneration of Directors

a) Remuneration to Managing Director

The Company pays remuneration by way of salary, perquisites, allowances and commission to the Managing Director. The commission to the Managing Director is decided by the Nomination and Remuneration Committee on determination of the profits for the financial year and approved by the Board of Directors. The remuneration to the Managing Director is in accordance with the provisions of the Companies Act, 2013; rules thereof and within the ceiling prescribed thereunder.

The Members at the Twenty Seventh Annual General Meeting held on 25th 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 1st July, 2018. The Company had entered into an agreement dated 3rd May, 2018 with the Managing Director for a period of 5 years. No notice period and severance fees have been prescribed in the agreement.

Details of remuneration, by payment and provision, to Mr. R. V. Gumaste, Managing Director for the financial year 2019–2020 are as given below :

Particulars	Amount (₹)
Salary	11,115,000
Leave Travel Assistance	90,000
Contribution to Provident Fund	1,233,000
Contribution to Superannuation Fund	1,541,248
Perquisites	135,435
Perquisite value for stock options	--
Gratuity	2,372,587
Leave Encashment	128,156
Commission	40,000,000
Total	56,615,426

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 KFIL Employee Stock Option Scheme 2017; the Nomination and Remuneration Committee at its meeting held on 3rd November 2017 has granted 500,000 employee stock options at an exercise price of ₹ 50 per option to Mr. R. V. Gumaste, Managing Director and these employee stock options would be vested over a period of 4 years subject to fulfillment of vesting conditions. As of 31st March, 2020; 237,500 employee stock options have vested in him and out of that, he has exercised 112,500 employee stock options. He has not exercised any employee stock option during the financial year 2019–2020.

b) Remuneration to Non Executive Directors

Section 197 of the Companies Act, 2013 and rules thereof state that, except with the approval of the members in the general meeting by a special resolution, the remuneration payable to Directors, who are neither Managing Directors nor Whole Time Directors, shall not exceed one percent of the net profits of the Company, if there is a Managing Director.

Upon the recommendation of the Nomination and Remuneration Committee and based on the performance of the Company, the Board of Directors decides the remuneration by way of commission to Non Executive Directors.

Details of commission payable to Non Executive Directors for the financial year 2019–2020 are as given below :

Name of Director	Amount (₹)
Mr. Atul Kirloskar	500,000
Mr. Rahul Kirloskar	500,000
Mr. A. N. Alawani	2,300,000
Mr. A. R. Jamenis	1,100,000
Mr. B. S. Govind	1,400,000
Mr. R. Sampathkumar	500,000
Mrs. Nalini Venkatesh	1,100,000
Mr. Y. S. Bhave	500,000
Mr. M. R. Chhabria	500,000
Total	8,400,000

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 28th April, 2017 has increased the sitting fees payable to a Non Executive Director from ₹ 25,000 to ₹ 50,000 for attending a meeting of the Board of Directors and the Committees thereof.

Details of Sitting Fees paid to Non Executive Directors during financial year 2019–2020 are as given below :

Name of Director	Amount (₹)
Mr. Atul Kirloskar	650,000
Mr. Rahul Kirloskar	300,000
Mr. A. N. Alawani	850,000
Mr. A. R. Jamenis	900,000
Mr. B. S. Govind	450,000
Mr. R. Sampathkumar	300,000
Mrs. Nalini Venkatesh	450,000
Mr. Y. S. Bhave	500,000
Mr. M. R. Chhabria	250,000
Total	4,650,000

Since Mr. V. M. Varma and Mr. M. V. Kotwal were appointed as Additional Directors in the category of Independent Directors with effect from 5th March, 2020; they were not entitled for any sitting fees and commission for the financial year 2019–2020.

6. Stakeholders Relationship Committee

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

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

During the financial year 2019–2020; three meetings of the Stakeholders Relationship Committee were held on 3rd July, 2019; 7th December 2019 and 29th February 2020.

Details of attendance by committee members are as given below :

Name of Director	Category	Number of meetings held	Number of meetings attended
Mr. Atul Kirloskar	Non – Independent and Non – Executive	3	3
Mr. A. R. Jamenis	Independent and Non – Executive	3	3
Mr. A. N. Alawani	Non – Independent and Non – Executive	3	3

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

a) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.,

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

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

d) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

Mr. Mayuresh Gharpure, Company Secretary and the Compliance Officer has been authorised by the Board of Directors to consider and approve applications for transfer, transmission, name deletion or related matters and to look into the investor complaints.

Contact details of the Compliance Officer are as given below :
Mr. Mayuresh Gharpure, Company Secretary
Kirloskar Ferrous Industries Limited
13, Laxmanrao Kirloskar Road, Khadki, Pune 411 003
Tel (020) 66084664 direct
Fax (020) 25813208 / 25810209

The Company has designated an exclusive email ID investor@kfil.com for investors to register grievances, if any. The said email ID has been displayed at the website of the Company.

Two investor complaints were pending as on 31st March, 2019. Thirteen investor complaints were received and fifteen investor complains were redressed during the financial year 2019–2020. No complaint was pending as on 31st March, 2020.

7. General Body Meetings

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

Annual General Meeting	Financial Year	Date, Time and Place
26th Annual General Meeting	2016 – 2017	3rd August, 2017 12 Noon Pudumjee Hall, Mahratta Chamber of Commerce, Industries and Agriculture, Tilak Road, Near Nehru Stadium, Swargate Corner, Pune 411002
Two special resolutions were passed : 1. Approval to the payment of commission to Non Executive Directors not exceeding one percent of Net Profits for each financial year commencing from the financial year 2017–2018. 2. Approval to the introduction and implementation of KFIL Employee Stock Options Scheme 2017 ('KFIL ESOS, 2017') and to grant 2,500, 000 stock options to specified senior Management employees and Directors (other than Promoter Directors, Independent Directors and Directors holding directly or indirectly more than 10 percent of the outstanding equity shares of the Company).		
27th Annual General Meeting	2017 – 2018	25th July, 2018 12 Noon Pudumjee Hall, Mahratta Chamber of Commerce, Industries and Agriculture, Tilak Road, Near Nehru Stadium, Swargate Corner, Pune 411002
One special resolution was passed :		
Appointment of Mr. A. R. Jamenis as an Independent Director of the Company to hold office for a second term of two consecutive years upto 12th August 2020.		
28th Annual General Meeting	2018 – 2019	23rd July, 2019 10.30 a.m S. M. Joshi Socialist Foundation, (S. M. Joshi Hall), S. No. 191/192, Navi Peth, Near Ganjave Chowk, Pune 411030

Three special resolutions were passed : 1. Appointment of Mrs. Nalini Venkatesh as an Independent Director of the Company to hold office for a second term of five consecutive years upto 12th August, 2024. 2. Appointment of Mr. R. Sampathkumar as an Independent Director of the Company to hold office for a second term of three consecutive years upto 12th August, 2022. 3. Appointment of Mr. B. S. Govind as an Independent Director of the Company to hold office for a second term of one year upto 12th August, 2020.

No resolution was passed by way of postal ballot during the financial year 2019–2020.

8. Means of Communication

In compliance with requirements of the SEBI LODR Regulations; the Company regularly intimates financial results to the BSE Limited immediately after they are approved by the Board of Directors. The financial results of the Company are available at the website of BSE Limited viz, www.bseindia.com and that of the Company viz. www.kirloskarferrous.com

Presentations on financial results and presentations to investors / analysts and official news releases are also available at the website of the Company, viz, www.kirloskarferrous.com

Financial results are published in national and local dailies such as Financial Express (English language newspaper) and Loksatta (Marathi language newspaper) having wide circulation. Since financial results are available at the websites of BSE Limited and the Company and are also published in national and regional newspapers, they are not sent individually to each member.

9. General Shareholders' Information

Corporate Identification Number (CIN)	L27101PN1991PLC063223
Day, Date and Time	Tuesday, 11th August 2020 at 11.30 a.m.
Venue	Through Video Conferencing or Other Audio Visual Means (VC / OAVM)
Books Closure	3rd August, 2020 to 11th August, 2020 (both days inclusive)
Financial Year	For the financial year from 1st April, 2019 to 31st March, 2020; financial results were announced as under : First Quarter 22nd July, 2019 Second Quarter 18th October, 2019 Third Quarter 24th January, 2020 Annual 9th June, 2020
ISIN	INE884B01025
Listing on stock exchange	BSE Limited (stock code : 500245)

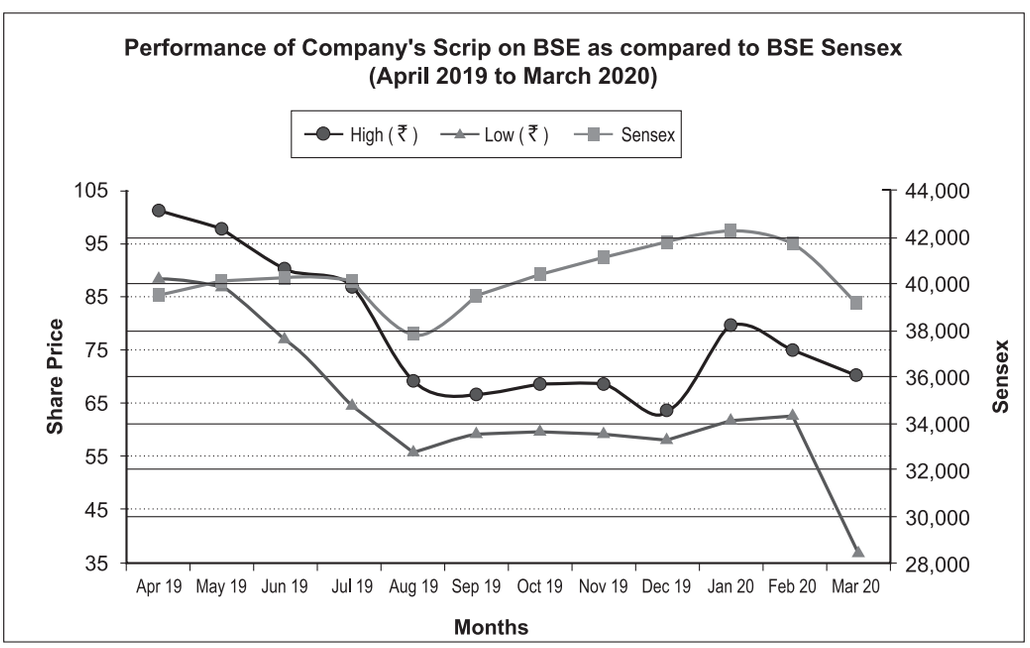
The annual listing fee has been paid and there is no sum outstanding as on date.

National Stock Exchange of India Limited (NSE) vide its Circular Reference No. 0960/2019 dated 8th 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 13th November, 2019.

Market Price Data

Monthly high / low price of equity share on the BSE Limited during the financial year 2019–2020 are as given below :

Year	Month	High (₹)	Low (₹)
2019	April	101.00	89.00
	May	97.55	87.00
	June	90.00	77.00
	July	87.00	65.05
	August	68.95	56.00
	September	66.50	59.50
	October	68.40	60.00
	November	68.35	59.60
	December	63.20	58.15
2020	January	79.50	62.30
	February	74.85	63.00
	March	69.90	37.20



Registrar and Share Transfer Agent

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

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

Link Intime India Private Limited
Akshay Complex, Block No 202,
Second Floor, Off Dhole Patil Road,
Near Ganesh Temple,
Pune 411 001.
Tel No. (020) 26161629 / 26160084
Fax No. (020) 26163503
Email : pune@linkintime.co.in

Share Transfer System

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

Applications for transfer of equity shares in physical form are processed by the Registrar and Share Transfer Agent of the Company and are returned after the registration of transfers within 15 days from the date of receipt, subject to the validity of all documents lodged with the Company. Applications for transfer of equity shares under objection are returned within a week. Transfer applications are approved at regular intervals.

Shareholding Pattern as on 31st March, 2020

Category	Number of Shares	Percentage of Shareholding
Promoters and Promoters Group	81,783,822	59.34
Domestic Companies	2,665,559	1.94
Mutual Funds	18,638,246	13.52
Foreign Institutional Investors	28,500	0.02
Foreign Portfolio Investors	32,444	0.02
Financial Institutions / Banks	500	0.00
NBFCs registered with RBI	25,000	0.02
Non Resident Indians	1,545,086	1.12
Directors and their relatives	485,488	0.35
Employees	346,386	0.25
Hindu Undivided Families	1,702,087	1.24
Clearing Members	25,681	0.02
Trusts	1,175	0.00
Investor Education and Protection Fund (IEPF)	1,656,730	1.20
General Public	28,885,287	20.96
Total	**137,821,991**	**100.00**

Distribution of Shareholding as on 31st March, 2020

Nominal Value of Shares (₹)		Shareholders		Shares	
From	To	Number	Percentage to Total	Number	Percentage to Total
1	5,000	46,318	93.81	9,057,586	6.57
5,001	10,000	1,254	2.54	1,983,071	1.44
10,001	20,000	775	1.57	2,251,005	1.64
20,001	30,000	379	0.77	1,918,123	1.39
30,001	40,000	133	0.27	939,513	0.68
40,001	50,000	140	0.28	1,338,685	0.97
50,001	100,000	186	0.38	2,730,166	1.98
100,001 and above		188	0.38	117,603,842	85.33
Total		**49,373**	**100.00**	**137,821,991**	**100.00**

Equity Shares in electronic form

As on 31st March, 2020; 97.58 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 is no convertible instrument outstanding as on 31st March, 2020 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 fluctuating prices on account of global and regional supply or demand. Fluctuations in 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 provide higher contribution and thus the Company endeavors to manage the price risk.

Castings are made to order and 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 – Procurement prices of metallurgical coke, coking coal and iron ore, which are major input materials for production of pig iron are also subject to market fluctuations. The Company procures these materials in open market at prevailing prices. However, the Company has elaborate system and monitoring mechanism to mitigate the input price risk with the help of inventory control, materials planning and has also adopted operational measures to mitigate price risks.

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

Foreign exchange risk and hedging activities

During the financial year 2019-2020, 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 exposure are disclosed in Note No. 38(i)(b) forming part of the Financial Statements.

Plant Locations

1. Bevinahalli Village, P.O. Hitnal, Taluka and District Koppal, Karnataka 583 234.
2. Hotgi Road, Shivashahi, Solapur, Maharashtra 413 224.

Address for correspondence

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

List of Credit Ratings obtained

ICRA Limited has assigned the rating [ICRA] A1+ (pronounced as ICRA A one plus) in respect of borrowing by issue of Commercial Paper for ₹ 100 Crores. However, the Company has not borrowed any fund by issue of Commercial Paper during the financial year 2019–2020.

10. Other Disclosures

(a) Disclosure on Related Party Transactions

During the financial year 2019–2020, there were no materially significant transactions with the related parties. The Board of Directors has adopted the policy on related party transactions. The copy of the same has been uploaded and is available at the website of the Company, viz. www.kirloskarferrous.com

Details of transactions of the Company with any person or entity belonging to the Promoter / Promoter Group, which holds 10 percent or more shareholding in the Company, are as given below :

(₹ in lakhs)

Name of the promoter / promoter group(s)	Nature of relationship	Nature of transactions	2019-2020		2018-2019	
			Transaction value	**Outstanding amount carried in balance sheet**	Transaction value	Outstanding amount carried in balance sheet
Kirloskar Industries Limited	Promoter Group	Dividend	**2,119**	**-**	1,589	-
		Building rent paid	**6**	**-**	6	-
		Rent deposit receivable	**-**	**3**	-	3

(b) There has been no instance of non-compliance by the Company on any matters related to capital markets during last three years. Neither any penalty nor any stricture has been imposed on the Company by the stock exchange, SEBI or any other statutory 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 :**

i. The Board :

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

ii. Shareholder Rights :

Since financial results are available at websites of BSE Limited and the Company and are also published in national and regional newspapers, the same are not sent individually to each member.

iii. Modified opinion(s) in audit report:

Audited Financial Statements of the Company for the financial year ended 31st March, 2020 does not contain any modified audit opinion.

iv. Reporting of Internal Auditor:

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

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

(f) The Company has not raised any funds through preferential allotment or qualified institutions during the year under review. Hence, no disclosure is required pursuant to Regulation 32(7A) of the SEBI LODR Regulations.

