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**Independent Auditor's Report on Standalone Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

**To the Board of Directors of Kennametal India Limited**

**Opinion**

1. We have audited the accompanying standalone annual financial results ('the Statement') of Kennametal India Limited ('the Company') for the year ended 30 June 2020, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations'), including relevant circulars issued by the SEBI from time to time.
2. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
  - (i) presents financial results in accordance with the requirements of Regulation 33 of the Listing Regulations; and
  - (ii) gives a true and fair view in conformity with the applicable Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with relevant rules issued thereunder, and other accounting principles generally accepted in India, of the standalone net profit after tax and other comprehensive income and other financial information of the Company for the year ended 30 June 2020.

**Basis for Opinion**

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

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## Emphasis of Matter

4. We draw attention to Note 7 to the accompanying Statement, which describes the uncertainties relating to the effect of COVID-19 pandemic on the Company's operations and management's evaluation of its impact on the accompanying Statement as at 30 June 2020. The impact of the continuing uncertainties on the Company's operations is dependent on future developments.

Our opinion is not modified in respect of this matter .

## Responsibilities of Management and Those Charged with Governance for the Statement

5. This Statement has been prepared on the basis of the standalone annual audited financial statements and has been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive income and other financial information of the Company in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India, and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
6. In preparing the Statement, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Statement

8. Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing, specified under section 143(10) of the Act, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Statement.
9. As part of an audit in accordance with the Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has in place adequate internal financial controls with reference to financial statements and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

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- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Other Matter

12. The Statement includes the financial results for the quarter ended 30 June 2020, being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subject to limited review by us.

## For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

Vijay

Vikram

Singh

Digitally signed by

Vijay Vikram Singh

Date: 2020.08.19

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**Vijay Vikram Singh**

Partner

Membership No. 059139

UDIN: 20059139AAAACC4517

Bengaluru

19 August 2020



## Kennametal India Limited

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### Statement of standalone audited assets and liabilities as at June 30, 2020

(All amounts in ₹ millions unless otherwise stated)		
Particulars	As at June 30, 2020 (Audited)	As at June 30, 2019 (Audited)
<b>I. ASSETS</b>		
<b>1. Non-current assets</b>		
(a) Property, plant and equipment	2,459	1,834
(b) Capital work-in-progress	321	672
(c) Investment property	0	0
(d) Other intangible assets	7	1
(e) Investment in subsidiary	20	0
(f) Financial assets		
(i) Loans	-	0
(ii) Other financial assets	54	41
(g) Income tax assets (net)	461	363
(h) Other non-current assets	132	186
<b>Total non-current assets</b>	<b>3,454</b>	<b>3,097</b>
<b>2. Current assets</b>		
(a) Inventories	1,979	2,031
(b) Financial assets		
(i) Trade receivables	803	1,445
(ii) Cash and cash equivalents	414	437
(iii) Bank balances other than cash and cash equivalents	1	2
(iv) Loans	102	352
(v) Other financial assets	15	36
(c) Other current assets	117	147
<b>Total current assets</b>	<b>3,431</b>	<b>4,450</b>
<b>TOTAL ASSETS</b>	<b>6,885</b>	<b>7,547</b>
<b>II. EQUITY AND LIABILITIES</b>		
<b>1. Equity</b>		
(a) Equity share capital	220	220
(b) Other equity	5,282	4,969
<b>Total equity</b>	<b>5,502</b>	<b>5,189</b>
<b>2. Liabilities</b>		
<b>Non-current liabilities</b>		
(a) Financial liabilities		
(i) Other financial liabilities	1	1
(b) Provisions	53	57
(c) Deferred tax liabilities (net)	5	17
<b>Total non-current liabilities</b>	<b>59</b>	<b>75</b>
<b>Current Liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	130	100
(ii) Trade payables		
a) Total outstanding dues of micro enterprises and small enterprises	27	37
b) Total outstanding dues of creditors other than micro enterprises and small enterprises	541	1,221
(iii) Other financial liabilities	137	269
(b) Provisions	196	198
(c) Other current liabilities	293	458
<b>Total current liabilities</b>	<b>1,324</b>	<b>2,283</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>6,885</b>	<b>7,547</b>



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## Statement of standalone audited financial results for the quarter and year ended June 30, 2020

(All amounts in ₹ millions unless otherwise stated)

