



Enriching Lives

KIRLOSKAR BROTHERS LIMITED

A Kirloskar Group Company
SEC/ F:24

July 6, 2024

BSE Limited

Corporate Relationship Department,
2nd Floor, New Trading Ring,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400 001.

(BSE Scrip Code – 500241)

National Stock Exchange of India Ltd.

5th Floor, Exchange Plaza,
Bandra (East),
Mumbai – 400 051.

(NSE Symbol - KIRLOSBROS)

Dear Sir/Madam,

Sub.: Notice of 104th Annual General Meeting and Integrated Annual Report

Ref: Regulation 30 and 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

This is further to our letter dated May 14, 2024 amongst other matters, informing about convening of the 104th Annual General Meeting ('AGM') of the Company on Friday, August 02, 2024 through Video Conference/ Other Audio Visual Means (VC/OAVM) facility, the record date of the final dividend and the date by which the same will be paid to the eligible members.

In terms of the subject referred regulations, we enclose herewith a copy of the Notice of 104th AGM of the Company along with the Integrated Annual Report for the Financial Year 2023-24.

In this regard, please note the following:

- 1) In view of the General circular no. 14/2020, 17/2020, 20/2020, 22/2020, 33/2020, 39/2020, 02/2021, 02/2022, 10/2022 and 09/2023 dated September 25, 2023 issued by the Ministry of Corporate Affairs (MCA) and SEBI Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 7, 2023 and all other applicable laws and circulars issued by the MCA, Government of India and the SEBI, Notice of the 104th AGM of the Company along with the Integrated Annual Report for the Financial Year 2023-24, is being sent to the registered members of the Company, only *via* electronic mode (e-mail) and no physical copies are being dispatched.
- 2) In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management & Administration) Rules, 2014, the Company has fixed **Friday, July 26, 2024**, as a **cut-off date** to record the entitlement of the shareholders to cast their votes at the AGM by **remote e-voting**. Consequently, the same cut-off date i.e. **Friday, July 26, 2024** would be applicable to the shareholders, who do not cast their votes electronically, to cast their votes at the AGM.
- 3) The **remote e-voting period** for the AGM shall commence on **Tuesday, July 30, 2024 at 9.00 a.m.** and end on **Thursday, August 01, 2024 at 5.00 p.m.**

A copy of the Notice of 104th AGM of the Company along with the Integrated Annual Report is also available on the website of the Company at www.kirloskarpumps.com.

You are requested take the above on your records.

Thanking you,

Yours faithfully,

For **KIRLOSKAR BROTHERS LIMITED**

Devang Trivedi
Company Secretary

KIRLOSKAR BROTHERS LIMITED

A Kirloskar Group Company

Registered Office: Yamuna, Survey No. 98 (3 to 7),

Plot No. 3, Baner, Pune - 411 045.

CIN No.: L29113PN1920PLC000670



Enriching Lives

NOTICE

NOTICE is hereby given that the 104th Annual General Meeting (AGM) of the Members of **KIRLOSKAR BROTHERS LIMITED** will be held on Friday, the 02nd day of August, 2024 at 02:00 p.m., Indian Standard Time (IST), through Video Conferencing / Other Audio Visual Means (VC/OAVM) facility to transact the following business.

The proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company at Yamuna, Survey No. 98 (3 to 7), Plot No. 3, Baner, Pune 411 045, which shall be the deemed venue of the AGM.

ORDINARY BUSINESS:

1. To consider and adopt the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2024 and the Reports of the Board of Directors and Auditors thereon.
2. To consider and adopt the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2024 and the Report of the Auditors thereon.
3. To declare dividend on equity shares of the Company for the Financial Year ended March 31, 2024.
4. To appoint a Director in place of Ms. Rama Kirloskar (DIN 07474724), who retires by rotation and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS:

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

“**RESOLVED THAT** pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the recommendation of the Audit Committee, the remuneration amounting to ₹ 750,000/- (Rupees Seven Lacs Fifty Thousand Only) excluding GST and other taxes as may be applicable and out of pocket and travelling expenses, if any, payable to M/s. Harshad S. Deshpande & Associates, Cost Accountants, Pune (Firm Registration No. 00378), appointed by the Board of Directors of the Company as the Cost Auditors to conduct the audit of the cost records of the Company for the Financial Year 2024-25, be and is hereby ratified.”

By order of the Board of Directors
For **KIRLOSKAR BROTHERS LIMITED**

Devang Trivedi

Company Secretary

ICSI Membership No. A13339

Pune: May 14, 2024

NOTES:

1. Additional information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Statement of Material Facts pursuant to Section 102 of the Companies Act, 2013 (“the Act”) setting out material facts concerning the business under Item Nos. 4 and 5 of the accompanying Notice, is annexed hereto. The Board of Directors of the Company at its meeting held on May 14, 2024, considered that the Special Business under Item Nos. 5, being unavoidable, be transacted at the 104th AGM of the Company.
2. **General instructions for accessing and participating in the 104th AGM through VC/OAVM facility and voting through electronic means including remote e-Voting.**
 - a. In terms of Ministry of Corporate Affairs (‘MCA’) in continuation to its previous General Circulars No. 20/2020 dated 5th May, 2020, No. 02/2021 dated 13th January, 2021, No. 21/2021 dated 14th December, 2021, No. 02/2022 dated 5th May 2022, No. 10/2022 dated 28th December, 2022 further extended the relaxation vide Circular No. 09/2023 dated 25th September 2023 (‘MCA Circulars’) and in terms of The Securities and Exchange Board of India (‘SEBI’) in continuation to its previous Circulars No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020, No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January, 2021, No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May, 2022,



No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5th January, 2023 further extended the relaxation vide Circular SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated 7th October 2023 ('SEBI Circulars'), and in compliance with the provisions of the Act and with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the AGM of the Company is being conducted through VC/OAVM facility, which does not require physical presence of Members at a common venue. The deemed venue for the AGM shall be the Registered Office of the Company.

- b. In terms of the MCA Circulars, the physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for the AGM. However, in pursuance of Section 113 of the Act, representatives of the Members may be appointed for the purpose of voting through remote e-Voting, for participation in the AGM through VC/OAVM facility and e-Voting during the AGM.
 - c. In line with the aforementioned MCA Circulars and SEBI Circulars, the Notice of the AGM along with the Integrated Annual Report for the Financial Year 2023-24 ('the Integrated Annual Report') is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depository Participants. The Members may note that notice of the AGM and the Integrated Annual Report is also available on the website of the Company at www.kirloskarpumps.com, on the website of BSE Limited (BSE) at www.bseindia.com, on the website of National Stock Exchange of India Limited (NSE) at www.nseindia.com and also on the website of National Securities Depositories Limited (NSDL) at www.evoting.nsdl.com.
 - d. Since the AGM will be held through VC/OAVM facility, the Route Map is not annexed in this Notice.
 - e. NSDL will be providing facility for voting through remote e-Voting, for participation in the AGM through VC/OAVM facility and e-Voting during the AGM.
 - f. Members may join the AGM through VC/OAVM facility by following the procedure as mentioned below which shall be kept open for the Members from 1:30 p.m. IST i.e. 30 minutes before the time scheduled to start the AGM and the Company may close the window for joining the VC/OAVM facility at 2.30 p.m. IST i.e. 30 minutes after the scheduled time to start the AGM.
 - g. Members may note that the VC/OAVM facility, provided by NSDL, allows participation of 1,000 Members on a first-come-first-serve basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. can attend the AGM without any restriction on account of first-come-first-serve principle.
 - h. Attendance of the Members participating in the AGM through VC/OAVM facility shall be counted for the purpose of considering the quorum under Section 103 of the Act.
 - i. Pursuant to the provisions of Section 108 of the Act and any other applicable provisions, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI) and Regulation 44 of SEBI Listing Regulations, read with MCA Circulars and SEBI Circulars, the Company is providing remote e-Voting facility to its Members in respect of the business to be transacted at the AGM and facility for those Members participating in the AGM to cast vote through e-Voting system during the AGM.
- 3. Instructions for Members for remote e-Voting are as under:**
- a. The remote e-Voting period will commence on **Tuesday, 30th July, 2024 (9:00 am IST)** and will end on **Thursday, 1st August, 2024 (5:00 pm IST)**. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the **cut-off date of July 26, 2024**, may cast their vote by remote e-Voting. The remote e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast, the Member shall not be allowed to change it subsequently.
 - b. A person who is not a Member as on the cut-off date i.e. **July 26, 2024** should treat this Notice of AGM for information purpose only.



c. The details of the process and manner for remote e-Voting are explained herein below:

How do I vote electronically using NSDL e-Voting system?





The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by the Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

| Type of Shareholders | Login Method |
|--|---|
| Individual Shareholders holding securities in demat mode with NSDL | <ol style="list-style-type: none"> 1. Existing IDeAS user can visit the e-Services website of NSDL viz. https://eservices.nsd.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 4. Shareholders/Members can also download NSDL Mobile App “NSDL SPEED-e” facility by scanning the QR code mentioned below for seamless voting experience. <div style="text-align: center;"> <p>NSDL Mobile App is available on</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div> </div> |



| Type of Shareholders | Login Method |
|--|---|
| Individual Shareholders holding securities in demat mode with CDSL | <ol style="list-style-type: none"> Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then use your existing my easi username & password. After successful login the Easi / Easiest, user will be able to see the e-Voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also link provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN, from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers. |
| Individual Shareholders (holding securities in demat mode) login through their depository participants | You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

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

| Login type | Helpdesk details |
|--|--|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 022 - 48867000 |
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33 |

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

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

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.
- A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDeAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDeAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.



4. Your User ID details are given below:

| Manner of holding shares i.e. Demat (NSDL or CDSL) or physical | Your User ID is: |
|--|--|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID. For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID. For example, if your Beneficiary ID is 12***** then your user ID is 12*****. |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the company. For example if Folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

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

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. pdf file. Open the .pdf file. The password to open the .pdf file is your 8-digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

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

- a) Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- b) "**Physical User Reset Password?**" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

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

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

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

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

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

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".



3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
8. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no. 022 - 4886 7000 or send a request at evoting@nsdl.co.in or contact Mr. Amit Vishal, Assistant Vice President or Ms. Pallavi Mhatre, Senior Manager, National Securities Depository Ltd., at the designated email ID: evoting@nsdl.co.in or at telephone nos. :1800 1020 990 and 1800 22 44 30 who will also address the grievances connected with the voting by electronic means. Members may also write to the Company Secretary at the Company’s email address grievance.redressal@kbl.co.in.
9. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is sent through e-mail and holding shares as of the cut-off **date i.e. July 26, 2024** may obtain the login ID and password by sending a request at evoting@nsdl.co.in or issuer/Registrar and Transfer Agent (RTA). However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details / Password” or “Physical User Reset Password” option available on www.evoting.nsdl.com or call on toll free no. **022-4886 7000 and 022-2499 7000**.

In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the **cut-off date i.e. July 26, 2024** may follow steps mentioned in the notice of the AGM under “Access to NSDL e-voting system”.

4. Process for those Members whose email IDs are not registered for procuring User id and password and registration of email ids for e-Voting on the resolutions set out in this Notice:

- a) In case shares are held in physical mode, please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card) by email to grievance.redressal@kbl.co.in.
- b) In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account Statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhaar Card) to grievance.redressal@kbl.co.in. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**.
- c) Alternatively, Shareholder/Members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
- d) In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

5. Instructions for Members for participating in the AGM through VC/OAVM are as under:

- a) Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of “VC/OAVM link” placed under “**Join meeting**” menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.



- b) Members are encouraged to join the Meeting through Laptops for better experience.
- c) Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- d) Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- e) For smooth conduct of proceedings of the AGM, Members can submit questions/queries in advance with regard to the financial statements or any other matter to be placed at the AGM, from their registered email address, mentioning their name, DP ID and Client ID number / folio number and mobile number, to reach the Company's email address grievance.redressal@kbl.co.in at least 7 days before the start of the meeting i.e. by **July 26, 2024 by 2:00 p.m. IST**. Such questions by the Members shall be taken up during the meeting and replied by the Company suitably.
- f) Members, who would like to ask questions during the AGM with regard to the financial statements or any other matter to be placed at the AGM, need to register themselves as speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID number/ folio number and mobile number, to reach the Company's email address grievance.redressal@kbl.co.in at least 7 days before the start of the AGM i.e. by **July 26, 2024 by 2:00 p.m. IST**. Those Members who have registered themselves as speakers shall only be allowed to ask questions during the AGM, on first-come-first-serve basis and subject to availability of time.
- g) The Company reserves the right to restrict the number of questions and number of speakers as appropriate, for smooth conduct of AGM.
- h) Institutional Investors who are Members of the Company, are encouraged to attend and vote in the AGM through VC/OAVM Facility. Institutional/corporate shareholders (i.e. other than individual, HUF, NRI etc.) are required to send scanned copy (PDF/JPEG format) of the relevant Board Resolution/Power of Attorney/Authority letter etc. with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by e-mail to csdineshbirla@gmail.com with a copy marked to evoting@nsdl.com. Such shareholders can also upload their Board Resolution/Power of Attorney/Authority Letter etc. by clicking on "**Upload Board Resolution/ Authority Letter**" displayed under "**e-Voting**" tab in their login.

6. Instructions for Members for e-Voting during the AGM are as under:

- a) The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-Voting.
- b) Only those Members/ Shareholders, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system at the AGM.
- c) Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- d) The details of the persons who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same persons mentioned for Remote e-Voting i.e. Mr. Amit Vishal, Assistant Vice President - NSDL or Ms. Pallavi Mhatre, Senior Manager- NSDL at the designated email ID: evoting@nsdl.co.in or at telephone number 022-4886 7000 or 022-2499 7000.

7. Other Guidelines for Members:

- a) It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon 5 unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
- b) The voting rights of Members shall be in proportion to their share in the paid-up equity share capital of the Company as on the **cut-off date of July 26, 2024**.
- c) A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting or casting vote



through e-Voting system during the AGM. Mr. Dinesh Birla, Practicing Company Secretary from Pune, has been appointed as the Scrutinizer to scrutinize the remote e-Voting process and vote cast through e-Voting system during the AGM in a fair and transparent manner. Mr. Dinesh Birla has communicated his willingness to be appointed as scrutinizer and will be available for the said purpose.