(g) Certificate from Practicing Company Secretary

A certificate has been obtained from Mr. Mahesh J. Risbud, Practising Company Secretary confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI or the Ministry of Corporate Affairs or any such statutory authority.

(h) During the year under review, the Board of Directors has accepted all recommendations given by the Committees of the Board, which are mandatorily required.

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

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

Number of complaints pending at the beginning of financial year	Nil
Number of complaints filed during the financial year	Nil
Number of complaints disposed of during the financial year	Nil
Number of complaints pending at the end of financial year	Nil

(k) Details of the Cost Auditor

With reference to the General Circular No. 15/2011-52/5/CAB-2011 dated 11th April, 2011 issued by the Government of India, Ministry of Corporate Affairs, Cost Audit Branch, New Delhi; details of Cost Auditor and filing of cost audit report with the Central Government are as given below:

M/s. Parkhi Limaye and Co, Cost Accountants (Firm Registration No. 000191)
'Aabha', Plot No. 16, Siddhakala Society, Warje, Pune 411058
Email ID : parkhilimaye@hotmail.com

The Cost Audit Report for the financial year ended 31st March, 2019 has been filed with the Central Government on 16th August, 2019.

(l) The Company has complied with all mandatory requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of Sub-regulation (2) of Regulation 46 of the SEBI LODR Regulations.

(m) Report on Management Discussion and Analysis Report forms part of the Annual Report and is in accordance with requirements specified in Schedule V of the SEBI LODR Regulations.

CEO / CFO Certification

A certificate signed by the Managing Director and the Chief Financial Officer confirming compliance of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was placed before the meeting of the Board of Directors held on 9th June, 2020.

Transfer of unpaid 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	Date of Declaration	Date of Payment	Dividend percent	Date on which dividend will become part of IEPF
2012-2013	26th July, 2013	19th August, 2013	25	29th August, 2020
2013-2014	13th August, 2014	2nd September, 2014	25	12th September, 2021
2014-2015	30th July, 2015	21st August, 2015	25	31st August, 2022
2015-2016	10th March, 2016	29th March, 2016	25	9th April, 2023
2016-2017	3rd August, 2017	22nd August, 2017	35	8th September, 2024
2017-2018	25th July, 2018	27th July, 2018	25	29th August, 2025
2018-2019 (Interim)	30th January, 2019	27th February, 2019	20	4th March, 2026
2018-2019 (Final)	23rd July, 2019	30th July, 2019	20	28th August, 2026
2019-2020	5th March, 2020	20th March, 2020	40	11th April, 2027

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 dividend as on the date of Annual General Meeting (i.e. 23rd July, 2019) have been filed in Form No. IEPF–2 with the Ministry of Corporate Affairs and have been uploaded at the website of the Company, viz. www.kirloskarferrous.com

Transfer of equity shares to the Investor Education and Protection Fund (IEPF)

Pursuant to provisions of Section 124(6) of the Companies Act, 2013 and rules thereof as amended from time to time; all shares, in respect of which dividend has not been paid or claimed for a period of seven years from the date of such transfer shall be transferred by the company in the name of Investor Education and Protection Fund (IEPF) alongwith a statement containing such details as may be prescribed.

Accordingly, the Company has transferred 171,880 number of equity shares of ₹ 5 each in October 2019 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 Listing 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, if these shareholders submit necessary documents to the Company.

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

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

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

Registration of bank details for payment of dividend by electronic means

As per Regulation 12 of the SEBI LODR Regulations, the Company shall use electronic modes of payment such as electronic clearing services, direct credit, real time gross settlement, national electronic funds transfer, etc. for making payment of dividend.

Accordingly, a Member holding shares in electronic form is requested to register details of bank account with the depository participant and a Member holding shares in physical form is requested to register details of bank account with the Company's Registrar and Share Transfer Agent, viz. Link Intime India Private Limited.

Income Tax PAN mandatory for transfer of securities

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

a) Deletion of name of deceased member(s),

b) Transmission of shares

c) Transposition of shares

DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

To the Members of **KIRLOSKAR FERROUS INDUSTRIES LIMITED,**

Pursuant to provisions of Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; 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 1st 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

Koppal : 9th June, 2020

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 31st March, 2020 as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.
3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the ICAI.
6. Based on our examination of the relevant records and according to the best of our information and explanations provided to us, we certify that the Company has complied with the conditions of regulations of Corporate Governance as stipulated in the above mentioned Listing Regulations.
7. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.
8. The certificate is issued solely for the purpose of complying with the aforesaid SEBI Listing Regulations and may not be suitable for any other purpose.

For Kirtane & Pandit LLP
Chartered Accountants
Firm Registration number: 105215W/W100057

Suhas Deshpande
Partner
Membership No.031787
UDIN : 20031787AAAAAT8382

Pune : 9th June, 2020

Business Responsibility Report for the financial year 2019-2020

Overview

Kirloskar Ferrous Industries Limited (KFIL) was incorporated in the year 1991 with an objective of manufacturing high quality Pig Iron and thin-walled quality grey iron castings to cater to the growing demand in industry sectors such as Tractors, Automotives and Diesel Engines.

Koppal plant is strategically located at Bevinahalli village in Koppal district of Karnataka State with manufacturing facility of pig iron and casting with a machining facility. The plant has proximity to iron ore deposits of the Hospet–Sandur–Bellary belt and well connected by road and railways to enable smooth and faster movement of goods. Similarly, Solapur plant located at Solapur district of Maharashtra State has a casting manufacturing facility with forwarding integration to machining facility.

Both Koppal and Solapur plants have highly productive equipment and skilled manpower alongwith tactical supply-chain-logistics. KFIL has a unique capability and manufacturing flexibility in producing a wide range of products in Grey Iron castings up to 300 kg single piece weight in the category of cylinder blocks, heads and housings and in the manufacture and supply of pig Iron that includes foundry grade, s.g. iron grade and basic grade.

KFIL has also a unique rapid proto casting making capability and process at Koppal plant, which is very close to serial regular production and enables quick productionisation of proto items.

During the financial year 2019-2020, first phase equipment was installed and commissioned at Solapur plant for “No Bake” foundry project for manufacture of large Grey iron castings weighing in the range of 500 to 2500 kgs.

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

In keeping with the Company’s commitment to responsibility and accountability towards all its stakeholders, KFIL is pleased to present it Business Responsibility Report in line with Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In line with SEBI’s structure for the Business Responsibility Report and nine principles of the Government of India’s ‘National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business’, this report delineates the Company’s efforts to conduct business responsibility.

Section A : General Information about the Company

<table>
<tr><td>1</td><td>Corporate Identity Number (CIN) of the Company</td><td colspan="2">L27101PN1991PLC063223</td></tr>
<tr><td>2</td><td>Name of the Company</td><td colspan="2">Kirloskar Ferrous Industries Limited</td></tr>
<tr><td>3</td><td>Registered Address</td><td colspan="2">13, Laxmanrao Kirloskar Road, Khadki, Pune 411003, Maharashtra, India</td></tr>
<tr><td>4</td><td>Website</td><td colspan="2">www.kirloskarferrous.com</td></tr>
<tr><td>5</td><td>Email</td><td colspan="2">investor@kfil.com</td></tr>
<tr><td>6</td><td>Financial Year of Reported</td><td colspan="2">2019–2020</td></tr>
<tr><td rowspan="4">7</td><td rowspan="4">Sectors that the company is engaged in (Industrial Activity Code wise)</td><td colspan="2">Iron Castings</td></tr>
<tr><td>NIC Code</td><td>Product Description</td></tr>
<tr><td>27310</td><td>Iron Castings</td></tr>
<tr><td colspan="2">As per National Industrial Classification for India (NIC)</td></tr>
</table>

8	List three key products that company manufactures / provides	Pig Iron
		Iron Castings
		-
9	Total number of locations where business activity is undertaken by the Company	
	i) International Locations	None
	ii) National Locations	Koppal (Karnataka)
		Solapur and Pune (Maharashtra)
10	Markets served by the company	India

Section B : Financial Details of the Company

1	Paid up capital (₹ in Lakhs)	6,891
2	Total Turnover (₹ in Lakhs)	184,966
3	Total Profit after Taxes (₹ in Lakhs)	11,237
4	Total spending on Corporate Social Responsibility (CSR) as a percentage of average profit for last 3 financial years (₹ in Lakhs)	228

5. Activities under which expenditure on 4 above has been incurred include:

a) Health and Hygiene : Rural health, health check-ups camps, hygiene awareness program 'WASH', which includes clean drinking water, sanitation and hygiene.

b) Education : Financial assistance for education, scholarship for students, studying in neighboring villages and self-help programs for women on income generation

c) Environment : Bringing awareness on environment through "Kirloskar Vasundhara International Film Festival" involving school and college students, programs on rain water harvesting and arranging Swachchha Bharat Abhiyan to bring awareness on clean surrounding and environment

d) Rural Development : Arranging skill development programs, arranging mass marriages and community awareness programs.

Section C : Other Details

1	Does the Company have any Subsidiary Company / Companies?	No
2	Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).	No
3	Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with / participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities (less than 30%, 30-60%, more than 60%).	No

Section D : Business Responsibility (BR) Information

Responsibility for BR :

Details of Director responsible for implementation of BR Policy / Policies

Name	Designation	DIN	Telephone	Email ID
Mr. R. V. Gumaste	Managing Director	00082829	08539-286761	gumaste.rv@kfil.com

Details of BR Head :

Name	Designation	DIN	Telephone	Email ID
Mr. R. V. Gumaste	Managing Director	00082829	08539-286761	gumaste.rv@kfil.com

BR Principles

At KFIL, Business Responsibility is guided by India's 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business', which articulates nine principles as below :

Principle 1 (P1)	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2 (P2)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3 (P3)	Businesses should promote the well-being of all employees.
Principle 4 (P4)	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
Principle 5 (P5)	Businesses should respect and promote human rights
Principle 6 (P6)	Businesses should respect, protect, and make efforts to restore the environment.
Principle 7 (P7)	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8 (P8)	Businesses should support inclusive growth and equitable development
Principle 9 (P9)	Businesses should engage with and provide value to their customers and consumers in a responsible manner

All nine principles as articulated in India's 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' are covered by policies of KFIL as outlined in the table below :

BR Policies and coverage of NVG nine principles

Principle-wise (as per NVGs) BR Policy / policies

a) Details of compliance (Reply in Y/N)

Sr No	Particulars	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Availability of Policy*	Y	Y	Y	Y	Y	Y	NA	Y	Y
2	Policy formulated in consultation with relevant stakeholders? #	Y	Y	Y	Y	Y	Y	NA	Y	Y
3	Conformity of policy to any national / international standards? @	Y	Y	Y	Y	Y	Y	NA	Y	Y
4	Policy approved by the Board **	Y	Y	Y	Y	NA	Y	NA	Y	Y
	Policy signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	NA	Y	Y
5	Specified committee of the Board / Director / Official appointed to oversee the implementation of the policy.	Y	Y	Y	Y	Y	Y	NA	Y	Y
6	Indicate the link for the policy to be viewed online?	Relevant external policies are available at the website of the Company viz. www.kirloskarferrous.com								
7	Policy communicated to all relevant internal and external stakeholders	Y	Y	Y	Y	Y	Y	NA	Y	Y
8	Existence of an in-house structure within the Company to implement the policy / policies	Y	Y	Y	Y	Y	Y	NA	Y	Y
9	Availability of a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies	Y	Y	Y	Y	Y	Y	NA	Y	Y
10	Assessment by an internal / external agency of the working of this policy ##	Y	Y	Y	Y	Y	Y	NA	Y	Y

*Policies include defined / documented procedures and Standard Operating Procedures (SOPs).

Relevant policies have evolved over a period of time based on inputs from concerned stakeholders.

@ Policies are in line with international standards and practices such as ISO 9001: IATF Guidelines, ISO 14001, OHSAS 18000 and also meet regulatory requirements in India such as the Companies Act, 2013, rules thereof and the SEBI Regulations, wherever applicable.

** The Board of Directors of the Company has approved from time to time various policies such as Code of Conduct for Directors and Senior Management, Whistle Blower Policy, CSR Policy, Code for Fair Disclosures, Policy on Related Party Transactions and Business Responsibility Policy in line with regulatory requirements. These policies are signed by respective officers authorized by the Board.

Other policies and procedures for internal processes are approved by the Management of the Company and signed by the Managing Director or respective business heads.

The Company has established internal governance structure to ensure implementation of various policies. The Company reviews implementation of polices through internal audit, risk management process in-line with established policies / SOPs.

If answer to the question at serial number 1 against any principle is 'No', please explain why : (Tick up to 2 options)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	√	-	-
6	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

@ The Company reviews regularly its policies to align with the principles of business responsibility in true spirit. The assessment for adoption / implementation of specific policies is under process which will be continued in next financial year.

Section E : Principle wise Performance

Principle 1 : Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

The Company is committed to conducting its business in accordance with the applicable laws, rules and regulations and with highest standards of business ethics. The Company has in place the Code of Conduct ("Code") for its Directors and Senior Management Personnel and their confirmations to the Code are obtained by the Company on periodical basis. The Company has internal code of conduct policy applicable to all its employees with the objective of establishing and upholding high ethical conduct with transparency and accountability. It includes issues related to ethics, bribery and corruption while dealing with connected stakeholders. It covers the dealings with its suppliers, customers and other stakeholders. No Complaints linked to the Code of Conduct adherence were received during the year under review.

This Policy is intended to provide guidance and help in recognizing and dealing with ethical issues, provide mechanisms to report unethical conduct and to help foster a culture of honesty and accountability. The objective is to encourage the highest standards of ethical conduct, transparency and accountability while dealing with its stakeholders.

The Company has Whistle Blower Policy in place, which lays down the process to report any unethical behavior or violation of the Code of Conduct. Employees can report to the Management any instances

of unethical behavior, or suspected fraud or violation of the Code of Conduct or ethics policy. Adequate measures are in place to ensure the safeguarding of whistle blowers against victimization. No complaint in this respect has been received during the year under review.

The Company has established mechanism for receiving and dealing with complaints from various stakeholders like investors, customers, employees, suppliers and society. During the year under review, no complaint was received from any stakeholder.

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

Principle 2 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Grey Iron Castings :

The Company is a casting supplier to Original Equipment Manufacturers and Tier I supplier. Products are manufactured as per the customer's design and specifications. The business development and new product development teams closely interact with the customers and fulfill Production Part Approval Process (PPAP) requirements. The Company continuously strives to minimize waste in materials and processing requirements by initiatives such as yield improvement, casting weight reduction and waste elimination by implementing appropriate technologies.