Sl. No.	Particulars	Quarter ended			Year ended	
		June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
		(Audited) (refer note 8)	(Unaudited)	(Audited) (refer note 8)	(Audited)	(Audited)
<b>I</b>	<b>INCOME</b>					
	Revenue from operations	873	1,665	2,318	6,414	9,269
	Other income	102	33	53	192	140
	<b>Total income</b>	<b>975</b>	<b>1,698</b>	<b>2,371</b>	<b>6,606</b>	<b>9,409</b>
<b>II</b>	<b>EXPENSES</b>					
	Cost of materials consumed	259	497	785	2,026	3,245
	Purchase of stock-in-trade	220	488	438	1,530	1,993
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	40	(76)	118	(88)	(303)
	Employee benefits expense	243	266	285	1,086	1,301
	Finance costs	3	2	2	11	5
	Depreciation and amortisation expense	95	89	70	342	280
	Other expenses	247	307	419	1,251	1,672
	<b>Total expenses</b>	<b>1,107</b>	<b>1,573</b>	<b>2,117</b>	<b>6,158</b>	<b>8,193</b>
<b>III</b>	<b>Profit / (loss) before exceptional items and tax (I-II)</b>	<b>(132)</b>	<b>125</b>	<b>254</b>	<b>448</b>	<b>1,216</b>
<b>IV</b>	Exceptional items (refer note 4)	(17)	(2)	-	(44)	-
<b>V</b>	<b>Profit / (loss) before tax (III-IV)</b>	<b>(149)</b>	<b>123</b>	<b>254</b>	<b>404</b>	<b>1,216</b>
<b>VI</b>	<b>Tax expense/(credit)</b>					
	Current tax (refer note 6)	(18)	3	59	96	376
	Tax adjustments relating to earlier years	-	-	-	(8)	(115)
	Deferred tax	(46)	35	19	(9)	92
	<b>Total tax expense</b>	<b>(64)</b>	<b>38</b>	<b>78</b>	<b>79</b>	<b>353</b>
<b>VII</b>	<b>Net profit / (loss) for the period/year (V-VI)</b>	<b>(85)</b>	<b>85</b>	<b>176</b>	<b>325</b>	<b>863</b>
<b>VIII</b>	<b>Other comprehensive income, net of income tax</b>					
	(i) Items that will not be reclassified to profit or loss	10	(14)	(14)	(13)	(16)
	Income tax relating to items that will not be reclassified to profit or loss	(3)	3	5	3	6
	(ii) Items that will be reclassified to profit or loss	-	-	-	-	-
	<b>Total other comprehensive income, net of income tax</b>	<b>7</b>	<b>(11)</b>	<b>(9)</b>	<b>(10)</b>	<b>(10)</b>
<b>IX</b>	<b>Total comprehensive income for the period (VII+VIII)</b>	<b>(78)</b>	<b>74</b>	<b>167</b>	<b>315</b>	<b>853</b>
<b>X</b>	<b>Paid-up of equity share capital</b>	<b>220</b>	<b>220</b>	<b>220</b>	<b>220</b>	<b>220</b>
	(21,978,240 shares of Face Value of ₹ 10 per share)					
<b>XI</b>	<b>Other equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,282</b>	<b>4,969</b>
<b>XII</b>	<b>Earnings per share</b>					
	[Face Value of ₹ 10 per share (not annualised)]					
	- Basic (₹)	(3.87)	3.84	8.01	14.79	39.30
	- Diluted (₹)	(3.87)	3.84	8.01	14.79	39.30



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## Statement of standalone audited cash flows for the year ended June 30, 2020

(All amounts in ₹ millions unless otherwise stated)

Particulars	Year ended June 30, 2020 (audited)	Year ended June 30, 2019 (audited)
<b>Cash flow from operating activities</b>		
<b>Profit before taxation and exceptional items</b>	<b>448</b>	<b>1,216</b>
<b>Adjustments for:</b>		
Depreciation and amortisation expense	342	280
Dividend income	(4)	(13)
Liabilities no longer required written back	-	(14)
Provision for doubtful debts and deposits written back	(4)	-
Provision for product support	19	34
Provision made for doubtful debts	1	1
Provision for disputed taxes and duties written back	(7)	(4)
Loss/(Profit) on sale of property, plant and equipment (net)	2	(4)
Interest expense	11	5
Interest income	(53)	(35)
Income tax refund received	(33)	-
Unrealised foreign exchange (gain)/ loss (net)	(2)	2
Employee share based expense	11	10
<b>Operating profit before working capital changes</b>	<b>731</b>	<b>1,478</b>
<b>Adjustment for working capital changes:</b>		
Decrease / (Increase) in inventories	52	(472)
Decrease / (Increase) in trade and other receivables	940	(340)
Decrease in financial assets	1	1
(Decrease) / Increase in other liabilities and provisions	(1,293)	545
<b>Cash generated from operations</b>	<b>431</b>	<b>1,212</b>
Taxes paid (net of refunds)	(153)	(373)
<b>Net cash generated from operations (1)</b>	<b>278</b>	<b>839</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(610)	(1,100)
Investment in subsidiary (₹ 100,000)	(20)	(0)
Interest received on loan to subsidiary	15	2
Loan to subsidiary	(250)	(356)
Recovery of loan from subsidiary	500	6
Redemption of investment	-	5
Proceeds from sale of property, plant and equipment	2	12
Dividend received on investments	4	13
Interest received	40	30
<b>Net cash used in investing activities (2)</b>	<b>(319)</b>	<b>(1,388)</b>
<b>Cash flow from financing activities</b>		
Loan from fellow subsidiary	30	100
Interest paid	(11)	(5)
Dividends paid	-	(44)
Dividend distribution tax	-	(9)
Unclaimed dividend paid	(1)	(1)
<b>Net cash generated from Financing activities (3)</b>	<b>18</b>	<b>41</b>
<b>Net decrease in cash and cash equivalents (1+2+3)</b>	<b>(23)</b>	<b>(508)</b>
Add: Cash and cash equivalents at the beginning of the year	437	945
<b>Cash and cash equivalents at the end of the year</b>	<b>414</b>	<b>437</b>
<b>Cash and cash equivalent as per above comprises of the following</b>		
Cash and cash equivalent	414	437
<b>Balance as per statement of cash flows</b>	<b>414</b>	<b>437</b>

