

Walker Chandiook & Co LLP

Walker Chandiook & Co LLP
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Independent Auditor's Report

To the Members of Kennametal India Limited

Report on the Financial Statements

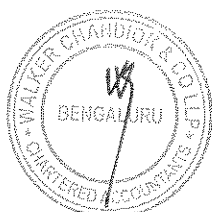
1. We have audited the accompanying financial statements of Kennametal India Limited ('the Company'), which comprise the Balance Sheet as at 30 June 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.



5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these financial statements.

Opinion

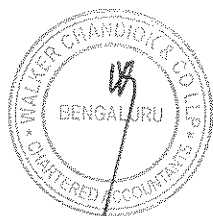
8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 30 June 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The comparative financial information for the year ended 30 June 2017 and the transition date opening balance sheet as at 1 July 2016 prepared in accordance with Ind AS included in these financial statements, are based on the previously issued statutory financial statements for the year ended 30 June 2017 and 30 June 2016 respectively prepared in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) which were audited by the predecessor auditor whose reports dated 24 August 2017 and 9 August 2016 respectively expressed unmodified opinion on those financial statements, and have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. Further to our comments in Annexure I, as required by Section 143(3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;



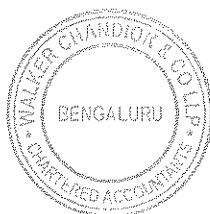
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) the financial statements dealt with by this report are in agreement with the books of account;
- d) in our opinion, the aforesaid financial statements comply with Ind AS specified under Section 133 of the Act;
- e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 30 June 2018 from being appointed as a director in terms of Section 164(2) of the Act;
- f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 30 June 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 23 August 2018 as per Annexure II expressed unmodified opinion;
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company, as detailed in Note 29 to the financial statements, has disclosed the impact of pending litigations on its financial position;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Vijay V Singh

Vijay Vikram Singh
Partner
Membership No.: 059139

Bengaluru
23 August 2018

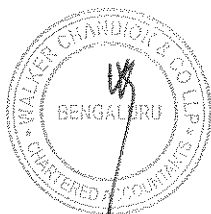


Annexure I to the Independent Auditor's Report of even date to the members of Kennametal India Limited, on the financial statements for the year ended 30 June 2018

Annexure I

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
 - (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment) are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management. No material discrepancies were noticed on the aforesaid verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.



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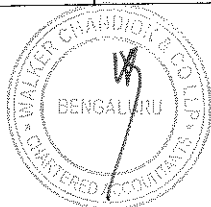
Annexure I to the Independent Auditor's Report of even date to the members of Kennametal India Limited, on the financial statements for the year ended 30 June 2018

(vii)(a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

(b) The dues outstanding in respect of income-tax, sales-tax, service-tax, goods and service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues (₹ in lakhs)

Name of the statute	Nature of dues	Amount (₹)	Amount paid under Protest (₹)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty/ Service tax	1	-	January 1998 to September 2011	The Customs, Excise & Service Tax Appellate Tribunal (CESTAT), Bangalore
	Excise Duty	97	51	April 2006 to June 2013	CESTAT, Bangalore
Finance Act, 1994	Service Tax	12	6	April 2007 to March 2008	CESTAT, Bangalore
The Delhi Sales Tax Act, 1975	Sales Tax	2	1	April 2004 to march 2005	Joint Commissioner Appeals-Delhi
The Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	4	4	May 2011	Joint Commissioner Appeals-Sonabhadhra, Uttar Pradesh
The Andhra Pradesh General Sales Tax Act, 1957	Sales Tax	117	59	April 2003 to March 2004	Sales Tax Appellate, Andhra Pradesh
The Karnataka Tax on Entry of Goods Act, 1979	Entry Tax	122	122	April 2010 to June 2017	The Commissioner of Commercial Tax, Bangalore
The Customs Act, 1962	Customs Duty	159	159	August 2009 to October 2013	CESTAT, Bangalore
The Central Sales Tax Act, 1956	Sales Tax	64	62	April 2010 to March 2011	The Assistant Commissioner of Commercial Tax, Bangalore



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Annexure I to the Independent Auditor's Report of even date to the members of Kennametal India Limited, on the financial statements for the year ended 30 June 2018

	Sales Tax	Nil	33	April 2011 to March 2012	The Assistant Commissioner of Commercial Tax, Bangalore
	Sales Tax	Nil	60	April 2012 to March 2013	The Joint Commissioner of Commercial Tax (Appeals), Bangalore
	Sales Tax	Nil	69	April 2013 to March 2014	The Assistant Commissioner of Commercial Tax, Bangalore
	Sales Tax	599	180	April 2014 to March 2015	The Joint Commissioner of Commercial Tax (Appeals), Bangalore
Income Tax Act, 1961	Income Tax	8	8	April 1993 to March 1994	The Income Tax Appellate Tribunal, Bangalore
		22	-	April 1999 to March 2001	Supreme Court of India
		277	277	April 1999 to March 2001	The Commissioner of Income Tax, (Appeals), Bangalore
		702	702	April 2006 to March 2007	Transfer Pricing Office
		550	550	April 2007 to March 2008	The Commissioner of Income Tax, (Appeals), Bangalore
		505	505	April 2008 to March 2009	The Commissioner of Income Tax, (Appeals), Bangalore
		528	494	April 2009 to March 2010	The Commissioner of Income Tax, (Appeals), Bangalore
		473	473	April 2010 to March 2011	The Commissioner of Income Tax, (Appeals), Bangalore
		108	108	April 2011 to March 2012	The Commissioner of Income Tax (Appeals), Bangalore
		164	164	April 2012 to March 2013	The Income Tax Appellate Tribunal, Bangalore
		209	209	April 2013 to March 2014	The Dispute Resolution Panel, Bangalore



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Annexure I to the Independent Auditor's Report of even date to the members of Kennametal India Limited, on the financial statements for the year ended 30 June 2018

- (viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Vijay V Singh

Vijay Vikram Singh

Partner

Membership No.: 059139

Bengaluru

23 August 2018



Annexure II to the Independent Auditor's Report of even date to the members of Kennametal India Limited on the financial statements for the year ended 30 June 2018

Annexure II

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

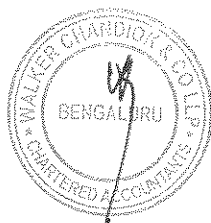
1. In conjunction with our audit of the financial statements of Kennametal India Limited ("the Company") as of and for the year ended 30 June 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company as of that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over the 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 ("the ICAP"). 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 the Company's business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.



Annexure II to the Independent Auditor's Report of even date to the members of Kennametal India Limited on the financial statements for the year ended 30 June 2018 (cont'd)

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR 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 IFCoFR 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

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 30 June 2018, based on the internal control over the financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Vijay V Singh

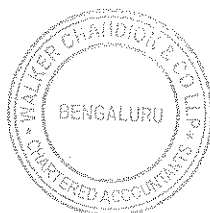
Vijay Vikram Singh

Partner

Membership No.: 059139

Bengaluru

23 August 2018



Kennametal India Limited
Balance Sheet as at June 30, 2018
(All amounts in ₹ lakhs unless otherwise stated)

	Note No.	As at June 30, 2018	As at June 30, 2017	As at July 1, 2016
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	3A	15392	14637	10671
Capital work-in-progress	3B	2105	278	1640
Investment properties	4	1	1	1
Intangible assets	5	14	-	-
Financial assets				
(i) Investments	6(a)	50	50	50
(ii) Loans	6(b)	181	139	144
(iii) Other financial assets	6(f)	4	4	4
Deferred tax assets (net)	7	686	1068	873
Income tax assets (net)	8	2508	3826	3993
Other non-current assets	9	1371	336	744
Total non-current assets		22312	20339	18120
CURRENT ASSETS				
Inventories	10	15587	10726	11330
Financial assets				
Investments	6(a)	-	5001	5301
Trade receivables	6(c)	12635	11016	11939
Cash and cash equivalents	6(d)	9448	4204	1177
Bank balances other than cash and cash equivalents	6(e)	27	140	126
Loans	6(b)	26	31	524
Other financial assets	6(f)	102	115	204
Other current assets	11	1997	2171	1718
Assets classified as held for sale	12	-	-	48
Total current assets		39822	33404	32367
TOTAL ASSETS		62134	53743	50487
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	13	2198	2198	2198
Other equity	14	41678	37193	35292
Total equity		43876	39391	37490
LIABILITIES				
NON-CURRENT LIABILITIES				
Financial liabilities	15	10	10	10
Provisions	16	518	473	404
Total non-current liabilities		528	483	414
CURRENT LIABILITIES				
Financial liabilities				
(i) Trade payables	17	10590	8343	7129
(ii) Other financial liabilities	15	2692	2195	1708
Provisions	16	1605	1487	1444
Other current liabilities	18	2843	1844	2302
Total current liabilities		17730	13869	12583
TOTAL EQUITY AND LIABILITIES		62134	53743	50487

The accompanying notes are the integral part of the financial statements.

This is the Balance sheet referred to in our report of even date.

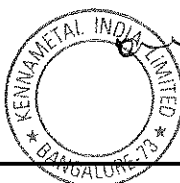
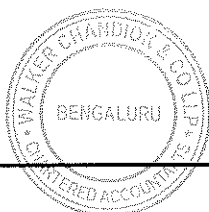
For Walker Chandio & Co LLP
Chartered Accountants
Firm Registration Number: 001076N/N500013

Vijay Vikram Singh
Vijay Vikram Singh
Partner
Membership Number: 059139
Bengaluru
August 23, 2018

For and on behalf of Board of Directors

Bhagya Chandra Rao
Bhagya Chandra Rao
Managing Director
DIN - 00211127
Bengaluru
August 23, 2018

B. Anjani Kumar
B. Anjani Kumar
Director
DIN - 00022417
Bengaluru
August 23, 2018



Suresh Reddy K V
Suresh Reddy K V
Chief Financial Officer
Bengaluru
August 23, 2018

Thulsidass T V
Thulsidass T V
Company Secretary
Bengaluru
August 23, 2018

Kennametal India Limited**Statement of Profit and Loss for the year ended June 30, 2018**

(All amounts in ₹ lakhs unless otherwise stated)

	Note No.	Year ended June 30, 2018	Year ended June 30, 2017
INCOME			
Revenue from operations	19	79312	69597
Other income	20	836	586
Total income		80148	70183
EXPENSES			
Cost of materials consumed	21	23840	17479
Purchase of stock-in-trade	22	20726	16936
Changes in inventories of finished goods, stock-in-trade and work-in-progress	23	(2721)	(43)
Excise duty		-	4412
Employee benefits expense	24	12266	12236
Depreciation and amortisation expense	25	2811	2826
Other expenses	26	15156	12751
Total expenses		72078	66597
Profit before exceptional items and tax		8070	3586
Exceptional items	38	(770)	(550)
Profit before tax		7300	3036
Tax expense/ (credit)	27		
Current tax		2044	795
Tax adjustments relating to earlier years		(460)	-
Deferred tax		490	(196)
Total tax expense		2074	599
Profit after tax for the year		5226	2437
Other comprehensive income			
Items that will not be reclassified to profit or (loss)			
Remeasurements of net defined benefit plans		(315)	2
Income tax relating to above items		109	(1)
Total other comprehensive income for the year (net of tax)		(206)	1
Total comprehensive income for the year		5020	2438
Earnings per equity share in ₹ [Nominal Value per share ₹ 10 (June 30, 2017: ₹ 10)]	39		
Basic		23.78	11.09
Diluted		23.78	11.09

The accompanying notes are the integral part of the financial statements.

This is the Statement of profit and loss referred to in our report of even date.

For Walker Chandlok & Co LLP
Chartered Accountants
Firm Registration Number: 001076N/N500013

Vijay V Singh

Vijay Vikram Singh
Partner
Membership Number: 059139
Bengaluru
August 23, 2018

For and on behalf of Board of Directors

Bhagya Chandra Rao

Bhagya Chandra Rao
Managing Director
DIN - 00211127
Bengaluru
August 23, 2018

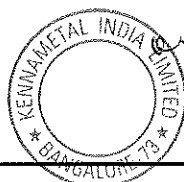
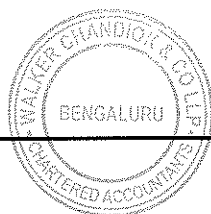
B. Anjani Kumar

B. Anjani Kumar
Director
DIN - 00022417
Bengaluru
August 23, 2018

Thulsidass T V

Thulsidass T V
Company Secretary
Bengaluru
August 23, 2018

Suresh Reddy K V
Suresh Reddy K V
Chief Financial Officer
Bengaluru
August 23, 2018



Kennametal India Limited**Statement of Changes in Equity for the year ended June 30, 2018**

(All amounts in ₹ lakhs unless otherwise stated)

(A) Equity Share Capital

	Amount
Balance as at July 1, 2016	2198
Changes in equity share capital during the year	-
Balance as at June 30, 2017	2198
Changes in equity share capital during the year	-
Balance as at June 30, 2018	2198

(B) Other equity

	Securities premium reserve	Share based compensation reserve	General reserve	Retained earnings	Total
Balance as at July 1, 2016	9	40	14884	20359	35292
Profit for the year	-	-	-	2437	2437
Other comprehensive Income	-	-	-	1	1
Total comprehensive income for the year	9	40	14884	22797	37730
Transactions with owners in their capacity as owners:					
Interim dividends	-	-	-	(440)	(440)
Dividend distribution tax	-	-	-	(89)	(89)
Share based compensation expense	-	51	-	-	51
Payment during the year towards share based compensation	-	(59)	-	-	(59)
Balance as at June 30, 2017	9	32	14884	22268	37193
Profit for the year	-	-	-	5226	5226
Other comprehensive Income	-	-	-	(206)	(206)
Total comprehensive income for the year	9	32	14884	27288	42213
Transactions with owners in their capacity as owners :					
Interim dividends	-	-	-	(440)	(440)
Dividend distribution tax	-	-	-	(90)	(90)
Share based compensation expense	-	66	-	-	66
Payment during the year towards share based compensation	-	(71)	-	-	(71)
Balance as at June 30, 2018	9	27	14884	26758	41678


The accompanying notes are the integral part of the financial statements.

This is the Statement of Change in Equity referred to in our report of even date.