Pig Iron :

The Company is supplying Pig Iron to Foundries. In operations, good quality of raw materials are used to operate efficiently in accordance with the environmental measures applicable to industry norms. Pig iron in terms of weight and size and the chemical composition are manufactured as per the customer requirements and chemistry of each dispatches are provided to its customers eliminating duplicate sampling and optimizing their resource utilization.

The Company continuously monitors and tracks the use of natural resources. All measures are in place in optimizing the consumption of resources.

Energy audits are conducted every year by the third party and appropriate actions are taken on audit findings to optimize the energy consumption considering conservation of natural resources. All conventional lights are replaced with energy efficient LED. The Company has 10 MW solar power plant at Solapur and 100 KW roof top solar PV unit at Koppal administrative building in its efforts to have green energy adopting renewable resources.

Unit	Description	2018-2019	2019-2020
Pig Iron Plant	Specific Energy Consumption (KWh/MT)	172	169
Foundry (Koppal)	Specific Energy Consumption (KWh/MT)	1164	1203
KFIL (Koppal)	Reduction in Specific Water Consumption (Cub.mtr/ MT)	3242	3180
Foundry (Solapur)	Specific Energy Consumption (KWh/MT)	1568	1577
	Reduction in Specific Water Consumption (Cub.mtr/ MT)	0.9996	1.0009

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

Supply chain sustainability is ensured through various initiatives such as :

- The Company conducts vendor meets once in two years to have a mutual forum with its vendors, which provides a platform to understand and resolve concerns and minimize interface losses.

- Engagement with vendors to ensure environmental compliance and promoting the use of recycled / returnable packaging for components sourced and increasing the size of containers. Optimization of transportation and logistics cost. The Company partners with suppliers to get the mutual benefit by optimizing the quality and cost of the input material.
- Vendor selection is an integral process to ensure sustainable sourcing. The Company has vendor selection process, which is based on various parameters that include quality, cost, environmental and legal compliance, financial health and stability, management capabilities and organization structure to ensure sustainable approach.
- Railway siding has been established to transport in-bound and out-bound materials to decongest road traffic, which helps in reducing carbon foot print.

Various measures have been taken by the Company towards strengthening the entire supply chain to ensure seamless and sustainable procurement process.

The Company does take proactive steps in supporting local and small service providers in nearby areas. The Company is using the services of local fettling shops for raw castings fettling and also supports for necessary infrastructure development. Other allied services like electrical works, tool modification, spares, consumables are being sourced from local and small producers.

The Company engages small vendors in nearby areas by providing training to their workmen on skill development, productivity improvement, cost reductions and awareness on safety, environment and compliances.

The Company makes continuous efforts to reduce the quantum of waste being generated in its operations.

Following initiatives are taken to reduce waste generation and recycle all waste to make zero land fill.

- Entire Iron fines, coke fines, Gas Cleaning Plant (GCP) dust, GCP sludge generated from MBF operations are being reused in sinter making. Granulated Slag generated is being sold in a phased manner to cement plants. Un-granulated slag and skull is processed and sold to buyers approved by pollution control boards. Installed sand reclamation plant to recycle 90 percent rejected core sand and balance core sand are disposed as per guidelines issued by pollution control boards. Rejected castings, runner risers and other scraps recycled through melting. Garden waste is converted into compost and generated the bio fertilizer is used for plantation. Food waste generated from canteen is being sent to piggeries.
- 250 KLD HTP installed to treat the domestic waste water and treated water being used for plantation. Water is used in various processes are mainly for cooling and quenching purpose, hence there was no generation of trade effluent. Through reuse and recycling technique waste water generated from one process will be used in other process and zero liquid discharge policy is adopted.

Principle 3 : Businesses should promote the wellbeing of all employees.

The Company views employees as enablers of value creation and is committed to well-being of its employees and has various people policies and practices that drive the learning and development as well as the health and wellness of the employees. The Company's HR processes address well-being of its employees at all levels and offers equal opportunity to all without any discrimination. These processes are driven by the inherent values of the Company and are always in conformity with labour laws, human rights and other legislations promulgated from time to time.

Employee category	Total Number of Employees	% Trained on safety	% Trained for Skill Up-gradation
Permanent	1,248	66 %	49.72 %
Permanent Female	5	95 %	90 %
Temporary	326	80 %	70 %
Disabled Employees	1	100 %	100 %

The Company has recognised trade unions for its workmen, who constitute around 40 percent, with whom the collective bargaining, welfare measures and work discipline are mutually agreed and adhered to in congenial industrial relations.

No complaint relating to child labour, forced labour, involuntary labour or sexual harassment at work place was filed during the financial year and pending at the end of the financial year.

Principle 4 : Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

KFIL strongly believes in 'Enriching Lives' of the communities in which it operates. The mission of the Company is “To be a preferred employer and responsible neighbour”.

The Company has identified its employees, customers, investors, vendors, contractors, technical partners, local community and Government / Regulators as its key stakeholders. There are different formal and informal mechanisms to engage with each of these stakeholders, which help us to understand and respond to their needs.

KFIL regularly engages with its community stakeholder group like small vendors, villages in the vicinity, to identify the community those falling under disadvantaged, vulnerable, marginalized category and takes special efforts to address their concerns like, health and hygiene, awareness on environment, community development, training and encouraging formation of self-help group and support for education to needy students considering community as a partner in progress.

The Company’s community initiatives are addressed specifically to alleviate issues and problems of the vulnerable and disadvantaged sections in our areas of operations to understand and respond to community needs in an effective manner. The Company organizes various interactive sessions with its supplier / vendor meets, customer / employee satisfaction surveys, investor forums, consultations with local communities etc., for their feedback and to offer better services.

As part of the CSR initiatives, the Company has initiated projects for enhancing education through support classes, study classes, remedial education, running computer laboratories, counselling, support towards operations of primary classes, removal of barriers towards access to higher education, constructing of classroom blocks, toilet blocks, family strengthening program, scholarships, etc., skills augmentation, environment initiative, empowerment initiatives for women and children of villages, community based drinking water projects, health camps, support towards mid-day meal scheme, facilities for safe drinking water in schools and community places, upgradation of facilities in hospitals, temples etc. for the marginalized communities. Activities under its CSR initiative are targeted for the benefits of vulnerable groups in villages, students of government schools, unemployed youth, economically weaker sections etc., rural and semi urban areas.

Principle 5 : Businesses should respect and promote human rights.

The Company is dedicated to uphold the human rights of all its internal and external stakeholders. It ensures compliance with all applicable laws pertaining to human rights.

While the Company does not have a standalone Human Rights policy, different aspects of human rights such as child labour, forced labour, occupational safety, non-discrimination are covered by its various Human Resource Policies.

Said policies are enumerated as part of employee induction training and awareness programs imparted at regular intervals to ensure adherence to the policies. Whistle blower and Grievance Redressal mechanisms are in place for receiving and addressing complaints and feedback related to human rights violations and process improvement.

During the year under review, no complaint related to human rights was received from any stakeholder.

Principle 6 : Business should respect, protect and make efforts to restore the environment.

The Company has adopted various policies related to environment protection like environment, safety, energy. The Company is encouraging suppliers to get themselves certified for Environmental Management System.

The Company has taken targets in respect of energy conservation, reduction of Green House Gas (GHG) emission and conservation of water. The strategies and new initiatives continue year on year. In the current reporting year, various initiatives on energy and water conservation, waste reduction, etc. were implemented.

Energy conservation :

All conventional lights are replaced with energy efficient LED. Installed 100 KW roof top solar PV unit at new administrative building meeting the 80 percent of the energy requirement of the building. Captive solar plant with production capacity of 10 MW AC power generation has been installed at Solapur plant.

GHG emission :

The Company monitors its Green House Gas (GHG) emissions, and related Key Performance Indicators are part of its Environment Management System. Various energy efficient initiatives in operations and products were implemented by the Company to reduce its carbon footprint.

The Company has reduced GHG emissions by 5 percent compared to previous year in terms of tons of CO2 from 10,77,776 in 2018-2019 to 10,23,470 in 2019-2020.

Water conservation :

Water is used in various processes, mainly for cooling and quenching purpose. There was no generation of trade effluent. Through reuse and recycling technique, waste water generated from one process will be used in other process and zero liquid discharge policy is adopted.

Waste water generated in DM plant during re-generation, back wash etc., is being collected in a neutralising pit and the same is reused in MBF for slag granulation.

Water conservation is practiced by :

- Rain water harvesting.
- Bore wells are provided with rain water filtration and recharge system through filtration media and recharge techniques.
- Rain water from building roof top is made to channelized to the bore well recharge pits.

The Company has a mechanism to identify and assess potential environmental risks across the plant through the certified Environmental Management System. The Company has Implemented and certified for ISO 14001:2015 - EMS and OHSAS 18001:2007 Certification.

The Company continually strives to minimize the environmental impact of its operations through sustainable practices and responsible use of natural resources. Further, it is committed to creating and preserving a clean environment and society. The Company has installed pollution control equipment wherever required by commissioning dust extraction systems and installed mesh and long growing plants all along the perimeter to avoid dust emissions outside the premises of the Company. The Company maintained greenery across the plant by planting around 1,70,000 plants and 10,500 samplings planted during the year under review.

The Company has 10 MW solar power plant at Solapur and 100 KW roof top solar PV unit over administrative building at Koppal plant in its efforts to have green energy.

Blast Furnace Gas generated from blast furnaces, further processed for clean gas in gas cleaning plant and used as a fuel in hot blast stoves for preheating the air and used a fuel in steam generators for generation of power in steam driven turbo generators respectively.

Coke oven gas (CO gas) is a by-product gas produced during the production of metallurgical coke in a coke oven battery. This waste heat coke oven gas directed into a waste heat recovery Boiler (WHRB), which is an energy recovery heat exchanger that transfers heat from coke oven gas into a high pressure steam. This high pressure steam is directed to steam turbine for generation of power.

Pursuant to the Environment Protection Act and rules thereof, Form-V (Environmental statement) is submitted to the State Pollution Control Board. The Company operate as per the 'Consent-to Operate' conditions and guidelines as stipulated by the Ministry of Environment, Forest and Climate Change / the State Pollution Control Board.

No show cause notice or legal notice was received from the Central Pollution Control Board / the State Pollution Control Board during the financial year and pending at the end of the financial year.

Principle 7 : Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

The Company is a member of trade and industry chambers like Pig Iron Manufactures Association, Association of Mini Blast Furnaces, Automotive Component Manufacturers Association of India (ACMA), Engineering Export Promotion Council of India, Karnataka Employers' Associations, National Safety Council, The Institute of Indian Foundrymen, Ballari Koppal Regional Industries Safety Events (BKRISE).

The Company has represented to the state & central governments through Karnataka Employer's Associations seeking modifications under various acts to enable the ease of business.

Principle 8 : Businesses should support inclusive growth and equitable development.

The Company has adopted a Corporate Social Responsibility policy. CSR Committee recommends to the Board the CSR activities to be undertaken by the Company in line with the CSR Policy and monitors the CSR activities. The CSR policy is available on the website of the Company, viz. www.kirloskarferrous.com

Through its social investments, the Company addresses the needs of associated communities by taking sustainable initiatives in the areas of health and hygiene, education, infrastructure and rural development.

The CSR activities are also undertaken through Kirloskar Ferrous Rural Development Trust by involving employees led by an internal team and external NGOs.

The CSR program impact assessment is done by engaging external NGO on periodical basis and the number of beneficiaries and feedbacks are taken to analyse the impact of various initiatives taken and these feedbacks are taken as inputs for planning next initiatives.

During the financial year under review, the Company has spent the sum of ₹ 2.28 Crores in the areas of Health and Hygiene, Education, Environment and Rural Development. Details of activities undertaken are provided in the Annual Report on the CSR activities annexed to the Directors' Report.

Principle 9 : Businesses should engage with and provide value to their customers and consumers in a responsible manner.

During the financial year, twenty five customer complaints were received and redressed. No complaint was pending as at the end of the financial year.

No case has been filed by any stakeholder against the Company regarding unfair trade practices/ irresponsible advertising / anti-competitive behaviour during the last five years and pending at the end of the financial year.

The Company conducts a Customer Satisfaction Survey (CSS) through external professional agency at regular intervals. The survey captures Customer Satisfaction Parameters like eQ Index, Commitment Share and Vulnerable share alongwith perception for various attributes. The survey includes direct interviews with customers using a structured questionnaire covering various factors such as brand image, business support, research and development, product, order execution, delivery, packaging and experience with sales team.

Clause regarding display of product information on the product label, over and above mandatory disclosures as per laws, is not applicable in case of the Company.

INDEPENDENT AUDITORS' REPORT

To The Members of
Kirloskar Ferrous Industries Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Kirloskar Ferrous Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, 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, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	How our Audit addressed the key audit matter
1.	**Contingent Liability** The Company is involved in direct and indirect tax litigations amounting to ₹ 25.30 Crores that are pending with various tax authorities. Whether a liability is recognized or disclosed as a contingent liability in the financial statements is inherently judgmental and dependent on assumptions and assessments. We placed specific focus on the judgements in respect to these demands against the Company. Determining the amount, if any, to be recognized or disclosed in the financial statements, is inherently subjective. Therefore, these litigations amount is considered to be a key audit matter.	Our procedures included, but were not limited to, the following: • Obtained an understanding from the management with respect to process and controls followed by the Company for identification and monitoring of significant developments in relation to the litigations, including completeness thereof. • Obtained the list of litigations from the management and reviewed their assessment of the likelihood of outflow of economic resources being probable, possible or remote in respect of the litigations. • Assessed management's discussions held with their legal consultants and understanding precedents in similar cases; • Obtained and evaluated the confirmations from the consultants representing the Company before the various authorities and our own dedicated teams of direct tax and indirect tax. Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the financial statements.
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 capitalise or expense certain costs, and the determination of depreciation charges are material to the Company's financial position and performance. The charges in respect of periodic depreciation are derived after estimating an asset's expected useful life and the expected residual value. Changes to asset's carrying amounts, expected useful lives or residual value could result in a material impact on the financial statements and hence considered as key audit matter.	Our audit approach consisted evaluation of design and implementation of controls, and testing the operating effectiveness of the internal controls over valuation of property, plant and equipment and review of useful lives; Periodic physical verification of property, plant and equipment for adequacy and appropriateness of the accounting and disclosure by the Management: • 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 where, required. • We have reviewed the policy and the procedure of physical verification of PPE. • After carrying out above audit procedures, we did not identify any exceptions in relation to the valuation and the existence of property, plant and equipment including assessment of useful lives and residual values which, may affect our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

2. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

3. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

4. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in **"Annexure B"** a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Suhas Deshpande
Partner
Membership No.: 031787
UDIN: 20031787AAAAAS3032

Pune : June 09, 2020

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").

Opinion

We have audited the internal financial controls over financial reporting of **KIRLOSKAR FERROUS INDUSTRIES LIMITED** ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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, 2020, 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.