### Reconciliation of liabilities arising from financing activities:

	Current borrowings	Interest payable on borrowings	Dividend paid to company share holders
<b>Balance as at July 01, 2019</b>	<b>100</b>	<b>-</b>	<b>2</b>
Finance cost accrual	-	11	-
Cash flows	30	(11)	(1)
<b>Balance as at June 30, 2020</b>	<b>130</b>	<b>-</b>	<b>1</b>



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Reporting of standalone segment wise revenue, results, segment assets and liabilities

(All amounts in ₹ millions unless otherwise stated)

Sl. No.	Particulars	Quarter ended			Year ended	
		June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
		(Audited) (refer note 8)	(Unaudited)	(Audited) (refer note 8)	(Audited)	(Audited)
1	<b>Segment Revenue</b>					
	Revenue from operations					
	Machining solutions	221	349	626	1,481	1,597
	Hard metal and hard metal products	652	1,316	1,692	4,933	7,672
	<b>Revenue from operations</b>	<b>873</b>	<b>1,665</b>	<b>2,318</b>	<b>6,414</b>	<b>9,269</b>
2	<b>Segment Results</b>					
	Machining Solutions	(10)	75	128	296	259
	Hard metal and hard metal products	(97)	124	206	377	1,212
	<b>Total</b>	<b>(107)</b>	<b>199</b>	<b>334</b>	<b>673</b>	<b>1,471</b>
	Add / (Less) :					
	Other unallocable income	56	6	7	72	64
	Other unallocable expenditure	(81)	(80)	(87)	(297)	(319)
	Exceptional items	(17)	(2)	-	(44)	-
	<b>Total profit / (loss) before tax</b>	<b>(149)</b>	<b>123</b>	<b>254</b>	<b>404</b>	<b>1,216</b>
3	<b>Segment Assets</b>					
	Machining solutions	849	874	1,147	849	1,147
	Hard metal and hard metal products	4,801	4,970	4,920	4,801	4,920
	Other unallocable assets	1,235	1,246	1,480	1,235	1,480
	<b>Total assets</b>	<b>6,885</b>	<b>7,090</b>	<b>7,547</b>	<b>6,885</b>	<b>7,547</b>
4	<b>Segment Liabilities</b>					
	Machining solutions	451	516	629	451	629
	Hard metal and hard metal products	742	792	1,434	742	1,434
	Other unallocable liabilities	190	202	295	190	295
	<b>Total liabilities</b>	<b>1,383</b>	<b>1,510</b>	<b>2,358</b>	<b>1,383</b>	<b>2,358</b>



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### Notes to the standalone audited financial results for the quarter and year ended June 30, 2020

- 1 In terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the aforesaid statement of standalone audited financial results ("financial results") for the quarter and year ended June 30, 2020 of the Company have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on August 19, 2020. The aforesaid financial results for the quarter and year ended June 30, 2020 have been audited by the statutory auditors of the Company.
- 2 These financial results have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and the other accounting principles generally accepted in India and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and relevant SEBI circulars.
- 3 The Company has adopted Ind AS 116 "Leases", with effect from July 01, 2019, as notified by the Ministry of Corporate Affairs (MCA), in the Companies (Indian Accounting Standard) Amendment Rules, 2019, using modified retrospective method. The adoption of this standard did not have any material impact on the profit / (loss) of the quarter and year ended June 30, 2020.