For Walker Chandio & Co LLP

Chartered Accountants

Firm Registration Number: 001076N/N500013



Vijay Vikram Singh

Partner

Membership Number: 059139

Bengaluru

August 23, 2018

For and on behalf of Board of Directors


Bhagya Chandra Rao

Managing Director

DIN - 00211127

Bengaluru

August 23, 2018



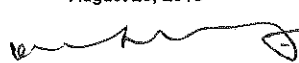
B. Anjani Kumar

Director

DIN - 00022417

Bengaluru

August 23, 2018



Suresh Reddy K V

Chief Financial Officer

Bengaluru

August 23, 2018

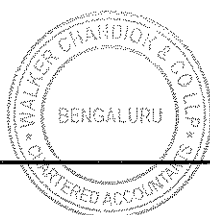


Thulsidass T V

Company Secretary

Bengaluru

August 23, 2018



Kennametal India Limited**Statement of Cash Flows for the year ended June 30, 2018**

(All amounts in ₹ lakhs unless otherwise stated)

	Year ended June 30, 2018	Year ended June 30, 2017
Cash flow from operating activities		
Profit before taxation and exceptional items	8070	3586
Adjustments for:		
Depreciation and amortisation expense	2811	2826
Liabilities no longer required written back	(3)	(11)
Provision for doubtful debts and deposits written back	-	(39)
Provision for product support	511	365
Bad debts written off	1	-
Provision made for doubtful debts	48	-
Provision for disputed taxes and duties	127	18
Property, plant and equipments written off	-	6
Loss/ (Profit) on sale of property, plant and equipments (net)	63	(37)
Interest income	(307)	(24)
Unrealised foreign exchange (gain)/ loss (net)	13	(18)
Employee share based expense	66	32
Operating profit before working capital changes	11400	6704
<i>Adjustment for working capital changes:</i>		
(Increase) / decrease in inventories	(4861)	604
(Increase) / decrease in trade and other receivables	(2045)	657
Decrease/ (Increase) in financial assets	113	(14)
Increase in other liabilities and provisions	2113	391
Cash generated from operations	6719	8342
Taxes paid (net of refunds)	(266)	(626)
Net cash generated from operations (1)	6454	7717
Cash flow investing activities		
Purchase of property, plant and equipment	(6030)	(5028)
Sale proceeds of property, plant and equipment	33	40
Loan to fellow subsidiary	-	(200)
Loan repayment from fellow subsidiary	-	700
Interest received on loan to fellow subsidiary	-	13
Interest received	314	16
Net Cash used in investing activities (2)	(5683)	(4459)
Cash flow financing activities		
Dividends paid	(440)	(440)
Dividend distribution tax	(90)	(89)
Unclaimed dividend paid	2	(1)
Net Cash used in Financing activities (3)	(528)	(530)
Net increase in cash and cash equivalents (1+2+3)	243	2728
Add: Cash and cash equivalents at the beginning of the year	9205	6478
Cash and cash equivalents at the end of the year	9448	9205

Note:

The Company's statement of cash flow does not have any liabilities which have been classified under financing activities in the Statement of Cash Flows. Accordingly, requirements of paragraphs 44 (A) to 44 (E) of Ind AS 7, Statement of Cash Flows relating to presentation of 'Net Debt reconciliation' is not applicable to the Company.

The accompanying notes are the integral part of the financial statements.

This is the Statement of cash flow referred to in our report of even date.

For Walker Chanditok & Co LLP

Chartered Accountants

Firm Registration Number: 001076N/N500013

Vijay V Singh

Vijay Vikram Singh

Partner

Membership Number: 059139

Bengaluru

August 23, 2018

For and on behalf of Board of Directors

Bhagya Chandra Rao

Bhagya Chandra Rao

Managing Director

DIN - 00211127

Bengaluru

August 23, 2018

B. Anjani Kumar

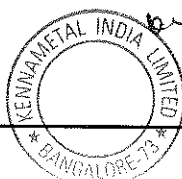
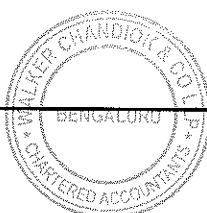
B. Anjani Kumar

Director

DIN - 00022417

Bengaluru

August 23, 2018



Suresh Reddy K V

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Chief Financial Officer

Bengaluru

August 23, 2018

Thulsidass T V

Thulsidass T V

Company Secretary

Bengaluru

August 23, 2018

Kennametal India Limited

Notes to the financial statements

(All amounts in ₹ lakhs unless otherwise stated)

1 General information

Kennametal India Limited ("the Company") incorporated under the Companies Act, 1956, is in the business of manufacturing and trading of hard and manufacturing of machine tools. The Company has its manufacturing facility in Bangalore sells its product and services through sales and support. The Company is a public limited company incorporated and domiciled in India and has its registered office at 8/9th Mile, Tumkur Road, Bengaluru. The Company is listed on the Bombay Stock Exchange (BSE). The financial statements were approved for issue by Company's board of director on August 2016.

2 Significant accounting policies

2.1 Basis of preparation and purpose of financial statements:

(i) Compliance with Ind AS :

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act. The financial statements up to 30 June 2016 was prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act. These financial statements are the first financial statements of the Company under Ind AS. Refer note 39 for the transition from Indian GAAP to Ind AS.

The accounting policies are applied consistently to all the periods presented in the financial statements.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- a) Certain financial assets and liabilities are measured at fair value;
- b) Assets held for sale- measured at fair value less cost to sales;
- c) Defined benefit plans- plan assets measured at fair value; and
- d) Share based payments- measured at fair value.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash or cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/ non-current classification of assets and liabilities.

(iii) Current / non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- 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 after the reporting period, or
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All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has ascertained its operating cycle as 12 months.

Deferred tax assets/ liabilities are classified as non-current assets/ liabilities.

(iv) Rounding-off amounts

The financial statements are presented in ₹ and all values are rounded to the nearest lakh (₹ 00,000), except when otherwise indicated.

2.2 Significant estimates, judgements and assumptions

The application of accounting standards and policies requires the Company to make estimates and assumptions about future events that directly affect the Company's financial condition and operating performance. The accounting estimates and assumptions discussed are those that the Company considers to be critical to understanding and assessing the Company's financial statements. An accounting estimate is considered critical if both (a) the nature of estimates or assumptions is material due to the level of uncertainty, and judgement involved, and (b) the impact within a reasonable range of outcomes of the estimates and assumptions is material to the Company's financial condition or operating performance.

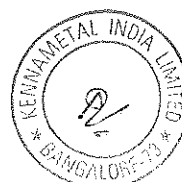
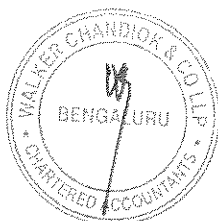
The areas involving critical estimates are:

(i) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available to utilise the deductible temporary differences and tax loss carry forward can be utilised. In addition, significant judgement is required in assessing the impact of economic limits or uncertainties in various tax jurisdictions.

(ii) Evaluation of indicators for impairment of assets

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in impairment of the assets. In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit. Expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating performance and determination of a suitable discount rate.



Kennametal India Limited**Statement of Cash Flows for the year ended June 30, 2018**

(All amounts in ₹ lakhs unless otherwise stated)

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For Walker Chandio & Co LLP

Chartered Accountants

Firm Registration Number: 001076N/N500013

Vijay V Singh
Vijay Vikram Singh

Partner

Membership Number: 059139

Bengaluru

August 23, 2018

For and on behalf of Board of Directors

Bhagya Chandra Rao
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Managing Director

DIN - 00211127

Bengaluru

August 23, 2018

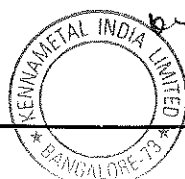
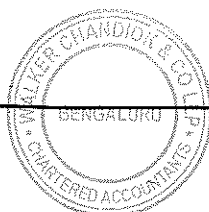
B. Anjani Kumar
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Director

DIN - 00022417

Bengaluru

August 23, 2018



Suresh Reddy K V
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Chief Financial Officer
Bengaluru
August 23, 2018

Thulsidass T V
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Company Secretary
Bengaluru
August 23, 2018

Kennametal India Limited

Notes to the financial statements

(All amounts in ₹ lakhs unless otherwise stated)

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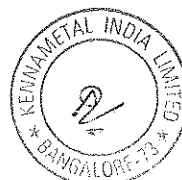
The areas involving critical estimates are:

(i) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

(ii) Evaluation of indicators for impairment of assets

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.



Kennametal India Limited

Notes to the financial statements (cont'd)

(All amounts in ₹ lakhs unless otherwise stated)

2.2 Significant estimates, judgements and assumptions (cont'd)

(iii) Recoverability of advances / receivables

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

(iv) Useful lives of depreciable / amortisable assets

Management reviews its estimate of the useful lives of depreciable / amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.

(v) Estimate of product support

At each balance sheet date basis the management judgment and historical trend, the Company assesses the requirement of provisions. However, the actual future outcome may be different from the judgment.

(vi) Estimation of defined benefit obligation

Measurement of obligation towards defined benefit plans such as gratuity is based on the actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. Significant assumptions include determination of discount rate, future salary increases etc. Due to complexities involved in the valuation & its long term nature, defined benefit obligation is sensitive to changes in these assumptions (refer note 17).

2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of rebates, service taxes, GST and amounts collected on behalf of third parties. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from sale of products is recognised when risk of loss and title have transferred to the customer, which in most cases co-incides with shipment of the related products. Revenue from sale of machines and tools (Machining Solutions Group) is recognised upon customer acceptance and despatch.

Income from services is recognised as the services are rendered based on agreements/ arrangements with customers. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Interest income from financial asset is recognised using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. When calculating the effective interest rate, the group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the group, and the amount of dividend can be measured reliably.

2.4 Property, plant and equipment

The Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at July 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to Statement of Profit or Loss during the reporting period in which they are incurred.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

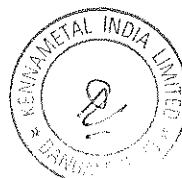
Depreciation method, useful lives and residual value

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful life of the assets which are different from useful life indicated in Schedule II of Companies Act, 2013, in order to reflect the actual usage of the assets. The estimates of the useful life of the assets, based on internal technical evaluation, have not undergone a change on account of transition to the Companies Act, 2013. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

	Estimated range of useful life
	10 - 33 years
Buildings (including temporary structures)	
Plant and machinery:	
Data processing equipment	3 - 5 years
Others	5 - 15 years
Vehicles	5 years
Office equipment	5 years
Furniture and fixtures	5 years

Machinery spares of irregular usage are amortised over the estimated useful life of the respective plant and machinery.

Schedule II requires the Company to identify and depreciate significant components with different useful lives separately. The Company has evaluated the applicability of component accounting as prescribed under Ind AS 16, Property, plant and equipment, and Schedule II of the Companies Act, 2013. The management has evaluated the requirement of schedule II and has not identified any significant component having different useful lives.



Kennametal India Limited
Notes to the financial statements (cont'd)
(All amounts in ₹ lakhs unless otherwise stated)

2.5 Intangible assets

The Company has elected to continue with the carrying value of all of intangible assets recognised as at 1st July, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

Intangible assets are recognised only if it is probable that future economic benefits that are attributable to the assets will flow to the company and the costs can be measured reliably. Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised over their estimated useful life.

(i) Computer Software

Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use. Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

(ii) Research and development

Research expenditure and development expenditure that do not meet the criteria in (a) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(iii) Amortisation methods and periods

Application software is expensed off on purchase, except in case of major application software having unit value exceeding rupees ten lakhs or forming part of an overall project, which is amortised over its estimated useful life or project life not exceeding three years.

The amortisation period used for intangible assets are reviewed at each financial year end.

2.6 Impairment of property, plant and equipment and intangible assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the Statement of Profit and Loss.

Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2.7 Inventories

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of raw materials, stores and spares, work in progress and traded goods on the basis of weighted average whereas manufactured goods are ascertained on first-in first method. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.8 Investment properties

The company has elected to continue with the carrying value of all of investment properties recognised as at July 1st July, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

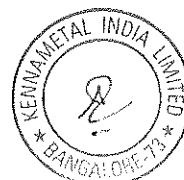
2.9 Leases

i) As a lessee:

Property, plant and equipment acquired under lease where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such leases are capitalized at the inception of the lease at lower of the fair value of lease property or the present value of the minimum lease payments. Finance lease payment is apportioned between finance charge and reduction of the lease liability, so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the Statement of Profit and Loss.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Statement of profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the company will obtain ownership at the end of the lease term.



Kennametal India Limited

Notes to the financial statements (cont'd)

(All amounts in ₹ lakhs unless otherwise stated)

2.9 Leases (cont'd)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit or Loss.

ii) As a lessor:

Lease income from operating leases where the company is a lessor is recognised as income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

2.10 Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Ind AS 19, Employee Benefits.

Defined contribution plan

Provident Fund

Eligible employees of the Company receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the Company make monthly contributions to the provident fund equal to a specified percentage of the covered employee's salary. The Company contributes to Kennametal India Limited Employee's Provident Fund Trust. The trust invests in specific designated instruments as permitted by Indian law. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The Company has an obligation to make good the shortfall, if any, between the return from investments of the Trust and the notified interest rate.

Defined benefit plan

Gratuity

The Company provides for gratuity, a defined benefit plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees a retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary at each Balance Sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to the Kennametal India Limited Employees Gratuity Fund Trust (the Trust). Trustees administer contributions made to the Trust and contributions are invested in a scheme with Life Insurance Corporation of India and HDFC Life Insurance Company Limited as permitted by Indian law.

The Company recognises the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through re-measurements of the net defined liability / (asset) are recognised in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments are recognised in net profit in the Statement of Profit and Loss.

Other long-term employee benefit obligations

Compensated absences

The Company provides benefit of compensated absences under which unavailed leave are allowed to be accumulated to be availed in future. The compensated absences comprises of vesting benefit. The cost of short term compensated absences are provided for based on estimates. Long term compensated absence costs are provided for based on actuarial valuation using the project unit credit method. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Service cost on the Company's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is included in finance costs.

Further, as required under Ind AS compliant Schedule III, the Company transfers those amounts recognized in other comprehensive income to retained earnings in the statement of changes in equity and in the balance sheet.

Long term service awards

Certain employees of the Company are entitled to other long-term benefits in the nature of long term service awards as per the policy of the Company. Liability for such benefits is provided on the basis of an independent actuarial valuation using the projected unit credit method at the balance sheet date.

Short-term employee benefits

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

2.11 Foreign currency translation

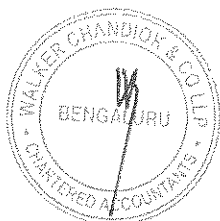
(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates. ('the functional currency'). The financial statements are presented in Indian rupee ₹, which is the Company's functional and presentation currency.