Management's Responsibility for Internal Financial Controls

The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles,

and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Suhas Deshpande
Partner
Membership No. 031787
UDIN: 20031787AAAAAS3032

Pune : June 09, 2020

Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 4 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of KIRLOSKAR FERROUS INDUSTRIES LIMITED of even date)

i. In respect of the Company's fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

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

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

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

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

v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2020 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company. No order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal for contravention of these sections or any other relevant provision(s) of the Act and the relevant rules.

vi. The Central Government has specified maintenance of cost records under Sub-Section (1) of Section 148 of the Act and we are of the opinion that prima facie such accounts and records are made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(c) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2020 on account of dispute are given below:

Name of the statute	Nature of the dues	Amount under dispute (₹)	Period(s) to which the amount relate	Forum where such dispute is pending
Central Excise Act, 1944	Interest on refund	3,41,496/-	FY 2003-04	Assistant Commissioner of Central Excise, Bellary
Central Excise Act, 1944	Cenvat Credit issues [1]	14,28,937/-	FY 2006-07 to FY 2015-16	Assistant Commissioner of Central Excise, Bellary
Central Excise Act, 1944	Cenvat Credit availed on Steel	94,084/-	FY 2010-11	Joint Commissioner of Central Tax and Central Excise, Belgaum
Central Excise Act, 1944	Iron Ore supplied by Export Oriented Unit Supplier	71,16,956/-	FY 2015-16 to FY 2017-18 (Upto Jun-17)	Additional Commissioner of Central Excise, Belgaum,
Central Excise Act, 1944	Tax on sale of Black Waste Sand, Plastic Waste & Wooden Waste	2,48,421/-	FY 2013-14 and FY 2014-15	Assistant Commissioner of Central Tax & Central Excise, Hospet
Finance Act, 1994	Cenvat Credit utilised for Service Tax payment	75,85,734/-	FY 2006-07	Commissioner of Central Excise, Belgaum
Finance Act, 1994	Cenvat Credit issues [1]	7,72,188/-	FY 2009-10 to FY 2011-12	Assistant Commissioner of Central Excise, Bellary
Finance Act, 1994	Cenvat Credit issues	27,16,155/-	FY 2011-12 and FY 2015-16	Assistant Commissioner of Central Excise, Bellary
Finance Act, 1994	Service Tax demand on Interest on Letter of Credit	1,14,96,454/-	FY 2008-09 to FY 2011-12	CESTAT, Bangalore
Finance Act, 1994	Service Tax Cenvat Credit availed on Input Services	53,40,086/-	FY 2011-12 to FY 2014-15	CESTAT, Bangalore
Finance Act, 1994	Refund Claim filed in respect of Service Tax and KKC Cenvat Credit pertaining to Railway Siding Project	41,15,498/-	FY 2016-17 and FY 2017-18	Commissioner of Central Tax (Appeals), Belgaum

Name of the statute	Nature of the dues	Amount under dispute (₹)	Period(s) to which the amount relate	Forum where such dispute is pending
Finance Act, 1994	Service tax on Job work charges [1]	1,01,434/-	FY 2014-15 to FY 207-18	Assistant Commissioner of Central Tax & Central Excise, Hospet
Finance Act, 1994	Service Tax paid on Royalty charges towards the purchase of Iron ore through e-auction	34,10,620/-	FY 2016-17	Commissioner of Central Tax (Appeals), Belgaum
Income Tax Act, 1961	Minimum Alternate Tax [2]	8,21,51,567/-	FY 2004-05 and FY 2006-07	Hon'ble High Court Mumbai
Income Tax Act, 1961	Depreciation allowance - TG-3 Assessment Demand [3]	9,37,13,150/-	FY 2010-11 and FY 2011-12	Income Tax Appellate Tribunal, Pune
Karnataka VAT Act, 2003	Disallowed Input Tax Credit	82,76,255/-	FY 2007-08	Hon'ble High Court of Karnataka, Dharwad Bench,
Karnataka VAT Act, 2003	Rejected Input Tax Credit [3]	37,79,903/-	FY 2008-09	Assistant Commissioner of Commercial Tax, Davanagere
Provident Fund and Miscellaneous Provisions Act, 1952	Interest and damages for belated remittance	67,19,589/-	FY 2001-02 to FY 2004-05	EPF Appellate Tribunal, New Delhi
Provident Fund and Miscellaneous Provisions Act, 1952	Demand for differential PF dues	1,18,13,110/-	FY 2012-13 to FY 2015-16	EPFO, Bellary

[1] The Company has Opted for resolution under "Sabka Vishwas (Legacy Dispute Resolution) Scheme 2019" and 30% of the duty demand paid.

[2] Out of the total amount under dispute ₹ 1,56,28,182/- is paid under protest.

[3] Total amount under dispute is paid under protest.

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

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

x. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

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

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

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

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

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Suhas Deshpande
Partner
Membership No. 031787
UDIN: 20031787AAAAAS3032

Pune : June 09, 2020

Financial Statements
and
Notes forming part of Financial Statements

BALANCE SHEET AS AT 31ST MARCH, 2020

(₹ in Lakhs)

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	5	**85,201**	60,427
Capital work-in-progress	5	**13,769**	5,673
Intangible assets	6	**210**	334
Intangible assets under development	6	**606**	542
Financial assets			
(i) Investments	7	**50**	1
(ii) Loans	8	**1,078**	868
(iii) Other financial assets	9	**8**	8
Other non current assets	10	**1,094**	5,033
Total non-current assets		**102,016**	72,886
Current assets			
Inventories	11	**23,644**	24,627
Financial assets			
(i) Trade receivables	12	**29,259**	38,022
(ii) Cash and cash equivalent	13	**696**	102
(iii) Bank balance other than (ii) above	13	**408**	353
(iv) Loans	14	**69**	86
(v) Other financial assets	15	**346**	76
Current tax asset (net)	16	**2,065**	1,341
Other current assets	17	**3,317**	1,502
Total current assets		**59,804**	66,109
Total Assets		**161,820**	138,995
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	**6,891**	6,882
Other equity	19	**65,307**	58,929
Total equity		**72,198**	65,811
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	20	**15,773**	4,100
Provisions	21	**285**	246
Deferred tax liabilities (Net)	22	**11,428**	9,405
Total non-current liabilities		**27,486**	13,751
Current liabilities			
Financial liabilities			
(i) Borrowings	23	**8,300**	7,388
(ii) Trade payable	24		
- Total outstanding dues of micro enterprises and small enterprises		**1,462**	1,234
- Total outstanding dues of creditors other than micro enterprises and small enterprises		**36,097**	42,289
(iii) Other current financial liabilities	25	**14,596**	6,043
Other current liabilities	26	**949**	1,865
Provisions	27	**732**	614
Total current liabilities		**62,136**	59,433
Total liabilities		**89,622**	73,184
Total equity and liabilities		**161,820**	138,995

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, 9th June, 2020

For and on behalf of the Board of Directors

ATUL C. KIRLOSKAR
Chairman
DIN 00007387

R.V.GUMASTE
Managing Director
DIN 00082829

MAYURESH GHARPURE
Company Secretary

R.S.SRIVATSAN
Chief Financial Officer

Pune, 9th June, 2020

Koppal, 9th June, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in Lakhs)

Particulars	Note No.	For the Year ended	
		31st March, 2020	31st March, 2019
INCOME			
Revenue from operations	28	**184,966**	215,915
Other Income	29	**1,564**	553
Total Income		**186,530**	216,468
EXPENSES			
Cost of materials consumed	30	**113,140**	134,478
Purchases of stock-in-trade		**-**	1,397
Changes in inventories of finished goods, stock-in-trade and work-in-progress	31	**167**	(859)
Employee benefits expense	32	**9,640**	9,374
Finance costs	33	**1,726**	1,647
Depreciation and amortization expense	34	**5,751**	5,420
Other expenses	35	**40,488**	50,340
Total expenses		**170,912**	201,797
Profit before tax		**15,618**	14,671
Tax expenses			
(1) Current tax		**2,859**	3,767
(2) Short/ (excess) for the earlier years		**(568)**	(35)
(3) Deferred tax		**2,090**	1,128
Profit for the year		**11,237**	9,811
Other Comprehensive Income			
Items that will not be reclassified to profit or (loss)			
Remeasurements of post-employment benefit obligations		**(192)**	41
Income Tax relating to above		**67**	(14)
Other Comprehensive Income for the year, net of tax		**(125)**	27
Total Comprehensive Income for the year (Comprising profit and Other Comprehensive Income for the year)		**11,112**	9,838
Earnings per equity share (for continuing operations)	36		
Basic (₹)		**8.16**	7.14
Diluted (₹)		**8.15**	7.12

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, 9th June, 2020

For and on behalf of the Board of Directors

ATUL C. KIRLOSKAR
Chairman
DIN 00007387

MAYURESH GHARPURE
Company Secretary

Pune, 9th June, 2020

R.V.GUMASTE
Managing Director
DIN 00082829

R.S.SRIVATSAN
Chief Financial Officer

Koppal, 9th June, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in Lakhs)

Particulars	As at 31st March, 2020		As at 31st March, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES :			
Net Profit before tax		**15,618**	14,671
Add :			
Depreciation	**5,751**		5,420
(Profit) / Loss on sale of assets	**72**		210
Provision for doubtful debts	**-**		9
Bad debts written off	**-**		-
Unrealised Foreign exchange (Gain)/Loss	**884**		(496)
Employee share-based payment expense	**164**		284
Remeasurements of post-employment benefit obligations	**(192)**		41
Fair value changes in derivative financial instrument	**(270)**		-
Finance Costs	**1,726**		1,647
		8,135	7,115
Less :		**23,753**	21,786
Interest Income	**(122)**		(97)
Dividend Income	**0**		0
Provision no longer required written back	**(58)**		(80)
Sundry Credit balances appropriated	**(20)**		(81)
		(200)	(258)
Operating profit before working capital changes		**23,553**	21,528
Movements in working capital:			
Decrease / (increase) in inventories	**983**		(2,907)
Decrease / (increase) in trade receivables	**8,762**		(8,834)
Decrease / (increase) in non-current loans	**(209)**		21
Decrease / (increase) in other non-current assets	**(58)**		(60)
Decrease / (increase) in current loans	**17**		21
Decrease / (increase) in other current assets	**(1,815)**		747
Decrease / (increase) in other financial assets	**-**		46
Increase / (decrease) in non-current provisions	**39**		80
Increase / (decrease) in trade payables	**(6,748)**		8,325
Increase / (decrease) in other current financial liabilities	**(348)**		970
Increase / (decrease) in other current liabilities	**(916)**		(65)
Increase / (decrease) in current provisions	**118**		(38)
		(175)	(1,694)
Cash generated from Operations		**23,378**	19,834
Taxes paid		**(3,015)**	(4,061)
Net cash from Operating Activities (A)		**20,363**	15,773
B. CASH FLOW FROM INVESTING ACTIVITIES :			
Purchase of property, plant and equipment including CWIP and Capital Advances	**(31,964)**		(16,235)
Investments	**(49)**		-
Proceeds from sale of property, plant and equipment	**304**		13
Investment in Other Financial Assets	**(2)**		(2)
Interest Received	**123**		103
Dividend Received	**0**		0
Net Cash from Investing Activities (B)		**(31,588)**	(16,121)
C. CASH FLOW FROM FINANCING ACTIVITIES :			
Interest paid	**(1,706)**		(1,596)
Other Borrowing Costs	**(21)**		(50)
Proceeds from long term borrowings (net)	**17,524**		5,300
Proceeds/(Repayment) from short term borrowings	**912**		149
Increase/(Decrease) on issue of equity shares	**93**		170
Dividend Paid	**(4,133)**		(3,093)
Tax on Dividend Paid	**(850)**		(636)
Net Cash from Financing Activities (C)		**11,819**	244
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)		**594**	(104)
Cash and Cash Equivalents at the beginning of the year (Refer Note 13A)	**102**		206
Cash and Cash Equivalents at the end of the year (Refer Note 13A)	**696**		102

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, 9th June, 2020

For and on behalf of the Board of Directors

ATUL C. KIRLOSKAR
Chairman
DIN 00007387

MAYURESH GHARPURE
Company Secretary

Pune, 9th June, 2020

R.V.GUMASTE
Managing Director
DIN 00082829

R.S.SRIVATSAN
Chief Financial Officer

Koppal, 9th June, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

A. Equity Share Capital (Note 18)

(₹ in Lakhs)

Opening Balance as on 1st April, 2018	Changes in equity share capital during the year	Closing Balance as on 31st March, 2019
6,865	17	6,882

Opening Balance as on 1st April, 2019	Changes in equity share capital during the year	**Closing Balance as on 31st March, 2020**
6,882	9	**6,891**

B. Other Equity (Note 19)

(₹ in Lakhs)

Particulars	Reserves and surplus			Share options outstanding account	Share Application Money pending allotment	Total
	Securities premium	General reserve	Surplus of profit or loss			
Balance as on 31st March, 2018	19,384	5,000	27,855	144	-	52,383
Total Comprehensive Income						
Profit for the year	-	-	9,811	-	-	9,811
Other Comprehensive Income	-	-	27	-	-	27
Transfer to General Reserve	-	500	(500)	-	-	-
Employee stock option expense	-	-	-	284	-	284
Transfer from Share option account to Securities premium	127	-	-	(127)	-	-
Issue of equity shares on account of exercise of employee stock options	154	-	-	-	-	154
Distribution to shareholders						
Final Dividend	-	-	(1,717)	-	-	(1,717)
Dividend distribution tax on Final Dividend	-	-	(353)	-	-	(353)
Interim Dividend	-	-	(1,377)	-	-	(1,377)
Dividend distribution tax on Interim Dividend	-	-	(283)	-	-	(283)
Balance as on 31st March, 2019	19,665	5,500	33,463	301	-	58,929
Total Comprehensive Income						
Profit for the year	-	-	11,237	-	-	11,237
Other Comprehensive Income	-	-	(125)	-	-	(125)
Transfer to General Reserve		500	(500)	-	-	-
Employee stock option expense	-	-	-	164	-	164
Share application money received	-	-	-	-	7	7
Transfer from Share option account to Securities premium	145	-	-	(67)	-	78
Distribution to shareholders						
Final Dividend	-	-	(1,377)	-	-	(1,377)
Dividend distribution tax on Final Dividend	-	-	(283)	-	-	(283)
Interim Dividend	-	-	(2,756)	-	-	(2,756)
Dividend distribution tax on Interim Dividend	-	-	(567)	-	-	(567)
Balance as on 31st March, 2020	**19,810**	**6,000**	**39,092**	**398**	**7**	**65,307**

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, 9th June, 2020

For and on behalf of the Board of Directors

ATUL C. KIRLOSKAR
Chairman
DIN 00007387

MAYURESH GHARPURE
Company Secretary

Pune, 9th June, 2020

R.V.GUMASTE
Managing Director
DIN 00082829

R.S.SRIVATSAN
Chief Financial Officer

Koppal, 9th June, 2020

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(All amounts are in Indian Rupees (INR) in lakhs unless otherwise stated)

1) THE CORPORATE OVERVIEW

Kirloskar Ferrous Industries Limited ('the Company') was incorporated in 1991, a flagship Company of Kirloskar Group, promoted by Kirloskar Oil Engines Limited and Shivaji Works Limited. Shivaji Works Limited was subsequently merged with Kirloskar Oil Engines Limited. The erstwhile Kirloskar Oil Engines Limited now changed its name and is known as Kirloskar Industries Limited.

At present, the Company is the subsidiary of Kirloskar Industries Limited. The Company is having two manufacturing facilities, one at Koppal district in Karnataka State and another 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 lakhs in Indian Rupee as per the requirements of Schedule III of the Companies Act, 2013; unless otherwise indicated.

3) SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) **Property, plant and equipment**

- **Recognition and measurement**

  Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Cost comprises of purchase price and any directly attributable costs of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

  Borrowing costs attributable to construction or acquisition of a qualifying asset for the period up to the date, the asset is ready for its intended use are included in the cost of the asset to which they relate.

  Pre-operative expenditure including trial run expenses comprising of revenue expenses incurred as reduced by the revenue generated during the period up to the date, the asset is ready for its intended use are treated as part of costs of that asset.

  Capital work-in-progress comprises of the cost of property, plant and equipment that are not yet ready for their intended use as at the balance sheet date.

  Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date are disclosed under “Other non-current assets”.

- **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 equipment given under operating lease	5 Years	
f) Machinery spares	2 to 10 years	
g) Patterns	8 Years	
Office equipments		
Equipment installed at employee's residence	3 Years	As per the terms of Company's policy
Vehicles		
Vehicles given to employees	5 years	As per the terms of Company's policy

Freehold land is not depreciated.

b) Intangible assets

- **Recognition and measurement**

Intangible assets are recognised when the asset is identifiable, is within the control of the Company, and is probable that the future economic benefits that are attributable to the asset will flow to the Company and cost of the asset can be reliably measured.

Intangible assets acquired by the Company that have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

- **Derecognition**

An item of intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of intangible asset are determined by comparing the proceeds from disposal with the carrying amount of intangible asset and are recognised net and disclosed within other income or expenses in the Statement of Profit and Loss.

- **Amortisation**

Amortisation is calculated over the cost of the asset, or other amount substituted for cost. Amortisation is recognised in Statement of Profit and Loss on a straight-line basis over the estimated useful life of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful life for current and comparative periods are as follows:

Computer software	6 years

c) Leases

The Company has applied Ind AS 116 Leases from the accounting periods beginning from 1 April 2019 using the modified retrospective approach. Accordingly, the comparative information for the year ended 31 March 2019 has not been restated and continues to be reported under Ind

AS 17 and relevant appendices. The details of accounting policies under Ind AS 17 and relevant appendices are disclosed separately if they are different from those under Ind AS 116.

Accounting policy applicable from 1 April 2019

At inception of a contract, the Company assesses 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.

This policy is applied to contracts entered into, or modified, on or after 1 April 2019.

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.

Policy applicable before 1 April 2019

For contracts entered into before 1 April 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset.

Under Ind AS 17

In the comparative period, as a lessee the Company classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Company's balance sheet. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

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**

  An impairment loss in respect of goodwill is not reversed. For other assets, 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.

e) **Inventories**

Raw materials, stores and spares are valued at lower of cost and net realizable value. Cost is determined using weighted average method.

Work in process and finished goods other than by-products are valued at lower of cost and net realizable value. Cost includes direct material and labour and a proportion of manufacturing overhead based on normal operating capacity.

By-products are valued at net realisable value.

Necessary provisions are made for obsolete and non-moving inventories as per the policy framed by the management and the value of inventory is net of such provision.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

f) **Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

g) **Revenue recognition**

The Company is in the business of manufacture and sale of iron castings. Sales are recognised when substantial control of the products has been transferred to the customer, being when the products are delivered to the customer or its authorised representative without any unfulfilled obligation that could affect the customer's acceptance of the products. Revenue from these sales is recognised based on the price specified in the sales order, net of the estimated discounts, rebates, returns and Goods and Service Tax. The Company's obligation to provide a refund for defects in the products is recognised as a provision. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Company does not have any payment terms exceeding one year for any contract. Accordingly, the Company does not adjust any of the transaction prices for the time value of money.

h) Other income

- Interest income

  Interest income from debt instruments is recognised using Effective Interest Rate method (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

- Dividends

  Dividends are recognised in the Statement of Profit and Loss only when the right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount can be measured reliably.

- Any other incomes are accounted for on accrual basis.

i) Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset, are expensed in the period in which they are incurred.

j) Foreign currency transactions and balances

Transactions in foreign currency are recorded at exchange rates prevailing at the date of the transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Statement of Profit and Loss of the year.

Monetary assets and liabilities denominated in foreign currencies which are outstanding, as at the reporting period are translated at the closing exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

k) Employee Benefits

- Short-term employee benefits

  All employee benefits payable wholly within twelve months of rendering the services are classified as short-term employee benefits. Benefits such as salaries, wages, expected cost of bonus and short-term compensated absences, ex-gratia, performance pay etc. are recognised in the period in which the employee renders the related service.

- Post-employment benefits

  Defined contribution plans

  The Company's approved superannuation scheme and central provident fund scheme are a defined contribution plan. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

  Defined benefit plans

  The employees' gratuity fund scheme is managed by a trust, is the Company's defined benefit plan. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities as at the reporting date, having maturity periods approximating to the terms of related obligations.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income (OCI) in the period in which they occur. Remeasurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

In case of funded plans, the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on net basis.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Net interest is calculated by applying the discount rate to the net defined benefit liability or the fair value of the plan asset. The cost is included in employee benefit expense in the Statement of Profit and Loss.

- **Other long-term employee benefits**

  The liabilities for earned leave which are not expected to be settled within twelve months from the date of reporting period in which the employee render the related service are measured as the present value of expected future payments to be made in respect of services provided by employee up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating the terms of the related obligation. Remeasurements as a result of experience adjustments and change in actuarial assumptions are recognised in the Statement of Profit and Loss. The obligations are presented as current liabilities in the balance sheet if the Company does not have an unconditional right to defer settlement beyond twelve months of the reporting period, regardless of when the actual settlement is expected to occur.

l) Share-based payments

Employees of the Company who are entitled to receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

- **Equity-settled transactions**

  The cost of equity-settled transactions is determined by the fair value at the grant date using fair valuation model.

  That cost is recognised, together with a corresponding increase in share-based payment reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The Statement of Profit and Loss represents the movement in cumulative expense recognised as at the beginning and at the end of the period and to be recognised in the employee benefits expense.

  The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

m) Research and development cost

Revenue expenditure on the research and development is charged off as expense in the year in which incurred. Capital expenditure for research and development activity is grouped with property, plant and equipment under appropriate categories and depreciation is provided as per the applicable rates.

n) **Income tax**

Income tax expense comprises of current tax and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to the items recognised directly in OCI.

- **Current income tax**

  Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable profits computed for the current accounting period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

- **Deferred tax**

  Deferred tax is provided using the balance sheet method on temporary differences between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

  Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

  Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

  The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

  Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

  Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

o) **Provisions and contingencies**

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event,and is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the Statement of Profit and Loss.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events

beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are not recognised in financial statements, unless they are virtually certain. However, contingent assets are disclosed where inflow of economic benefits are probable.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

p) **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

q) **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

- **Initial recognition and measurement**

  Financial instruments are initially recognised when the entity becomes party to the contract.

  Financial instruments are measured initially at fair value adjusted for transaction costs that are directly attributable to the origination of the financial instrument where financial instruments not classified at fair value through profit or loss. Transaction costs of financial instruments which are classified as fair value through profit or loss are expensed in the Statement of Profit and Loss.

- **Subsequent measurement of financial assets**

  For the purposes of subsequent measurement, the financial assets are classified in the following categories based on the Company's business model for managing the financial assets and the contractual terms of cash flows:

- those to be measured subsequently at fair value; either through OCI or through profit or loss
- those measured at amortised cost

For assets measured at fair value, changes in fair value will either be recorded in the Statement of Profit and Loss or OCI. For investments in debt instruments, this will depend on the business model in which investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for equity investment at fair value through OCI.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are satisfied:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- The contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of hedging relationship is recognised in the Statement of Profit and Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using Effective Interest Rate (EIR) method.

Debt instruments at Fair Value Through Other Comprehensive Income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVTOCI. The movements in the carrying amount are recognised through OCI, except for the recognition of impairment gains and losses, interest revenue and foreign exchange gain or losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the Statement of Profit and Loss and recognised in other gains/ losses. Interest income from these financial assets is included in other income using EIR method.

Debt instruments at Fair Value Through Profit or Loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on debt instrument that is subsequently measured at FVTPL and is not a part of hedging relationship is recognised in the Statement of Profit and Loss within other gains/ losses in the period in which it arises. Interest income from these financial assets is included in other income.

Equity investments

All equity investments in the scope of Ind AS 109 Financial Instruments are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to recognise subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of equity instrument.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

- **Subsequent measurement of financial liabilities**

  For the purposes of subsequent measurement, the financial liabilities are classified in the following categories:

  - those to be measured subsequently at fair value through profit or loss (FVTPL)
  - those measured at amortised cost

  Following financial liabilities will be classified under FVTPL:

  - Financial liabilities held for trading
  - Derivative financial liabilities
  - Liability designated to be measured under FVTPL

  All other financial liabilities are classified at amortised cost.

  For financial liabilities measured at fair value, changes in fair value will recorded in the Statement of Profit and Loss except for the fair value changes on account of own credit risk are recognised in Other Comprehensive Income (OCI).

  Interest expense on financial liabilities classified under amortised cost category are measured using Effective Interest Rate (EIR) method and are recognised in Statement of Profit and Loss.

- **Derecognition of financial instruments**

  The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

  A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

- **Impairment of financial assets**

  The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the financial assets mentioned below:

  - Financial assets that are debt instrument and are measured at amortised cost
  - Financial assets that are debt instruments and are measured as at FVOCI
  - Trade receivables

  The impairment methodology applied depends on whether there has been a significant increase in credit risk. Details how the Company determines whether there has been a significant increase in credit risk is explained in the respective notes.

  For impairment of trade receivables, the Company chooses to apply practical expedient of providing expected credit loss based on provision matrix and does not require the Company to track changes in credit risk. Percentage of ECL under provision matrix is determined based on historical data as well as futuristic information.

- **Derivative financial instruments**

  Initial measurement and subsequent measurement

  The Company uses derivative financial instruments, such as forward currency contracts to hedge foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets

when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are recognised in the Statement of Profit and Loss.

r) Dividends

The final dividend on shares is recorded as liability on the date of approval of shareholders, and the interim dividends are recorded as liability on the date of declaration by the Company's Board of Directors.

s) Earnings Per Share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted EPS adjust the figures used in the determination of basic EPS to consider

- The after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

t) Operating segment

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director who makes strategic decisions.

Identification of Segments

The Company's operating business predominantly relates to manufacture of iron castings.

u) Government Grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

4) SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in conformity with Ind AS, requires the management to make judgments, estimates and assumptions that affect the amounts of revenue, expenses, current assets, non-current assets, current liabilities, non-current liabilities, disclosure of the contingent liabilities and notes to accounts at the end of each reporting period. Actual results may differ from these estimates.

Judgments

In the process of applying the Company's accounting policies, management have made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Operating Segment

Ind AS 108 Operating Segments requires Management to determine the reportable segments for the purpose of disclosure in financial statements based on the internal reporting reviewed by the Managing Director being the Chief Operating Decision Maker (CODM) to assess performance and allocate resources. The standard also requires Management to make judgments with respect to recognition of segments. Accordingly, the Company recognizes Iron Castings as its sole Segment.

Contingent liability

The Company has received various orders and notices from different Government authorities and tax authorities in respect of direct taxes and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyses current information about these matters and discloses the information relating to contingent liability. In making the decision regarding the need for creating loss provision, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its estimates and assumptions on parameters available when the financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market conditions or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Defined benefit obligation

The cost of the defined benefit plans and other post-employment benefits and the present value of the obligations are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future post-retirement medical benefit increase. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligations and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on the expected future inflation rates for the country.

Further details about defined benefit obligations are provided in the respective note.

Deferred Tax

Deferred tax assets are recognised for all deductible temporary differences including the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits are unused tax losses can be utilized.

Useful lives of Property, plant and equipment

Useful lives of property, plant and equipment are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. The depreciable lives are reviewed annually using the best information available to the Management.

Estimation and underlying assumptions are reviewed on ongoing basis. Revisions to estimates are recognised prospectively.

Impact of Covid -19 (Global Pandemic)

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables and Inventories. In developing the assumptions relating to the possible future uncertainties in the global and domestic economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements expects the carrying amount of these assets are fully recoverable.

5. PROPERTY, PLANT AND EQUIPMENTS

(₹ in Lakhs)

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, 2018	527	442	19,672	76,915	7	294	555	511	310	99,233	7,332
Additions	274	-	1,080	8,669	-	31	73	56	75	10,258	8,599
Disposals	-	-	20	482	-	-	-	1	9	512	10,258
Adjustments	-	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2019	801	442	20,732	85,102	7	325	628	566	376	108,979	5,673
Additions	-	-	1,386	29,208	-	7	82	65	19	30,767	38,863
Disposals	2	-	24	1,136	-	11	137	30	16	1,356	30,767
Adjustments	-	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2020	**799**	**442**	**22,094**	**113,174**	**7**	**321**	**573**	**601**	**379**	**138,390**	**13,769**
DEPRECIATION											
As at 31st March, 2018	-	-	7,033	35,583	2	154	235	355	191	43,553	-
For the year	-	-	717	4,334	-	25	81	89	43	5,289	-
Disposals	-	-	20	264	-	-	-	1	5	290	-
Adjustments	-	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2019	-	-	7,730	39,653	2	179	316	443	229	48,552	-
For the year	-	-	752	4,642	1	24	83	64	51	5,617	-
Disposals	-	-	15	801	-	11	107	30	16	980	-
Adjustments	-	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2020	**-**	**-**	**8,467**	**43,494**	**3**	**192**	**292**	**477**	**264**	**53,189**	**-**
NET CARRYING AMOUNT											
As at 31st March, 2020	**799**	**442**	**13,627**	**69,680**	**4**	**129**	**281**	**124**	**115**	**85,201**	**13,769**
As at 31st March, 2019	801	442	13,002	45,449	5	146	312	123	147	60,427	5,673

6. INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Mining Rights	Computer software	Total	Intangible assets under development
GROSS CARRYING AMOUNT				
As at 31st March, 2018	11	1,022	1,033	-
Additions	-	68	68	610
Disposals	-	-	-	68
Adjustments	-	-	-	-
As at 31st March, 2019	11	1,090	1,101	542
Additions	-	10	10	74
Disposals	-	-	-	10
Adjustments	-	-	-	-
As at 31st March, 2020	**11**	**1,100**	**1,111**	**606**
DEPRECIATION				
As at 31st March, 2018	11	625	636	-
For the year	-	131	131	-
Disposals	-	-	-	-
Adjustments	-	-	-	-
As at 31st March, 2019	11	756	767	-
For the year	-	134	134	-
Disposals	-	-	-	-
Adjustments	-	-	-	-
As at 31st March, 2020	**11**	**890**	**901**	**-**
NET CARRYING AMOUNT				
As at 31st March, 2020	**-**	**210**	**210**	**606**
As at 31st March, 2019	-	334	334	542

7. INVESTMENTS (NON-CURRENT)

(₹ in Lakhs)

Particulars	As at 31st March	
	2020	2019
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)	**49**	-
Kirloskar Proprietary Limited (One equity share with a face value of ₹100 per share)	**0**	0
S. L. Kirloskar CSR Foundation (9,800 equity shares with a face value of ₹10 per share)	**1**	1
Total	**50**	1

Note :

The Company has not performed a fair valuation of its investment 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 Lakhs)

Particulars	As at 31st March	
	2020	2019
Unsecured, considered good		
Security deposits	**1,052**	854
Loans to contractors	**16**	4
Loans to employees	**10**	10
Total	**1,078**	868

9. OTHER FINANCIAL ASSETS (NON-CURRENT)

(₹ in Lakhs)

Particulars	As at 31st March	
	2020	2019
Unsecured, considered good		
Non-current bank balances		
Margin money deposit	**1**	1
Deposits with more than 12 months maturity	**7**	7
Total	**8**	8

10. OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31st March	
	2020	2019
Unsecured, considered good		
Capital advances	**959**	4,956
Advances other than capital advances		
Prepaid expenses	**14**	9
Advance to suppliers	**121**	68
Unsecured, considered doubtful		
Claims receivable	**40**	40
Less: Provision	**(40)**	(40)
Total	**1,094**	5,033