- 4 Exceptional items debited to the statement of financial results comprises of : (All amounts in ₹ millions unless otherwise stated)

Particulars	Quarter ended			Year ended	
	June 30, 2020 (refer note 8)	March 31, 2020	June 30, 2019 (refer note 8)	June 30, 2020	June 30, 2019
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 Standalone Statement of Profit and Loss in accordance with Ind AS - 19, Employee Benefits.	-	-	-	22	-
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 standalone statement of profit and loss.	17	2	-	22	-

- 5 The above financial results of the Company are available on the Company's website and also on the website of BSE ([www.bseindia.com](http://www.bseindia.com)) where the shares of the Company are listed.
- 6 The Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the taxation laws (Amendment) Ordinance, 2019. Accordingly the Company has recognised provision for income tax for the quarter and year ended June 30, 2020 and re-measured its deferred tax liabilities (net) basis the rate prescribed in the said section. The full impact of these changes has been recognised in the statement of standalone profit and loss.
- 7 In March 2020, the World Health Organisation declared COVID-19 a global pandemic. Consequent to this, Government of India declared a nation-wide lockdown from 24 March 2020 which has impacted normal business operations of the Company. The Company has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external information available up to the date of approval of these financial results, to determine the impact on the Company's revenue from operations for foreseeable future and the recoverability and carrying value of assets such as property, plant and equipment, inventories and trade receivables and has concluded that no material adjustments are required in the financial results. The Impact of COVID-19 pandemic on the overall economic environment being uncertain may affect the underlying assumptions and estimates used to prepare Company's financial results, which may differ from that considered as at the date of approval these financials results. The Company has resumed its business operations from first week of May 2020 in line with the guidelines by the Government authorities. However, the Company does not anticipate any challenges in its ability to continue as going concern or meeting its financial obligations. As the situation is unprecedented, the Company is yet closely monitoring the situation as it evolves in the future.
- 8 The figures for the quarter ended June 30, 2020 and June 30, 2019 are the balancing figures between the audited figures in respect of the full financial year and the published year to date figures up to third quarter ended March 31, 2020 and March 31, 2019 respectively.
- 9 Figures of the previous year under various heads have been regrouped to the extent required.

Bengaluru  
August 19, 2020

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

**BHAGYA**

**CHANDRA RAO**

Bhagya Chandra Rao  
Managing Director

Digitally signed by BHAGYA  
CHANDRA RAO  
Date: 2020.08.19 17:15:46  
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## **Independent Auditor's Report on Consolidated Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

**To the Board of Directors of Kennametal India Limited**

### **Opinion**

1. We have audited the accompanying consolidated annual financial results ('the Statement') of Kennametal India Limited ('the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), for the year ended 30 June 2020, attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations'), including relevant circulars issued by the SEBI from time to time.
2. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
  - (i) includes the annual financial results of Widia India Tooling Private Limited ('the Subsidiary');
  - (ii) presents financial results in accordance with the requirements of Regulation 33 of the Listing Regulations; and
  - (iii) gives a true and fair view in conformity with the applicable Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued thereunder, and other accounting principles generally accepted in India, of the consolidated net profit after tax and other comprehensive income and other financial information of the Group, for the year ended 30 June 2020.

### **Basis for Opinion**

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

# Walker Chandiook & Co LLP

## Emphasis of Matter

4. We draw attention to Note 8 to the accompanying Statement, which describes the uncertainties relating to the effects of COVID-19 pandemic on the Group's operations and management's evaluation of its impact on the accompanying Statement as at 30 June 2020. The impact of the continuing uncertainties on the Group's operations is dependent on future developments.

Our opinion is not modified in respect of this matter.

## Responsibilities of Management and Those Charged with Governance for the Statement

5. The Statement, which is the responsibility of the Holding Company's management and has been approved by the Holding Company's Board of Directors, has been prepared on the basis of the consolidated annual audited financial statements. The Holding Company's Board of Directors is responsible for the preparation and presentation of the Statement that gives a true and fair view of the consolidated net profit or loss after tax and other comprehensive income, and other financial information of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors/ management of the companies included in the Group, are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding of the assets of the Group, and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively, for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial results, that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial results have been used for the purpose of preparation of the Statement by the Directors of the Holding Company, as aforesaid.
6. In preparing the Statement, the respective Board of Directors of the companies included in the Group, are responsible for assessing the ability of the Group and of its associates and joint ventures, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the respective Board of Directors/ management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
7. The respective Board of Directors/ management of the companies included in the Group, are responsible for overseeing the financial reporting process of the companies included in the Group.