(ii) Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates that approximate the actual rates at the date of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of Profit or Loss.

All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income/other expenses.



Kennametal India Limited

Notes to the financial statements (cont'd)

(All amounts in ₹ lakhs unless otherwise stated)

2.12 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).

The managing director of the Company assesses the financial performance and position of the company and makes strategic decisions. The managing director has been identified as being the CODM. Refer note 35 for segment information presented.

2.13 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets (DTA) are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in Statement of Profit or Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal period income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

2.14 Share based payments

Stock-based compensation awards are provided to selected employees under the terms of the long-term incentive plan of the Kennametal Inc. USA, the ultimate holding company. Awards available under the plans include restricted stock units ("RSUs") which are granted to the Managing Director and certain senior management employees of the company. Stock-based compensation represents the cost related to group stock-based awards granted to employees.

RSUs entitle the holder to shares of common stock as the award vest, typically over 3 years or 4 years depending upon the scheme and year of grant. RSUs are time vesting stock units and therefore the fair value of the units is determined and fixed on the grant date based on market value of Kennametal Inc's share price, adjusted for the exclusion of dividend equivalents. The company measures stock-based compensation cost at the grant date, based on the estimated fair value of the award and recognizes the cost (net of estimated forfeitures) over the employee requisite service period.

The total expense in respect of the above share based payment scheme is recognised over the vesting period with a corresponding adjustment to equity compensation reserve as a capital contribution from Kennametal Inc. The inter-company charge is offset against the equity compensation reserve. A liability is recognised when the award is released to or exercised by the Company's employees and billed by Kennametal Inc.

2.15 Provisions and contingent liabilities

Provisions for legal claims, service warranties, volume discounts and returns are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

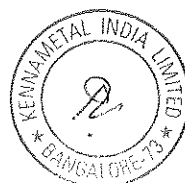
Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.16 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition. Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.



Kennametal India Limited

Notes to the financial statements (cont'd)

(All amounts in ₹ lakhs unless otherwise stated)

2.17 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition

The Company recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

Subsequent measurement

(i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held with in a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in Statement of profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

(ii) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held with in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

(iii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets which are not classified in any of the above categories are subsequently fair valued through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in statement of profit or loss and presented net in the period in which it arises. Interest income from these financial assets is included in other income.

(iv) Equity investments

All equity investments in scope of Ind AS 109, Financial Instruments, are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 Business Combinations, applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. 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 the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109 'Financial Instruments'. A financial liability (or a part of a financial liability) is derecognised from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

Financial liabilities

Initial recognition

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These instruments are classified as amortised cost.

Subsequent measurement

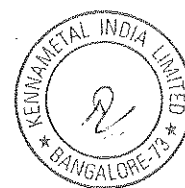
These liabilities includes deposits. Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest method.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109, Financial Instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit or Loss. The Company has not designated any financial liability as at fair value through profit and loss.



Kennametal India Limited

Notes to the financial statements (cont'd)

Notes to the financial statements (cont'd)

2.17 Financial instruments (cont'd)

Derecognition

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.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amounts is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedge instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

When forward contracts are used to hedge forecast transactions, the group generally designates only the changes in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in Statement of Profit and Loss.

2.18 Impairment of financial assets

In accordance with Ind AS 109 Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

The Company tracks credit risk and changes thereon for each customer. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, life time ECL is used. If in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

2.19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

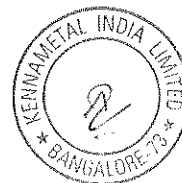
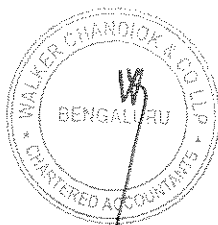
The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurements as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined the classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liabilities and the level of the fair value hierarchy as explained above.



Kennametal India Limited

Notes to the financial statements (cont'd)

Notes to the financial statements (cont'd)

2.20 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.21 Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of dilutive potential equity shares, if any.

2.22 Standards issued but not effective:

(a) Ind AS 115 Revenue from contracts with customers :

Ministry of Corporate Affairs (MCA) has notified Ind AS 115, Revenue from contracts with customers, which replaces Ind AS 18 Revenue and Ind AS 11 Construction contracts and related appendices. The new standard is mandatory for financial years commencing on or after April 1st, 2018. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

According to the standard, revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. A new five-step process must be applied before revenue can be recognised:

- (i) Identify contracts with customers
- (ii) Identify the separate performance obligation
- (iii) Determine the transaction price of the contract
- (iv) Allocate the transaction price to each of the separate performance obligations, and
- (v) Recognise revenue as each performance obligation is satisfied.

The Company is presently assessing the requirements of Ind AS 115 in order to reasonably estimate the impact of this standard.

(b) Appendix B to Ind AS 21 Foreign currency transactions and advance consideration :

The MCA has notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration. The appendix clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, date of transaction should be determined as above for each payment or receipt.

The Company intends to adopt the amendments prospectively to items in scope of the appendix that are initially recognised on or after the beginning of the reporting period in which the appendix is first applied (i.e. from 1 July 2018).

The Company is in the process of evaluating the requirements of this amendment in order to reasonably estimate the impact on application of Appendix B to Ind AS.

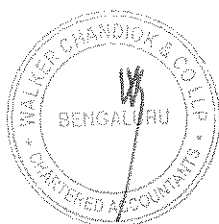
(c) Ind AS 40 Investment property – Transfers of investment property :

The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The list of evidence for a change of use in the standard was re-characterised as a non-exhaustive list of examples and scope of these examples have been expanded to include assets under construction/development and not only transfer of completed properties.

The Company has decided to apply the amendment prospectively to changes in use that occur after the date of initial application (i.e. 1 July 2018).

The Company is in the process of evaluating the requirements of this amendment in order to reasonably estimate the impact on application of Ind AS 40.

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Kennametal India Limited
Notes to the financial statements (cont'd)
(All amounts in ₹ lakhs unless otherwise stated)

3A Property, plant and equipment

Particulars	Freehold land	Buildings		Plant and machinery			Furniture and fixtures	Office equipment	Total
		Owned	Leased	Data processing equipment	Others				
Deemed cost									
Balance as at July 1, 2016	5	854	25	319	9043	78	347	10671	
Additions	-	59	-	103	6474	11	154	6801	
Disposals	-	-	-	-	(9)	-	-	(9)	
Balance as at June 30, 2017	5	913	25	422	15508	89	501	17463	
Additions	-	6	-	300	3252	26	77	3661	
Disposals	-	-	-	(0)	(94)	-	(3)	(97)	
Balance as at June 30, 2018	5	919	25	722	18666	115	575	21027	
Accumulated depreciation									
Depreciation charge for the year	-	73	4	178	2405	32	134	2826	
Disposals	-	-	-	-	-	-	-	-	
Balance as at June 30, 2017	-	73	4	178	2405	32	134	2826	
Depreciation charge for the year	-	71	4	158	2408	24	144	2809	
Disposals	-	-	-	-	-	-	-	-	
Balance as at June 30, 2018	-	144	8	336	4813	56	278	5635	
Net block									
As at June 30, 2017	5	840	21	244	13103	57	367	14637	
As at June 30, 2018	5	775	17	386	13853	59	297	15392	

Leased assets

The Company has given office facilities on operating lease. The lease arrangements are over a period of eleven months and are cancellable by notice of 30 days by either side. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses.

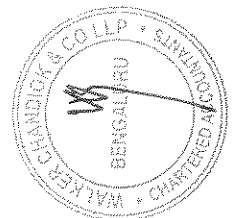
Contractual obligations

Refer note 28 for contractual commitments for the acquisition of property, plant and equipment.

3B Capital work-in-progress

Particulars	Amount
Balance as at July 1, 2016	1640
Additions during the year	(1362)
Less: Capitalised during the year	278
Balance as at June 30, 2017	1827
Additions during the year	
Less: Capitalised during the year	
As at June 30, 2018	2105

Capital work-in-progress mainly comprises of property, plant and equipment and building being constructed in India.



Kennametal India Limited

Notes to the financial statements (cont'd)

(All amounts in ₹ lakhs unless otherwise stated)

4 Investment properties

Particulars	Amount
Deemed cost as at July 1, 2016	1
Additions	-
Disposals	-
Balance as at June 30, 2017	1
Additions	-
Disposals	-
Balance as at June 30, 2018	1
Depreciation	
Depreciation charge for the year	-
Disposals	-
Balance as at June 30, 2017	-
Depreciation charge for the year	-
Disposals	-
Balance as at June 30, 2018	-
Net block	
As at June 30, 2017	1
As at June 30, 2018	1

Note:

a) Fair Value

Estimation of fair value

The best evidence of fair value is current prices in an active market for similar properties. The Company considers current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.

The fair values of investment properties have been determined with reference to Bengaluru Municipal authority guidance value and Mehesana Municipal authority, Kalol district, Gujarat with certain restriction on the Company's ability to use or sell these investment properties. The fair value estimate for investment properties are included in level 2.

The fair value of investment properties is as below:

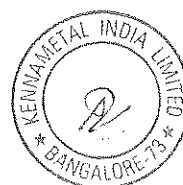
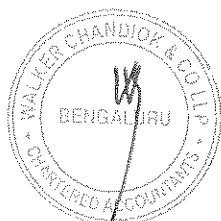
As at July 1, 2016	1460
As at June 30, 2017	1460
As at June 30, 2018	1460

b) There is no rental income derived from investment properties. Further, no direct operating expenses have been incurred to maintain the investment property.

c) The Company has no restriction on the realisability of the investment property, and no contractual obligation to purchase, construct or develop investment properties or for repair, maintenance and enhancement.

5 Intangible Assets

Particulars	Computer software (acquired)	Total
Deemed cost as at July 1, 2016	-	-
Additions	-	-
Disposals	-	-
Balance as at June 30, 2017	-	-
Additions	16	16
Disposals	-	-
Balance as at June 30, 2018	16	16
Depreciation		
Depreciation charge for the year	-	-
Disposals	-	-
Balance as at June 30, 2017	-	-
Depreciation charge for the year	2	2
Disposals	-	-
Balance as at June 30, 2018	2	2
Net block		
As at June 30, 2017	-	-
As at June 30, 2018	14	14



Kennametal India Limited

Notes to the financial statements (cont'd)

(All amounts in ₹ lakhs unless otherwise stated)

6 Financial Assets

6(a) Investments

Non-current investments

Particulars	As at June 30, 2018		As at June 30, 2017		As at July 1, 2016	
	No. of units	Amount	No. of units	Amount	No. of units	Amount
Investment in government securities (Unquoted investments carried at cost)						
6% Rural Electrification Corporation Limited (54EC Bonds 2015-16)	500	50	500	50	500	50
Total non-current investments		50		50		50
Aggregate amount of unquoted investments		50		50		50

Current investments

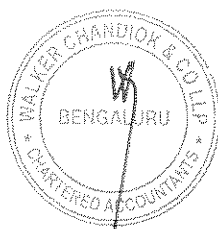
Particulars	As at June 30, 2018		As at June 30, 2017		As at July 1, 2016	
	No. of units	Amount	No. of units	Amount	No. of units	Amount
Investment in mutual funds (Quoted investments carried at fair value through profit or loss)						
Birla Sun Life Cash Plus - Daily Dividend - Regular Plan	-	-	998305	1000	1098165	1100
Kotak Floater Short Term Fund - Dividend- Daily Reinvest	-	-	98080	1000	-	-
ICICI Prudential Liquid Plan - Regular - Dividend Daily	-	-	999260	1001	1099274	1101
Tata Money Market Fund Regular Plan - Dividend Daily	-	-	99872	1000	74886	750
HDFC Liquid Fund-Regular Plan- Dividend- Daily Reinvest	-	-	98060	1000	122571	1250
Reliance Liquid Treasury Institutional Plan- Dividend Daily	-	-	-	-	71978	1100
Total current investments		-		5001		5301
Aggregate amount of quoted investments		-		5001		5301

6(b) Loans

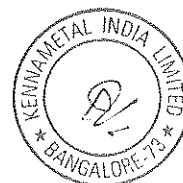
Particulars	As at June 30, 2018		As at June 30, 2017		As at July 1, 2016	
	Current	Non-current	Current	Non-current	Current	Non-current
Unsecured, considered good (Carried at amortised cost)						
Security deposits	-	31	-	31	-	31
Other deposits	-	145	-	101	-	101
Employee advances	26	5	31	7	24	12
Loan to fellow subsidiary *	-	-	-	-	500	-
Total loans	26	181	31	139	524	144

Note:

* The loan was extended to a fellow subsidiary with a repayment period of 6 months at an interest rate of 9.5% p.a towards working capital requirement (refer note 35).



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Kennametal India Limited

Notes to the financial statements (cont'd)

(All amounts in ₹ lakhs unless otherwise stated)

6(c) Trade receivables

Particulars	As at June 30, 2018	As at June 30, 2017	As at July 1, 2016
Unsecured, considered good (also refer note 36)	12635	11016	11939
Doubtful	145	98	138
Total	12780	11114	12077
Less: Allowance for doubtful trade receivables	(145)	(98)	(138)
Total trade receivables	12635	11016	11939

6(d) Cash and cash equivalents

Particulars	As at June 30, 2018	As at June 30, 2017	As at July 1, 2016
Cash on hand	1	1	5
Balances with banks - In current accounts	9447	4203	1172
Total cash and cash equivalents	9448	4204	1177

There are no repatriation restriction with regard to cash and cash equivalent at the end of the reporting period and prior periods.