11. INVENTORIES

(₹ in Lakhs)

Particulars	As at 31st March	
	2020	2019
Raw materials at site	**4,656**	4,271
Raw materials in transit	**9,675**	10,970
	14,331	15,241
Work-in-progress	**3,849**	3,733
Finished goods	**895**	1,240
Stores and spares	**4,352**	4,288
Stores and spares in transit	**63**	33
By-products	**154**	92
Total	**23,644**	24,627

Details of Work-in-progress

(₹ in Lakhs)

Particulars	As at 31st March	
	2020	2019
a. Castings	**3,236**	2,923
b. Others	**613**	810
Total	**3,849**	3,733

Details of Finished Goods

(₹ in Lakhs)

Particulars	As at 31st March	
	2020	2019
a. Pig iron	**690**	393
b. Castings	**205**	847
Total	**895**	1,240

12. TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31st March	
	2020	2019
Trade receivables (Unsecured) :		
Receivables considered good	**29,259**	38,022
Receivables which have significant increase in credit risk	**261**	270
	29,520	38,292
Less: Allowance for bad and doubtful trade receivables	**(261)**	(270)
Total	**29,259**	38,022

Movement in allowance of bad and doubtful trade receivables

(₹ in Lakhs)

Particulars	₹ In Lakhs
At 1st April, 2018	261
Provided during the year	9
Amount written off	-
Amount written back	-
At 31st March, 2019	270
Provided during the year	-
Amount written off	-
Amount written back	(9)
At 31st March, 2020	**261**

13. CASH AND BANK BALANCES

(₹ in Lakhs)

Particulars	As at 31st March	
	2020	2019
A. Cash and Cash Equivalents		
Balances with banks		
In Current accounts	**695**	101
Cash on hand	**1**	1
Total (A)	**696**	102
B. Other Bank balances		
Earmarked balances (unpaid dividend accounts)	**408**	353
Total (B)	**408**	353

14. LOANS (CURRENT)

(₹ in Lakhs)

Particulars	As at 31st March	
	2020	2019
Unsecured, considered good		
Loan to employees	**29**	29
Loan to contractors	**40**	57
Total	**69**	86

15. OTHER FINANCIAL ASSETS (CURRENT)

(₹ in Lakhs)

Particulars	As at 31st March	
	2020	2019
Unsecured, considered good		
Interest accrued on deposits	**76**	76
Derivative assets		
Foreign currency forward contract	**270**	-
Total	**346**	76

16. CURRENT TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	As at 31st March	
	2020	2019
Income Tax (Net)	**2,065**	1,341
Total	**2,065**	1,341

17. OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31st March	
	2020	2019
Unsecured, considered good		
Advances to suppliers	**1,618**	801
Balances with VAT authorities	**1,560**	596
Prepaid expenses	**139**	105
Total	**3,317**	1,502

18. SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31st March	
	2020	2019
Authorised Equity Share Capital		
21,00,00,000 (21,00,00,000) Equity Shares of ₹ 5 each	**10,500**	10,500
Issued, Subscribed and Paid up Equity Share Capital		
13,78,21,991 (13,76,49,041) Equity Shares of ₹ 5 each	**6,891**	6,882
Total	**6,891**	6,882

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 ₹11,700 (11,700) Lakhs. However the same has not been issued nor subscribed.

a. Reconciliation of the shares at the beginning and at the end of the reporting period.

Particulars	Year ended 31st March, 2020		Year ended 31st March, 2019	
	Number	**(₹ in Lakhs)**	Number	(₹ in Lakhs)
Equity shares				
Balance at the beginning of the year	**137,649,041**	**6,882**	137,308,081	6,865
Shares issued during the year	**172,950**	**9**	340,960	17
Balance at the end of the year	**137,821,991**	**6,891**	137,649,041	6,882

b. Rights and preferences attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of Liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Equity shares held by holding company

Name of Shareholder	Year ended 31st March, 2020		Year ended 31st March, 2019	
	No. of shares held	**Percentage of holding**	No. of shares held	Percentage of holding
Kirloskar Industries Limited*	**70,643,754**	**51.26**	70,643,754	51.32

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

19. OTHER EQUITY

(₹ in Lakhs)

Particulars	As at 31st March	
	2020	2019
a. Securities premium		
Opening balance	**19,665**	19,384
Add : on account of exercise of employee stock options	**145**	281
Closing balance **Total (a)**	**19,810**	19,665
b. General reserves		
Opening balance	**5,500**	5,000
Add: Current year transfer from Surplus	**500**	500
Closing balance **Total (b)**	**6,000**	5,500
c. Surplus - balance in the Statement of Profit and Loss		
Opening balance	**33,463**	27,855
Add :		
Profit for the year	**11,237**	9,811
Other comprehensive income / (loss)	**(125)**	27
Less : Appropriations		
Final Dividend on equity shares *	**(1,377)**	(1,717)
Dividend Distribution Tax on Final Dividend *	**(283)**	(353)
Interim Dividend on equity shares **	**(2,756)**	(1,377)
Dividend Distribution Tax on Interim Dividend **	**(567)**	(283)
Amount transferred to General reserve	**(500)**	(500)
Closing balance **Total (c)**	**39,092**	33,463
d. Share options outstanding account		
Opening balance	**301**	144
Add: Employee stock option expense	**164**	284
Less: Transfer to securities premium on account of exercise of employee stock options	**(67)**	(127)
Closing balance **Total (d)**	**398**	301
e. Share Application Money pending allotment		
Opening balance	**-**	-
Add: Amount received on exercise of stock options	**7**	-
Closing balance **Total (e)**	**7**	-
Total (a+b+c+d+e)	**65,307**	58,929

Note : * ₹1377 Lakhs and ₹283 Lakhs pertains to FY 2018-19 and ₹1717 Lakhs and ₹ 353 Lakhs pertains to FY 2017-18

** ₹2756 Lakhs and ₹567 Lakhs pertains to FY 2019-20 and ₹1377 Lakhs and ₹283 Lakhs pertains to FY 2018-19

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.

20. LONG TERM BORROWINGS

(₹ in Lakhs)

Particulars	As at 31st March	
	2020	2019
Unsecured		
Term Loans		
From Bank	**15,773**	4,100
Total	**15,773**	4,100

Details of unsecured term loan from banks

Name of bank	Loan availed (₹ in Lakhs)	Interest rate per annum payable monthly	Tenure	Principal Repayment
BNP Paribas	1500	8.75%	48 months	45 equal instalments of ₹ 100 Lacs from September 2018. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 19th June, 2018. At every put and call option date interest rate will be reset
BNP Paribas	3000	8.75%	48 months	
Citi Bank	1500	7.25%	2 years	Bullet repayment on 30th April, 2020. Interest rate will be reset once in a year.
BNP Paribas	2000	8.25%	48 months	Repayment in 39 monthly instalments (ie. 38 installment of ₹ 52 Lakhs and last installment will be of ₹ 24 Lakhs). Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 19th August, 2019. At every put and call option date interest rate will be reset
BNP Paribas	3000	8.10%	48 months	Repayment in 40 monthly instalments of ₹ 75 Lakhs. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 31st October, 2019. At every put and call option date interest rate will be reset

Name of bank	Loan availed (₹ in Lakhs)	Interest rate per annum payable monthly	Tenure	Principal Repayment
HSBC	7000	8.90%	60 months	Repayment in 51 monthly instalments (ie. 50 installment of ₹ 138 Lakhs and last installment will be of ₹ 100 Lakhs).. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 26th April, 2019. At every put and call option date interest rate will be reset
Kotak Mahindra Bank Ltd.	3000	8.00%	60 months	Repayment in 51 monthly instalments of ₹ 58.82 Lakhs. 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. Interest rate will be reset on the sixteenth day of the every month.
Kotak Mahindra Bank Ltd.	4000	8.00%	60 months	Repayment in 51 monthly instalments of ₹ 78.43 Lakhs. Put and call option at the end of every 12 months from the date of first draw down of the facility i.e. 27th March, 2020. Interest rate will be reset on the sixteenth day of every month.

The amount repayable within 12 months from the reporting date, i.e. ₹7051 lakhs has been reflected in 'Current maturities of long term borrowings' under the note no. 25 Other Current Financial Liabilities.

21. PROVISIONS (NON-CURRENT)

(₹ in Lakhs)

Particulars	As at 31st March	
	2020	2019
Provision for employee benefits		
Leave encashment	**285**	246
Total	**285**	246

22. DEFERRED TAX LIABILITIES (NET)

The major components of income tax expense for the years ended 31st March, 2020 and 31st March, 2019 are as given below:

(₹ in Lakhs)

Particulars	For the year ended 31st March	
	2020	2019
Statement of Profit and Loss section		
Current income tax:		
Current income tax charge	**2,859**	3,767
Short / (excess) for the earlier years	**(568)**	(35)
Deferred tax:		
Relating to origination and reversal of temporary differences	**2,090**	1,128
Income tax expense reported in the Statement of Profit and Loss	**4,381**	4,860
OCI Section		
Deferred tax related to items recognised in OCI during the year:		
Deferred tax net loss / (gain) on actuarial gains and losses	**67**	(14)
Income tax charged to OCI	**67**	(14)

Reconciliation of actual income tax and effective income tax

(₹ in Lakhs)

Particulars	For the year ended 31st March	
	2020	2019
Accounting profit before tax	**15,618**	14,671
At India's statutory income tax rate of 34.944% (31st March, 2019: 34.944%)	**5,458**	5,127
Tax effects on adjustments which are not deductible (taxable) in calculating taxable income		
Tax of earlier years	**(568)**	(35)
On account of deduction under tax holiday period and weighted deduction of research and development unit	**(483)**	(796)
Other Items which are not deductible (taxable) in calculating taxable income	**(465)**	157
Others	**439**	407
Income tax expense reported in the Statement of Profit and Loss	**4,381**	4,860

Deferred tax relates to the following

(₹ in Lakhs)

Particulars	Deferred tax asset / (liability)		Movement in deferred tax	
	As at 31st March		For the Year ended 31st March	
	2020	2019	**2020**	2019
Property, plant and equipment and intangible assets	**(12,039)**	(9,950)	**2,089**	1,188
Disallowances under section 43B of Income tax Act, 1961	**519**	450	**(69)**	(41)
Provision for doubtful debts and advances	**92**	95	**3**	(5)
Total	**(11,428)**	(9,405)	**2,023**	1,142

(₹ in Lakhs)

Breakup of movement in Deferred Tax Liabilities, Net	As at 31st March	
	2020	2019
Opening balance	**9,405**	8,263
Tax expense during the year recognised in Statement of Profit and Loss	**2,090**	1,128
Tax expense during the year recognised in OCI	**(67)**	14
Sub-total	**2,023**	1,142
Closing balance	**11,428**	9,405

(₹ in Lakhs)

Reflected in the Balance Sheet as follows:	As at 31st March	
	2020	2019
Deferred Tax Liabilities	**12,038**	9,950
Deferred Tax Assets	**610**	545
Deferred Tax Liabilities, Net	**11,428**	9,405

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 Lakhs)

Particulars	As at 31st March	
	2020	2019
Secured		
Loans payable on demand		
Short Term Loans	**8,300**	1,000
Cash Credit from banks	**-**	5,710
Total (a)	**8,300**	6,710
Unsecured		
Loans payable on demand		
Working capital facilities from banks	**-**	678
Total (b)	**-**	678
Total (a + b)	**8,300**	7,388

Security for Secured Loans :

Working capital facilities with Consortium Banks (fund based and non fund based) aggregating to ₹ 45,000 Lakhs (previous year 45,000 Lakhs) are secured by first charge by way of hypothecation on the current assets both present and future, in favour of IDBI Trusteeship Services Limited, as Security Trustees, for the benefit of consortium banks.

Net Debt position

(₹ in Lakhs)

Particulars	As at 31st March	
	2020	2019
Cash and Bank Balance		
Cash and cash equivalents	**696**	102
Borrowings		
Current Borrowings	**(8,300)**	(7,388)
Long term borrowings (including current maturities)	**(22,824)**	(5,300)
	(31,124)	(12,688)
Net debt	**(30,428)**	(12,586)

Net debt reconciliation as at 31 March, 2020

(₹ in Lakhs)

Particulars	Cash and bank balance	Borrowings	Total
Net debt as at 31st March, 2019	102	(12,688)	(12,586)
Cash flows	594	-	594
Foreign exchange adjustment	-	-	-
Interest accrued but not due as on 1st April, 2019	-	1	1
Interest accrued but not due as on 31st March, 2020	-	(1)	(1)
Interest expense	-	1,705	1,705
Interest paid	-	(1,705)	(1,705)
(Borrowing) / Repayment (Net) - Short term	-	(912)	(912)
(Borrowing) / Repayment (Net) - Long term	-	(17,524)	(17,524)
Net debt as at 31st March, 2020	**696**	**(31,124)**	**(30,428)**

Net debt reconciliation as at 31 March, 2019

(₹ in Lakhs)

Particulars	Cash and bank balance	Borrowings	Total
Net debt as at 31st March, 2018	206	(7,239)	(7,033)
Cash flows	(104)	-	(104)
Foreign exchange adjustment	-	-	-
Interest accrued but not due as on 1st April, 2018	-	-	-
Interest accrued but not due as on 31st March, 2019	-	(1)	(1)
Interest expense	-	1,597	1,597
Interest paid	-	(1,596)	(1,596)
Borrowing / (Repayment) (Net) - Short term	-	(149)	(149)
Borrowing / (Repayment) (Net) - Long term	-	(5,300)	(5,300)
Net debt as at 31st March, 2019	**102**	**(12,688)**	**(12,586)**

24. TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31st March	
	2020	2019
Total outstanding dues of micro enterprises and small enterprises	**1,462**	1,234
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Acceptances	**15,404**	23,786
Others	**20,693**	18,503
Total	**36,097**	42,289

25. OTHER FINANCIAL LIABILITIES (CURRENT)

(₹ in Lakhs)

Particulars	As at 31st March	
	2020	2019
Derivative liabilities		
Foreign currency forward contract	**-**	456
Other financial liabilities		
Current maturities of long term borrowings	**7,051**	1,200
Interest accrued but not due on borrowings	**1**	1
Unclaimed dividend #	**408**	353
Payable for capital purchases	**5,127**	2,152
Payable to employees	**1,414**	1,364
Creditors for expenses	**592**	513
Security deposit	**3**	4
Total	**14,596**	6,043

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

(₹ in Lakhs)

Disclosure in respect of principal and interest pertaining to the "Micro, Small and Medium Enterprises Development Act 2006". The information has been given in respect of such vendors on the basis of information available with the Company:

Particulars	As at 31st March	
	2020	2019
Total outstanding to MSME Suppliers (not due)		
i. Trade payables	**1,462**	1,234
ii. Other Current Liabilities - Creditors for capital goods	**138**	49
Principal amount due remaining unpaid		
i. Trade payables	**-**	-
ii. Creditors for capital goods	**-**	-
Interest on above and unpaid interest	**-**	-
Interest paid		-
Payment made beyond the appointed day	**-**	-
Interest due and payable for the period of delay	**-**	-
Interest accrued and remaining unpaid at the end of the year	**-**	-
Amount of further interest remaining due and payable in succeeding year	**-**	-

26. OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31st March	
	2020	2019
Advance from customers	**727**	749
Taxes and duties (Net)	**163**	1,054
Provident fund payable	**59**	62
Total	**949**	1,865

27. PROVISIONS (CURRENT)

(₹ in Lakhs)

Particulars	As at 31st March	
	2020	2019
Provision for employee benefits		
Contribution to Superannuation funds	**23**	23
Gratuity	**144**	4
Leave encashment	**460**	429
Provision for expected sales returns	**105**	158
Total	**732**	614

28. REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	For the year ended 31st March	
	2020	2019
Sale of products		
Pig iron	**107,000**	117,572
Castings	**73,421**	92,311
By-products	**2,737**	3,102
Other operating income		
Export Incentive	-	3
Scrap / miscellaneous sales	**1,808**	2,927
Total	**184,966**	215,915

Impact of Covid -19 (Global Pandemic)

In view of global nature of the pandemic Covid-19 and the uncertainty around its severity and duration of the impact, it is difficult to determine a potential impact on financial performance of the Company in near future.

The Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

29. OTHER INCOME

(₹ in Lakhs)

Particulars	For the year ended 31st March	
	2020	2019
Interest income from financial assets at amortised cost	**122**	97
Dividend	**0**	0
Net gain/loss on sale of investments	-	1
Other non-operating income		
Incentive from Industrial Promotion Scheme	**1,318**	274
Rental income	**28**	3
Insurance claim received	**0**	0
Taxes refund	**0**	1
Provision no longer required written back	**58**	80
Sundry credit balances appropriated	**20**	81
Miscellaneous income	**18**	16
Total	**1,564**	553

30. COST OF MATERIAL CONSUMED

(₹ in Lakhs)

Particulars	For the year ended 31st March	
	2020	2019
Stock at the beginning of the year	**15,241**	13,690
Add : Purchases	**112,230**	136,029
	127,471	149,719
Less : Stock at the end of the year	**14,331**	15,241
Cost of material consumed	**113,140**	134,478

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

(₹ in Lakhs)

Particulars	For the year ended 31st March	
	2020	2019
At the end of the year		
a. Finished goods	**895**	1,240
b. By-Products	**154**	92
c. Work-in-Progress	**3,849**	3,733
Total (A)	**4,898**	5,065
At the beginning of the year		
a. Finished goods	**1,240**	792
b. By-Products	**92**	115
c. Work-in-Progress	**3,733**	3,299
Total (B)	**5,065**	4,206
(Increase)/Decrease (B-A)	**167**	(859)

32. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	For the year ended 31st March	
	2020	2019
Salaries, wages and incentives	**8,026**	7,570
Contributions to		
Provident fund	**297**	288
Superannuation scheme	**25**	23
Gratuity (Refer Note no.41)	**123**	123
Others	**19**	51
Employee share-based payment expense (Refer Note no. 42)	**164**	284
Staff welfare expenses	**986**	1,035
Total	**9,640**	9,374

33. FINANCE COSTS

(₹ in Lakhs)

Particulars	For the year ended 31st March	
	2020	2019
Interest on term loan	**264**	159
Interest expense	**1,441**	1,438
Other borrowing costs	**21**	50
Total	**1,726**	1,647

34. DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Lakhs)

Particulars	For the year ended 31st March	
	2020	2019
Property, plant and equipment (Refer Note No. 5)	**5,617**	5,289
Intangible assets (Refer Note No. 6)	**134**	131
Total	**5,751**	5,420

35. OTHER EXPENSES

(₹ in Lakhs)

Particulars	For the Year ended 31st March	
	2020	2019
a. OPERATIONAL EXPENSES		
Consumption of stores and spare parts	**6,748**	8,624
Consumption of Consumables	**7,521**	10,633
Power, fuel and water [Note (i)]	**10,932**	14,701
Machinery hire charges	**246**	240
Repairs and maintenance		
Machinery	**1,271**	1,953
Buildings	**215**	209
Fettling and other manufacturing expenses	**1,961**	2,388
Other processing expenses	**1,373**	1,508
Total (a)	**30,267**	40,256
b. SELLING EXPENSES		
Freight and forwarding expenses (net)	**6,133**	5,913
Advertisement	**122**	56
Royalty	**436**	512
Other selling expenses	**48**	62
Total (b)	**6,739**	6,543
c. ADMINISTRATIVE EXPENSES		
Rent [Note (ii)]	**73**	73
Rates and taxes	**212**	250
Insurance	**71**	55
Other repairs and maintenance	**119**	168
Travelling expenses	**260**	262
Legal and professional charges	**477**	517
Communication expenses	**52**	65
Printing and stationery	**41**	31
Auditors remuneration [Note (iii)]	**37**	35
Miscellaneous expenses	**717**	768
Directors' commission	**84**	82
Provision for doubtful debts	**-**	9
Directors' sitting fees	**47**	38
CSR expenses [Note (iv)]	**228**	184
Net loss on foreign currency transactions	**992**	794
Loss on assets sold, demolished, discarded and scrapped	**72**	210
Total (c)	**3,482**	3,541
Total (a+b+c)	**40,488**	50,340

Note (i) - Power, fuel and water

The company has received incentive from Industrial Promotion Scheme by way of reduction of electricity duty.The above "Power, fuel and water" expenditure is net of electricity duty amounting to ₹ 174 lakhs (Previous year : ₹ 97 lakhs).

Note (ii) Rent

Change in accounting policies - Ind AS 116 : Leases

The Company applied Ind AS 116 from 1st April, 2019 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1st April, 2019. However, the company had no impact on financial statements on application of this accounting standard as at 1st April, 2019.

Previously, the Company determined at the contract inception whether an arrangement is or contains a lease under Appendix C of Ind AS 17. Under Ind AS 116, the Company assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Ind AS 116. On transition to Ind AS 116, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied Ind AS 116 only to the contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 and Appendix C of Ind AS 17 were not reassessed for whether there is a lease. Therefore, the definition of a lease under Ind AS 116 was applied only to contracts entered into or modified on or after 1st April, 2019.

On transition to Ind AS 116, the Company has not recognised any right-of-use assets, as the company has applied the exemption of short term and low-value assets leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Disclosure as per Ind AS 116

Amounts recognised in the statement of profit and loss

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2020
Expenses relating to short-term leases	73

Disclosure as per Ind AS 17

The lease payments under operating leases charged to the statement of profit and loss during the year 2018-19 amounts to ₹ 73 Lakhs and the total future minimum lease payments under operating leases are

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2019
Lease rent payable	
Not Later than one year	**13**
Later than one year and not later than five years	**5**
Later than five years	**-**

Note (iii) Payments to auditors

(₹ in Lakhs)

Particulars	For the Year ended 31st March	
	2020	2019
a. As auditors	**28**	28
b. For Taxation matters	**4**	4
c. For certification fees and other services	**2**	2
d. Reimbursement of expenses	**3**	1
Total	**37**	35

Note (iv) Details of CSR Expenditure

(₹ in Lakhs)

Particulars	For the Year ended 31st March	
	2020	2019
Gross amount to be spent during the year	**225**	175
Amount spent in cash during the year on:		
Construction/acquisition of any asset	-	-
Others		
Education	**162**	137
Environment	**6**	7
Health	**32**	24
Rural development	**28**	16
Total	**228**	184

Note (v) Research and Development expediture

(₹ in Lakhs)

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	
	2020	2019
Cost of materials/consumables/spares	**1**	1
Employee related expense	**313**	303
Other expenses	**1**	3
Total	**315**	307

(₹ in Lakhs)

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	
	2020	2019
Property, plant and equipment		
Plant and machinery	-	897
Building	-	56
Computers	-	11
Office equipment	-	4
Furniture and fixtures	-	10
Intangible assets	-	24
Total	-	1,002

36. Earnings per equity share as calculated in accordance with Indian Accounting Standard

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on exercise of stock option.

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

Particulars	For the Year ended 31st March	
	2020	2019
a. Net Profit after tax considered for the calculation of EPS (₹in Lakhs)	**11,237**	9,811
b. Number of equity shares outstanding at the end of year	**137,821,991**	137,649,041
c. Weighted average number of equity shares used in computing earnings per equity share	**137,702,515**	137,418,037
d. Effects of dilution on account of Stock options granted under ESOS	**214,462**	337,231
e. Weighted average number of equity shares adjusted for the effect of dilution*	**137,916,977**	137,755,268
f. Earnings per share		
Basic (₹)	**8.16**	7.14
Diluted (₹)	**8.15**	7.12
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, 2020

(₹ in Lakhs)

Particulars	Amortised cost	FVTPL	FVTOCI
Financial assets			
Investments in unquoted equity shares	-	-	50
Loans	1,147	-	-
Trade receivables	29,259	-	-
Cash and cash equivalents	696	-	-
Other bank balances	408	-	-
Other financial assets excluding derivative assets	84	-	-
Derivative assets on forward exchange foreign contracts	-	270	-
Total	**31,594**	**270**	**50**
Financial liabilities			
Borrowings	24,073	-	-
Trade payables	37,559	-	-
Other financial liabilities excluding derivative liabilities	14,596	-	-
Derivative liabilities on foreign currency forward contracts	-	-	-
Total	**76,228**	**-**	**-**

Financial instruments by category as at 31st March, 2019

(₹ in Lakhs)

Particulars	Amortised cost	FVTPL	FVTOCI
Financial assets			
Investments in unquoted equity shares	-	-	1
Loans	954	-	-
Trade receivables	38,022	-	-
Cash and cash equivalents	102	-	-
Other bank balances	353	-	-
Other financial assets excluding derivative assets	84	-	-
Derivative assets on forward exchange foreign contracts	-	-	
Total	**39,515**	**-**	**1**
Financial liabilities			
Borrowings	11,488	-	-
Trade payables	43,523	-	-
Other financial liabilities excluding derivative liability	5,587	-	-
Derivative liabilities on foreign currency forward contracts	-	456	-
Total	**60,598**	**456**	**-**

The Company has not performed a fair valuation of its investment in unquoted ordinary shares, which are classified as FVTOCI (refer Note No. 7), as the Company believes that impact of change on account of fair value is insignificant.

Fair value hierarchy

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on a recurring basis :

Quantitative disclosures fair value measurement hierarchy for assets:

(₹ in Lakhs)

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, 2020	**270**	**-**	**270**	**-**
As at 31st March, 2019	**(456)**	**-**	**(456)**	**-**

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.

Fair value of financial assets and financial liabilities measured at amortised cost :

The management believes that the fair values of non-current financial assets (e.g. loans and others), current financial assets (e.g., cash and cash equivalents, trade receivables, loans and others excluding other derivative assets), non-current liabilities and current financial liabilities (e.g. trade payables and other payables excluding derivative liabilities) approximate their carrying amounts.

38. Financial instruments risk management objectives and policies

The Company's activities exposes it to market risks, credit risks and liquidity risks. In order to minimise any adverse effects on the financial performance of the Company , derivative financial instruments such as forward foreign exchange contract are entered to hedge the foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as a trading or speculative purposes.

This note explains the source of risk which the entity is exposed to and how entity manages the risk in the financial statements

Risk	Exposure arising from	Risk Management Plan
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Diversification of bank deposits, credit limits and letter of credits.
Liquidity risk	Borrowings and other liabilities.	Availability of fund based and non fund based borrowing facilities.
Market risk - Foreign exchange	Recognised payables denominated in foreign currency, receivables denominated in foreign currency, firm commitments in foreign currency.	Forward foreign exchange contract.
Market risk - Interest rate risk	Borrowings on account of working capital. 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.

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, 2020 and 31st March, 2019. 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 Lakhs)

Particulars	31st March, 2020	31st March, 2019
Fixed rate borrowings		
Term loan from banks	**15,824**	5,300
Variable rate borrowings		
Term loan from banks	**7,000**	-
Loans repayable on demand	**8,300**	7,388
Total variable rate borrowings	**15,300**	7,388

(₹ in Lakhs)

Particulars	31st March, 2020	31st March, 2019
Impact on profit before tax and pre-tax equity		
Increase by 50 basis points	**(77)**	(37)
Decrease by 50 basis points	**77**	37

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 Lakhs)

Particulars	Currency	Amount in foreign currency	Equivalent Indian currency	Maturity Profile
As at 31st March, 2020				
Payables	**USD**	**146**	**10,856**	**Within 6 Months**
	EURO	**-**	**-**	
As at 31st March, 2019				
Payables	USD	219	15,640	Within 6 Months
	EURO	7	581	

Details of foreign currency exposures that are not hedged by derivative instruments or otherwise

(Currency in Lakhs)

Particulars	Currency	Amount in foreign currency	Equivalent Indian currency
As at 31st March, 2020			
Payables	USD	108	8,165
	EURO	-	1
As at 31st March, 2019			
Payables	USD	86	5,970
	EURO	1	44

Foreign currency sensitivity on unhedged exposure

Financial Year	Foreign currency	Change in foreign currency rates	"Effect on profit before tax ₹ In Lakhs"	"Effect on pre-tax equity ₹ In Lakhs"
For 31st March, 2020	USD	+5%	(408)	(408)
		-5%	408	408
	EURO	+5%	(0)	(0)
		-5%	0	0
For 31st March, 2019	USD	+5%	(298)	(298)
		-5%	298	298
	EURO	+5%	(2)	(2)
		-5%	2	2

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 2019-20	FY 2018-19	31-Mar-20	31-Mar-19
Coke	MT	299,591	317,960	-	-
	₹ Lakhs	66,958	80,320	20,479	22,534
Iron Ore	MT	649,186	672,554	-	-
	₹ Lakhs	22,845	24,578	574	315

Commodity	Unit of Measurement	Sales		Trade Payables as on	
		FY 2019-20	FY 2018-19	31-Mar-20	31-Mar-19
Pig Iron	MT	358,146	358,558	-	-
	₹ Lakhs	107,000	117,572	11,611	13,364

The Company has an elaborate control procedure for finalising the prices of commodities through approval process from designated company officials. Every month the price trend of the materials, demand and supply position and market intelligence report are reviewed and strategy is adopted before finalising the next consignment/quantities for subsequent months.

The Commodity Price Risk is managed without any hedging of commodities by the Company.

Commodity price sensitivity on consumption or sales during the year

Financial Year	Commodity	Change in commodity prices	Effect on profit before tax ₹ In Lakhs	Effect on pre-tax equity ₹ In Lakhs
For 31st March, 2020	**Coke**	**+5%**	**(3,348)**	**(3,348)**
		-5%	**3,348**	**3,348**
	Iron Ore	**+5%**	**(1,142)**	**(1,142)**
		-5%	**1,142**	**1,142**
	Pig Iron	**+5%**	**5,350**	**5,350**
		-5%	**(5,350)**	**(5,350)**
For 31st March, 2019	Coke	+5%	(4,016)	(4,016)
		-5%	4,016	4,016
	Iron Ore	+5%	(1,229)	(1,229)
		-5%	1,229	1,229
	Pig Iron	+5%	5,879	5,879
		-5%	(5,879)	(5,879)

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 Lakhs)

Particulars	**31st March, 2020**		31st March, 2019	
	Amount	**Percentage**	Amount	Percentage
- Less than one year	**28,804**	**98.44%**	37,904	99.69%
- one year to three years	**455**	**1.56%**	118	0.31%
- three years and above	**-**	**0.00%**	-	0.00%
Total	**29,259**	**100.00%**	38,022	100.00%

Impact of Covid -19 (Global Pandemic)

Trade receivables of ₹ 29,259 Lakhs as at 31st March, 2020 forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance using expected credit loss method. The Company has assessed the recoverability of Trade Receivables as at 31st March, 2020 and based on the assessment the Company expects to recover the carrying amount of assets.