## Auditor's Responsibilities for the Audit of the Statement

8. Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing, specified under section 143(10) of the Act, will always detect a material misstatement, when it exists. Misstatements can arise from fraud or error, and are considered material if, individually, or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Statement.
9. As part of an audit in accordance with the Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

# Walker Chandiok & Co LLP

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group, to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial results of the entities within the Group, to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Statement, of which we are the independent auditors.
10. We communicate with those charged with governance of the Holding Company and such other entities included in the Statement, of which we are the independent auditors, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
12. We also performed procedures in accordance with SEBI Circular CIR/CFD/CMD1/44/2019 dated 29 March 2019, issued by the SEBI under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

## Other Matter

13. The Statement includes the consolidated financial results for the quarter ended 30 June 2020, being the balancing figures between the audited consolidated figures in respect of the full financial year and the published unaudited year-to-date consolidated figures up to the third quarter of the current financial year, which were subject to limited review by us.

## For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

Vijay Vikram Singh

Digitally signed by Vijay Vikram Singh  
Date: 2020.08.19 17:40:02 +05'30'

**Vijay Vikram Singh**

Partner

Membership No. 059139

UDIN: 20059139AAAACD7895

Bengaluru

19 August 2020



## Kennametal India Limited

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### Statement of consolidated audited assets and liabilities as at June 30, 2020

(All amounts in ₹ millions unless otherwise stated)		
Particulars	As at June 30, 2020 (Audited)	As at June 30, 2019 (Audited)
<b>I. ASSETS</b>		
<b>1. Non-current assets</b>		
(a) Property, plant and equipment	2,462	1,837
(b) Capital work-in-progress	321	671
(c) Investment property	0	0
(d) Other intangible assets	7	1
(e) Financial assets		
(i) Loans	-	0
(ii) Other financial assets	54	41
(f) Deferred tax assets (net)	3	3
(g) Income tax assets (net)	466	363
(h) Other non-current assets	132	185
<b>Total non-current assets</b>	<b>3,445</b>	<b>3,101</b>
<b>2. Current assets</b>		
(a) Inventories	2,062	2,091
(b) Financial assets		
(i) Trade receivables	929	1,658
(ii) Cash and cash equivalents	446	637
(iii) Bank balances other than cash and cash equivalents	1	2
(iv) Loans	2	2
(v) Other financial assets	15	25
(c) Other current assets	118	147
<b>Total current assets</b>	<b>3,573</b>	<b>4,562</b>
<b>TOTAL ASSETS</b>	<b>7,018</b>	<b>7,663</b>
<b>II. EQUITY AND LIABILITIES</b>		
<b>1. Equity</b>		
(a) Equity share capital	220	220
(b) Other equity	5,337	5,010
<b>Equity attributable to Owners</b>	<b>5,557</b>	<b>5,230</b>
Non-controlling interests	0	0
<b>Total Equity</b>	<b>5,557</b>	<b>5,230</b>
<b>2. Liabilities</b>		
<b>Non-current liabilities</b>		
(a) Financial liabilities		
Other financial liabilities	1	1
(b) Provisions	55	57
(c) Deferred tax liabilities (net)	5	17
<b>Total non-current liabilities</b>	<b>61</b>	<b>75</b>
<b>Current Liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	130	100
(ii) Trade payables		
Total outstanding dues of micro enterprises and small enterprises	27	37
Total outstanding dues of creditors other than micro enterprises and small enterprises	576	1,252
(ii) Other financial liabilities	145	275
(b) Provisions	210	209
(c) Current tax liabilities (net)	-	10
(d) Other current liabilities	312	475
<b>Total current liabilities</b>	<b>1,400</b>	<b>2,358</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,018</b>	<b>7,663</b>



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## Statement of consolidated audited financial results for the quarter and year ended June 30, 2020

(All amounts in ₹ millions unless otherwise stated)