For the purpose of statement of cash flows, cash and cash equivalents comprise the followings:

Cash and bank balances	9448	4204	1177
Short term highly liquid investments (Mutual Funds) (refer note 6(a))	-	5001	5301
Total cash and cash equivalents for the purpose of Statement of Cash Flows	9448	9205	6478

6(e) Bank balances other than cash and cash equivalents

Particulars	As at June 30, 2018	As at June 30, 2017	As at July 1, 2016
Margin money deposits *	-	115	100
Unclaimed dividends	27	25	26
Total bank balances other than cash and cash equivalents	27	140	126

(*) Held as lien by bank against forward contracts ₹ Nil (June 30, 2017: ₹ 115, July 1, 2016: ₹ 100)

6(f) Other financial assets

Non-current

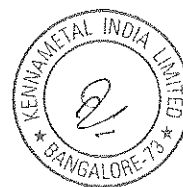
Particulars	As at June 30, 2018	As at June 30, 2017	As at July 1, 2016
Long term deposits with banks with maturity period more than twelve months *	4	4	4
Total non current financial assets	4	4	4

* Held as lien by bank against guarantee ₹ 4 (June 30, 2017: ₹ 4, July 1, 2016: ₹ 4)

Current

Particulars	As at June 30, 2018	As at June 30, 2017	As at July 1, 2016
Interest accrued on fixed deposits and others	1	8	14
Other receivables	87	97	180
Deposits with others	19	15	13
	107	120	207
(Less): Provision for doubtful deposits	(5)	(5)	(3)
Total current financial assets	102	115	204

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Kennameetal India Limited
Notes to the financial statements (cont'd)
(All amounts in ₹ lakhs unless otherwise stated)

7 Deferred tax assets (net)

Movement in the deferred tax asset / (liability)

Particulars	As at July 1, 2016	Charge/ (credit) to Statement of Profit and Loss	Charge/ (credit) to other comprehensive income	As at June 30, 2017	Charge/ (credit) to Statement of Profit and Loss	Charge/ (credit) to other comprehensive income	As at June 30, 2018
Deferred Tax Assets:							
Provision for gratuity, leave encashment, long service award	463	29	1	493	(136)	109	466
Provision for product support	112	2	-	114	41	-	155
Provision for doubtful debts	49	(14)	-	35	17	-	52
Provision for non moving and obsolete inventory	222	1	-	223	72	-	295
Voluntary retirement scheme/ employee separation	86	35	-	121	37	-	158
Others	24	14	-	38	(9)	-	29
Depreciation	(83)	(319)	-	(402)	(67)	-	(469)
Total	873	(252)	1	622	(45)	109	686
MAT credit entitlement	-	446	-	446	(446)	-	-
Closing Balance	873	194	1	1,068	(491)	109	686

8 Income tax assets (net)

Particulars	As at June 30, 2018	As at June 30, 2017	As at July 1, 2016
Advance tax net of provision (June 30, 2018: ₹ 23501, June 30, 2017: ₹ 21682, July 1, 2016: ₹ 24085)	2508	3826	3993
Total income tax assets	2508	3826	3993

9 Other non-current assets

Particulars	As at June 30, 2018	As at June 30, 2017	As at July 1, 2016
Capital advances	749	223	632
Prepaid expenses	14	8	7
Deposits with statutory / government Authorities	608	105	105
Total non-current assets	1371	336	744

10 Inventories

Particulars	As at June 30, 2018	As at June 30, 2017	As at July 1, 2016
Raw materials (including goods in transit INR 830 [June 30, 2017: ₹ 267, July 1, 2016: ₹ 297])	3986	1920	1953
Stores and spares	287	213	218
Work-in-progress	4915	4306	4882
Finished goods	3576	3072	3151
Traded goods (including goods in transit INR 428 [June 30, 2017: ₹ 283, July 1, 2016: ₹ 176])	2823	1215	1026
Total inventories	15587	10726	11330

Amounts recognised in Statement of Profit and Loss:

Write-downs of inventories to net realisable value amounted to ₹ 81 (June 30, 2017: ₹ 19, July 1, 2016: ₹ 17). These were recognised as an expense during the year and included in "Changes in values in inventory of finished goods, work in progress and stock in trade" in Statement of Profit and Loss.



Kennametal India Limited

Notes to the financial statements (cont'd)

(All amounts in ₹ lakhs unless otherwise stated)

11 Other current assets

Particulars	As at June 30, 2018	As at June 30, 2017	As at July 1, 2016
Export benefits receivable	218	263	-
Deposits with statutory / government authorities	1269	1548	1428
Advance to supplier	228	149	109
Prepaid expenses	204	149	134
Travel advances to employees	78	62	47
Total other current assets	1997	2171	1718

12 Assets classified as held for sale

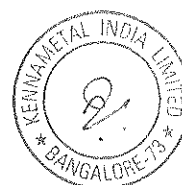
Particulars	As at June 30, 2018	As at June 30, 2017	As at July 1, 2016
Assets held for sale at lower of cost and net realisable value	-	-	48
Total assets classified as held for sale	-	-	48

Note:

Pursuant to a global decision to divest the "Extrude Hone" business, an agreement was entered into with Madison Industrial Solutions Corporation, USA on October 30, 2015 (with effective date of November 30, 2015) by Kennametal Inc, USA, the ultimate holding company. In line with the Board of Directors approval in the meeting held on November 9, 2015, the Company has given effect to the above divestiture disclosed under "Assets held for sale". As part of the sale proceeds, the Company has received INR. NIL (2017: Nil, 2016: ₹ 48 lakhs) from the ultimate holding company.



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Kennametal India Limited
Notes to the financial statements (cont'd)
(All amounts in ₹ lakhs unless otherwise stated)

13 Equity share capital

Particulars	As at June 30, 2018	As at June 30, 2017	As at July 1, 2016
Authorised			
2,19,78,240 (June 30, 2017: 2,19,78,240 and July 1, 2016: 2,19,78,240) Equity Shares of ₹ 10 each	2198	2198	2198
Issued, subscribed and fully paid up			
21,978,240 (June 30, 2017: 21,978,240 and July 1, 2016: 21,978,240) Equity Shares of ₹ 10 each	2198	2198	2198
Total equity share capital	2198	2198	2198

Notes:

a) Reconciliation of number of shares

	As at June 30, 2018		As at June 30, 2017	
	Number of shares	Amount	Number of shares	Amount
Balances as at the beginning of the year	21,978,240	2198	21,978,240	2198
Add: Issued and subscribed during the year	-	-	-	-
Balance at the end of the year	21,978,240	2198	21,978,240	2198

(b) Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, if any, in proportion to their shareholding.

(c) Shares held by ultimate holding company and holding company

	As at June 30, 2018		As at June 30, 2017		As at July 1, 2016	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Kennametal Inc. USA, the ultimate holding company	52,74,840	527	52,74,840	527	52,74,840	527
Meturit AG., Zug, Switzerland, the holding company	1,12,08,840	1121	1,12,08,840	1121	1,12,08,840	1121

(d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at June 30, 2018		As at June 30, 2017		As at July 1, 2016	
	Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage
Kennametal Inc. USA, the ultimate holding company	52,74,840	24.00%	52,74,840	24.00%	52,74,840	24.00%
Meturit AG., Zug, Switzerland, the holding company	1,12,08,840	51.00%	1,12,08,840	51.00%	1,12,08,840	51.00%
Reliance Capital Trustee Company Limited *	21,40,021	9.74%	21,18,328	9.64%	20,77,492	9.45%

* 16,60,140 (June 30, 2017: 16,37,641, July 1, 2016: 15,96,805) shares are held by Reliance Equity Opportunities Fund comprising 7.55% (June 30, 2017: 7.45%, July 1, 2016: 7.26%) of the shareholding and 4,79,881 (June 30, 2017: 4,80,687, July 1, 2016: 4,80,687) shares are held by Reliance Tax Saver (ELSS) Fund comprising 2.18% (June 30, 2017: 2.19%, July 1, 2016: 2.19%) of the shareholding.

(e) During five years immediately preceeding June 30, 2018 there are no shares allotted as fully paid up pursuant to contracts without payment being received in cash, shares allotted as fully paid up by way of bonus shares or shares bought back.

(f) There are no shares of the Company reserved for issue under any option, contracts, commitments for the sale of share or disinvestment.

14 Other equity

Particulars	As at		
	June 30, 2018	June 30, 2017	July 1, 2016
Securities premium reserve	9	9	9
Share based compensation reserve	27	32	40
General reserve	14884	14884	14884
Retained earnings	26758	22268	20359
Total reserves and surplus	41678	37193	35292

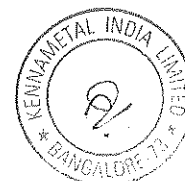
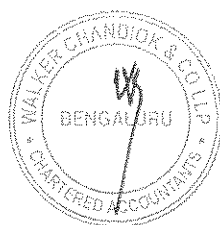
Nature and purpose of reserve:

Securities premium reserve

Securities Premium reserve is used to record the premium on issue of shares. This reserve is utilised in accordance with provisions of the Act.

Share based compensation reserve

This reserve relates to share based compensation received by the employees of the Company from Kennametal Inc., USA the ultimate holding company, net of cross charge received. The reserve is used to recognise grant date fair value of awards issued to the employees (refer note 30).



Kennametal India Limited
Notes to the financial statements (cont'd)
(All amounts in ₹ lakhs unless otherwise stated)

15 Other financial liabilities

Non-current

Particulars	As at June 30, 2018	As at June 30, 2017	As at July 1, 2016
Deposit from customers	10	10	10
Total non-current financial liabilities	10	10	10

Current

Particulars	As at June 30, 2018	As at June 30, 2017	As at July 1, 2016
Capital creditors	511	306	266
Unpaid dividends	27	25	26
Employee benefits payable	2047	1739	1308
Other current liability	107	125	108
Total current financial liabilities	2692	2195	1708

16 Provisions

Particulars	As at June 30, 2018		As at June 30, 2017		As at July 1, 2016	
	Current	Non-current	Current	Non-current	Current	Non-current
Gratuity (refer note 16)	77	451	41	425	38	393
Compensated absences	758	-	902	-	906	-
Long service award	11	44	22	34	-	-
Product support (refer note a and b)	427	23	317	14	313	11
Disputed taxes and duties (refer note b)	332	-	205	-	187	-
Total provision	1605	518	1487	473	1444	404

a) Product support

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the reporting period. These claims are expected to be settled in the next financial year. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

b) Disputed taxes and duties:

Provision for disputed taxes and duties is in respect of duties and taxes paid under protest.

Particulars	Product support		Disputed taxes and duties		Total	
	Current	Non-current	Current	Non-current	Current	Non-current
Balance as at July 1, 2016	313	11	187	-	500	11
Addition	351	14	18	-	369	14
Utilisation	(347)	(11)	-	-	(347)	(11)
Reversal	-	-	-	-	-	-
Balance as at June 30, 2017	317	14	205	-	522	14
Addition	491	20	127	-	618	20
Utilisation	(381)	(11)	-	-	(381)	(11)
Reversal	-	-	-	-	-	-
Balance as at June 30, 2018	427	23	332	-	759	23

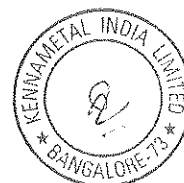
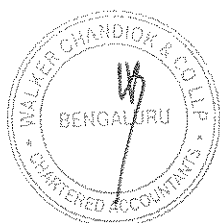
c) Defined contribution plan:

Contribution to provident fund and other funds under employee benefit expenses include the following :

Particulars	Year ended June 30, 2018	Year ended June 30, 2017
Provident fund	483	490
Employee state insurance	14	10
	497	500

The Company also has certain defined contribution plans as specified above. Contributions are made to the funds above at the specified rate of basic salary as per regulations. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is ₹ 497 lakhs (June 30, 2017: ₹ 500 lakhs).

Provident fund for certain eligible employees is managed by Company through the "KENNAMETAL INDIA LIMITED EMPLOYEES' PROVIDENT FUND TRUST" in line with the Provident Fund and Miscellaneous Provisions Act, 1952. The plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and the employee together with the interest accumulated there on are payable to the employees at the time of their separation from the Company or retirement, whichever is earlier. The benefits vests immediately on rendering of the services by the employee. The Company currently does not have any unfunded plans. The Board of trustees is responsible for the administration of the Plan assets and investment strategy.



Kennametal India Limited

Notes to the financial statements (cont'd)

(All amounts in ₹ lakhs unless otherwise stated)

16 Provision (cont'd)

A) Defined contribution plan (Provident Fund - Trust set by employer)

i) Changes in present value of defined contribution plan

Particulars	As at June 30, 2018	As at June 30, 2017
Defined benefit obligation at beginning of the year	9474	8604
Add: Current service cost	606	1147
Add: Interest expenses	673	582
a. Benefit payments from employer	(1286)	(827)
b. Other (employee contribution, taxes, expenses):	198	-
Add/(Less): Remeasurement loss/ (gain)	152	(31)
a. Due to experience adjustments		
Defined benefit obligation at end of year	9815	9475

ii) Changes in plan assets

Particulars	As at June 30, 2018	As at June 30, 2017
Fair value of plan assets at end of prior year	10236	8832
a. Investment income	727	1203
b. Employer contribution	606	318
c. Benefit payments from employer	(1286)	(827)
d. Other (employee contribution, taxes, expenses)	(409)	-
e. Returns on assets (excluding interest income)	393	710
Fair value of plan assets at end of year	10267	10236

iii) Assets and liabilities:

Particulars	As at June 30, 2018	As at June 30, 2017
Present value of defined benefit obligations	9815	9475
Fair value of plan assets	(10267)	(10236)
Total	(452)	(761)

Particulars	As at June 30, 2018	As at June 30, 2017
Non-current provisions	6972	8590
Current provisions	2844	884
Total	9816	9474

Note:

The Provident fund expenses other than contribution is not recognised in Statement of Profit and Loss as the fair value of plan assets exceeds the present value of obligation. Accordingly, the excess of plan assets over present value of obligation has not been recorded in financial statements.