The Company closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms like Advance against supplies, Letter of Credit, Credit limits etc depending on severity of each case.

b. Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with Company's policy. Investments of surplus funds are made only with approved counter parties. Company monitors rating, credit spreads and financial strength of its counter parties. Based on ongoing assessment Company adjust it's exposure to various counter parties

c. Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash flow and collateral obligations without incurring unacceptable losses. Company's objective is to, at all time maintain optimum levels of liquidity to meet its cash and collateral requirements. Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including overdraft, debt from domestic and international banks at optimised cost. Company has access to banks, capital and money market across debt, equity and hybrids.

The table given below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(₹ in Lakhs)

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, 2020				
Borrowings - Current	8,300	-	-	8,300
Borrowings - Non-current	-	11,053	4,720	15,773
Trade payables	37,559	-	-	37,559
Any other financial liabilities	14,596	-	-	14,596
Total	**60,455**	**11,053**	**4,720**	**76,228**
As at 31st March, 2019				
Borrowings - Current	7,388	-	-	7,388
Borrowings - Non-current	-	3,900	200	4,100
Trade payables	43,523	-	-	43,523
Any other financial liabilities	6,043	-	-	6,043
Total	**56,954**	**3,900**	**200**	**61,054**

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, 2020 and 31st March, 2019.

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 Lakhs)

Particulars	For the Year ended 31st March	
	2020	2019
a. Employer's contribution to provident fund	**297**	288
b. Employer's contribution to superannuation fund	**25**	23

The Provident Fund contributions are remitted to the Regional Provident Fund Commissioner.

The Contribution on account of Superannuation is remitted to Life Insurance Corporation of India, who manages the Superannuation Fund.

41. Disclosure pursuant to Ind-AS 19 Employee Benefits:

Defined Benefit Plan:

The Employee Gratuity Fund Scheme is a Defined Benefit Plan. The present value of the obligation is based on the actuarial valuation using Projected Unit Credit Method

(₹ in Lakhs)

Particulars	Gratuity (Funded)	
	For the Year ended 31st March	
	2020	2019
a. Asset and Liability		
Present Value of Obligation	**2,495**	2,144
Fair Value of Plan Assets	**2,351**	2,140
Surplus/ (Deficit)	**(144)**	(4)
b. Expenses Recognized during the period		
In income Statement	**123**	123
In Other Comprehensive Income	**192**	(41)
Total Expenses Recognized during the Period	**315**	82
c. Changes in the Present Value of Obligations (PVO)		
PVO at beginning of Period	**2,144**	2,004
Current Service Cost	**123**	112
Interest Expenses or Cost	**160**	151
Re-measurement (or actuarial) (Gain) / Loss arising from:		
change in Demographic assumptions	**-**	-
change in Financial assumptions	**172**	9
experience Varience (i.e, actual experience vs assumptions)	**13**	(56)
Others	**-**	-
Past Service Cost	**-**	-
Effect of Change in Foreign exchange rates	**-**	-
Benefits paid	**(117)**	(76)
Acquisition Adjustment	**-**	-
Effect of Business Combinations or Disposals	**-**	-
PVO at end of period	**2,495**	2,144

Particulars	Gratuity (Funded)	
	For the Year ended 31st March	
	2020	2019
d. Bifurcation of Present Value of Obligation		
Current Liability (Short term)	**232**	189
Non-Current Liability (Long term)	**2,263**	1,955
Present Value of Obligation	**2,495**	2,144
e. Changes in Fair Value of Plan Assets		
Fair Value of Plan Assets as at the beginning	**2,140**	1,860
Investment income	**160**	140
Employer's Contribution	**175**	222
Employee's Contribution	**-**	-
Benefit Paid	**(117)**	(76)
Return on plan Assets, Excluding amount recognised in net interest expense	**(7)**	(6)
Acquisition Adjustment	**-**	-
Fair Value of Plan Assets at the end of period	**2,351**	2,140
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	**123**	112
Past Service Cost	**-**	-
Loss/(Gain) on Settlement	**-**	-
Net interest cost/ (Income) on the net Defined Benefit Liability / (Asset)	**-**	11
Expenses Recognized in the income Statement	**123**	123
h. Effect on Other Comprehensive income		
Actuarial (gains) / losses		
change in Demographic Assumptions	**-**	9
change in financial Assumptions	**172**	(56)
Experience variance (i.e. Actual experience vs. assumptions)	**13**	-
others	**-**	6
Return on plan assets, excluding amount recognized in net interest expense	**7**	-
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	**192**	(41)
i. Actuarial Assumptions		
Mortality	**100% (% of IALM 2012-14)**	100% (% of IALM 2006-08)
Discount Rate	**6.48%**	7.45%
Rate of increase in compensation	**7.00%**	7.00%
Withdrawal rates	**4.00%**	4.00%

Sensitivity Analysis

(₹ in Lakhs)

Particulars	31st March, 2020		31st March, 2019	
Defined Benefit Obligation (Base)		**2,495**		2,144
	Decrease	**Increase**	Decrease	Increase
Discount Rate (- / + 1%)	**2,676**	**2,332**	2,302	2,002
(% Change compared to base due to sensitivity)	**7%**	**-7%**	7%	-7%
Salary Growth Rate (- / + 1 %)	**2,332**	**2,672**	2,000	2,302
(% Change compared to base due to sensitivity)	**-7%**	**7%**	-7%	7%
Attrition Rate (- / + 50% of attrition rates)	**2,509**	**2,483**	2,139	2,149
(% Change compared to base due to sensitivity)	**1%**	**0%**	0%	0%
Mortality Rate (- / + 10% of mortality rates)	**2,495**	**2,494**	2,144	2,144
(% Change compared to base due to sensitivity)	**0%**	**0%**	0%	0%

Effect of Plan on entity's future cash flows

a) Funding arrangements and funding policy

The Company has purchased and insurance policy to provide for payment of gratuity to the employees. Every year,the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

b) Expected contribution during the next annual reporting period

(₹ in Lakhs)

The Company's best estimate of contribution during the next year	271

c) Maturity Profile of defined benefit Obligation

(₹ in Lakhs)

Particulars	For the year ended 31st March	
	2020	2019
Expected cash flows over the next (Valued on Undiscounted basis):		
1 Year	**231**	189
2 to 5 years	**1,047**	925
6 to 10 years	**1,313**	1,209
More than 10 years	**1,538**	1,619

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

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	(₹ in Lakhs)	Percent	(₹ in Lakhs)	Percent
Balances in Current Accounts with scheduled Banks	1	0.04%	1	0.04%
Funds with Life Insurance Corporation of India	2,351	99.96%	2,140	99.96%
Total	2,352	100.00%	2,141	100.00%

Asset liability matching strategy

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The Insurance company, as a part of policy rules makes payment of all gratuity payouts during the year as per policy conditions. The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

42. Stock option scheme

KFIL Employee Stock Option Scheme – 2017:

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"). 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	1,765,000
30th October, 2018	120,000
18th October, 2019	100,000

Particulars	**As at 31st March, 2020**		As at 31st March, 2019	
	Weighted average exercise price per share per option (₹)	**Number of options**	Weighted average exercise price per share per option (₹)	Number of options
Opening Balance	**50**	**1,505,940**	50	1,765,000
Granted during the year	**50**	**100,000**	51	120,000
Exercised during the year	**50**	**185,450**	50	340,960
Forfeited during the year	**50**	**60,000**	50	38,100
Closing Balance	**50**	**1,360,490**	50	1,505,940
Options exercisable at the end of the period	**50**	**367,990**	50	62,190

Weighted average share price as on the date of exercise is ₹ 65.42/- (Previous year : ₹ 91.49).

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 31st March, 2020**	Options outstanding as at 31st March, 2019
Vesting 1	3rd November, 2017	3rd November, 2021	50	**48,190**	62,190
Vesting 2	3rd November, 2017	3rd November, 2022	50	**283,200**	441,250
Vesting 3	3rd November, 2017	3rd November, 2023	50	**411,250**	441,250
Vesting 4	3rd November, 2017	3rd November, 2024	50	**411,250**	441,250
Vesting 1	30th October, 2018	30th October, 2022	51	**16,600**	30,000
Vesting 2	30th October, 2018	30th October, 2023	51	**30,000**	30,000
Vesting 3	30th October, 2018	30th October, 2024	51	**30,000**	30,000
Vesting 4	30th October, 2018	30th October, 2025	51	**30,000**	30,000
Vesting 1	18th October, 2019	18th October, 2023	50	**25,000**	-
Vesting 2	18th October, 2019	18th October, 2024	50	**25,000**	-
Vesting 3	18th October, 2019	18th October, 2025	50	**25,000**	-
Vesting 4	18th October, 2019	18th October, 2026	50	**25,000**	-
Total				**1,360,490**	1,505,940
Weighted average remaining contractual life of the options outstanding at the end of the period				**3.78 years**	4.55 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 18 October 2019.

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

Fair value and assumptions for the equity-settled grant made on 30 October 2018.

Grant: KFIL ESOS, 2017	Vesting date 30th October			
Grant Date: 30th October, 2018 Exercise price- ₹ 51	**2019**	**2020**	**2021**	**2022**
Input variables				
Share Price (₹)	84.60	84.60	84.60	84.60
Standard Deviation (Volatility)	41.82%	41.29%	42.64%	42.83%
Risk-free rate	7.62%	7.66%	7.75%	7.83%
Exercise price (₹)	51.00	51.00	51.00	51.00
Time to maturity (in years)	2.50	3.50	4.50	5.50
Dividend yield	2.93%	2.93%	2.93%	2.93%
Output				
Fair value of option (₹)	**39.88**	**41.62**	**43.46**	**44.61**

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 ₹164 lakhs (Previous year : ₹284 lakhs) 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 Lakhs)

Class of Provision	Opening balance as on 1st April, 2019	Provisions for the year	Amounts used during the year	Closing balance as on 31st March, 2020
Casting rejections	158	105	158	105

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. C.S. Panicker - Company Secretary (Refer Note (iii) below)	Key Management Personnel
Mr. Mayuresh Gharpure - Company Secretary (Refer Note (iii) below)	Key Management Personnel
Mr. R.S. Srivatsan - Chief Financial Officer	Key Management Personnel

(₹ in Lakhs)

Name of related party and nature of relationship		Nature of transaction	2019-2020		2018-2019	
			Transaction value	Outstanding amounts carried in Balance Sheet	Transaction value	Outstanding amounts carried in Balance Sheet
A.	**Holding Company**					
	Kirloskar Industries Limited	Dividend	**2,119**	**-**	1,589	-
		Building rent paid	**6**	**-**	6	-
		Rent Deposit Receivable	**-**	**3**	-	3
B	**Key management personnel**					
	Mr. R.V.Gumaste - Managing Director	Dividend	**10**	**-**	4	-
		Compensation	**566**	**-**	588	-
		Compensation payable	**-**	**410**	-	384
	Mr. C.S. Panicker - Company Secretary (Refer Note (iii) below)	Dividend	**1**	**-**	0	-
		Compensation	**88**	**-**	90	-
		Compensation payable	**-**	**-**	-	6
	Mr. Mayuresh Ghapure - Company Secretary (Refer Note (iii) below)	Dividend	**-**	**-**	-	-
		Compensation	**18**	**-**	-	-
		Compensation payable	**-**	**1**	-	-
	Mr. R.S. Srivatsan - Chief Financial Officer	Dividend	**1**	**-**	0	-
		Compensation	**96**	**-**	94	-
		Compensation payable	**-**	**6**	-	5
		Total Compensation	**768**		772	

Notes :

(i) Outstanding amount carried in Balance Sheet does not include liability in respect of gratuity and leave encashment which is provided on actuarial basis for the Company as a whole.

(ii) Company has not made any Loans/Advances/Investments during the year to the Holding Company

(iii) Mr. C S Panicker has retired from 14th December, 2019. Mr. Mayuresh Gharpure has been appointed as Company Secretary from 15th December, 2019

Compensation of key management personnel of the Company

(₹ in Lakhs)

Particulars	For the Year ended 31st March	
	2020	2019
Short term employee benefits	**708**	642
Post employment benefits	**50**	46
Other long term benefits	**2**	15
Share-based payments	**8**	69
Total	**768**	772

45. Contingent Liabilities and Commitments

(₹ in Lakhs)

Particulars	As at 31st March	
	2020	2019
Claims against the company not acknowledged as debt		
Central Excise and Customs	**78**	90
Service Tax	**345**	337
Income Tax	**1,759**	2,092
Sales Tax	**121**	121
Labour Matters to the extent quantifiable	**42**	39
Provident Fund Matters	**186**	185
Guarantees excluding financial guarantee		
Bank Guarantee	**1,542**	1,394
Capital and Other Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	**4,999**	26,143

Note: In the opinion of the management the above legal matters, under claims against Company not acknowledged as debt, when ultimately concluded will not have material effect on the results of the operations or the financial position of the Company

46. Borrowing cost capitalized

(₹ in Lakhs)

Particulars	For the Year ended 31st March	
	2020	2019
Amount of borrowing costs capitalized	**921**	241

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

(₹ in Lakhs)

Particulars	For the Year ended 31st March	
	2020	2019
a. C.I.F. value of imports		
i. Capital goods	**9,053**	779
ii. Raw materials	**43,679**	46,996
iii. Spare parts	**358**	426
b. Expenditure in foreign currencies		
i. Interest	**345**	449
ii. Capital	**1,022**	610
iii. Professional fee	**-**	4
iv. Others	**54**	50

48. Earnings in foreign exchange :

(₹ in Lakhs)

Particulars	For the Year ended 31st March	
	2020	2019
FOB value of exports	**-**	292

49. Recent accounting pronouncements

The Ministry of Corporate Affairs (MCA) has not issued any new standards nor amended any existing standards which are effective for reporting periods beginning on or after 1 April 2020.

50. Impact of Covid -19 (Global Pandemic) on Going Concern

The outbreak of Covid-19 pandemic globally and in India is causing significant disturbances and slowdown of economic activity. To contain the spread of Covid-19 in India, the Ministry of Health Affairs vide order No.40-3/2020 dated 24 March, 2020 notified the first ever nationwide lockdown. Due to Covid-19 concerns, the Company temporarily suspended its operations in three phases commencing from 23-March-2020.

Subsequently, considering the permissions granted by the Local Authorities based on the guidelines issued by the Government of India and State Governments from time to time and the demand for the products from our customers; the operations of the Company resumed as under:

a. Mini Blast Furnace-I on 6-May-2020 and Mini Blast Furnace-II on 5-Jun-2020

b. Foundry situated at Bevinahalli Village, District Koppal, Karnataka on 11-May-2020.

c. Foundry situated at Solapur, Maharashtra on 14-May-20

The Company is closely monitoring the business environment and material changes to future economic conditions

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, 9th June, 2020

For and on behalf of the Board of Directors

ATUL C. KIRLOSKAR		R.V.GUMASTE
Chairman		Managing Director
DIN 00007387		DIN 00082829
MAYURESH GHARPURE		R.S.SRIVATSAN
Company Secretary		Chief Financial Officer
Pune, 9th June, 2020		Koppal, 9th June, 2020

NOTES

Enriching Lives

KIRLOSKAR FERROUS INDUSTRIES LIMITED

A Kirloskar Group Company

Registered Office: 13, Laxmanrao Kirloskar Road,
Khadki, Pune 411003, Maharashtra, India
Tel.: +91 (20) 66084645 **Fax:** +91 (20) 25813208 / 25810209
Email: investor@kfil.com **Website:** www.kirloskarferrous.com
CIN : L27101PN1991PLC063223

"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"

Printed @ Vikram Printers Pvt. Ltd.