Sl. No.	Particulars	Quarter ended			Year ended	
		June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
		(Audited) (refer note 9)	(Unaudited)	(Audited) (refer note 10)	(Audited)	(Audited)
<b>I</b>	<b>INCOME</b>					
	Revenue from operations	956	1,839	2,318	7,050	9,452
	Other income	89	16	53	126	105
	<b>Total income</b>	<b>1,045</b>	<b>1,855</b>	<b>2,371</b>	<b>7,176</b>	<b>9,557</b>
<b>II</b>	<b>EXPENSES</b>					
	Cost of materials consumed	259	497	785	2,026	3,245
	Purchase of stock-in-trade	267	612	438	1,905	2,104
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	36	(108)	118	(110)	(363)
	Employee benefits expense	262	290	285	1,186	1,329
	Finance costs	3	6	2	19	5
	Depreciation and amortisation expense	96	89	70	344	280
	Other expenses	259	328	419	1,334	1,685
	<b>Total expenses</b>	<b>1,182</b>	<b>1,714</b>	<b>2,117</b>	<b>6,704</b>	<b>8,285</b>
<b>III</b>	<b>Profit / (loss) before exceptional items and tax (I-II)</b>	<b>(137)</b>	<b>141</b>	<b>254</b>	<b>472</b>	<b>1,272</b>
<b>IV</b>	<b>Exceptional items</b>	<b>(24)</b>	<b>(2)</b>	<b>-</b>	<b>(51)</b>	<b>-</b>
<b>V</b>	<b>Profit / (loss) before tax (III-IV)</b>	<b>(161)</b>	<b>139</b>	<b>254</b>	<b>421</b>	<b>1,272</b>
<b>VI</b>	<b>Tax expense/(credit)</b>					
	Current tax	(20)	7	59	101	394
	Tax adjustments relating to earlier years	-	-	-	(10)	(115)
	Deferred tax	(46)	35	19	(9)	89
	<b>Total tax expense</b>	<b>(66)</b>	<b>42</b>	<b>78</b>	<b>82</b>	<b>368</b>
<b>VII</b>	<b>Net profit / (loss) for the period/year (V-VI)</b>	<b>(95)</b>	<b>97</b>	<b>176</b>	<b>339</b>	<b>904</b>
<b>VIII</b>	<b>Other comprehensive income, net of income tax</b>					
	(i) Items that will not be reclassified to profit or loss	10	(14)	(14)	(13)	(16)
	Income tax relating to items that will not be reclassified to profit or loss	(3)	4	5	3	6
	(ii) Items that will be reclassified to profit or loss	-	-	-	-	-
	<b>Total other comprehensive income, net of income tax</b>	<b>7</b>	<b>(10)</b>	<b>(9)</b>	<b>(10)</b>	<b>(10)</b>
<b>IX</b>	<b>Total comprehensive income for the period (VII+VIII)</b>	<b>(88)</b>	<b>87</b>	<b>167</b>	<b>329</b>	<b>894</b>
	<b>Profit / (loss) attributable to:</b>					
	Owners	(95)	97	176	339	904
	Non-controlling interests	0	0	0	0	0
		<b>(95)</b>	<b>97</b>	<b>176</b>	<b>339</b>	<b>904</b>
	<b>Other comprehensive income attributable to:</b>					
	Owners	7	(10)	(9)	(10)	(10)
	Non-controlling interests	0	0	0	0	0
		<b>7</b>	<b>(10)</b>	<b>(9)</b>	<b>(10)</b>	<b>(10)</b>
	<b>Total comprehensive income attributable to:</b>					
	Owners	(88)	87	167	329	894
	Non-controlling interests	0	0	0	0	0
		<b>(88)</b>	<b>87</b>	<b>167</b>	<b>329</b>	<b>894</b>
<b>X</b>	<b>Paid-up of equity share capital</b>	<b>220</b>	<b>220</b>	<b>220</b>	<b>220</b>	<b>220</b>
	(21,978,240 shares of Face Value of ₹ 10 per share)					
<b>XI</b>	<b>Other equity</b>	<b>-</b>	<b>-</b>		<b>5337</b>	<b>5010</b>
<b>XII</b>	<b>Earnings / (loss) per share</b>					
	[Face Value of ₹ 10 per share (not annualised)]					
	- Basic (₹)	(4.32)	4.41	8.01	15.42	41.13
	- Diluted (₹)	(4.32)	4.41	8.01	15.42	41.13



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### Statement of consolidated audited cash flow for the year ended June 30, 2020

(All amounts in ₹ millions unless otherwise stated)

Particulars	Year ended June 30, 2020 (Audited)	Year ended June 30, 2019 (Audited)
<b>Cash flow from operating activities</b>		
<b>Profit before taxation and exceptional items</b>	<b>472</b>	<b>1,272</b>
<b>Adjustments for:</b>		
Depreciation and amortisation expense	344	280
Dividend Income	(4)	(13)
Liabilities no longer required written back	-	(14)
Provision for doubtful debts and deposits written back	(4)	-
Provision for product support	24	36
Bad debts written off	-	0
Provision made for doubtful debts	1	1
Provision for disputed taxes and duties written back	(7)	(4)
Loss/(profit) on sale of property, plant and equipments (net)	2	(5)
Interest expense	19	5
Interest income	(38)	(32)
Income tax refund received	(33)	-
Unrealised foreign exchange (gain)/ loss (net)	(2)	3
Employee share based expense	13	10
<b>Operating profit before working capital changes</b>	<b>787</b>	<b>1,539</b>
<b>Adjustment for working capital changes:</b>		
Decrease / (Increase) in inventories	29	(533)
Decrease / (Increase) in trade and other receivables	766	(193)
Decrease in financial assets	1	1
(Decrease) / Increase in other liabilities and provisions	(1,076)	275
<b>Cash generated from operations</b>	<b>507</b>	<b>1,089</b>
Taxes paid (net of refunds)	(171)	(381)
<b>Net cash generated from operations (1)</b>	<b>336</b>	<b>708</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(579)	(1,119)
Redemption of investment	-	5
Dividend received on mutual funds	4	13
Proceeds from sale of property, plant and equipment	-	12
Interest received	38	32
<b>Net Cash used in investing activities (2)</b>	<b>(537)</b>	<b>(1,057)</b>
<b>Cash flow from financing activities</b>		
Loan from fellow subsidiary	30	100
Interest paid	(19)	(5)
Dividends paid	-	(44)
Dividend distribution tax	-	(9)
Unclaimed dividend paid	(1)	(1)
<b>Net Cash generated from financing activities (3)</b>	<b>10</b>	<b>41</b>
<b>Net decrease in cash and cash equivalents (1+2+3)</b>	<b>(191)</b>	<b>(308)</b>
Add: Cash and cash equivalents at the beginning of the year	637	945
<b>Cash and cash equivalents at the end of the year</b>	<b>446</b>	<b>637</b>
<b>Cash and cash equivalent as per above comprises of the following</b>		
Cash and cash equivalent	446	637
<b>Balance as per consolidated statement of cash flows</b>	<b>446</b>	<b>637</b>