Provident fund expenses recognised in the books for the year ended June 30, 2018 amount to ₹ 483 lakhs (June 30, 2017: ₹ 490 lakhs).

iv) Major Categories of plan assets as percentage of total plan assets

Particulars	As at June 30, 2018	As at June 30, 2017
Government Bonds	55%	54%
Public sector understanding	42%	46%
Others : Funds managed by insurer	3%	0%

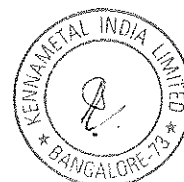
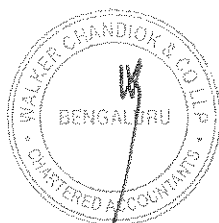
v) Significant Actuarial Assumptions

Particulars	As at June 30, 2018	As at June 30, 2017
Discount rate per annum	8.20%	7.10%
Expected return on plan assets	8.55%	8.65%
Expected salary increase per annum	5% & 4%	5% & 1%
Mortality rate per annum	100%	100%
Withdrawal (rate of employee turnover)	4.50%	0.50%
Retirement age	58 & 60	58 & 60
Interest rate guarantee	8.55%	8.65%

The estimates of future increase in salary, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

vi) Sensitivity analysis

Particulars	Change in assumption	As at June 30, 2018		As at June 30, 2017	
		Increase/ (decrease) in liability	Increase/ (decrease) in liability	Increase/ (decrease) in liability	Increase/ (decrease) in liability
Discount rate	+1% / -1%	(4)	4	(473)	461
Interest guarantee rate	+1% / -1%	246	(133)	309	(305)



Kennametal India Limited

Notes to the financial statements (cont'd)

(All amounts in ₹ lakhs unless otherwise stated)

16 Provisions (cont'd)

B) Defined benefit obligation (Gratuity - Funded)

The Company operates a gratuity plan through the "KENNAMETAL INDIA LIMITED EMPLOYEES' GRATUITY TRUST". Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at time of separation from the Company or retirement, whichever is earlier. The benefits vest after 5 years of continuous service. The Board of trustees is responsible for the administration of the Plan assets and investment strategy.

i) Change in defined benefit obligation

Particulars	As at June 30, 2018	As at June 30, 2017
Defined benefit obligation at beginning of the year	2078	1953
a. Current service cost	127	320
b. Interest expenses	147	127
c. Benefits payments from employer	(322)	(338)
Add/(Less) Remeasurement (gain)/loss		
a. Due to change in demographic assumptions	118	-
b. Due to change in financial assumptions	87	-
c. Due to experience adjustments	133	16
Defined benefit obligation at end of year	2368	2078

ii) Changes in plan assets

Particulars	As at June 30, 2018	As at June 30, 2017
Fair value of plan assets at end of prior year	1612	1522
a. Investment income	114	107
b. Employer contribution	414	303
c. Benefit payments from employer	(322)	(338)
Remeasurements:		
a. Returns on assets (excluding interest income)	22	18
Fair value of plan assets at end of year	1840	1612

iii) Assets and liabilities recognised in the Balance Sheet:

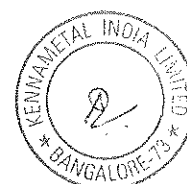
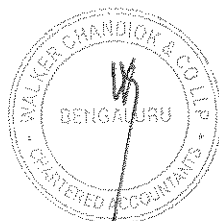
Particulars	As at June 30, 2018	As at June 30, 2017
Present value of defined benefit obligations	2368	2078
(Less): Fair value of plan assets	(1840)	(1612)
Deficit/ (Surplus)	528	466

iv) Expense recognised in the statement of Profit and Loss

Particulars	As at June 30, 2018	As at June 30, 2017
Remeasurement of other long term benefits		
a. Current service cost	127	320
Total Service cost	127	320
Net interest cost		
a. Interest expenses on Defined benefit obligation	147	127
b. Interest income on plan assets	(114)	(107)
Total net interest cost	33	20
A. Defined benefit cost included in P&L	160	340
Remeasurement (recognised in Other comprehensive income (OCI))		
a. Due to change in demographic assumptions	118	-
b. Due to change in financial assumptions	64	(18)
c. Due to experience adjustments	133	16
B. Total remeasurement in OCI	315	(2)
Total defined benefit cost recognised in P&L and OCI	475	338

v) Major category of plan asset as % of total plan assets

Particulars	As at June 30, 2018	As at June 30, 2017
Government Bonds	0%	0%
PSU	0%	0%
Mutual Funds	0%	0%
Deposits with Banks and FIs	0%	0%
Others : Funds managed by insurer	100%	100%



Kennametal India Limited

Notes to the financial statements (cont'd)

(All amounts in ₹ lakhs unless otherwise stated)

16 Provision (cont'd)

v) Significant actuarial assumptions

Particulars	As at June 30, 2018	As at June 30, 2017
Discount rate per annum	8.20%	7.10%
Expected return on plan assets	8.50%	7.10%
Expected salary increase per annum	5% & 4%	5% & 1%
Mortality rate per annum	100%	100%
Withdrawal (rate of employee turnover)	4.50%	1.00%
Retirement age	58 & 60	58 & 60

The estimates of future increase in salary, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

vii) Sensitivity analysis

Gratuity

Gratuity is a lumpsum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The actuarial assumptions to which the benefit obligations results are particularly sensitive to are discount rate, salary escalation rate, attrition rate and mortality rate. The following table summarises impact on the reported defined benefit obligation arising on account of an increase or decrease in the reported assumptions.

Particulars	Change in assumption	As at June 30, 2018		As at June 30, 2017	
		Increase/ (decrease) in liability	Increase/ (decrease) in liability	Increase/ (decrease) in liability	Increase/ (decrease) in liability
Discount rate	+1% / -1%	(130)	144	(145)	164
Salary rate	+1% / -1%	148	(136)	169	(151)
Attrition rate	+50% / -50%	59	(71)	19	(20)
Mortality rate	+10% / -10%	1	(1)	2	(2)

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation assuming there are no other changes in market condition as at the balance sheet date.

viii) The weighted average duration of the defined benefit obligation is 6 years (June 30, 2017: 8 years). The expected maturity analysis of undiscounted gratuity is as below:

Particulars	1 year	2-5 year	6-10 year	More than 10 years	Total
Gratuity					
June 30, 2018	346	1233	1245	1407	4232
June 30, 2017	185	899	1135	1757	3975

ix) Risk exposure

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary overtime. Thus, the Company is exposed to various risks in providing the above benefit which are as follows:

a Interest rate risk

The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability as shown in financial statements.

b Salary escalation risk

The present value of the defined benefit plan is calculated with the assumption of salary increase rate of employees in future. Deviation in the rate of interest in future for employees from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

c Demographic risk

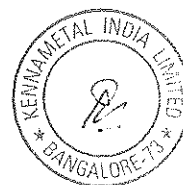
The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

d Liquidity risk

The Company does not perceive any liquidity risk as the Company has investments in Government Securities and Corporate Bonds offers the best returns over the long term, within an acceptable level of risk.



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Kennametal India Limited

Notes to the financial statements (cont'd)

(All amounts in ₹ lakhs unless otherwise stated)

17 Trade payables

Particulars	As at June 30, 2018	As at June 30, 2017	As at July 1, 2016
Trade payables (also refer note 36) *	10590	8343	7129
Total trade payables	10590	8343	7129

* Trade payables includes amount dues to Micro, Small and Medium Enterprises.

Disclosure of dues/payments to Micro, Small and Medium Enterprises to the extent such enterprises are identified by the Company

	As at June 30, 2018	As at June 30, 2017	As at July 1, 2016
a) Principal amount due to suppliers registered under the Micro, Small and Medium Enterprises and Development Act and remaining unpaid as at year end;	163	226	162
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end;	-	*	*
b) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year;	301	121	327
(i) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year;	-	-	-
(ii) Interest paid, under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year;	2	4	-
c) Interest due and payable towards suppliers registered under the MSMED Act, for payments already made;	2	-	3
d) Further interest remaining due and payable for earlier years;	-	-	*

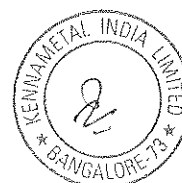
*Amount is below the rounding off norm adopted by the Company.

Note: The information has been given in respect of such suppliers to the extent they could be identified as "Micro" or "Small" enterprises on the basis of information

18 Other current liabilities

Particulars	As at June 30, 2018	As at June 30, 2017 *	As at July 1, 2016
Advances from customers	2492	741	771
Statutory dues	351	1103	1531
Total current liabilities	2843	1844	2302

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Kennametal India Limited
Notes to the financial statements (cont'd)
(All amounts in ₹ lakhs unless otherwise stated)

19 Revenue from operations

Particulars	Year ended June 30, 2018	Year ended June 30, 2017
Sale of products	48864	43708
Finished goods	29117	24597
Traded goods	906	902
Sale of services		
Other operating revenue	36	58
Sale of scrap	276	219
Export incentives	113	113
Commission on order based sales		
Total revenue from operations	79312	69597

20 Other income

Particulars	Year ended June 30, 2018	Year ended June 30, 2017
Dividend income	145	167
Interest income on bank deposits	6	10
Interest income on loan to fellow subsidiary	-	13
Interest on income tax refund	302	-
Liabilities no longer required written back	3	11
Provision doubtful debts and deposits written back	-	39
Exchange gain, (net)	84	-
Net gain on disposal of property, plant and equipment	-	37
Lease rentals	182	170
Support service charges from fellow subsidiary	96	96
Miscellaneous income	18	43
Total other income	836	586

21 Cost of materials consumed

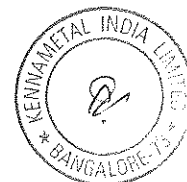
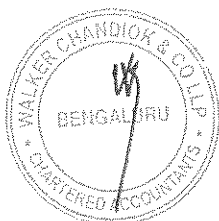
Particulars	Year ended June 30, 2018	Year ended June 30, 2017
Consumption of raw materials and components	1920	1953
Opening inventory	25906	17446
Add: Purchases	(3986)	(1920)
Less: Closing inventory		
Total cost of materials consumed	23840	17479

22 Purchase of stock in trade

Particulars	Year ended June 30, 2018	Year ended June 30, 2017
Traded goods	20726	16936
Total purchase of stock in trade	20726	16936

23 Changes in inventories of finished goods, work in progress and stock in trade

Particulars	Year ended June 30, 2018	Year ended June 30, 2017
Opening stock:		
Work-in-progress	4306	4982
Finished goods	3072	3151
Traded goods	1215	1026
	8593	9159
Closing stock:		
Work-in-progress	4915	4306
Finished goods	3576	3072
Traded goods	2823	1215
	11314	8593
(Increase)/ Decrease in stocks	(2721)	566
Excise duty on opening stock of finished goods	-	(609)
Excise duty on closing stock of finished goods	-	-
Increase/ (Decrease) in excise duty	-	(609)
Total changes in inventories of finished goods, WIP and stock in trade	(2721)	(43)



Kennametal India Limited

Notes to the financial statements (cont'd)

(All amounts in ₹ lakhs unless otherwise stated)

24 Employee benefit expense

Particulars	Year ended June 30, 2018	Year ended June 30, 2017
Salaries, wages and bonus	10466	10224
Contribution to provident and other funds	497	500
Gratuity	160	340
Stock compensation expense [refer note 30]	66	51
Staff welfare	1077	1121
Total employee benefit expense	12266	12236

25 Depreciation and amortisation expense

Particulars	Year ended June 30, 2018	Year ended June 30, 2017
Property, plant and equipment	2809	2826
Intangible assets	2	-
Total depreciation and amortisation expense	2811	2826

26 Other expenses

Particulars	Year ended June 30, 2018	Year ended June 30, 2017
Power and fuel	1181	913
Consumption of stores and spare parts	2074	1825
Subcontracting charges	2212	1903
Repairs and maintenance	1339	1164
Rent	71	88
Rates and taxes	429	204
Insurance	86	90
Travelling and conveyance	1272	1011
Legal and professional (Note a)	1117	763
Communication	110	130
Directors' sitting fee	12	14
Directors commission	42	37
Expenditure towards Corporate Social Responsibility (CSR) (Note b)	71	67
Expenditure on trial and demo (inclusive of GST)	481	481
Forwarding and freight	1360	1021
Product support charges	511	365
Royalty	280	258
Printing and stationery	96	70
Advertisement and sales promotion	24	230
Provision doubtful debts and deposits (net)	48	-
Commission on sales (lasing agent commission)	131	114
Property, plant and equipments written off	-	6
Loss on property, plant and equipments sold (net)	63	-
Information technology services	1534	1565
Net loss on foreign currency transaction and translation	-	0
Miscellaneous expenses	612	432
Total other expenses	15156	12751

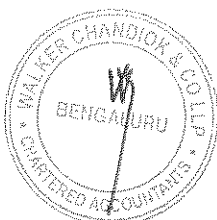
(a) Payments to Auditors (excluding service tax) included under Legal and Professional above:

Statutory Audit	16	23
Audit of tax accounts and tax audit	5	6
Limited reviews	6	6
Certification	-	3
Group audit fees	13	31
Other Services	-	6
Out of pocket expenses	-	3

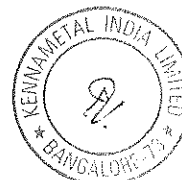
(b) Expenditure towards CSR:

Gross amount required to be spent by the Company during the year ₹ 71 (June 30, 2017: ₹ 67)

Amount paid during the year (paid in cash)	71	67
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Kennametal India Limited

Notes to the financial statements (cont'd)

(All amounts in ₹ lakhs unless otherwise stated)

27 Income tax expense

Particulars	Year ended June 30, 2018	Year ended June 30, 2017
(a) Income tax expense		
Current tax	2044	795
Tax Adjustments relating to earlier years	(460)	-
Deferred tax charge/ (credit):		
Deferred tax charge/(credit)	44	250
MAT Credit (taken)/utilised	446	(446)
Income tax expense	2074	599
Deferred tax related to items recognised in OCI		
Income tax relating to re-measurement gains on defined benefit plans	(109)	1
Income tax expense reported in OCI	(109)	1

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

	Year ended June 30, 2018	Year ended June 30, 2017
Profit for the year before tax expense	7300	3036
Tax at the Indian tax rate of 34.608% (June 30, 2017: 34.608%)	2526	1051
Tax effect of amounts which are not deductible (taxable) in calculating taxable Income:		
CSR expenditure	25	23
Asset block difference	36	100
Exempt income	(50)	(58)
Research and development expense	(134)	(136)
Investment allowance	-	(375)
Tax relating to earlier years	(460)	0
Other items	131	(6)
Tax expense	2074	599

28 Capital and other commitments

Capital expenditure contracted for at the end of year of the reporting period but not recognised as liabilities is as follows:

Particulars	June 30, 2018	June 30, 2017	July 1, 2016
Property, plant and equipment	1327	1501	549

29 Contingent liabilities

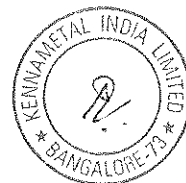
Particulars	June 30, 2018	June 30, 2017	July 1, 2016
Income tax matters [note (a)]	2887	3517	2946
Excise duty / customs duty / service tax matters under dispute [note (b)]	887	924	927
First loss default guarantee [note (c)]	125	150	150

a) Primarily relates to transfer pricing adjustments/ disallowances relating to Research and Development expenditure made by the Income Tax Department for the tax assessment years 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2013-14 and 2014-15 which is disputed by the Company and the matter is lying under appeal with The Income Tax Appellate Tribunal, Bangalore/ The Commissioner of Income Tax (Appeals) LTU, Bangalore/The Dispute Resolution Panel, Bangalore.

b) The Company has filed an appeal for ₹ 159 lakhs with the Customs, Excise & Service Tax Appellate Tribunal (CESTAT), Bangalore pertaining to the Customs Duty dispute (disputed demand ₹ 111 lakhs and interest ₹ 48 lakhs) wherein the department contested that the Company has paid short duty due to non-inclusion of the Fuel Surcharge(FSC), Security surcharge (SSC) in the assessable value. The Company has paid ₹ 159 lakhs under protest towards above tax demands and charged the same in earlier years Statement of Profit and Loss.