- d) During the AGM, the Chairman shall, after response to the questions raised by the Members in advance or as a speaker at the AGM, formally propose to the Members participating through VC/OAVM Facility and who have not voted earlier, to vote on the resolutions as set out in the Notice of the AGM and announce the start of the casting of vote through e-Voting system. After the Members participating through VC/OAVM Facility, eligible and interested to cast votes, have cast the votes, the e-Voting will be closed with the formal announcement of closure of the AGM.
 - e) The Scrutinizer shall after the conclusion of e-Voting at the AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-Voting and shall make a consolidated Scrutinizer's Report of the total votes cast in favour or against, invalid votes, if any, and whether the resolution has been carried or not, and such Report shall then be sent to the Chairman or the Company Secretary of the Company, who has been authorised for the same, within 2 working days from the conclusion of the AGM, who shall then countersign and declare the result of the voting forthwith.
 - f) The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company at www.kirloskarpumps.com and on the website of NSDL at www.evoting.nsdl.com immediately after the declaration of Results by the Chairman or the Company Secretary of the Company. The Results shall also be immediately forwarded to the BSE and NSE.
8. Pursuant to the MCA Circulars and SEBI Circulars, in view of the prevailing situation, owing to the difficulties involved in dispatching of physical copies of the Notice of the AGM and the Integrated Annual Report for the Financial Year 2023-24 are being sent only by email to the Members. Therefore, Members, whose email addresses are not registered with the Company or with their respective Depository Participant/s and who wish to receive the Notice of the AGM and the Integrated Annual Report for the Financial Year 2023-24 and all other communication sent by the Company, from time to time, can get their email address registered by following the steps as given below: -
- a) For Members holding shares in physical form, please send scan copy of a signed request letter mentioning your folio number, complete address, email address to be registered along with scanned self-attested copy of the PAN and any document (such as Driving License, Passport, Bank Statement, Aadhar) supporting the registered address of the Member, by email to the Company's email address grievance.redressal@kbl.co.in
 - b) For the Members holding shares in demat form, please update your email address through your respective Depository Participant/s.
9. The Notice of the AGM and the Integrated Annual Report for the Financial Year 2023-24, will be available on the website of the Company at www.kirloskarpumps.com and the website of BSE and NSE. The Notice of AGM will also be available on the website of NSDL at www.evoting.nsdl.com.
10. Income tax on Dividend will be deducted as per the prescribed rates in the Income Tax Act, 1961 (the IT Act). In general, to enable compliance with TDS requirements, Members are requested to complete and / or update their Residential Status, PAN, Category as per the IT Act with their Depository Participants or in case shares are held in physical form, with the Company by sending email to the Company's email address at grievance.redressal@kbl.co.in. The requisite forms for claiming exemption from higher tax rate on TDS, are available on the website of the Company www.kirloskarpumps.com.
11. Pursuant to the provisions of Section 124 of the Act, Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended (IEPF Rules), read with the relevant circulars and amendments thereto, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government.

The Company has been sending reminders to the Members having unpaid/ unclaimed dividends before transfer of such dividend(s) to IEPF. Details of the unpaid / unclaimed dividends are also uploaded on the website of the Company at www.kirloskarpumps.com. Members who have not encashed Dividend for the Financial Year 2016-17 or any subsequent dividend declared by the Company, are advised to write to the Company immediately.



12. The unclaimed dividends upto the Financial Year 2015-16 have been transferred to IEPF, pursuant to the applicable provisions of Section 124 of the Act. In terms of the said Section read with relevant rules, the amount transferred to the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of 7 consecutive years or more from the date of such transfer, shall be transferred by the Company to IEPF. Accordingly, the unpaid/ unclaimed dividend for the Financial Year 2016-17 onwards will become transferable at the end of 7 years from the respective dates of transfer of such amount to the Unclaimed Dividend Account to IEPF.

As per the provisions of the IEPF Rules, the underlying shares in respect of which the dividend has remained unclaimed / unpaid for 7 years or more are required to be transferred to IEPF. Accordingly, the Company has transferred shares in respect of unpaid / unclaimed dividend for the Financial Year 2014-15 and 2015-16 (interim).

In terms of the provisions under the IEPF Rules, the said shares and the dividend transferred to IEPF can be claimed by the shareholders or his or her legal heir/successor/nominee subject to the compliance of certain conditions as mentioned in the IEPF Rules. The procedure for the same is available on the website of the Company at www.kirloskarpumps.com.

The details of transfer of unpaid/unclaimed dividend to IEPF are given below:

| Financial Year | Type of dividend | Dividend in ₹ per share | Date of declaration | Due Date of transfer to the IEPF Account |
|----------------|------------------|-------------------------|---------------------|--|
| 2016 -17 | Final | 1.00 | 27-Jul-17 | September, 2024 |
| 2017 -18 | Final | 2.50 | 27-Jul-18 | September, 2025 |
| 2018 -19 | Final | 2.50 | 12-Aug-19 | September, 2026 |
| 2019 - 20 | Interim | 2.00 | 14-Feb-20 | March, 2027 |
| 2019 - 20 | Final | 0.50 | 25-Sept-20 | October, 2027 |
| 2020 - 21 | Final | 3.00 | 09-Sept-21 | October, 2028 |
| 2021 - 22 | Final | 3.00 | 10-Aug-22 | September, 2029 |
| 2022 - 23 | Final | 4.50 | 01-Aug-23 | September, 2030 |

In terms of the IEPF Rules, the details of unclaimed dividend up to 2022-23 have been uploaded on the Company's website www.kirloskarpumps.com. This will facilitate the Members to claim their unclaimed dividend. Members are therefore, requested to check and send their claims if any, for the relevant Financial Years from 2016-17 onwards before the respective amounts become due for transfer to IEPF.

13. In terms of the SEBI Listing Regulations, 2015, securities of listed companies can only be transferred in dematerialized form. Further, SEBI vide its Circular dated 25th January 2022, has mandated that listed companies shall issue the securities in dematerialized form only, while processing service requests such as issue of duplicate share certificates, transmission, transposition etc. Accordingly, Members are advised to dematerialize shares held by them in physical form.
14. SEBI has vide its circulars, mandated the furnishing of PAN, address with pin code, mobile number, email address, bank account details and nomination by the holders of physical securities. The Members who have not updated KYC, are requested to furnish required details to the RTA at the earliest. On updation of the details, the holders of physical securities will be eligible to lodge grievance or avail any service request and for any payment of dividend/interest etc. only through electronic mode.
15. The shareholders may utilize "iConnect" facility provided by RTA at <https://iconnect.bigshareonline.com/Account/Login> for lodging service requests and complaints and tracking the same on real-time basis.
16. Electronic copies of all the documents referred to in the accompanying Notice of the AGM and the Statement of material facts shall be available for inspection in the Investor Section of the website of the Company at www.kirloskarpumps.com.
17. During the AGM, Members with prior intimation of 48 hours, may access the scanned copy of Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts and Arrangements in which Directors are interested, maintained under Section 189 of the Act, upon Login to NSDL e-Voting system at <https://www.evoting.nsdl.com>.

**ANNEXURE** TO THE NOTICE OF 104th ANNUAL GENERAL MEETING**I. DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECRETARIAL STANDARDS (SS-2)****Item No. 4**

Ms. Rama S. Kirloskar (DIN 07474724), age 34, is a Director on the Board of the Company, from July 28, 2017 and has been appointed as a Joint Managing Director of the Company, from August 03, 2021.

She also serves as Managing Director of Kirloskar Ebara Pumps Limited (KEPL). She has been instrumental in the turnaround of KEPL into a debt free company. Previously, she was General Manager and Head of the Product Portfolio Management at Kirloskar Brothers Limited, where she was responsible for driving the Go-to-market strategy, product value management and restructuring for the mass production business; material grade rationalization and streamlining for the foundry business and product rationalization for the made-to-order business.

She holds a double major in Mathematics and Biology from Bryn Mawr College, USA. After graduation, she went on to work at Polaris Partners, a multi-stage venture capital firm that principally invests in technology, healthcare and consumer products, headquartered at Boston, MA, USA. Subsequently, she worked at the Koch Institute at Massachusetts Institute of Technology (MIT), USA. Her research led her and the team to begin working with Visterra Inc., an MIT biotechnology start-up company that currently uses its proprietary platform to design therapeutics for infectious diseases.

She is one of the authors of a publication in the journal Cell (Robinson et al., 2015, Cell 162,1–12, doi:10.1016/j.cell.2015.06.057), in the paper titled “Structure-Guided Design of an Anti-Dengue Antibody Directed to a Non-Immunodominant Epitope”.

Ms. Rama Kirloskar has diverse experience in the areas of strategy, information technology and executive management.

She is also on the Board of Karad Projects and Motors Limited and Prakar Investments Private Limited. She also holds directorship in other Listed entity, namely, KPT Industries Limited as an Independent Director with effect from April 01, 2024. Ms. Rama Kirloskar also serves as Chairperson of FICCI’s Capital Goods Committee. She has not resigned as a Director from any listed entity in the past three years.

Ms. Rama Kirloskar does not hold any shares in the Company.

During the year 2023-24, 6 (Six) Board meetings of the Company were held and Ms. Rama Kirloskar had attended all these meetings. She is also a member of Corporate Social Responsibility Committee and Risk Management Committee of the Board. She does not hold any Committee position in any other listed entity.

The terms and conditions and remuneration of Ms. Rama Kirloskar would be governed as per the approval granted by the Members of the Company at the 101st Annual General Meeting held on 9th September, 2021. The remuneration paid to her during the Financial Year 2023-24 is ₹ 79 Million, details of which are given under ‘Report on Corporate Governance’.

Ms. Rama Kirloskar is daughter of Mr. Sanjay C. Kirloskar, Chairman & Managing Director and sister of Mr. Alok Kirloskar, Non-Executive Director of the Company.

Apart from Ms. Rama Kirloskar, Mr. Sanjay Kirloskar, relative and Managing Director, Mr. Alok Kirloskar, relative and Non-Executive Director of the Company and Mrs. Pratima Kirloskar, relative and a member of the Company, none of the Directors, Key Managerial Personnel and/or their relatives are concerned or interested or deemed to be concerned or interested, directly or indirectly, financially or otherwise, in the proposed resolution.

The Board recommends her re-appointment as the Director, liable to retire by rotation and passing of this resolution as an Ordinary Resolution.



II. STATEMENT OF MATERIAL FACTS AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT 2013

Item No. 5

In terms of Section 148 of the Act read with The Companies (Cost Records and Audit) Rules, 2014 including any statutory modification(s) or re-enactment thereof, for the time being in force, the Company is required to get its cost records audited by a Cost Accountant and the remuneration to be paid to such Cost Accountant would be required to be approved by the Members of the Company.

The Board of Directors of the Company at its meeting held on May 14, 2024 has appointed M/s. Harshad S. Deshpande & Associates, Cost Accountants, Pune, as Cost Auditors in terms of the provisions of Section 148 of the Act, read with the Companies (Audit and Auditors) Rules, 2014, for the purpose of auditing the cost records of the Company for the Financial Year 2024-25 on a yearly remuneration of ₹ 750,000/- (Rupees Seven Lacs Fifty Thousand Only) excluding GST and other taxes as may be applicable and out of pocket and travelling expenses, if any.

None of the Directors, Key Managerial Personnel and/or their relatives are deemed to be concerned or interested, directly or indirectly, financially or otherwise, in the proposed resolution.

The Board recommends passing of this resolution as an Ordinary Resolution.

By order of the Board of Directors
For **KIRLOSKAR BROTHERS LIMITED**

A handwritten signature in black ink, appearing to read "Devang Trivedi".

Devang Trivedi

Company Secretary

ICSI Membership No – A13339

Pune: May 14, 2024

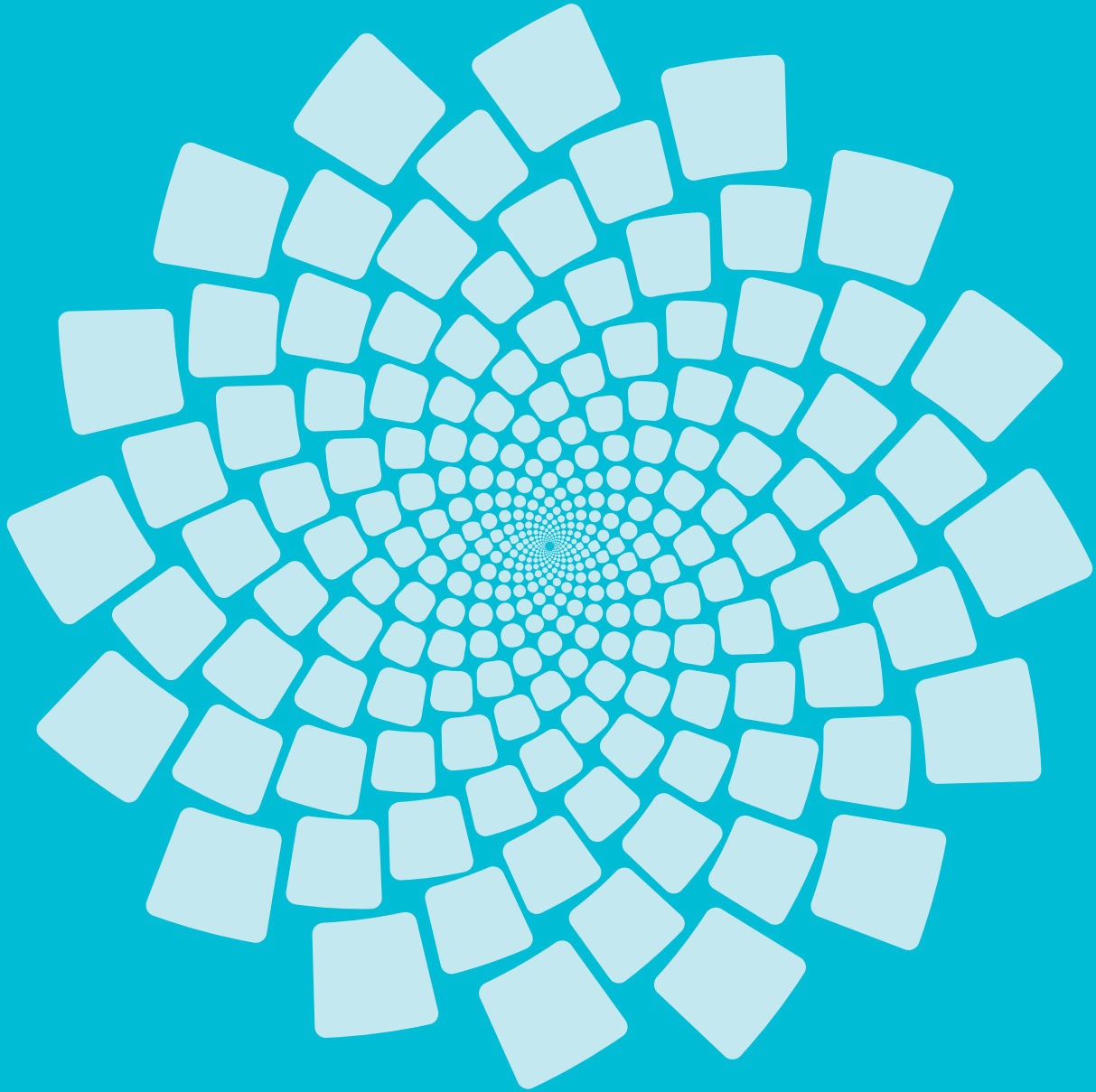


KIRLOSKAR BROTHERS LIMITED

Established 1888

A Kirloskar Group Company

Enriching Lives



Transforming
TO A BETTER TOMORROW

INTEGRATED
ANNUAL REPORT 2023-24

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Read the report online at
kirloskarpumps.com

Transforming TO A BETTER TOMORROW



Transformation is an all-encompassing process of progress and also a catalyst for change. We continue to transform – with every new product we produce, every new system we develop, every new process we command and every new team member we add.