#### Reconciliation of liabilities arising from financing activities:

	Current borrowings	Interest payable on borrowings	Dividend paid to parent company's share holders
	Loan from fellow subsidiary		
Balance as at July 01, 2019	100	-	2
Finance cost accrual	-	19	-
Cash flows	30	(19)	(1)
<b>Balance as at June 30, 2020</b>	<b>130</b>	<b>-</b>	<b>1</b>



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Reporting of consolidated segment wise revenue, results, segment assets and liabilities

(All amounts in ₹ millions unless otherwise stated)

Sl. No.	Particulars	Quarter ended			Year ended	
		June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
		(Audited) (refer note 9)	(Unaudited)	(Audited) (refer note 10)	(Audited)	(Audited)
1	<b>Segment Revenue</b>					
	<u>Revenue from operations</u>					
	Machining solutions	221	349	626	1,481	1,597
	Hard metal and hard metal products	735	1,490	1,875	5,569	7,855
	<b>Revenue from operations</b>	<b>956</b>	<b>1,839</b>	<b>2,501</b>	<b>7,050</b>	<b>9,452</b>
2	<b>Segment Results</b>					
	Machining Solutions	(10)	75	128	296	259
	Hard metal and hard metal products	(86)	148	263	438	1,269
	<b>Total</b>	<b>(96)</b>	<b>223</b>	<b>391</b>	<b>734</b>	<b>1,528</b>
	<u>Add / (Less) :</u>					
	Other unallocable income	41	6	7	57	64
	Other unallocable expenditure	(81)	(88)	(89)	(318)	(320)
	Exceptional items	(24)	(2)	-	(51)	-
	<b>Total profit / (loss) before tax</b>	<b>(160)</b>	<b>139</b>	<b>309</b>	<b>422</b>	<b>1,272</b>
3	<b>Segment Assets</b>					
	Machining solutions	849	874	1,147	849	1,147
	Hard metal and hard metal products	4,998	5,238	5,185	4,998	5,185
	Other unallocable assets	1,171	1,145	1,331	1,171	1,331
	<b>Total assets</b>	<b>7,018</b>	<b>7,257</b>	<b>7,663</b>	<b>7,018</b>	<b>7,663</b>
4	<b>Segment Liabilities</b>					
	Machining solutions	451	516	628	451	628
	Hard metal and hard metal products	805	878	1,491	805	1,491
	Other unallocable liabilities	205	221	314	205	314
	<b>Total liabilities</b>	<b>1,461</b>	<b>1,615</b>	<b>2,433</b>	<b>1,461</b>	<b>2,433</b>



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### Notes to the consolidated audited financial results for the quarter and year ended June 30, 2020

- In terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the aforesaid statement of consolidated audited financial results ("financial results") for the quarter and year ended June 30, 2020 of the Group have been reviewed by the Audit Committee of the Group and approved by the Board of Directors at their meeting held on August 19, 2020. The aforesaid financial results for the quarter and year ended June 30, 2020 have been audited by the statutory auditors of the Group.
- These financial results have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and the other accounting principles generally accepted in India and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and relevant SEBI circulars.
- The Group has adopted Ind AS 116 "Leases", with effect from July 01, 2019, as notified by the Ministry of Corporate Affairs (MCA), in the Companies (Indian Accounting Standard) Amendment Rules, 2019, using modified retrospective method. The adoption of this standard did not have any material impact on the profit / (loss) of the quarter and year ended June 30, 2020.