The Company is contesting the above mentioned demands and the management believes that its position will likely be upheld in the appellate process. Accordingly, no tax expense has been accrued in the financial statements for the year ended June 30, 2018, for the tax demands raised. Considering the facts and nature of demand, the Company believes that the final outcome of the disputes should be in favour of the Company and will not have any more material adverse effect on the financial position and results of operations.

c) First loss default guarantee represents financial guarantee given to a banker for providing channel financing scheme to distributors.



Kennametal India Limited

Notes to the financial statements (cont'd)

(All amounts in ₹ lakhs unless otherwise stated)

30 Shared based payment

Managing Director and certain senior management employees of the company under the long-term incentive plan are granted Restricted Stock Units (RSUs) in a share based compensation plan of Kennametal Inc. USA, the ultimate holding company.

Restricted stock units (RSUs)

RSUs are stock awards granted to employees that entitle the holder to shares of common stock as the award vests, over 3 or 4 years depending on the scheme and year of grant. The options granted under the plan have a graded vesting over a period of three or four years, which are immediately exercised on the vesting date. All the options granted under the plan are equity settled.

The fair value of time vesting stock units is determined and fixed on the grant date based on the Kennametal Inc.'s stock price adjusted for the exclusion of dividend equivalents.

The Company recognises stock-based compensation expense for restricted stock units over the period from the date of grant to the date when the award is no longer contingent on the employee providing additional service (substantive vesting period).

Details of number and weighted average exercise price of share options:

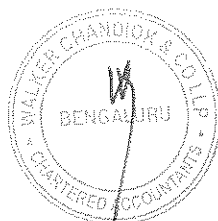
Particulars	As at June 30, 2018		As at June 30, 2017	
	Weighted Average fair value per Award (in USD)	Number of Awards in units	Weighted Average fair value per Award (in USD)	Number of Awards in units
Opening balance	27.04	1808	34.97	1334
Granted during the year	37.50	3101	24.96	3221
Exercised during the year	33.16	(3086)	28.45	(2747)
Closing balance	34.48	1823	27.04	1808

Note 1: No RSU's expired during the period covered in the above table

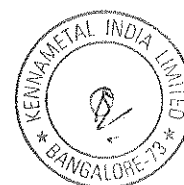
Note 2: The weighted average remaining contractual life of RSUs outstanding at the end of the period is 1.26 years (June 30, 2017: 1.27 years, July 1, 2016: 1.31 years)

Expenses arising from share based payments transactions

Particulars	Year ended June 30, 2018	Year ended June 30, 2017
Shares issued under RSU	66	51
Total	66	51



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Kennametal India Limited
Notes to the financial statements (cont'd)
(All amounts in ₹ lakhs unless otherwise stated)

31 Fair value measurements

i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as at June 30, 2018 are as follows:

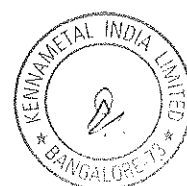
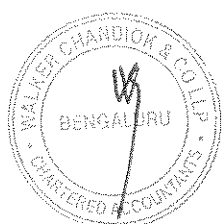
Particulars	Amortised cost	Financial assets / liabilities at FVTPL	Financial assets / liabilities at FVTOCI	Carrying value	Fair value
Assets:					
Investments [refer note 6(a)]:					
- Government securities	50	-	-	50	50
- Mutual funds	-	-	-	-	-
Loans [refer note 6(b)]	207	-	-	207	207
Trade receivables [refer note 6(c)]	12635	-	-	12635	12635
Cash and cash equivalents [refer note 6(d)]	9448	-	-	9448	9448
Bank balances other than cash and cash equivalents [refer note 6(e)]	27	-	-	27	27
Other financial assets [refer note 6(f)]	106	-	-	106	106
Total	22473	-	-	22473	22473
Liabilities:					
Other financial liabilities [refer note 15]	2702	-	-	2702	2702
Trade payables [refer note 17]	10590	-	-	10590	10590
Total	13292	-	-	13292	13292

The carrying value and fair value of financial instruments by categories as at June 30, 2017 are as follows:

	Amortised cost	Financial assets / liabilities at FVTPL	Financial assets / liabilities at FVTOCI	Carrying value	Fair value
Assets:					
Investments [refer note 6(a)]:					
- Government securities	50	-	-	50	50
- Mutual funds	-	5001	-	5001	5001
Loans [refer note 6(b)]	170	-	-	170	170
Trade receivables [refer note 6(c)]	11016	-	-	11016	11016
Cash and cash equivalents [refer note 6(d)]	4204	-	-	4204	4204
Bank balances other than cash and cash equivalents [refer note 6(e)]	140	-	-	140	140
Other financial assets [refer note 6(f)]	119	-	-	119	119
Total	15699	5001	-	20700	20700
Liabilities:					
Other financial liabilities [refer note 15]	2205	-	-	2205	2205
Trade payables [refer note 17]	8343	-	-	8343	8343
Total	10548	-	-	10548	10548

The carrying value and fair value of financial instruments by categories as at July 1, 2016 are as follows:

	Amortised cost	Financial assets / liabilities at FVTPL	Financial assets / liabilities at FVTOCI	Carrying value	Fair value
Assets:					
Investments [refer note 6(a)]:					
- Government securities	50	-	-	50	50
- Mutual funds	-	5301	-	5301	5301
Loans [refer note 6(b)]	668	-	-	668	668
Trade receivables [refer note 6(c)]	11939	-	-	11939	11939
Cash and cash equivalents [refer note 6(d)]	1177	-	-	1177	1177
Bank balances other than cash and cash equivalents [refer note 6(e)]	126	-	-	126	126
Other financial assets [refer note 6(f)]	208	-	-	208	208
Total	14168	5301	-	19469	19469
Liabilities:					
Other financial liabilities [refer note 15]	1718	-	-	1718	1718
Trade payables [refer note 17]	7129	-	-	7129	7129
Total	8847	-	-	8847	8847



Kennametal India Limited
Notes to the financial statements (cont'd)
 (All amounts in ₹ lakhs unless otherwise stated)

31 Fair value measurements (cont'd)

ii) Financial Instruments by category (cont'd)

The management assessed that the fair value of cash and cash equivalents, trade receivables, loans, other financial assets, trade payables and other financial liabilities approximate the carrying amount largely due to short-term maturity of these instruments. The carrying amounts of trade receivables, cash and cash equivalents, bank deposits with more than 12 months maturity, trade payables, items falling under other financial assets and financial liabilities are considered to be the same as their fair values.

The fair value of investment in government securities, loans and security deposits are determined based on discounted cash flows calculated using deposit rates for similar terms and credit risk at the inception. There are no significant changes in fair value of such assets during the year.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

iii) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

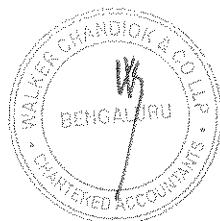
There are no transfers between the levels during the year.

Quantitative disclosure of fair value measurement hierarchy:

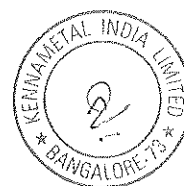
As at June 30, 2017	Date of valuation	Level 1	Level 2	Level 3	Total
Assets					
Investment in mutual funds	June 30, 2017	5001	-	-	5001
As at July 1, 2016	Date of valuation	Level 1	Level 2	Level 3	Total
Assets					
Investment in mutual funds	July 1, 2016	5301	-	-	5301

iv) Valuation process:

The finance department of the Company includes people capable of performing valuation of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. The significant level 3 inputs for determining the fair values of security deposits and loan to employees are discount rates using a long term bank deposit rate to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.



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Kennametal India Limited

Notes to the financial statements (cont'd)

(All amounts in ₹ lakhs unless otherwise stated)

32 Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's risk management is carried out by the Management under the policies approved of the Board of Directors that help in identification, measurement, mitigation and reporting all risks associated with the activities of the Company. These risks are identified on a continuous basis and assessed for the impact on the financial performance. Information on risks and the response strategy is escalated in a timely manner to facilitate timely decision making. Risk response strategy is formulated for key risks by Management.

The below note explains the sources of risk which the Company is exposed to and how the Company manages the risk in the financial statements:

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Ageing analysis, credit ratings	Diversification of bank deposits, credit limits
Liquidity risk	Other liabilities	Rolling cash flow forecasts	Availability of surplus cash and time deposits
Market risk - foreign exchange	Future commercial transactions, recognised financial assets and liabilities not denominated in Indian rupee (Rupees)	Cash flow forecasting, sensitivity analysis	Natural hedge exist between export receivable and import payables

A Credit Risk

Credit risk arises from cash and cash equivalents, security deposits carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

Credit risk refers to the risk of default on its obligation by the counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 12635 as of June 30, 2018 (30 June 2017: ₹ 11015; July 1, 2016 : ₹ 11939).

	As at June 30, 2018	As at June 30, 2017	As at July 1, 2016
Assets under credit risk			
Trade receivables	12635	11016	11939
Loans	207	170	668
Other financial assets	102	115	204
Total	12944	11301	12811

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks with high credit ratings as signed by international and domestic credit rating agencies.

Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India and US. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, Financial Instruments, the Company uses expected credit loss model to assess the impairment loss or gain. The provision for expected credit loss takes into account available external and internal credit risk factors including the credit ratings of the various customers and Company's historical experience for customers. The Company applies the simplified approach to provide for expected credit losses prescribed by Ind AS 109, which permits the use of lifetime expected loss provision for all the trade receivables. The Company measures the expected credit loss of trade receivables based on historical trend, industry.

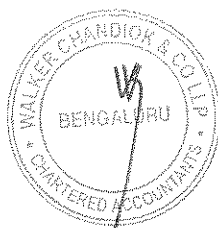
Expected credit loss for trade receivables

Particulars	As at	
	June 30, 2018	June 30, 2017
Opening provision for loss	98	138
Additional provision	77	-
Utilisation/ reversal	(29)	(40)
Closing provision	146	98

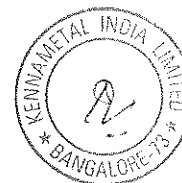
Financial assets that are past due but not impaired

There is no other class of financial assets that is past due but not impaired except for receivables of INR 145 lakhs, INR 98 and INR 138 lakhs as at 30 June 2018, 30 June 2017 and July 1, 2016, respectively. The Company's credit period generally ranges from 60-180 days from invoicing date. The aging analysis of the receivables has been considered from the date the invoice falls due.

No expected credit loss provision has been created for Loans i.e. security deposits on leased premises and advances given to employees, since the company considers the life time credit risk of these financial assets to be very low.



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Kennametal India Limited

Notes to the financial statements (cont'd)

(All amounts in ₹ lakhs unless otherwise stated)

32 Financial risk management (cont'd)

B Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the dynamic nature of the underlying businesses, Company's treasury maintains flexibility in funding by maintaining availability of

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows.

Maturities of financial Liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities

Particulars	Less than 1 year	1 - 2 years	More than 2 years	Total
As at June 30, 2018				
Other financial liabilities	2692	-	10	2702
Trade payables	10590	-	-	10590
Total	13282	-	10	13292
As at June 30, 2017				
Other financial liabilities	2195	-	10	2205
Trade payables	8343	-	-	8343
Total	10538	-	10	10548
As at July 1, 2016				
Other financial liabilities	1708	-	10	1718
Trade payables	7129	-	-	7129
Total	8837	-	10	8847

C. Market Risk

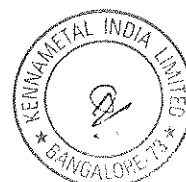
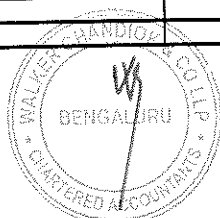
(i) Foreign currency risk

The Company is exposed to foreign currency exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the companies functional currency (Rupees).

The Company managed its foreign currency exposure by entering into forward exchange contract to hedge its firm commitments as at July 1st 2016. Thereafter, the risk is measured through a forecast of highly probable foreign currency on cash flows. To mitigate the risk of changes in exchange rates on foreign currency exposures, the company has natural hedge between export receivable and import payables.

The Company exposure to foreign currency risk at the end of the reporting period expressed in ₹ as follows:

Particulars	Currency	As at June 30, 2018	As at June 30, 2017	As at July 01, 2016
Financial assets				
Trade receivables	USD	600	846	507
	EUR	513	355	409
	SDL	-	272	-
	BRL	21	2	22
	JPY	2	-	-
	SGD	166	-	-
	CHF	-	-	-
	GBP	-	-	-
	AUD	9	-	-
	Others	2	7	9
Net exposure to foreign currency risk (assets)		1313	1482	947
Financial liabilities				
Trade Payables	USD	(711)	(797)	(471)
	EUR	(666)	(259)	(382)
	JPY	(120)	(15)	(67)
	CHF	(88)	(37)	(178)
	GBP	(4)	-	-
	Others	-	(14)	(8)
Total financial liabilities		(1589)	(1122)	(1106)
Foreign Forward exchange contracts against above liabilities				
Trade Payables	USD	-	-	203
	EUR	-	-	25
Total forward contracts		-	-	228
Net exposure to foreign currency risk (liability)		(1589)	(1122)	(878)
Net foreign exchange exposure		(276)	360	69



Kennametal India Limited

Notes to the financial statements (cont'd)

(All amounts in ₹ lakhs unless otherwise stated)

32 Financial risk management (cont'd)

C. Market Risk (cont'd)

Sensitivity

A reasonably possible strengthening (weakening) of the ₹, foreign currency against all other currencies at 30th June, would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amount shown below. This analysis assumes that all other variables remain constant and ignores any impact of forecast sales and purchases.

Particulars	Impact on profit before tax			
	June 30, 2018		June 30, 2017	
	1% Increase	1% Decrease	1% Increase	1% Decrease
USD	(1.11)	1.11	0.49	(0.49)
EUR	(1.53)	1.53	0.96	(0.96)
SDL	-	-	2.72	(2.72)
BRL	0.21	(0.21)	0.02	(0.02)
JPY	(1.18)	1.18	(0.15)	0.15
SGD	1.66	(1.66)	-	-
CHF	(0.88)	0.88	(0.37)	0.37
GBP	(0.04)	0.04	-	-
AUD	0.09	(0.09)	-	-
Others	0.02	(0.02)	(0.07)	0.07
Increase or (decrease) in profit or loss	(2.75)	2.75	3.60	(3.60)

33 Capital Management

Risk management

The Company's objectives when managing capital is to:

- safeguard their ability to continue as going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and;
- maintain an optimal capital structure to reduce the cost of capital.