Against a backdrop of increasing global challenges, we have taken significant strides to advance transformative strategies across our operations, assets and supply chains.

In our journey of innovation and technological transformation, our endeavour was to become a business that creates lasting value for its customers, stays relevant in the era of the 4th industrial revolution, serves some of the most prestigious companies in the world and makes India self-reliant in fluid management.

FY 2023-24 witnessed a continuation of this transformational growth and provided the framework to address key risks and challenges, enhance competitiveness and support long-term sustainability ambitions.

Our transformation involved accelerating initiatives in strategic focus areas, enhancing our margin profile and increasing the proportion of high-margin segments. We are improving the mix of international operations and minimising exposure to low-margin businesses. We are restructuring our business portfolio by expanding our range of energy-efficient, globally competitive products and providing effective solutions to complex issues. Our pursuit of digital transformation includes optimising business processes, developing cutting-edge innovations in fluid management and utilising artificial intelligence to revolutionise business models. A fundamental pillar of our journey is the implementation of comprehensive quality productive maintenance to modernise and debottleneck operations, ensuring consistency in deliveries to customers. Additionally, we are driving a positive environmental impact through transformative work on sustainability, focussing on climate change and carbon neutrality.

Transformation is also reflected in the mindset and spirit of the teams that developed these machines and devices and in the behavioural change under human capital. Each valued member of Team KBL is at the core of this transformation, as new thoughts, new ideas and newer avenues find greater expression and implementation.

Today, we are proud to be acknowledged as one of the leading manufacturers of pumps, valves and hydro-turbines striving towards 'Enriching Lives, Transcending Boundaries' every day.

BASIS OF REPORTING

REPORTING APPROACH

Developed in accordance with the International Integrated Reporting Council's (IIRC) <IR> framework and with reference to Global Reporting Initiative (GRI) 2021, Kirloskar Brothers Limited (KBL) is pleased to present its Integrated Report for FY 2023-24. The report provides key insights into how the Company creates value in the short, medium and long-term for its stakeholders. In addition to this and as mandated by SEBI, stakeholder relevant performance is also reported by KBL through a Business Responsibility and Sustainability Report (BRSR). Both reports have been combined to avoid duplication and ensure comprehensive yet concise information to all shareholders.

As a Company, we are committed to achieving the highest governance standards essential for sustainable value creation. This is reflected in our reporting philosophy which is founded on the principles of accountability, transparency, accuracy, integrity, responsibility and compliance.

FRAMEWORK, GUIDELINES AND STANDARDS

The Report covers key performance indicators in line with the <IR> framework. It also links the Company's capital-wise performance to the United Nations Sustainable Development Goals (UNSDGs). Sections of the document also comply with the requirements of the Companies Act, 2013 (and the rules made thereunder); Indian Accounting Standards; the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015; and the Secretarial Standards issued by

the Institute of Company Secretaries of India. Stakeholders are encouraged to read them in conjunction with the contents prepared using the <IR> format to get a holistic view of the Company's annual performance.

BOUNDARY AND SCOPE OF REPORTING

The Report covers information pertaining to, but not limited to, manufacturing facilities, products and solutions, operations and maintenance, office premises of KBL and its material subsidiaries. Disclosures pertaining to the period 1st April, 2023 to 31st March, 2024 are also covered under this Report, unless stated otherwise. KBL publishes its integrated report on an annual basis.

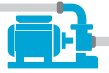
FORWARD-LOOKING STATEMENTS

Certain statements in this Report regarding – our business operations may constitute forward-looking statements. While these statements reflect the Company's future expectations, it is important to remain mindful that a number of risks, uncertainties and other important factors could cause actual results to differ materially.

AUDIT AND ASSURANCE

The financial statements presented in the report have been audited by M/s. Sharp and Tannan Associates - Chartered Accountants, Mumbai and the information contained in Page No. 40 to Page No. 83 in line with <IR> framework has been independently assured by TUV India Private Limited, Mumbai.





OUR STAKEHOLDERS



**Shareholders/
Investors**



Customers



**Dealers and
Distributors**



Employees



Suppliers



Society



**Financial
Institutions**

CAPITALS



Financial Capital

Page No. 40



Manufactured Capital

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Intellectual Capital

Page No. 52



Human Capital

Page No. 58



**Social and
Relationship Capital**

Page No. 70



Natural Capital

Page No. 78

KEY STRATEGIC OBJECTIVES

SO1:

Widening
market reach

SO2:

Improving operational
efficiency

SO3:

Digital
transformation

SO4:

Environment
protection

SO5:

Talent management and
competency development

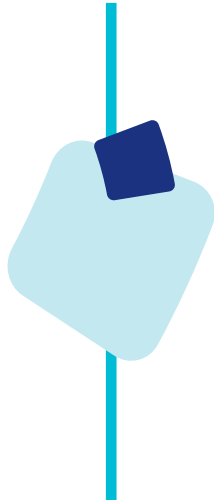
SO6:

Improving plant
productivity

SO7:

Supply chain
management

KBL AT A GLANCE

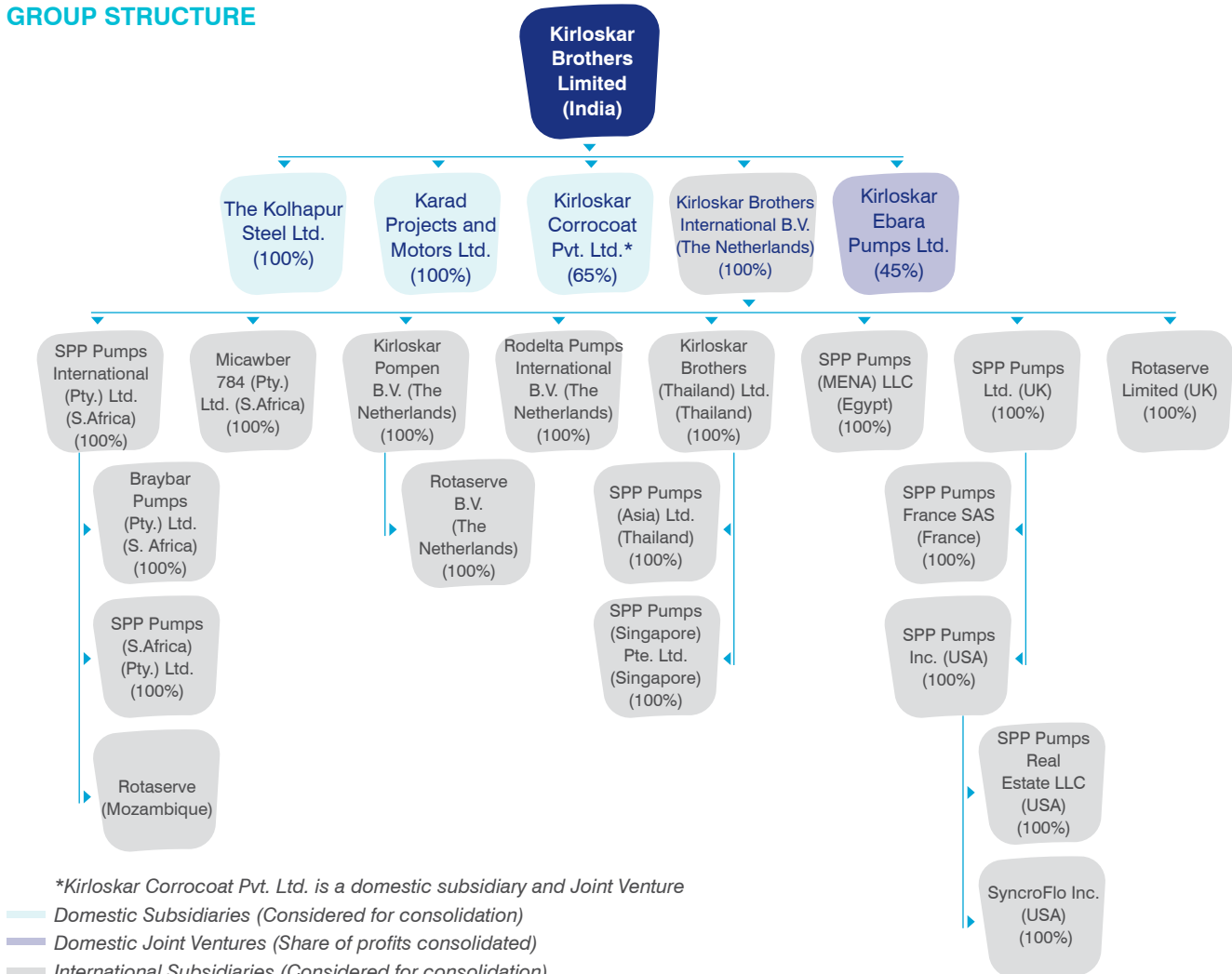


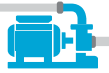
Established in 1888 and incorporated in 1920, Kirloskar Brothers Limited (KBL) is one of India's pioneering industrial organisations in the engineering sector.

₹ 18,260 mn

Standalone Order Book (As of 31st March, 2024)

GROUP STRUCTURE





LED BY A VALUE-CENTRIC SYSTEM



Purpose

**Enriching lives.
Transcending
boundaries.**



Vision

**Enriching
Lives across
communities
through innovative
and sustainable
engineering
solutions.**



Mission

**To lead the industry
through reliable,
intelligent hydraulic
machines and systems
providing superior
value and ensuring
customer delight.**

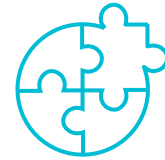
Our Core Values



**Teamwork
with Mutual
Trust and
Empathy**



**Commitment
towards the
Environment**



**Integrity and
Accountability**



**Speed and
Accuracy**



**Progressive
and Proactive**



**Process
Centric**

CONVENIENT, SMART AND SUSTAINABLE SOLUTIONS

Our Diversified Product Portfolio

100+

Product Offerings

100,000+

SKUs

20+

Diversified Sectors

A Differentiated Product line

Pumps

75+

Types of Pumps

120,000 m³/hr

Flow Capacity (528,000 US GPM)

3,200 m

Head (4,539 psi)

30 MW

Catering to Diversified Application

Valves

30+

Types of Valves

25-5,000 mm

Diameter Range

Hydro Turbines

Up to 20 MW

Francis/Pelton/Kaplan

PAT/PICO

0.25 kW - 1 MW

PICO and Mini Hydrel Turbines

STRONG BRAND PORTFOLIO



BRAYBAR PUMPS (PTY) LTD
Republic of South Africa



KARAD PROJECTS AND MOTORS LIMITED
India



KIRLOSKAR BROTHERS (THAILAND) LIMITED
Thailand



KIRLOSKAR CORROCOAT PRIVATE LIMITED
India



KIRLOSKAR EBARA PUMPS LIMITED
India



RODELTA PUMPS INTERNATIONAL B.V.
The Netherlands



SPP PUMPS LIMITED
United Kingdom



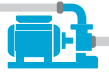
SYNCRIFOLO, INC.
U.S.A.



THE KOLHAPUR STEEL LIMITED
India

OUR MANUFACTURING APTITUDE

- 17 Manufacturing Facilities (10 Domestic and 7 Overseas)
- Producing a wide range of energy-efficient and lowest lifecycle cost pumps
- One of Asia's largest hydraulic research centres at Kirloskarvadi for testing pumps at duty conditions up to 5,000 kW and with up to 50,000 m³/hr discharge
- One of the few leading pump manufacturers with an ESCO certification and a dedicated 3D printing machine
- Supported by an integrated and best-in-class network of 650+ Authorised Service Centres and 16,000 Channel Partners in India and 250 overseas



Transforming India with our comprehensive pumping solutions



SERVING INDIA WITH PRIDE

- Being one of the first AtmaNirbhar organisations in India
- Providing drinking water to 35% of India's population
- Strengthening India's core sectors by building iconic structures
- Supplying products that run the wheels of major industries
- Honoured by India Post with a unique stamp with picture of KBL pump for contributing towards nation-building



A SOLID AND STURDY INDUSTRY REPUTATION

- Among the world leaders in pumping solutions for critical applications in nuclear power plants
- One of the few Indian companies to design and develop products sold globally under its own brand
- Providing cutting-edge, energy-efficient and environmentally sustainable innovations



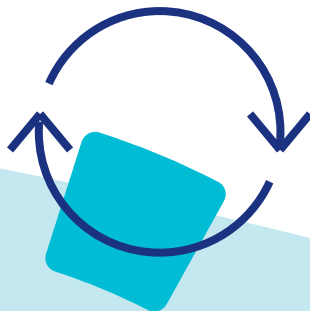
SUPPORTING FARMS AND FARMERS' PROGRESS

- Serving millions of farmers, households and industries everyday
- Providing pumps utilised in 60% of irrigated land in India through turnkey water and irrigation projects



OFFERING A COMPLETE BASKET OF SOLUTIONS ACROSS MULTIPLE INDUSTRIES AND GEOGRAPHIES

- India's first manufacturer of primary and secondary sodium pumps for Fast Breeder Reactors and critical pumps for nuclear plants
- Recognised as India's most ethical company in Industrial Manufacturing category by CMO Asia
- Engineering, manufacturing and developing a range of leading-edge solutions for Total Fluid Management
- Capabilities spanning from large infrastructure projects such as water supply, power generation, irrigation, oil & gas and marine and defence to small pumps for domestic and agricultural use
- One of the largest companies in the pump industry with a diverse range of offerings in pumps
- UK's largest pump manufacturing company – with manufacturing plants in US, UK, the Netherlands, South Africa and Thailand
- CII GreenCo certification for Dewas, Kirloskarvadi, Sanand, Kaniyur & KPML manufacturing facilities