- The summarised standalone financial performance of the parent Group is as (All amounts in ₹ millions unless otherwise stated)

Particulars	Quarter ended			Year ended	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
Total revenue (including other income)	975	1,698	2,371	6,606	9,409
Profit / (loss) before tax	(149)	123	254	404	1,216
Profit / (loss) after tax	(85)	85	176	325	863
Total comprehensive Income for the quarter/year ended	(78)	74	167	315	853

- Exceptional items debited to the consolidated statement of financial results comprises of : (All amounts in ₹ millions unless otherwise stated)

Particulars	Quarter ended			Year ended	
	June 30, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	(Audited) (refer note 9)	(Unaudited)	(Audited) (refer note 10)	(Audited)	(Audited)
The Group announced a voluntary retirement scheme (VRS) for its workmen. Few workmen opted for the scheme 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".	-	-	-	22	-
The Group 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.	17	2	-	22	-

- The above financial results of the Group are available on the parent Group's website and also on the website of BSE ([www.bseindia.com](http://www.bseindia.com)) where the shares of the parent Group are listed.
- The Group has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the taxation laws (Amendment)' Ordinance, 2019. Accordingly the Group has recognised provision for income tax for the quarter and year ended June 30, 2020 and re-measured its deferred tax liabilities (net) basis at the rate prescribed in the said section. The full impact of these changes has been recognised in the consolidated statement of profit and loss.
- In March 2020, the World Health Organisation declared COVID-19 a global pandemic. Consequent to this, Government of India declared a nation-wide lockdown from 24 March 2020 which has impacted normal business operations of the Group. The Group has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external information available up to the date of approval of these financial results, to determine the impact on the Group's revenue from operations for foreseeable future and the recoverability and carrying value of assets such as property, plant and equipment, inventories and trade receivables and has concluded that no material adjustments are required in the financial results. The impact of COVID-19 pandemic on the overall economic environment being uncertain may affect the underlying assumptions and estimates used to prepare Group's financial results, which may differ from that considered as at the date of approval these financials results. The Group has resumed its business operations from first week of May 2020 in line with the guidelines by the Government authorities. However, the Group does not anticipate any challenges in its ability to continue as going concern or meeting its financial obligations. As the situation is unprecedented, the Group is yet closely monitoring the situation as it evolves in the future.
- The figures for the quarter ended June 30, 2020 are the balancing figures between the audited figures in respect of the full financial year and the published year to date figures up to third quarter of the current financial year.
- The figures for the quarter ended June 30, 2019 are the balancing figures between the audited figures in respect of the full financial year and the management reviewed year to date figures up to third quarter of the previous financial year.
- Figures of the previous year under various heads have been regrouped to the extent required.

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

**BHAGYA  
CHANDRA RAO**

Bhagya Chandra Rao  
Managing Director

Digitally signed by  
BHAGYA CHANDRA RAO  
Date: 2020.08.19 17:16:09  
+05'30'

Bengaluru  
August 19, 2020



## **Annexure II**

### **The profile of Mr. Vijaykrishnan Venkatesan**

Vijaykrishnan Venkatesan has more than 22 years of strategic and operational leadership experience in India and Asia Pacific region. Experienced in working across various industry verticals including Infrastructure, Automotive, Construction, Mining, Oil & Gas and General Engineering industries.

He is currently the Executive Vice President at Kennametal India Limited. Prior to joining Kennametal India Limited, He has handled various roles of increasing responsibilities which includes Vice President of Abrasive Systems Division, 3M India Ltd, Vice President – Strategic planning, 3M India Ltd, Executive Director – Safety and Graphics Business, 3M India Ltd, Business development Manager, Asia Pacific Region - Personal Safety division at 3M and most recently as the Global Portfolio Leader for Disposal respirators at 3M.

Vijaykrishnan is a Graduate of Madras University with a Degree in Mechanical Engineering and is also an MBA with specialization in Marketing.

## **Annexure III**

### **The profile of Mr. Ronald Lee Port**

Ronald L. Port is Vice President and Chief Commercial Officer, Metal Cutting segments. In this role, Port will drive the commercial excellence and business development strategies across the Industrial and Widia metal cutting segments.

Port was previously the Vice President of Kennametal and President of the Infrastructure segment. He joined the company in 2015 as the leader for Kennametal's global engineered components business within the Infrastructure Segment.

Prior to Kennametal, Port served as Vice President of Marketing and Business Development at SPX Corporation. He also held various management positions at Xylem, Inc. and ITT Corporation. Combined, he has nearly 25 years of experience across general management, strategy, sales and marketing, and corporate business development.

Port holds a Bachelor of Science degree in chemical engineering from the University of Pittsburgh, a Master of Business Administration from the University of Pittsburgh and a master's in chemical engineering from the Florida Institute of Technology.

He serves on the Board of Directors for the United Way of Southwest Pennsylvania.