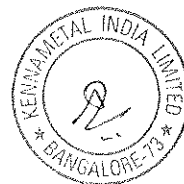
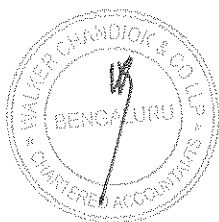
The Company does not have any exposure towards debt. The Management regularly monitors rolling forecasts of liquidity position and cash on the basis of expected cash flows. In addition, the Company projects cash flows in major currencies and considers the level of liquid assets necessary to meet them.

34 Dividends

The Company declares and pays dividends in Indian rupees. Company may, before the declaration of any dividend, transfer a percentage of its profits for that financial year as it may consider appropriate to the reserves.

The interim dividend and the dividend distribution tax on the dividend for the year ended June 30, 2018 and June 30, 2017 is as below:

Particulars	June 30, 2018	June 30, 2017
Interim dividend paid during the year ended June 30, 2018 of ₹ 2	440	440
(June 30, 2017 - ₹ 2.00) per fully paid share		
Dividend Distribution Tax on interim dividend	90	89



Kennametal India Limited

Notes to the financial statements

(All amounts in ₹ lakhs unless otherwise stated)

35. Segment Information

A. Description of segments and principal activities

The Company is in the business of manufacturing and trading of hard metal products and manufacturing of machine tools (also known as machining solutions), which are sold in domestic and export markets. The Managing Director of the Company has been identified as the Chief operating decision maker (CODM). Managing Director examines the company's performance both from product and geographic perspective and has identified two reportable segments in its business:

(i) **Machining solutions:** Machining solutions segment manufactures and sells customised capital intensive machines. Company specialises in providing end to end solution i.e. from design to manufacture and after sales service. The sales comprise of machines, fixtures, sale of spares and after sales service.

(ii) **Hard metal products:** Hard metal products segment deals in metal and metal cutting tools. The sales of this segment comprise of manufactured and traded goods.

B. Segment information:

Particulars	Machining Solutions		Hard Metal Products		Total	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
B.1 Segment revenue						
Segment revenue (external customers)	12226	9663	67086	59934	79312	69597
Inter-segment revenue	-	-	-	-	-	-
Total segment revenue	12226	9663	67086	59934	79312	69597
B.2 Segment Result						
Segment Result	1255	902	9199	5490	10454	6392
Unallocated Corporate Income					327	336
Unallocated Corporate Expense					(3019)	(3165)
Interest income					308	23
Exceptional items					(770)	(550)
Profit before tax					7300	3036
Tax (expense)/credit					(2074)	(599)
Profit after tax					5226	2437
B.3 Segment Assets						
Segment Assets	6287	4930	40796	32604	47083	37534
Unallocated Corporate Assets					15051	16209
Total segment assets	6287	4930	40796	32604	62134	53743
B.4 Segment Liabilities						
Segment liabilities	4767	2570	11514	11599	16281	14169
Unallocated corporate liabilities					1977	184
Total segment liabilities	4767	2570	11514	11599	18258	14353
B.5 Capital Expenditure						
Capital expenditure	67	106	5833	4768	5900	4874
Unallocated corporate capital expenditure					130	154
Total capital expenditure	67	106	5833	4768	6030	5028
B.6 Depreciation and amortisation						
Depreciation and amortisation	169	186	2556	2524	2725	2710
Unallocated corporate depreciation					86	116
Total Depreciation and amortisation	169	186	2556	2524	2811	2826

C. Geographical Information:

The Company's operations are predominantly restricted to the domestic market (within India). However, the Company exports goods to Germany, USA, China and others. Accordingly, geographical information are given below:

Particulars	Revenue		Non-current assets		
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	July 1, 2016
India	66405	60985	21391	19078	17049
Germany	4731	3513	-	-	-
USA	2437	1455	-	-	-
China	2854	2153	-	-	-
Others	2885	1491	-	-	-
Total	79312	69597	21391	19078	17049

D. Notes

(i) The segment-wise revenue, results, assets and liabilities relate to the respective amounts directly identifiable to each of the segments.

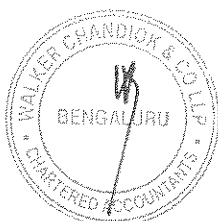
(ii) The segment revenue is measured in the same way as in the statement of profit and loss.

(iii) No customer individually account for more than 10% of the revenue in the year ended June 30, 2018 and June 30, 2017.

(iv) The expenses that are not directly attributable and that can't be allocated to an operating segment on a reasonable basis are shown as unallocated corporate expenses.

(v) Segment assets include all operating assets used by the segment and consists primarily of property, plant and equipment and current assets. Segment liabilities comprise of liabilities which can be directly allocated against respective segments. Assets and liabilities that have not been allocated between segments are shown as part of unallocated corporate assets and liabilities respectively.

(vi) Post implementation of Goods and Service Tax ("GST") with effect from July 1, 2017, revenue from operations is disclosed net of GST. Revenue from operations for the earlier periods included excise duty which is now subsumed in GST. Accordingly, revenue from operations for the quarter and year ended June 30, 2018 is not comparable with the quarter and year ended June 30, 2017.



Kennametal India Limited

Notes to the financial statements

(All amounts in ₹ lakhs unless otherwise stated)

36 Related party disclosures

A) Names of related parties and description of relationship:

a) Parties where control exists:

- | | |
|--|---|
| (i) Ultimate holding company | Kennametal Inc, USA |
| (ii) Immediate holding company | Meturit A.G. Zug, Switzerland |
| (iii) Enterprises holding, directly or indirectly, substantial interest in immediate holding company | Widia GmbH, Germany
Kennametal Holding GmbH, Germany
Kennametal Europe GmbH, Switzerland
Kennametal Luxembourg Holding S.A.R.L
Kennametal Holdings , LLC, Luxembourg S.C.S
Kennametal Holdings Europe Inc, USA |

b) Parties under common control with whom transactions have taken place during the year:

- | | |
|---------------------|---|
| Fellow Subsidiaries | Kennametal Australia Pty Ltd, Australia
Kennametal Produktions GmbH & Co. KG, Germany
Kennametal UK Ltd., United Kingdom
Kennametal (Singapore) PTE. Ltd., Singapore
Kennametal Korea Co., Ltd., Korea
Kennametal Japan Ltd., Japan
Kennametal Do Brasil LTDA, Brazil
Kennametal Hard Point (Shanghai) Ltd., China
Kennametal Distribution Services Asia PTE. Ltd., Singapore
Kennametal Shared Services Pvt Ltd., India
Kennametal (China) Co Ltd., China
Hanita Metal Works Ltd. (P), Israel
Kennametal Shared Services, GmbH, Germany *
Kennametal (Xuzhou) Co. Ltd., China
Kennametal (Malaysia) Sdn. Bhd., Malaysia
Kennametal Stellite L.P. USA
Kennametal Stellite Inc., Canada
Kennametal Asia China Management Company, Shanghai
PT. Kennametal Indonesia Services, Indonesia
Kennametal (Thailand) Co., Ltd., Thailand |
|---------------------|---|

c) Key Management Personnel

- | | |
|-------------------|--------------------|
| Managing Director | Bhagya Chandra Rao |
|-------------------|--------------------|

* No transaction during the year

Note:

- i) The above information has been determined to the extent such parties have been identified on the basis of information available with the Company.
- ii) The above does not include related party transactions with retiral funds, as management personnel of the Company who are trustees of funds cannot individually exercise significant influence on the retiral funds transactions.

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Kennametal India Limited

Notes to the financial statements

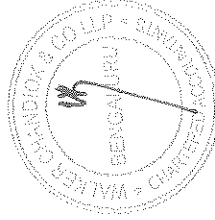
(All amounts in ₹ lakhs unless otherwise stated)

38 Related party disclosures (Cont'd)

B) Summary of the transactions with related parties is as follows:

Particulars	PARTIES WHERE CONTROL EXIST [A(a)]		FELLOW SUBSIDIARIES [A(b)]		KEY MANAGEMENT PERSONNEL [A(c)]		TOTAL	
	for the year ended		for the year ended		for the year ended		for the year ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Revenue	7168	4968	5337	3397	-	-	12505	8365
Kennametal Inc., USA	2437	1455	-	-	-	-	2437	1455
Kennametal Europe GmbH, Switzerland	4731	3513	-	-	-	-	4731	3513
Kennametal HardPoint (Shanghai) Ltd., China	-	-	2845	1932	-	-	2845	1932
Kennametal (Singapore) PTE. Ltd., Singapore	-	-	1302	266	-	-	1302	266
KMT Distribution Services Asia Pte.	-	-	416	539	-	-	416	539
Kennametal Do Brasil Ltda	-	-	207	308	-	-	207	308
Kennametal Korea Co., Ltd.	-	-	185	217	-	-	185	217
Others	-	-	382	135	-	-	382	135
Other income	-	-	323	323	-	-	323	323
Kennametal Shared Services Private Ltd., India	-	-	209	209	-	-	209	209
Kennametal Stellite L.P. USA	-	-	114	114	-	-	114	114
Reimbursement of expenses (credit)	192	145	503	409	-	-	695	554
Kennametal Inc., USA	192	145	-	-	-	-	192	145
Kennametal Distribution Services Asia Pte. Ltd., Singapore	-	-	307	287	-	-	307	287
Kennametal Shared Services Private Ltd., India	-	-	176	102	-	-	176	102
Others	-	-	20	20	-	-	20	20
Loan given during the year	-	-	-	200	-	-	-	200
Kennametal Shared Services Private Ltd., India	-	-	-	200	-	-	-	200
Loan recovered during the year	-	-	-	700	-	-	-	700
Kennametal Shared Services Private Ltd., India	-	-	-	700	-	-	-	700
Interest income on loan	-	-	-	13	-	-	-	13
Kennametal Shared Services Private Ltd., India	-	-	-	13	-	-	-	13
Dividend paid (interim)	330	330	-	-	-	-	330	330
Metrit A.G. Zug, Switzerland	224	224	-	-	-	-	224	224
Kennametal Inc., USA	106	106	-	-	-	-	106	106
Managerial remuneration *	-	-	-	-	217	181	217	181
Bhagya Chandra Rao	-	-	-	-	125	121	125	121
Salary & allowances	-	-	-	-	32	30	32	30
Performance pay	-	-	-	-	60	30	60	30
Employee share based payment	-	-	-	-	-	-	-	-

* Includes managerial remuneration payable amounting to ₹ 32 lakhs as at June 30, 2018 (June 30, 2017: ₹ 30 lakhs, June 30, 2016: ₹ 22 lakhs).



Kennametal India Limited

Notes to the financial statements

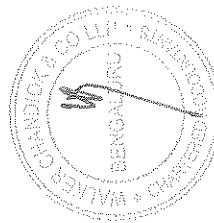
(All amounts in ₹ lakhs unless otherwise stated)

36 Related party disclosures (Cont'd)

B) Summary of the transactions with related parties is as follows:

i) Transactions (Cont'd)

Particulars	PARTIES WHERE CONTROL EXIST [A(a)]		FELLOW SUBSIDIARIES [A(b)]		KEY MANAGEMENT PERSONNEL [A(c)]		TOTAL	
	for the year ended		for the year ended		for the year ended		for the year ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
PURCHASES	29852	21671	643	726	-	-	30495	22397
Purchase of capital goods	288	51	5	-	-	-	293	51
Kennametal Inc., USA	288	39	-	-	-	-	288	39
Kennametal Europe GmbH, Switzerland	-	12	-	-	-	-	-	12
Others	-	-	5	-	-	-	5	-
Purchase of goods- Others	29584	21620	638	726	-	-	30202	22346
Kennametal Europe GmbH, Switzerland	20727	17229	-	-	-	-	20727	17229
Kennametal Inc., USA	8837	4391	-	-	-	-	8837	4391
Hanlita Metal Works Ltd. (P), Israel	-	-	261	190	-	-	261	190
Kennametal Stellite L.P. USA	-	-	54	234	-	-	54	234
Others	-	-	323	302	-	-	323	302
Services received / recharge of expenses	1996	1967	597	317	-	-	2593	2284
Information technology services	1534	1565	-	-	-	-	1534	1565
Kennametal Inc., USA	1534	1565	-	-	-	-	1534	1565
Professional fees (technical services)	144	65	489	186	-	-	633	251
Kennametal Inc., USA	144	65	-	-	-	-	144	65
Kennametal Shared Services Private Ltd., India	-	-	489	186	-	-	489	186
Royalty payments	189	173	92	85	-	-	281	258
Kennametal Inc., USA	189	173	-	-	-	-	189	173
Hanlita Metal Works Ltd., Israel	-	-	92	85	-	-	92	85
Recharge of expenses	129	164	16	46	-	-	145	210
Kennametal Inc., USA	129	164	-	-	-	-	129	164
Kennametal Shared Services Private Limited, India	-	-	1	28	-	-	1	29
Others	-	-	15	18	-	-	15	17



Kennametal India Limited

Notes to the financial statements
(All amounts in ₹ lakhs unless otherwise stated)

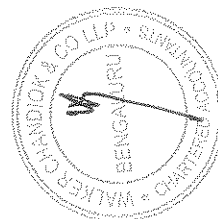
36 Related party disclosures (Cont'd)

B) Summary of the transactions with related parties is as follows:

ii) Balances

Particulars	PARTIES WHERE CONTROL EXIST				FELLOW SUBSIDIARIES				TOTAL			
	[A(a)]				[A(b)]				As at			
	June 30, 2018	June 30, 2017	July 1, 2016	June 30, 2018	June 30, 2017	July 1, 2016	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	July 1, 2016	June 30, 2017
Outstanding Receivables- Trade And Others	903	621	614	421	853	230	1324	1474	1324	1474	904	904
Trade Receivables	900	610	564	338	813	226	1238	1423	1238	1423	790	790
Kennametal Inc., USA	400	269	159	-	-	-	400	269	400	269	159	159
Kennametal Europe GmbH, Switzerland	500	341	405	-	-	-	500	341	500	341	405	405
Kennametal (Singapore) PTE. Ltd., Singapore	-	-	-	163	266	-	163	266	163	266	-	-
Kennametal Hardpoint (Shanghai) Ltd, China	-	-	-	93	414	138	93	414	93	414	138	138
Others	-	-	-	82	133	88	82	133	82	133	88	88
Outstanding Receivables- Others	3	11	50	83	40	64	86	51	86	51	114	114
Kennametal Inc., USA	3	11	50	-	-	-	3	11	3	11	50	50
Kennametal Distribution Services Asia Pte. Ltd., Singapore	-	-	-	23	24	38	23	24	23	24	38	38
Kennametal Stellite L.P. USA	-	-	-	17	10	9	17	10	17	10	9	9
Kennametal Shared Services Private Limited, India	-	-	-	42	-	17	42	-	42	-	17	17
Others	-	-	-	1	6	-	1	6	1	6	-	-
Outstanding Loan Receivable	-	-	-	-	-	500	-	-	-	-	500	500
Kennametal Shared Services Private Ltd., India	-	-	-	-	-	500	-	-	-	-	500	500
Outstanding Payables - Trade	3946	2901	2677	212	446	73	4158	3347	4158	3347	2750	2750
Kennametal Inc., USA	2034	1253	828	-	-	-	2034	1253	2034	1253	828	828
Kennametal Europe GmbH, Switzerland	1912	1648	1849	-	-	-	1912	1648	1912	1648	1849	1849
Kennametal Shared Services Private Ltd., India	-	-	-	132	195	3	132	195	132	195	3	3
Others	-	-	-	80	251	70	80	251	80	251	70	70
Advance Received	-	-	48	-	-	-	-	-	-	-	48	48
Kennametal Inc., USA	-	-	48	-	-	-	-	-	-	-	48	48

Note: Transactions of similar nature, individually not material to the financial statements have been disclosed in aggregate in accordance with Ind AS 24, Related Party Disclosures.