Global Presence



Registered Office and Global Headquarter

- 1 **Pune, India**

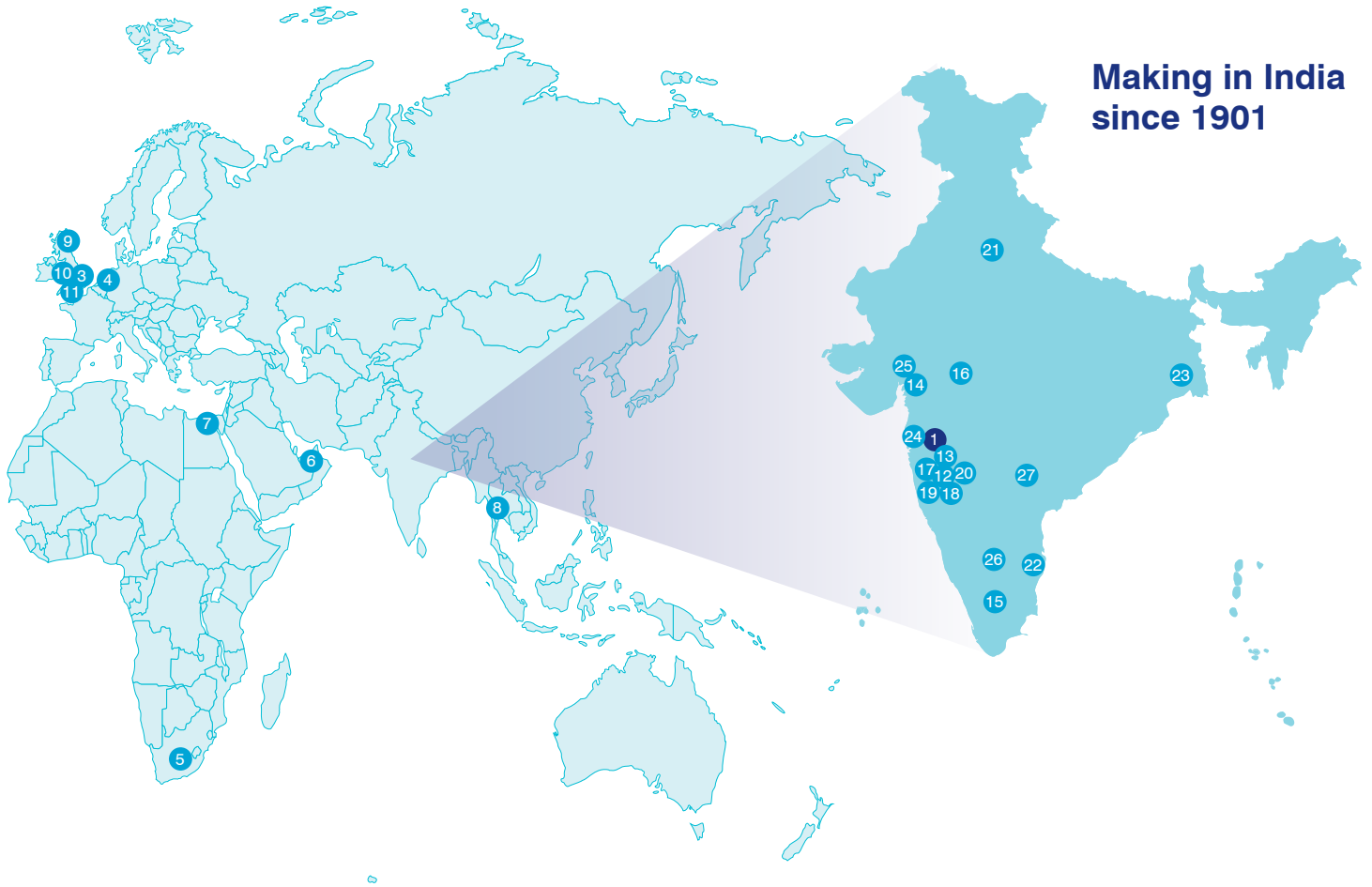
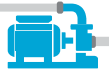
Overseas Presence

- 2 **Atlanta, US** (Manufacturing)
- 3 **Coleford, UK** (Manufacturing)
- 4 **Almelo, The Netherlands** (Manufacturing)
- 5 **Johannesburg, South Africa** (Manufacturing)
- 6 **Jebel Ali, UAE** (Assembly and warehousing)
- 7 **Cairo, Egypt** (Assembly, testing and services)
- 8 **Bangkok, Thailand** (Assembly, testing and services)
- 9 **Aberdeen** (Service centre)
- 10 **Hyde, Manchester** (Service centre)
- 11 **Theale, Reading** (Office)

Manufacturing Plants in India

- | | | |
|--|--|--|
| <ul style="list-style-type: none"> 12 Kirloskarvadi <ul style="list-style-type: none"> 📍 Maharashtra ⚙️ Various types of pumps ranging from 5 kW to 30 MW and valves ranging from 25 mm – 5,000 mm | <ul style="list-style-type: none"> 13 Shirwal <ul style="list-style-type: none"> 📍 Maharashtra ⚙️ Hydro-pneumatic Systems and IoT Panels | <ul style="list-style-type: none"> 14 Sanand <ul style="list-style-type: none"> 📍 Gujarat ⚙️ Submersible pumps ranging from 0.37 kW to 44 kW |
| <ul style="list-style-type: none"> 15 Kaniyur <ul style="list-style-type: none"> 📍 Tamil Nadu ⚙️ Domestic mini pumps ranging from 0.37 kW to 1.1 kW | <ul style="list-style-type: none"> 16 Dewas <ul style="list-style-type: none"> 📍 Madhya Pradesh ⚙️ Industry and domestic pumps ranging from 0.37 kW to 22 kW | |

📍 Location ⚙️ Products manufactured



**Making in India
since 1901**

Domestic Subsidiaries and Associate Companies

- 17** Karad Projects and Motors Limited, Karad
- 18** The Kolhapur Steel Limited, Kolhapur
- 19** Kirloskar Corrocoat Private Limited, Kirloskarvadi
- 20** Kirloskar Ebara Pumps Limited, Kirloskarvadi

Regional Offices

- 21** New Delhi
- 22** Chennai
- 23** Kolkata
- 24** Mumbai
- 25** Ahmedabad
- 26** Bengaluru
- 27** Hyderabad

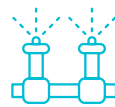
KBL in every landmark



Building &
Construction



Industry



Water &
Irrigation



Marine &
Defence



Oil & Gas



Power



Retail
Pumps

The above map is not to scale and for illustrative purposes only.

PUMPING METROS: DRIVING THE NATIONAL PROGRESS

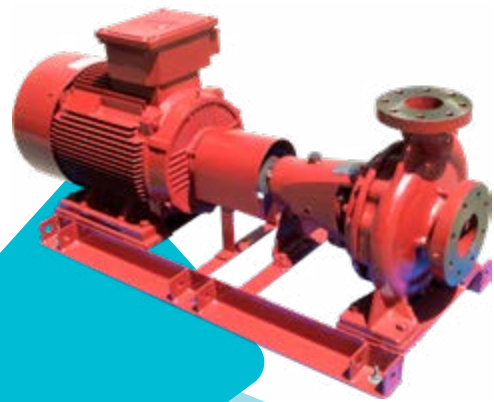


Kirloskar Brothers Limited has played a vital role in realising the vision of a modern and efficient transportation network by supplying more than 10,000 pumps for firefighting, air conditioning and water supply to Metro stations across the country including the recently inaugurated groundbreaking underwater Kolkata Metro, Mumbai Metro and Agra Metro.



SUPPLIED FIREFIGHTING PUMPS TO PROTECT DIAMOND TRADE HUB

KBL supplied firefighting pumps to safeguard the world's largest office building in a strategic partnership with Surat Diamond Bourse



CHAIRMAN'S MESSAGE

Dear Esteemed Shareholders,

As we gather to reflect on the past year, I extend my heartfelt thanks for your steadfast support and for being an integral part of this incredible journey together.



Our industry just like many others is undergoing rapid technological advancements and innovations. The dynamic landscape of digitalisation and AI presents both challenges and opportunities, urging us to adapt and evolve. Our commitment to remaining future-ready and customer-centric is unwavering, reflecting our 136-year-old legacy of dedication to excellence and innovation. I am thrilled to unveil our strategic roadmap, anchored in visionary leadership, digital optimisation, process enhancement and people empowerment.

We are leading the charge in our industry by embracing technology throughout our operations in this digital age. Our "Digital First" approach includes comprehensive training initiatives to empower our workforce to effectively leverage digital tools and platforms.

The transformational growth at KBL has been catalysed by well-thought-out and executed strategic actions. Aligning our resources and capabilities has fostered innovation and organisational agility, enabling us to capitalise on emerging opportunities. This distinction sets us apart from our competitors. We take great pride in our long-standing relationships with marquee clients and our global partnerships, which have been instrumental in shaping our success. I am confident that our transformative efforts will not only sustain a brighter future for our company but also play a crucial role in building a more prosperous nation.



We are leading the charge in our industry by embracing technology throughout our operations in this digital age. Our "Digital First" approach includes comprehensive training initiatives to empower our workforce to effectively leverage digital tools and platforms.



Nation-building is intertwined with preserving heritage, ensuring that the legacy of our past enriches the fabric of our future. KBL is deeply honoured to be associated with the construction of Shri Ram Mandir in Ayodhya – a project that resonates deeply with the nation's spirit. We supplied over 100 pumps to the majestic Ram Mandir reaffirming our dedication to providing efficient water management systems and firefighting pumps to ensure the safety of the temple and its devotees.

India's nuclear industry is a significant component of its broader energy strategy, aiming to increase nuclear power output as part of its commitment to clean energy and to meet the rising energy demands of its rapidly growing economy. We are strategically positioned to contribute significantly to this sector. KBL's expertise in advanced pump technology, coupled with its robust experience in engineering and manufacturing high-efficiency pumps, makes it an ideal partner for the nuclear industry.

The robust demand for our pumps, driven by the government's focus on agriculture, water and the oil & gas sector, has fuelled our profitability. We have enhanced our financial performance by strategically diversifying our business mix through international operations. By maintaining stable commodity prices and adjusting our pricing strategies, while increasing the proportion of high-margin and reliable service businesses, we have achieved sustained growth and success. We aim to bolster our presence in the retail sector by introducing energy-efficient pumps as a cornerstone of our green energy product line.

Our Environmental, Social and Governance (ESG) framework, aligned with the UN Sustainable Development Goals (UNSDGs), guides our strategy as we work with stakeholders to support sustainability. By adopting circular practices and reducing our environmental impact, we uphold our responsibility to protect the planet. We aim to create a workplace culture that encourages personal growth, inclusion and diversity, aspiring to be the best place to work for those who share our values and passion.

As we look ahead, our vision serves as a guiding light, inspiring us to reach new heights of excellence, while our mission grounds us in our commitment to serve our customers, employees and communities with integrity and dedication. Together, we will navigate challenges, seize opportunities and create a lasting impact, ensuring our continued success and prosperity on this transformational journey.

Sincerely,

Sanjay Kirloskar

Chairman and Managing Director

Kirloskar Brothers Limited



The robust demand for our pumps, driven by the government's focus on agriculture, water and the oil & gas sector, has fuelled our profitability. We have enhanced our financial performance by strategically diversifying our business mix through international operations.

JMD'S MESSAGE

Dear Shareholders,

The past year has been a year of remarkable achievements. We faced challenges head-on and celebrated triumphs, while collectively elevating the Company to new heights.



It is with great pride that I present our Annual Report for FY 2023-24. Amidst the shifting market dynamics and evolving customer demands, our steadfast commitment to innovation, sustainability and customer service remains a fundamental tenet that guides our actions and shapes our endeavours.

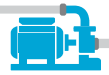
We think globally while we act locally; serving as a bridge between cultures and markets. Our manufacturing facilities are strategically situated across four continents to cater to global requirements. This expansive footprint not only enhances our global visibility but also ensures proximity to our diverse customer base thereby ensuring optimal cost efficiency, faster turnaround times and strict adherence to local sourcing regulations. Through our global network and local expertise, we not only deliver value to our customers but also enrich the communities in which we operate.

This year was one of strategic advancements, that will help in laying the foundation for robust year-on-year growth in the coming years. Our deliberate shift from large-scale projects towards a more sustainable business model has yielded positive results. Our relentless pursuit of efficiency and profitability has enabled us to maintain a net debt-free status while optimising cash flows.

The fourth industrial revolution has ushered in a host of organisational and ecosystem-wide changes. In these volatile times rife with opportunities,



We think globally while we act locally; serving as a bridge between cultures and markets. Our manufacturing facilities are strategically situated across four continents to cater to global requirements.



we understand that staying relevant requires more than just keeping pace with changes – it demands a proactive approach to reshaping the business practices and offerings to meet the evolving needs of customers around the world. We are steadfast in our commitment to not only surviving but thriving by aligning physical and digital technologies. We realise the importance of long-term investments. We are building a future-ready and resilient business by investing in renewable energy solutions, optimising resource utilisation and minimising our environmental footprint across the product lifecycle. Our dedication to delivering excellence and innovation while making a positive impact on the society and the environment remains unwavering.

One of our strategic initiatives over the past year has been the concerted effort to reduce our exposure and reliance on the low-margin and working capital-intensive Engineering, Procurement, and Construction (EPC) segment. Simultaneously, we have been bolstering our revenue streams through services and value-added products by shifting our focus towards high-margin contracts. This move has not only improved our cash flow and profitability but has also provided a more consistent revenue stream and enhanced our working capital. Moving forward, we remain committed to prioritising high-margin, profitable contracts that align with our strategic objectives and contribute to sustained growth and profitability.

As global markets rebound, we are leveraging our brand strength and reach across various industries to seize these exciting opportunities. This involves deploying targeted strategies tailored to each industry, harnessing synergies, and capitalising on emerging trends to ensure sustained growth. These strategic measures ensure sustained value creation for our esteemed shareholders as we navigate dynamic market landscapes.

Our growth trajectory is set to be dynamic and driven by several strategic factors. First and foremost, our robust order book for Made-to-Order and Engineered-to-Order products lays a strong foundation for sustained growth. These customised solutions not only meet the precise needs of our customers but also secure a reliable revenue stream and build enduring relationships. Additionally, the improving economic landscape presents numerous growth opportunities across various sectors, fuelling our optimism for the future.

Looking ahead, we are invigorated by the potential for ongoing growth and innovation. We owe a profound debt of gratitude to all our stakeholders, whose unwavering commitment and support have been crucial. Your faith in our vision drives us, steering us through challenges and towards new opportunities. We seek your continued partnership and encouragement. Together, we have reached significant milestones and together, we will surmount any challenges we may face.

Warm Regards,

Rama Kirloskar

Joint Managing Director
Kirloskar Brothers Limited



We are building a future-ready and resilient business by investing in renewable energy solutions, optimising resource utilisation and minimising our environmental footprint across the product life-cycle.

DIRECTOR'S MESSAGE

Dear Esteemed Shareholders,

The past year has been marked by substantial progress and strategic achievements across our international operations. Our international entities have significantly enhanced our fluid management and service solutions, fortifying our value proposition to the customers globally.



Our efforts and strategic expansions have culminated in a remarkable growth of our international order book, which has increased by 13.5% to reach ₹ 11,009 Million, now accounting for a significant portion of our total revenues. This growth not only underscores our expanding global footprint but also our ability to innovate and adapt in diverse markets.

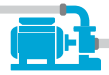
This year also saw the launch of new products that continue to set industry benchmarks – the addition of new pump models in the FM-approved and UL-listed MSMO series, as well as the Vertical Inline pumps KW-LC and KW-SC. These additions to our product line are designed to meet the evolving needs of our customers and enhance our competitive edge in the market.

We have leveraged our technological and domain expertise to create a scalable and sustainable business model and synergise our value proposition. Our revolutionary technology opens new avenues for meeting energy demands efficiently and economically within industrial contexts, generating substantial returns on investment and supporting our vision of building a more sustainable tomorrow.

We have strategically invested in cutting-edge technologies such as Virtual Reality (VR), Augmented Reality (AR), Artificial Intelligence (AI), the Internet of Things (IoT) and 3D Printing Technology over the last twelve years. Our state-of-the-art 3D printing machine, the largest of its kind at Kirloskarvadi, is revolutionising the manufacturing of new products. These digital initiatives enhance efficiency and provide additional revenue streams within our services business. By embracing these technologies, KBL is positioning itself for continued success in the digital age.



This year also saw the launch of new products that continue to set industry benchmarks – the addition of new pump models in the FM-approved and UL-listed MSMO series, as well as the vertical inline pumps KW-LC and KW-SC. These additions to our product line are designed to meet the evolving needs of our customers and enhance our competitive edge in the market.



A cornerstone of our strategy remains the enhanced KirloSmart™ system, our pioneering IoT-based remote monitoring solution. KirloSmart™ is designed to revolutionise maintenance operations, featuring advanced failure prediction analytics, troubleshooting and monitoring capabilities. This system empowers our customers to proactively manage potential issues, ensuring higher operational uptime and significantly reducing the risk of catastrophic failures. By increasing operational efficiency and cutting spare part inventory costs, KirloSmart™ exemplifies our commitment to prioritising superior customer service and delivery. Since the first KirloSmart™ system was delivered to a customer almost a decade ago, we have continued to build on rich data that has been collected in order for customers to get better value from the system.

We continue to leverage our expertise to design adaptable solutions that boost efficiency and productivity. Sustainability is at the heart of all our innovations and we endeavour to provide long-lasting solutions to our customers. Our initiatives in supporting our customers to repair, refurbish and enhance their existing pumps further supports even our customers' goals in this area.

Looking forward, we are committed to further expanding our international footprint and deepening our market integration. Our focus will remain on leveraging digital transformations to enhance operational efficiencies and customer engagement strategies. We will continue to explore growth opportunities that align with our corporate values and promise to deliver exceptional value to all our stakeholders.

In closing, I extend my heartfelt gratitude to everyone who has been a part of our journey this year – our dedicated employees, who are the mainstay of our success, our loyal clients, who trust in our capabilities and our steadfast shareholders, who believe in the potential of our vision. Together, we are poised to reach new heights and achieve greater successes in the coming years.

Thank you for your continued support and belief in our endeavours.

Warm regards,

Alok Kirloskar

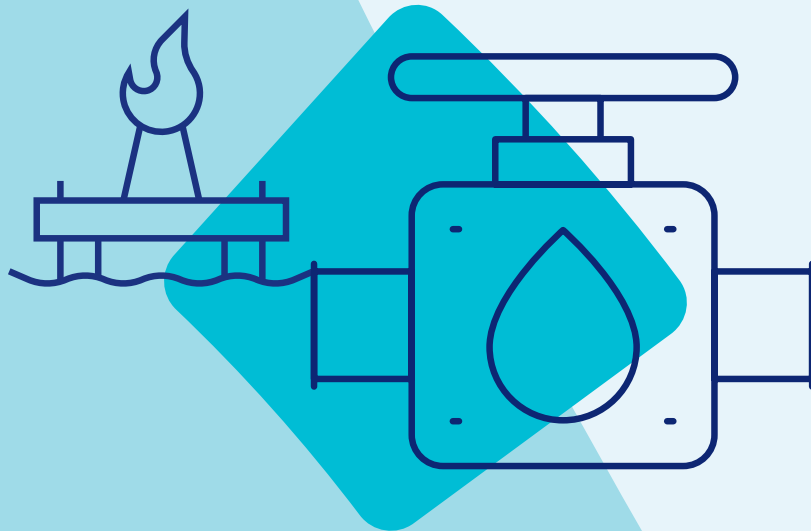
Non-Executive and Non-Independent Director
Kirloskar Brothers Limited



We continue to leverage our expertise to design adaptable solutions that boost efficiency and productivity. Sustainability is at the heart of all our innovations, and we endeavour to provide long-lasting solutions to our customers.

KEPL SUCCESSFULLY EXECUTED PNCPL PROJECT BY INSTALLING MISSION-CRITICAL PUMPS

Kirloskar Ebara Pumps Limited (KEPL) takes pride in successful execution of 16 pump packages from Paradip Port to Numaligarh Refinery.





Numaligarh Refinery Ltd (NRL)'s capacity expansion from 3.0 MMTPA to 9.0 MMTPA includes implementing the prestigious Paradip-Numaligarh Crude Oil Pipeline (PNCPL) project, one of India's longest crude pipeline projects spanning 1,630 km with 16 crude handling pumps supplied by KEPL to four pumping stations.



ENGAGING WITH STAKEHOLDERS

As a good corporate citizen, we are working to make a positive contribution to society. We also operate transparently to create lasting benefits for all stakeholders.

When we engage with our stakeholders, we actively cooperate with them, conduct our business ethically and with integrity while maintaining complete transparency of information. We also remain receptive to feedback and to accommodate the needs of all our stakeholders.



Shareholders/ Investors

Needs and Expectations

- Strong operational performance
- Revenue growth
- Returns on investments
- Well-capitalised balance sheet

Mode and Frequency of Engagement

- AGM – Yearly
- Analyst Meet – Quarterly
- For query resolution and support on daily basis

Value Proposition

- Maintaining substantial market share
- Offering improved shareholder returns
- Ensuring strong capital and liquidity levels

Quality of Relationship

96% Investors' Service Score



Customers

Needs and Expectations

- Product availability
- Product quality and reliability
- On-time delivery
- Service response

Mode and Frequency of Engagement

- Customer perception survey (CPS)
- Customer visits and communication – Continual process
- Events & exhibitions – As per plan

Value Proposition

- Extended warranty period
- Goodwill replacement
- Installation & service support
- Value-added services
- New product development

Quality of Relationship

84.3% CPS Score



Dealers and Distributors

Needs and Expectations

- On Time In Full (OTIF)
- Prompt and fast after sales service and spare parts availability
- Delivery support in case of special strategic orders

Mode and Frequency of Engagement

- Monthly review meetings
- As & when required through CRM
- Dealer Meets / Conferences
- Product & Process Training Sessions

Value Proposition

- Substantial market share / market presence
- Meeting customer expectations
- Reliable product quality & services
- Effective & efficient supply chain

Quality of Relationship

4.3 - Overall Satisfaction Score on a scale of 1 to 5



Suppliers

Needs and Expectations

- Business quantum
- Timely payment
- Technical support
- Training & development support

Mode and Frequency of Engagement

- Quarterly and yearly supplier meets
- Supplier quality assessment visits (As per plan)
- Order-based discussions (As applicable)

Value Proposition

- Business Growth for Good Quality Suppliers
- Supplier Quality Improvement Program (SQIP) for mutual benefit

Quality of Relationship

Quarterly Business Review with suppliers covering 50% spend



Employees

Needs and Expectations

- Work-Life Balance
- Learning & Growth Opportunity
- Pay Scale

Mode and Frequency of Engagement

- Employee Engagement Survey (EES) (Once in two years)
- Performance Management System (Six Monthly)
- Celebration of festival and other days (As per plan)

Value Proposition

- Training Platform
- Career Growth Opportunities
- Employee Health and Wellbeing Schemes
- Job Rotations

Quality of Relationship

71% Employee Engagement Score



Society

Needs and Expectations

- Employment opportunity
- Pollution-free environment
- Community development & support

Mode and Frequency of Engagement

- Formal / Informal meetings with Village Panchayat / local administration (As per plan)
- During CSR Activity (As per plan)

Value Proposition

- Local employment and sourcing
- Development & support activities through CSR Spend

Quality of Relationship

100% execution of plan for contribution to society on upliftment of education & medical care



Financial Institutions

Needs and Expectations

- Robust business growth
- Transparency and timely data submission
- Compliance in RBI and FEMA regulations

Mode and Frequency of Engagement

- Quarterly and yearly meets through consortiums
- Monthly meetings (As per agenda)

Value Proposition

- Proportionate business routings
- Competitive pricing

Quality of Relationship

AA

Rating from CRISIL

MATERIALITY MATRIX

ESG material mapping is core to our Company’s meaningful and impactful ESG practices and is directly linked to the overall effectiveness and relevance of our sustainability practices. Materiality helps us to identify and focus on ESG issues that are significant to our business performance and stakeholder’s expectations, and thereby continually improve our ESG performance and reduce the risk.

At Kirloskar Brothers Limited, we conducted a materiality assessment survey in accordance with Global Reporting Initiative (GRI) standards during FY 2022-23. The assessment included a comprehensive analysis of key ESG concerns with the potential to impact KBL’s business, the environment, the society and the larger economy. Through an evaluation of this assessment, we have been able to identify and map the ESG risks and opportunities

that represents our organisation’s most significant impacts on the economy, environment and people, including any effect on human rights. Consequently, we were enabled to adopt targeted actions and report significant issues pertinent to the Company and all its stakeholders. The prioritisation process for material issues is summarised below.

MATERIALITY APPROACH BASED ON ESG

Understanding the organisation context

- Analysing the organisation’s long-term vision, mission and objectives
- Understanding Risks and Opportunities posed to the business by the changing ESG landscape

Identifying significant ESG issues for the organisation

- Identifying sectoral and peer material priorities and forming a stack of exclusive material topics for the company

Analysing the significance of ESG material topics

- Engaging with stakeholders to identify and rate the likelihood of any impact posed by the material topics and the severity of this impact

Prioritising material topics

- Material topics are prioritised based on stakeholder’s responses and management discussion through validation by senior management



KEY MATERIAL ASPECTS

High Impact Material Issues

Strategy

Implement and scrutinise

Approach

The Company must establish systems and working groups for effective management and due diligence of high impact material topics

- Product stewardship and innovation
- Emissions
- Health and safety
- Diversity, equity and inclusion
- CSR and local communities
- Energy management

Medium Impact Material Issues

Strategy

Adapt and anticipate

Approach

The Company shall prepare through effective anticipation of future risks and opportunities for management of medium impact material issues

- Materials
- Talent attraction and retention
- Supply chain management
- Risk management
- Compliance
- Marketing and communications
- Customer safety and product quality
- Economic performance
- Cyber security and digitisation
- Market presence

Low Impact Material Issues

Strategy

Comply

Approach

The Company will ensure strict compliance against the low impact material issues

- Business ethics and values
- Corporate governance
- Human capital development
- Biodiversity
- Waste management
- Water and effluents management
- Human rights and labour conditions
- Public policy advocacy

Under ESG governance, we have identified goals and commitments against each material issue and our corporate committee on sustainability reviews the progress of all such initiatives quarterly. Our next materiality assessment shall be conducted in FY 2024-25.

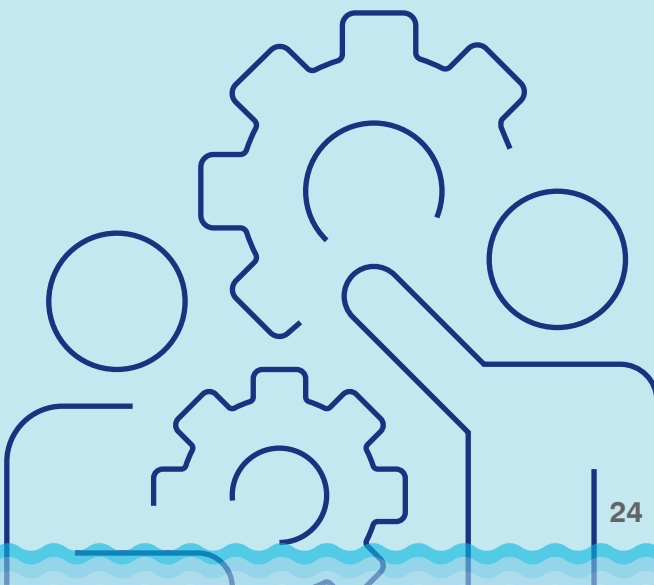
To understand KBL's management approach and strategies on materiality assessment in detail, please refer to the Business Responsibility and Sustainability Report on Page 117.



RISK MANAGEMENT FRAMEWORK

Effective risk management enables us to implement our strategy and deliver long-term value to all our stakeholders. Over the past year, we worked to reduce our exposure to risks and introduce more risk management practices to increase resilience. Risk management practices will lead us to sustainability in operations and improvement in profitability.

Our approach of integrated quantitative risk analysis in day-to-day activities and performance management of the company guides our corporate decision-making. Our priority continued to be to safeguard our supply chains, customers and communities we operate within, while we ensured uninterrupted operations and sufficient liquidity within the company.





R1: Talent Management - Recruitment and retention

| Risk definition | Risk drivers | Implication for value creation | Mitigating controls |
|--|--|--|---|
| <ul style="list-style-type: none"> There has been an increase in demand for skilled talent in the industry, leading to dearth of talent for skilled professionals Loss of talent to competitor and inability to ensure optimal staffing levels may lead to operational / delivery issues | <ul style="list-style-type: none"> Development of identified successors Identification of talent pool Engaging and developing talent Adequate rewards for talent | <ul style="list-style-type: none"> Loss of talent to competition Knowledge and skill gap Loss of intellectual capital Missed opportunities and stagnation Disruption of operations Company's information moves out with talent loss to competition | <ul style="list-style-type: none"> Talent Management process developed and implemented Critical positions identified Successors identified and development plan for successors is in progress Established a talent readiness assessment framework Process automation initiated to reduce dependability |

R2: Cyber and information risk: Cyber Attacks / Cyber security threats, Vulnerability Management & Application Security and inadequate data governance procedures

| Risk definition | Risk drivers | Implication for value creation | Mitigating controls |
|---|--|--|--|
| <ul style="list-style-type: none"> Cyber-attacks are a potential threat on the IT resources, resulting in theft, damage or sabotage and disruption / loss Inadequate business continuity and disaster recovery plans resulting in business disruption or delay in service restoration in the event of IT disaster may lead to unavailability of systems that are required for the normal functioning of the business Inability to generate / retain / retrieve information timely, competition intelligence, dashboards, etc., due to sub-optimal utilisation of systems, absence of effective document management system and poor quality of data may hamper decision-making and operations | <ul style="list-style-type: none"> Limited resources and infrastructure Evolving threat landscape Inadequate security controls Lack of training and skills Inadequate plan testing and exercises Limited communication and awareness Incomplete documentation and document management | <ul style="list-style-type: none"> Disruption in operations Regulatory consequences Damage of customer trust and reputation Financial loss | <ul style="list-style-type: none"> Governance for ITSM, IT project management, and IT incident management has been established The principle of 'Secure by Design' has been integrated into all development activities A dedicated leadership within IT has been formed to strategically focus on cybersecurity, SAP, and development projects A Cybersecurity Maturity Assessment was conducted, and a three-year roadmap has been developed An AI-ML-based Endpoint Threat Detection & Response system has been implemented A robust system for managing privileged accounts has been established Vulnerability Management processes have been put in place, including assessments and penetration testing on critical business applications, and governance for Vulnerability Management has been implemented IT and cybersecurity policies have been revised and rolled out Regular cybersecurity awareness sessions and phishing simulations have been conducted to enhance staff vigilance and resilience against evolving cyber threats, with staff receiving interactive training |