Kennametal India Limited

Notes to the financial statements (cont'd)

(All amounts in ₹ lakhs unless otherwise stated)

37 Operating lease (Ind AS 17)

As a Lessee:

The Company has taken certain office facilities and motor vehicles on operating lease. These lease arrangements range for a period of 11 months to 5 years and are renewable for further period on mutually agreeable terms

The total future minimum lease rentals receivable at the Balance Sheet date is as under:

Particulars	June 30, 2018	June 30, 2017	July 1, 2016
For a period not later than one year	63	40	63
For a period later than one year and not later than five years	60	12	38
For a period later than five years	-	-	-

38 Exceptional items debited to the statement of profit and loss comprises of :

Exceptional Items	June 30, 2018	June 30, 2017
(i) The Company announced a voluntary retirement scheme (VRS) for its workmen. Several workmen opted for the VRS and the aggregate expenditure incurred in this regard has been fully charged to the Statement of Profit and Loss in accordance with Ind AS - 19, Employee Benefits.	296	239
(ii) The company also has a severance / separation scheme for certain employees and the aggregate compensation paid in accordance with the said scheme has been fully charged to the Statement of Profit and Loss.	474	311
Total exceptional items	770	550

39 Earnings per equity share

Particulars	June 30, 2018	June 30, 2017
Profit attributable to equity shareholders	5226	2437
Weighted average number of equity shares outstanding during the year	21,978,240	21,978,240
Nominal value of equity share (₹)	10	10
Basic and diluted earnings per share (₹)	23.78	11.09

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Kennametal India Limited

Notes to the financial statements

(All amounts in ₹ lakhs unless otherwise stated)

40 First-time adoption of Ind AS

These financial statements, for the year ended 30 June 2018, are the first financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 30 June 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on June 30, 2018, together with the comparative period data as at and for the year ended June 30, 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at July 1, 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at July 1, 2016 and the financial statements as at and for the year ended June 30, 2017.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions :

A.1.1 Deemed cost

Ind AS 101, First-time adoption of Indian Accounting Standards, also permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as on the date of transition after making necessary adjustments for de-commissioning liabilities. Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets and investment properties at their previous GAAP carrying value and used that as deemed cost as on the date of transition.

A.1.2 Share based payment

Ind AS 101 permits a first time adopter to not consider the number of options / RSUs, that have already vested as on the date of transition, for fair valuation. Accordingly, the Company has elected to measure only those options / RSUs that are unvested as on the date of transition.

A.1.3 Leases

Appendix C to Ind AS 17, Leases, requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Company has no such arrangements or contract existing as at date of transition.

A.2 Ind AS mandatory exemptions :

A.2.1 Estimates

In accordance with Ind AS, as at the date of transition to Ind AS an entity's estimates shall be consistent with the estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were

Ind AS estimates as at July 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP except for impairment of financial assets based on ECL as these were not required as per previous GAAP.

A.2.2 Derecognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the Company's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

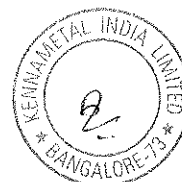
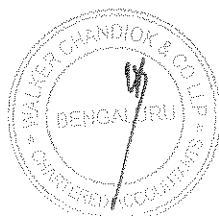
A.2.3 Classification and measurement of financial assets

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

- The effects of the retrospective application or retrospective restatement are not determinable; or
- The retrospective application or restatement requires assumptions about what management's intent would have been in that period; or
- The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.



Kennametal India Limited

Notes to the financial statements

(All amounts in ₹ lakhs unless otherwise stated)

40 First-time adoption of Ind AS (cont'd)

B Reconciliation between Previous GAAP and Ind AS

Ind AS 101, First-time Adoption of Indian Accounting Standards, requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS as at the periods specified below.

(i) Reconciliation of total equity

Particulars	Notes to first-time adoption	As at June 30, 2017	As at July 1, 2016
Total equity (shareholder's funds) as per previous GAAP		39389	37708
Adjustments on account of:			
(i) Deferred tax impact on restricted stock unit	Note C. 3	3	6
(ii) Deferred tax impact on account of balance sheet approach	Note C.3	-	(224)
(iii) Change in fair value of employee share based payment	Note C.2	(1)	-
Total Ind AS adjustments		2	(218)
Total equity (shareholder's funds) under IND AS		39391	37490

(ii) Reconciliation of Balance sheet as at July 1, 2016

Particulars	Notes to first-time adoption	Regrouped previous GAAP	Ind AS adjustments	Ind AS
Assets				
Non-current assets				
Property, plant and equipment		10671	-	10671
Capital work-in-progress		1640	-	1640
Investment properties		1	-	1
Intangible assets		-	-	-
Financial assets				
(i) Investments		50	-	50
(ii) Loans		144	-	144
(iii) Other financial assets		4	-	4
Deferred tax assets (net)	Note C. 3	1091	(218)	873
Income tax assets (net)		3993	-	3993
Other non-current assets		744	-	744
		18338	(218)	18120
Current assets				
Inventories		11330	-	11330
Financial assets				
(i) Investments		5301	-	5301
(ii) Trade receivables		11939	-	11939
(iii) Cash and cash equivalents		1177	-	1177
(iv) Bank balances other than cash and cash equivalents		126	-	126
(v) Loans		524	-	524
(vi) Other financial assets		204	-	204
Other current assets		1718	-	1718
Assets classified as held for sale		48	-	48
		32367		32367
Total assets		50705	(218)	50487
Equity and liabilities				
Equity				
Equity share capital		2198	-	2198
Other equity	Note C. 4	35510	(218)	35292
		37708	(218)	37490
Liabilities				
Non-current liabilities				
Financial liabilities		10	-	10
Provisions		404	-	404
		414	-	414
Current liabilities				
Financial liabilities				
(i) Trade payables		7129	-	7129
(ii) Other financial liabilities		1708	-	1708
Provisions		1444	-	1444
Other current liabilities		2302	-	2302
		12583	-	12583
Total equity and liabilities		50705	(218)	50487



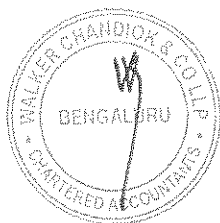
Kennametal India Limited

Notes to the financial statements

(All amounts in ₹ lakhs unless otherwise stated)

(iii) Reconciliation of Balance sheet as at June 30, 2017

Particulars	Notes to first-time adoption	Regrouped previous GAAP	Ind AS adjustments	Ind AS
Assets				
Non-current assets				
Property, plant and equipment		14637	-	14637
Capital work-in-progress		278	-	278
Investment properties		1	-	1
Intangible assets		-	-	-
Financial assets				
(i) Investments		50	-	50
(ii) Loans		139	-	139
(iii) Other financial assets		4	-	4
Deferred tax assets (net)	Note C.2	1065	3	1068
Income tax assets (net)		3826	-	3826
Other non-current assets		336	-	336
		20336	3	20339
Current assets				
Inventories		10726	-	10726
Financial assets				
(i) Investments		5001	-	5001
(ii) Trade receivables		11016	-	11016
(iii) Cash and cash equivalents		4204	-	4204
(iv) Bank balances other than cash and cash equivalents		140	-	140
(v) Loans		31	-	31
(vi) Other financial assets		115	-	115
Other current assets		2171	-	2171
Assets classified as held for sale		-	-	-
		33404	-	33404
Total assets		53740	3	53743
Equity and liabilities				
Equity				
Equity share capital		2198	-	2198
Other equity	Note C.4	37191	2	37193
		39389	2	39391
Liabilities				
Non-current liabilities				
Financial liabilities		10	-	10
Provisions		473	-	473
		483	-	483
Current liabilities				
Financial liabilities				
(i) Trade payables		8342	1	8343
(ii) Other financial liabilities		2195	-	2195
Provisions		1487	-	1487
Other current liabilities		1844	-	1844
		13868	1	13869
Total equity and liabilities		53740	3	53743



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Kennametal India Limited

Notes to the financial statements

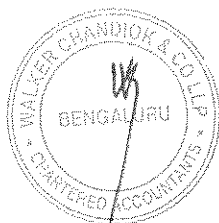
(All amounts in ₹ lakhs unless otherwise stated)

(iv) Reconciliation of Statement of Profit and Loss for the year ended June 30, 2017

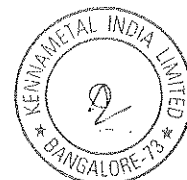
Particulars	Notes to first-time adoption	Regrouped previous GAAP	Ind AS adjustments	Ind AS
Income				
Revenue from operations		69597	-	69597
Other income		586	-	586
Total income		70183	-	70183
Expenses				
Cost of materials consumed		17479	-	17479
Purchase of stock-in-trade		16936	-	16936
Changes in Inventories of finished goods, work-in-progress and stock-in-trade		(43)	-	(43)
Excise duty		4412	-	4412
Employee benefits expense	Note C.1 and C. 2	12245	(9)	12236
Depreciation and amortisation expense		2826	-	2826
Other expenses		12751	-	12751
Total expenses		66606	(9)	66597
Profit before exceptional items and tax		3577	9	3586
Exceptional items		(550)	-	(550)
Profit before tax		3027	9	3036
Tax expense:				
Current tax		791	4	795
Deferred tax charge / (credit)	Note C.3	26	(222)	(196)
Total tax expense		817	(218)	599
Profit after tax		2210	227	2437
Other comprehensive income				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Re-measurement losses in defined benefit plans	Note C.1	-	2	2
Income tax effect	Note C.1	-	(1)	(1)
Other comprehensive income, net of tax		-	1	1
Total comprehensive income for the year		2210	228	2438

(v) Reconciliation of Statement of Cash Flow for the year ended June 30, 2017

	Regrouped previous GAAP	Ind AS adjustment	Ind AS
Net cash generated from operating activities	7716	-	7716
Net used in investing activities	(4459)	-	(4459)
Net cash generated from financing activities	(530)	-	(530)
Net increase in cash and cash equivalents	2727		2727
Cash and cash equivalents at the beginning of the year	6478		6478
Cash and cash equivalents at the end of the year	9205		9205



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Kennametal India Limited

Notes to the financial statements

(All amounts in ₹ lakhs unless otherwise stated)

40 First-time adoption of Ind AS (cont'd)

Notes to first time adoption

C 1 Defined benefit obligation

Under previous GAAP, actuarial gains and losses were recognized in the Statement of Profit and Loss, and interest cost was recognized under employee benefit expense. Under Ind AS, the actuarial gain and loss form part of remeasurement of net defined benefit liability/ asset which is recognised in other comprehensive income in the respective periods. Interest cost on defined benefit obligations is presented under finance cost in the Statement of Profit and Loss.

C 2 Employee share-based payments

Under the previous GAAP, the cost of group equity settled employee share-based plan were recorded based on cross charge from ultimate holding company. Under Ind AS, the cost of equity settled share based transactions is recognised based on fair value as at the grant date. Consequently, a provision amount of ₹ 11 was reversed in share based payment expense for the year ended June 30, 2017 (July 1, 2016: ₹ Nil) due to excess provision provided under the previous GAAP. The profit for the year ended 30 June 2017 increased by INR. 11. As a result, total equity has increased by INR 2 due to reversal of liability for share based payment as at 30 June, 2017 with a corresponding impact to retained earnings.

C 3 Income tax

Under previous GAAP, deferred tax was accounted using the income statement approach, on the timing differences between the taxable profit and accounting profits for the period. Under Ind AS 12, Income tax, deferred taxes are recognized following the balance sheet approach on the temporary differences between the carrying amount of asset or liability in the balance sheet and its tax base. The application of Ind AS 12, has resulted in recognition of deferred tax on new temporary differences which was not required under previous GAAP primarily relating to transactional adjustments pertaining to Ind AS. Deferred tax adjustments are recognised in co-relation to the underlying transaction either in retained earnings or a separate component of equity.

C 4 Other equity

Adjustments to retained earnings and other comprehensive income has been made in accordance with Ind AS, for the above mentioned line items.

41 Previous year comparatives

Previous years figures have been regrouped / reclassified wherever necessary, to conform to this year's classification.

As per our report of even dated attached.

For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration Number: 001076N/N500013

Vijay Vikram Singh

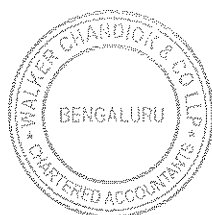
Vijay Vikram Singh

Partner

Membership Number: 059139

Bengaluru

August 23, 2018



For and on behalf of Board of Directors

Bhagya Chandra Rao

Bhagya Chandra Rao

Managing Director

DIN - 00211127

Bengaluru

August 23, 2018

B. Anjan Kumar

B. Anjan Kumar

Chairman

DIN - 00022417

Bengaluru

August 23, 2018

Suresh Reddy K V

Suresh Reddy K V

Chief Financial Officer

Bengaluru

August 23, 2018

Thulsidass T V

Thulsidass T V

Company Secretary

Bengaluru

August 23, 2018