R3: Financial performance risk affecting margins

| Risk definition | Risk drivers | Implication for value creation | Mitigating controls |
|---|--|--|--|
| The company may face a risk of inadequate gross margins on the products manufactured and businesses / subsidiaries with low margins may lead to lower EBITDA and PAT. | <ul style="list-style-type: none"> • Market volatility • Increase in cost of commodity prices • Cost inflation • Pricing pressure from the market • Deterioration in operating efficiency | <ul style="list-style-type: none"> • Financial performance • Competitive positioning • Investor confidence • Long-term sustainability • Fluctuating EPS | <ul style="list-style-type: none"> • Enrich product mix for higher margins • Innovative products introduction with better efficiency to generate premium in market • Enhancement in volumes through campaigns and awareness • Penetration of untapped territories • Debottlenecking of manufacturing capacities • Conduct benchmarking exercise to control identify and control leakage areas • Enhanced governance via focussed teams to monitor costs and Working Capital • Focus on value engineering to make the products cost competitive |

R4: Delay in commercialisation of new technologies

| Risk definition | Risk drivers | Implication for value creation | Mitigating controls |
|---|---|--|--|
| In the product development cycle, the transition from the R&D phase to the commercialisation phase may get delayed and the timeline for successfully launching and monetising the technology may further be extended. | <ul style="list-style-type: none"> • Complex regulatory requirements and intellectual property rights • Competitive landscape • Ineffective targeting and segmentation • Resource constraints | <ul style="list-style-type: none"> • Revenue loss • Reputation damage • Competitive disadvantage • Loss of investor confidence | <ul style="list-style-type: none"> • Develop KPIs to accelerate new products to the market • Implement a robust intellectual property strategy • Conduct pro-active market research and analysis • Enhance technical expertise |



R5: Rise in procurement cost and heavy dependence on limited suppliers

| Risk definition | Risk drivers | Implication for value creation | Mitigating controls |
|---|---|--|---|
| <p>There is a risk of potential increase in expenses related to sourcing materials, goods or services, coupled with a high reliance on a limited number of suppliers. This may limit the negotiation power of the Company and further make it vulnerable to price fluctuations and supply disruption.</p> | <ul style="list-style-type: none"> • Supplier concentration • Currency fluctuation • Inflation • Supply and demand imbalance • Global commodity shortage | <ul style="list-style-type: none"> • Escalation of costs • Limited negotiating power • Higher exposure towards supply chain disruption and subsequent delays • Affecting production plan | <ul style="list-style-type: none"> • Leveraged tools to track direct expenditure • Strategic partnership with suppliers for key purchase category • Introducing alternate suppliers and category management to keep track of overall spend • Regular monitoring of raw material price index to facilitate timely purchase decision • Consistently evaluating negotiation tools; for example – E Auction • Sufficient stocking of key raw material(s) • Hiring category experts for cost reductions |

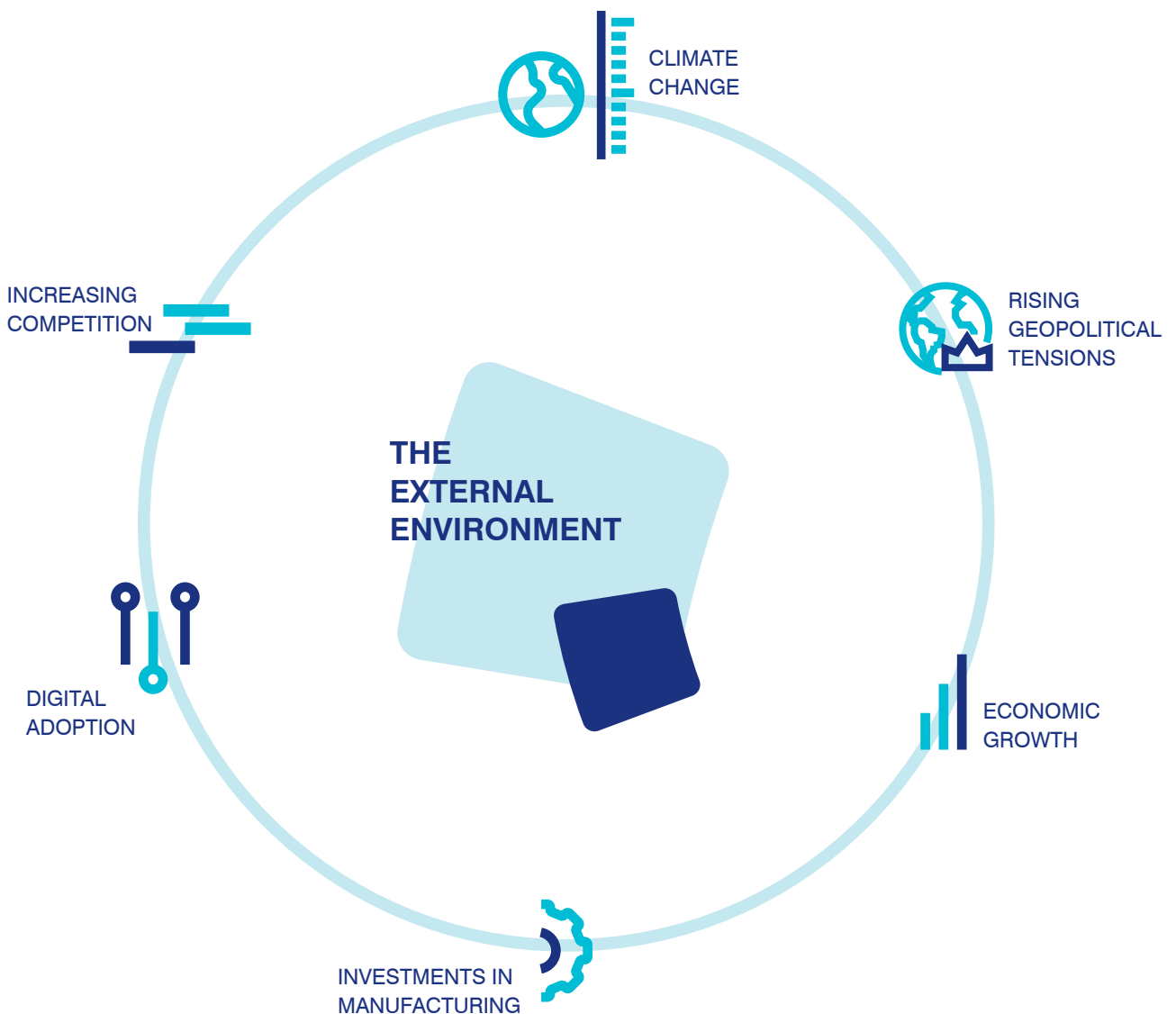
R6: Geopolitical risk

| Risk definition | Risk drivers | Implication for value creation | Mitigating controls |
|--|---|---|--|
| <p>The company has subsidiaries in numerous geographies across North America, EMEA and Asia Pacific and is exposed to risks on account of external factors originating from geopolitical events which may adversely affect the Company's international operations.</p> | <ul style="list-style-type: none"> • Volatile international commodity prices • Political instability/ conflict/global power shifts • Regulatory changes/policy uncertainty/ protectionist policies • Trade disputes and tariff barriers • International sanctions and embargoes • International financial turmoil | <ul style="list-style-type: none"> • Impairment of value of investments in international subsidiaries • International Go-To Market (GTM)/ expansion decisions • Disruption in supply chain and increase in costs • Abandoned, hold or cancelled projects and orders | <ul style="list-style-type: none"> • Stringent governance oversight for high-risk countries and for exports • Diversified spread of international operations and exports • The Company has put in place, alternate strategic sourcing options to minimise the impact. • Increased local sourcing share |

EXTERNAL OPERATING ENVIRONMENT

We operated in a tough economic environment and a competitive landscape during the year. We navigated economic challenges, by shifting channel dynamics across several countries, amidst changing market conditions and evolving customer preferences thereby demonstrating our customer focus and business agility.

In FY 2023-24, the global economy remained surprisingly resilient while most emerging economies recorded slower growth. The Indian economy, however, demonstrated solid growth and even outpaced major economies. Robust domestic demand and a strong momentum in the manufacturing and services sectors is expected to sustain India's growth momentum. The Indian economy remains resilient, poised to attain the status of a developed economy by 2047 under the initiative of 'Viksit Bharat'.





SDGs served



CLIMATE CHANGE

Gradual climatic processes (rise in sea-level, changing rainfall pattern) and frequent weather events (heatwaves and droughts) are impacting businesses. The interplay between climate change and resource scarcity amplifies its impact on the global economy.

These factors are likely to alter the demand pattern, especially for pumps with domestic and agricultural applications.

We are committed to environmental compliance, be it adhering to emission standards, managing waste responsibly or disclosing sustainability initiatives. Our focus on green energy consumption and production of energy-efficient products highlights our dedication to lower our carbon footprint and demonstrates our commitment to environmental stewardship.



SDGs served



RISING GEOPOLITICAL TENSIONS

Geopolitical issues have emerged as the single-most important risk considering the wars raging between two regions - Eastern Europe and Middle East - critical to the world's food and energy supply, which have reduced global supply capacity, thereby stoking global inflation and limiting global growth.

With minimal dependence on international suppliers, the risk towards supply chain disruptions will be less impacted. Also, with presence through manufacturing plants in various continents, the impact from rise in logistics cost is minimised.



SDGs served



ECONOMIC GROWTH

Improvement in global economic activity, geopolitical risks and turnaround in India's GDP growth will impact enterprises. India is emerging as the fastest growing major economy due to a favourable confluence of neutral policy settings, positive credit momentum and manageable macro-economic dynamics. The economy has remained remarkably resilient despite uncertainties in the international geopolitical environment, inflationary pressures, climatic changes and supply chain disruptions.

Global growth, estimated at 3.1% in 2023, is projected to remain at 3.1% in 2024 before rising slightly to 3.2% in 2025 reflecting restrictive monetary policies, withdrawal of fiscal support and low underlying productivity growth. Global headline inflation is expected to decline to 5.9% in 2024 and to 4.5% in 2025, with the 2025 forecast revised down. More extreme weather shocks like floods and droughts, along with the El Niño phenomenon, could also cause food price spikes, exacerbate food insecurity and jeopardise the process of global disinflation.

India's rapid economic growth, supported by sound macroeconomic policies, positioned it among the fastest-growing major economies globally. Following a strong recovery from the pandemic, India has emerged as a key contributor to global growth. The economy is projected to maintain robust growth in the upcoming two years, driven by resilient domestic demand.

The growing economy, rising investments in agriculture and infrastructure projects, rapid urbanisation and industrialisation are expected to drive further growth in the centrifugal pump market in India benefiting KBL.



SDGs served



INVESTMENTS IN MANUFACTURING

Significant investments in the manufacturing sector promoted by the government have improved the overall investment climate and India is viewed as an alternative manufacturing base to diversify supply chains.

This has played a vital role in expanding and modernising the manufacturing sector, thereby accelerating the development and improvement of manufacturing facilities across various industries.

The Government of India's strategic initiative, 'Atmanirbhar Bharat' seeks to integrate India into global supply chains by attracting foreign investment and promoting joint ventures and collaborations with international companies.

Manufacturers in India have embraced advanced technologies and best practices to meet global standards and enhance competitiveness, thereby encouraging technology transfer and fostering innovation within the domestic manufacturing ecosystem, which has promoted increased export of manufactured goods.

Recent trends in manufacturing demonstrate a shift towards more technologically advanced, sustainable, and agile processes that prioritise efficiency, flexibility and responsiveness to market demands and global challenges.

To effectively navigate market volatility and disruptions, companies are re-evaluating supply chain strategies, leveraging digital tools for remote operations and adopting agile manufacturing practices. Stringent environmental regulations, driven by concerns about global warming, are pushing manufacturers to adopt cleaner technologies, reduce greenhouse gas emissions and comply with new sustainability standards. Companies have been encouraged to develop and adopt technologies that enhance energy efficiency and conserve natural resources to minimise the environmental footprint.

Our manufacturing plants are aligned with these evolving trends and priorities. We have embraced advanced technologies and best practices to enhance efficiency, sustainability and competitiveness. We have additionally prioritised adherence to stringent environmental regulations and adoption of cleaner technologies to reduce greenhouse gas emissions and promote resource conservation. Our commitment to resilience and agility is reflected in our supply chain strategies, digital transformation efforts and agile manufacturing practices, which ensures that we can effectively navigate market dynamics and disruptions, while driving continual improvement and innovation within our manufacturing ecosystem.



SDGs served



DIGITAL ADOPTION

As digital capabilities improve and connectivity becomes omnipresent, technology is poised to quickly and radically change every sector of the Indian economy. New emerging technologies, increased level of digital adoption and behavioural changes in customers will benefit the nation.

Our commitment to digital adoption is rooted in our vision to drive sustainable growth, enhance competitiveness and create value for all stakeholders. We are excited about the opportunities unleashed by digital transformation and remain dedicated to exploring new possibilities for our business.

SDGs served

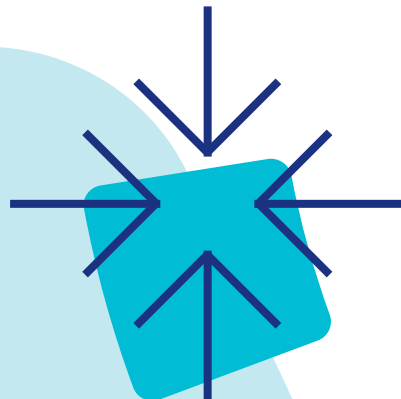


INCREASING COMPETITION

A highly fragmented market has witnessed increased competition between global players with wide distribution channels and the unorganised sector. Growing technological advancements to develop energy-efficient pumps with higher operational efficiency are expected to create huge opportunities in the Indian industrial pump market.

Customers are seeking companies that provide products distinguished by exceptional features such as high efficiency, superior quality, innovative design and reliability, besides fostering trust and loyalty. This presents a significant opportunity for us to leverage its unique strengths by offering such products and thereby gain a competitive edge.

Our strong brand identity, extensive channel network, dedicated R&D capabilities for developing efficient and futuristic products, customer-centric approach and commitment to sustainable practices further enhances the market attractiveness of our products. Our ongoing transformation journey will cultivate a culture of continuous improvement, enabling us to adapt swiftly to market shifts, refine our offerings and capitalise on emerging opportunities.



OUR BUSINESS MODEL

OUR UNIQUE STRENGTHS

ENGINEERING EXCELLENCE

- End-to-end offering – One-stop solution from conceptualisation to manufacturing and implementation
- Dedicated Research & Engineering Development department equipped with latest softwares for various analysis backed up by test beds for new product testing and development
- Proficiency in Engineering and Fluid Management Systems

DISTINCT CULTURE

- Setting a unique culture and building high-performance teams
- Promoting a culture of sustainability and energy conservation
- Leading digital transformation in India's Pump Industry

MANUFACTURING PROFICIENCIES

- Being India's first and largest, and a world-class pump manufacturing company for MTO, MTS and ETO products
- Manufacturing capabilities benchmarked against highest quality standards
- Manufacturing locations spread across 5 countries in 4 continents, ensuring cost effectiveness, reduced turnaround time and adherence to local sourcing norms

WORLD-CLASS AND INDUSTRY-LEADING PRODUCTS

- Manufacturing cutting-edge, energy-efficient and environmentally sustainable innovative products running the wheels of most industries
- Inculcating innovation in products to remain aligned with business goals
- A diversified product portfolio catering to a wide range of applications across industries, ensuring business remains unimpacted by cyclicity
- Optimising the mix of value-added products, end-to-end solutions and new product launches by leveraging technological advances such as 3-D Printing, IoT, AI, AR and VR

CUSTOMER-CENTRIC APPROACH

- A global company serving customers across 6 continents and 120+ countries; having local presence across all major trading blocks
- Fulfilling the responsibility of offering customised solutions to address specific needs of customers across industries
- Ensuring customer satisfaction by fulfilling their need for reliable, intelligent hydraulic machines and systems
- Comprehensive after-sales support through a dedicated and extensive network of authorised spares dealers and service centres

CAPITAL MANAGEMENT

- Prudent equilibrium between cash inflows and outflows to manage our CAPEX requirement through internal cash accruals
- Positive cash flow and sufficient liquidity to satisfy current and the anticipated cash flow demands in the future

UTILISING OUR STRENGTHS

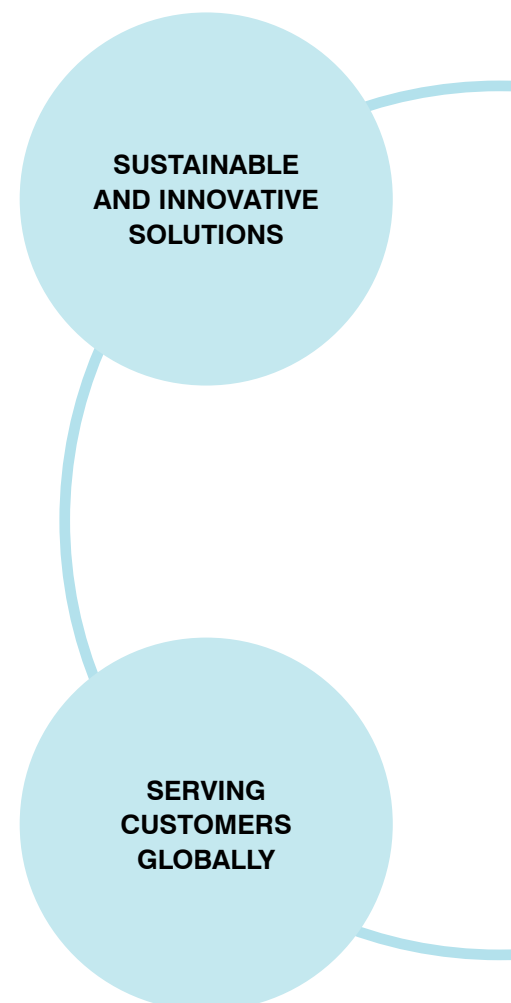
SUPPORTED BY:



VISION



MISSION





DELIVERING LASTING VALUE



VALUES



OUR RISK
MANAGEMENT
FRAMEWORK

PROVIDING ONE-
STOP SOLUTION
FOR VARYING
NEEDS OF
CUSTOMERS

CREATING
VALUE-ADDED
PRODUCTS ACROSS
MULTIPLE SEGMENTS
AND MULTIPLE
BUSINESS MODELS



FOR OUR SHAREHOLDERS

- FY 2023-24 Revenues increased by 7%; EBITDA margin grew by 36%
- Rewarded shareholders with 300% Dividend for FY 2023-24 (subject to approval by Members in the AGM)



FOR OUR CUSTOMERS

- 84.3% Overall Customer Satisfaction Score
- Addressing changing needs and preferences, and providing adequate after-sales support
- Seeking faster and convenient ways to reach customers through a dedicated and extensive network of Channel Partners



FOR OUR EMPLOYEES

- 71% Employee Engagement Score
- Launched an Employee Well-being Policy; Formed various employee-specific clubs
- Provided training and awareness programmes, initiatives on skill development and employee engagement; maintained focus on diversity, equity & inclusion



FOR OUR SOCIETY

- Continued to conduct CSR activities in villages with key focus on our strategic pillars of Health, Education, Disaster Management and Environment
- Spent ₹ 32.19 mn on CSR activities in FY 2023-24



FOR OUR PLANET

- Implemented environmental stewardship initiatives to effectively minimise our operational impact on biodiversity, natural resources and air quality
- CII GreenCo certified manufacturing plants (5 plants)
- CII GreenPro Ecolabel certified products (4 products)

OUR STRATEGY ROADMAP

KBL's strategy and business model lies at the heart of our capacity to create and sustain value over time. Our holistic approach to creating value is underpinned by our strategy, objectives and targets. Each of our business units have specific strategies that align with the organisation's overall business goals.

Strengthening our offerings, enhancing our geographic presence, increasing market share, focussing extensively on our smart and innovative solutions, and setting new standards in product innovation, efficiency, reliability and sustainability are some of our key priorities.

To operate in a challenging environment and to make the organisation even more competitive in the global business landscape, we have devised our strategies and key priorities, aimed at unlocking our full potential and delivering increased value to all our stakeholders.

SO1: Widening Market Reach

| Focus Areas | Progress in FY 2023-24 | Key Risks |
|---|---|---|
| <ul style="list-style-type: none"> Leveraging global presence Focus on high-growth segments Enhancing product basket to cater new applications Building the brand further Increasing market reach through our Channel Partners | <ul style="list-style-type: none"> High growth in order booking from focussed countries Sustained leadership position in growing market segments Launch of new products for Industrial, Domestic and Agricultural segments 50% of business revenues contributed by Channel Partners | <p>R3: Financial performance risk affecting margins</p> <p>R4: Delay in commercialisation of new technologies</p> <p>R6: Geopolitical risk</p> |

SO2: Improving Operational Efficiency

| Focus Areas | Progress in FY 2023-24 | Key Risks |
|--|--|--|
| <ul style="list-style-type: none"> Increasing overall revenue through introduction of new products, value-added offerings, and by providing aftermarket sales and service Optimising margins with competitive and value-based pricing and product upselling Improving costs and processes by optimising workflows, eliminating inefficiencies and generating higher share of Green Energy Continuous financial analysis, cost control and working capital management | <ul style="list-style-type: none"> 227 variants of new products including energy-efficient models developed Increased revenues from aftermarket segment 20% - 22% electricity consumption served by renewable energy (solar and wind) with plan to enhance it further up to 70% by FY 2025-26 36% growth in EBITDA | <p>R1: Talent management - Recruitment and retention</p> <p>R2: Cyber and information risk</p> <p>R3: Financial performance risk affecting margins</p> <p>R4: Delay in commercialisation of new technologies</p> |

SO3: Digital Transformation

| Focus Areas | Progress in FY 2023-24 | Key Risks |
|---|--|--|
| <ul style="list-style-type: none"> Increased digitisation of business processes Enhancing operational efficiency and employee productivity with intelligent automation of software Becoming "Business Continuity Ready" to manage IT-related disasters Adopting new technologies, such as 3D printing, AR, VR and IoT | <ul style="list-style-type: none"> Migrated our legacy system to new platforms and enabled software consolidation Deployed AI/ML-based tools for real-time monitoring of end-point cyber threat Launched Fire IoT – IoT-based solutions for fire pumpsets Enhanced Enterprise Resource Planning (ERP) in manufacturing | <p>R1: Talent management - Recruitment and retention</p> <p>R2: Cyber and information risk</p> <p>R3: Financial performance risk affecting margins</p> <p>R5: Rise in procurement cost and heavy dependence on limited suppliers</p> |



SO4: Environment Protection

| Focus Areas | Progress in FY 2023-24 | Key Risks |
|--|---|---|
| <ul style="list-style-type: none"> Developing energy-efficient and lowest lifecycle products Conserving biodiversity at plants Setting up environmental and energy management systems Enhancing consumption from renewable energy Finalising Net Zero roadmap for KBL | <ul style="list-style-type: none"> Awarded GreenPro Ecolabel certification for Cast Iron and Alloy Cast Steel foundry castings, DBxe End Suction Pump Series and Horizontal Split Case LLC™ Series of pumps Awarded CII GreenCo certification for 4 manufacturing plants 424 BEE-certified star-rated products including 4-star and 5-star ratings ISO 14001:2015 Environmental Management System certification and compliance for 9 plants ISO 50001:2018 Energy Management System certification and compliance for 5 of our plants Completed Scope 1, 2 & 3 inventorisation for all our locations Developed special habitats and landscaping at Kirloskarvadi and Dewas plants | <ul style="list-style-type: none"> R1: Talent management - Recruitment and retention R3: Financial performance risk affecting margins R4: Delay in commercialisation of new technologies R5: Rise in procurement cost and heavy dependence on limited suppliers |

SO5: Talent Management and Competency Development

| Focus Areas | Progress in FY 2023-24 | Key Risks |
|---|---|---|
| <ul style="list-style-type: none"> Employee engagement Leadership development Diversity and inclusion Skill upgradation | <ul style="list-style-type: none"> 7.3% female workforce (increased gender diversity) Set up leadership competency model and collected 360-degree feedback for Leaders 71% employee engagement score in employee engagement survey (Your Voice Counts); developed action plan for further improvement Launched employee well-being policy and formed various clubs; Revisited various people policies as part of action planning Undertook continuous skill upgradation programs for all employees | <ul style="list-style-type: none"> R1: Talent management - Recruitment and retention R2: Cyber and information risk R3: Financial performance risk affecting margins R4: Delay in commercialisation of new technologies |

SO6: Improving Plant Productivity

| Focus Areas | Progress in FY 2023-24 | Key Risks |
|---|--|--|
| <ul style="list-style-type: none"> Deploying TPQM as a foundation for lean transformation Identifying and eliminating inherent losses in manufacturing processes Integrating autonomous maintenance to improve equipment reliability | <ul style="list-style-type: none"> Achieved overall improvement in all KPIs for manufacturing plants Achieved improvement in OEE of plants through reduction in production losses and breakdown hours Sustainable deployment of productivity improvement initiatives Recorded highest output in cast iron, cast steel foundries and highest ever production of small and medium-sized pumps at KOV plant | <ul style="list-style-type: none"> R1: Talent management - Recruitment and retention R2: Cyber and information risk R3: Financial performance risk affecting margins R4: Delay in commercialisation of new technologies R5: Rise in procurement cost and heavy dependence on limited suppliers |

SO7: Supply Chain Management

| Focus Areas | Progress in FY 2023-24 | Key Risks |
|--|---|---|
| <ul style="list-style-type: none"> Continuous supply chain assessment for future growth Category-wise monitoring of quality, cost and delivery of procurement categories Automation and digitisation of related processes Undertaking vendor engagement programs Implementing ESG initiatives in supply chain | <ul style="list-style-type: none"> Vendor derisking / rationalisation completed for identified categories Registered improvement in Supplier Quality Score Deployed improved material planning and balancing processes at all plants Conducted vendor meet at KOV plant with participation from 240 suppliers Conducted ESG assessment of value chain partners, covering 65% of business spend | <ul style="list-style-type: none"> R2: Cyber and information risk R3: Financial performance risk affecting margins R5: Rise in procurement cost and heavy dependence on limited suppliers R6: Geopolitical risk |

SPP PUMP REFURBISHED OLD PUMP INTO AN ENERGY-EFFICIENT PUMP



A remarkable transformation unfolded at our group company, SPP Pumps Service Centre in Hyde when a gigantic CW Pump lying idle for 13 years was upgraded to an energy-efficient pump. After months of meticulous work, the project has succeeded with the revitalised pump despatched back to the power station located in the north-west of the UK. This is a testament to our dedicated team's exceptional capabilities and expertise. Beyond showcasing our technical prowess, this accomplishment also aligns with our commitment to sustainability, breathing new life into a piece of equipment that had long been dormant.



KIRLOSKAR HEAVY-DUTY FLOOD HANDLING PUMPSETS



22 kW to 220 kW Pumpsets
Discharge capacity up to
2,000,000 Litres Per Hour



Mumbai



Chennai



Ahmedabad



Guwahati



Patna



Kerala



Jammu & Kashmir

Autoprime Pumpsets: Plug and Play | Push Button Start | Self Priming | Remote Monitoring

SIX PILLARS OF OUR VALUE CREATION MODEL

At KBL, we create, preserve and defend value by using our resources responsibly to generate value maximising output. We have invested in the six capitals of our business model and reshaped our business strategy with the objective of creating long-term and accretive value for stakeholders.



Financial Capital*

Page No. 40

We consistently drive optimal value creation for long-term sustainable returns for our stakeholders.

₹ 27,560 mn

Total Income

18.056%

Return on Equity

₹ 30.65

Earnings per Share

*Standalone basis



Manufactured Capital

Page No. 46

We pursue our growth aspirations through organic and inorganic expansion to increase our capacity, while also ensuring efficiency, safety and sustainability through innovative processes and technologies.

18,000+

Pumps exported

17,000 MT+

Output from Inhouse Foundries

₹ 1,383 mn

Capital Expenditure

05

CII GreenCo Certified Manufacturing Plants



Intellectual Capital

Page No. 52

We are investing in disruptive technologies and digital transformation, driving improvement and innovative across businesses.

₹ 290 mn

R&D spend

227

New product variants launched

424

BEE Star Rated Product basket

3,800 mm

KBL's largest Turbine Inlet Valve with dual ground-mounted cylinder arrangement



Human Capital

Page No. 58

We work towards building a culture that promotes innovation and high performance and focusses on diversity and inclusion.

7.3%

Workforce diversity
(female employees)

2.7

Average man-days
training per employee

35

Team Building
Outbound Activities

71%

Employee Engagement (High
Performance Range Industry)

10%

Women representation in Leadership/
Senior Management Roles



Social and Relationship Capital

Page No. 70

We believe in continuous stakeholder engagement and in nurturing long-term relationships with our customers, suppliers and communities.

₹ 32+ mn

CSR Spend

5,000+

Active Supply chain partners

84.3%

Customer satisfaction index

96%

Local sourcing (within India)

800+

MSME Suppliers



Natural Capital

Page No. 78

We are investing in environmental initiatives to enhance our ecological footprint.

0.98 MT /
₹ mn of Revenue

Scope 1 & 2 Emission Intensity

12.92 kl /
₹ mn of Revenue

Specific water consumption

6.85 GJ /
₹ mn of Revenue

Specific Energy Consumption

31%

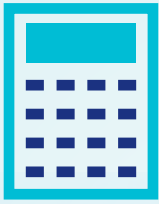
Recycled Water

04 Product Groups

CII GreenPro Ecolabel Certified

5,710 MT

Scope 2 Emissions avoided
using RE



FINANCIAL CAPITAL

Prudent planning and an excellent financial acumen are clearly reflected in KBL's reliable cash flow, robust balance sheet, healthy capital structure, industry-leading debt-coverage ratio, and consistent performance. Our highest ratings are a strong reflection of our robust standalone businesses and a healthy financial risk profile.

Strategies Impacted

S1 S2 S3 S4
S5 S6 S7

SDGs Impacted



Material Issues Impacted

- Economic performance
- Talent attraction and retention
- Supply chain management
- Customer safety and product quality
- Cyber security and digitisation
- Market presence





KBL ranked among the Top 500 companies on NSE in terms of market capitalisation as on 31st March, 2024



KEY HIGHLIGHTS

₹ **40,012** mn

Total revenue

₹ **5,783** mn

EBITDA

₹ **3,497** mn

PAT

26.4%

ROCE

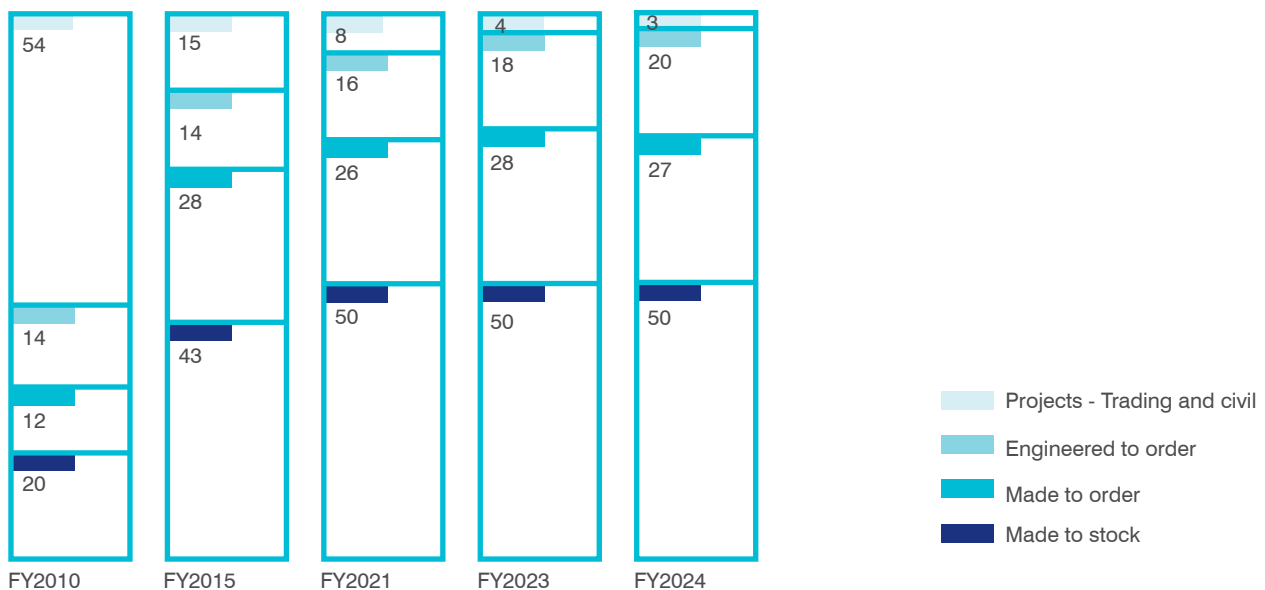
₹ **91,034** mn

Market Capitalisation

₹ **6**

Dividend per share

IMPROVING PRODUCT MIX (%)



Only KBL (Standalone) has a presence in EPC/Projects Business.
No international subsidiaries are present in EPC/Projects.

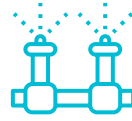
Our range of product categories [Made to Stock, Made to Order, Engineered to Order and Projects (Trading & Civil)] are offered to various sectors as below –



BUILDING & CONSTRUCTION



INDUSTRY



WATER & IRRIGATION



MARINE & DEFENCE



OIL & GAS



POWER



RETAIL PUMPS

Focus from project to product business

In a strategic move, we reduced our EPC business exposure over the last decade, while increasing contribution from services and other value-added products. We also heightened our focus on higher-margin profitable contracts in the water, power and irrigation sectors.

Our minimal exposure to low margin and working capital-intensive EPC projects led us to improve our working capital cycle and cash flows and maintain a consistent revenue

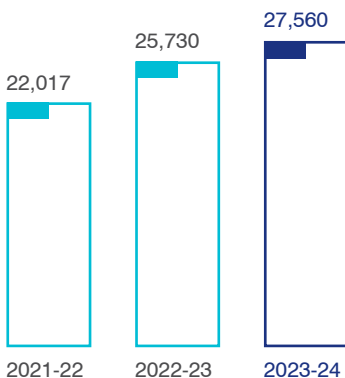
stream. This strategic development promises a positive outlook on the overall business environment and creates multiple growth triggers.

We foresee a further improvement in our profitability based on an improved business mix of international operations, steady commodity prices, calibrated price enhancements, and an increased proportion of high-margin and reliable services businesses.

Direct Economic Value Generated and Distributed (KBL Standalone)

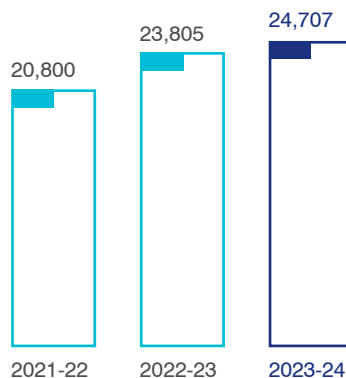
Economic Value Generated

(Amounts in Million ₹)



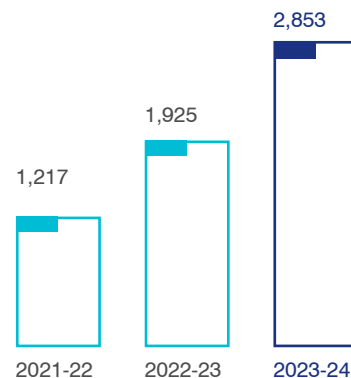
Economic Value Distributed

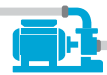
(Amounts in Million ₹)



Economic Value Retained

(Amounts in Million ₹)





Economic Value distributed for Major Stakeholders (Standalone basis)

(Amounts in Million ₹)

| | 2023-24 | 2022-23 | 2021-22 |
|---|---------|---------|---------|
| Material cost and other operating costs | 20,348 | 20,082 | 17,581 |
| Employee expenses and benefits | 3,431 | 2,873 | 2,509 |
| Income taxes paid to government | 791 | 661 | 328 |
| Finance cost to providers of funds | 58 | 138 | 158 |
| Community investments under CSR | 32 | 24 | 26 |
| Dividends to shareholders | 357 | 238 | 238 |
| Economic value retained by KBL | 2,853 | 1,925 | 1,217 |

Domestic Subsidiaries and Associates – Economic Value Distributed

(Amounts in Million ₹)

| | KPML | KCPL | KEPL | TKSL |
|-------------------|-------|------|-------|------|
| Materials | 3,699 | 110 | 1,634 | 350 |
| Operation | 656 | 195 | 704 | 281 |
| Employee Expenses | 248 | 41 | 425 | 102 |
| Finance Cost | 5 | 4 | 37 | 62 |
| Taxes and Duties | 193 | 16 | 81 | 0 |
| Dividend | 156 | 0 | 40 | 0 |

DELIVERING SUSTAINABLE RETURNS

We take great pride in managing our finances in a way that helps us deliver long-term growth and profitability. A strong balance sheet, which is an outcome of cost optimisation, and a diverse pool of cost-effective product offerings facilitates the company in exploring multiple opportunities in an ever-changing industrial landscape.

Our robust financial planning processes examine financial requirements for long-term operations and investments in current and future business sustainability besides development prospects.

KEY FOCUS AREAS FOR SUSTAINABLE RETURNS

1. RETURN-BASED APPROACH

Our competitive cost of production and value-added product mix drives our margin profile and Return on Capital Employed (ROCE). Our capital and resource allocation policy aims to generate consistent and strong returns for both the business and financial capital providers.

By producing our goods at competitive costs and offering a large portfolio of value-added products, we have improved our margin profile and raised the ROCE. Our primary objective is to provide all the resources necessary for our expanding businesses, including our standalone

and subsidiary entities, in a manner that enables them to generate sufficient returns, and in turn, create value for all our stakeholders and shareholders.

2. PRUDENT CASH FLOW MANAGEMENT

We maintain a prudent equilibrium between our cash inflows and outflows and manage our capex requirement through internal cash accruals. We continue to generate positive cash flows and maintain sufficient liquidity to satisfy our current, anticipated and future cash flow demands.

3. OPTIMAL CAPITAL STRUCTURE

Focussed efforts to minimise our debt costs have led us to become a zero debt company, while providing us the latitude to pursue growth opportunities. Our conservative approach towards debt accumulation enables us to rely heavily on internal accruals to finance our operations and growth objectives.

4. VALUE CREATION

Our primary priority – an ongoing exercise – is to continue to create value for our customers and shareholders. We have implemented several measures to ensure timely and efficient product deliveries to our customers and maximise value creation, while also streamlining processes to implement operational efficiencies in multiple business domains.

5. COST-FOCUSED STRUCTURE

Implementation of numerous cost-optimisation and backward integration initiatives that drive cost efficiencies have gained for our businesses global recognition in cost leadership. Effective supply chain management has ensured timely delivery of essential inputs, effective logistics and warehousing. An efficient working capital cycle has helped us to emerge as cost leaders in the manufacturing industry.

We are continually deploying and integrating new technologies into our business operations. Automation of processes have raised cost efficiency, resulting in reduced expenses and industry-leading quality.

DIVERSIFYING REVENUE BASE

We expect significant growth in our overseas services business as most of our international customers are increasingly outsourcing their requirement for maintenance and monitoring of the installed pumps. Our IoT-enabled platform and subscription-based services have helped us to diversify our total revenue base and enhance the overall margin profile.

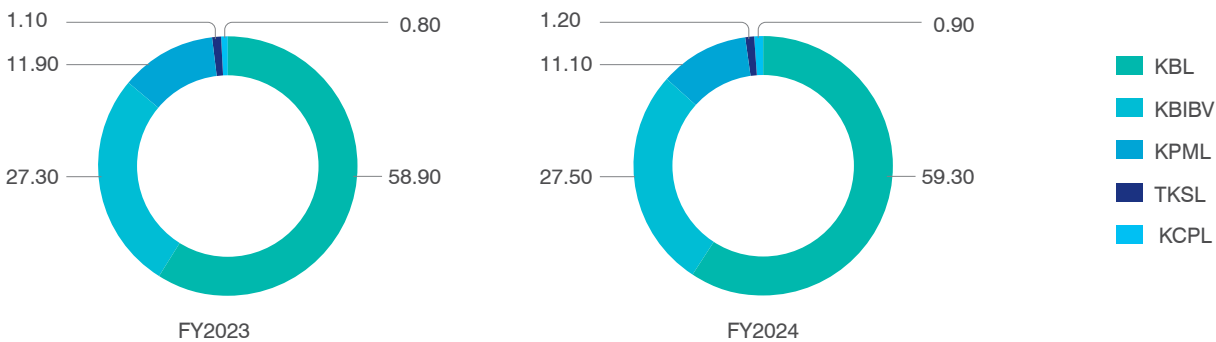
TOWARDS FUTURE GROWTH

Our EBITDA is expected to increase due to factors such as declining commodity prices, improvement in the global supply chain, cost rationalisation measures and an increasing share of services revenue. Future growth at KBL will be driven by a healthy order book for our 'Made-to-Order' and 'Engineered-to-Order' products.

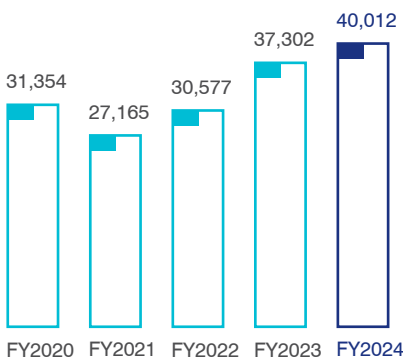
MAINTAINING PRODUCT COMPETITIVENESS

We have undertaken value engineering at the product level to reduce product weight and improve power efficiencies. To enhance product competitiveness in the market, the Company has further introduced on-line monitoring of pump performance and advanced manufacturing technologies such as three-dimensional printing, artificial intelligence, virtual reality, and Internet of Things.

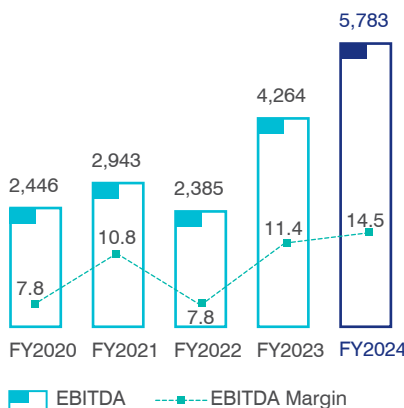
Break-up of Group Revenue from Operations (%)



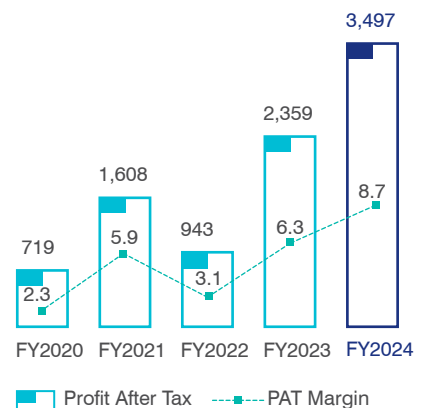
Revenue (Amounts in Million ₹)



EBITDA (₹ Million) and EBITDA Margin (%)



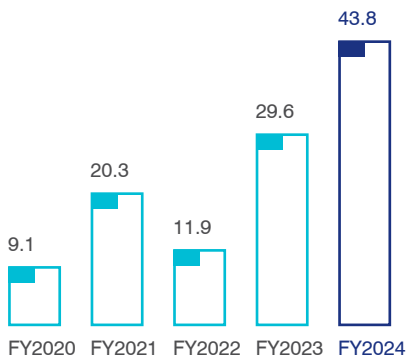
Profit After Tax (₹ Million) and PAT Margin (%)



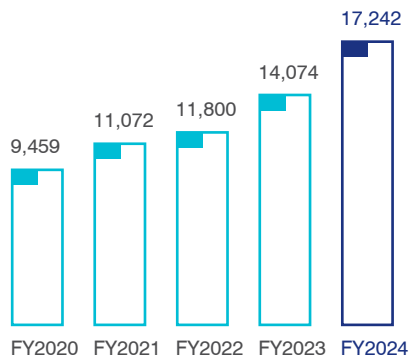
Note - The above numbers are on consolidated basis.



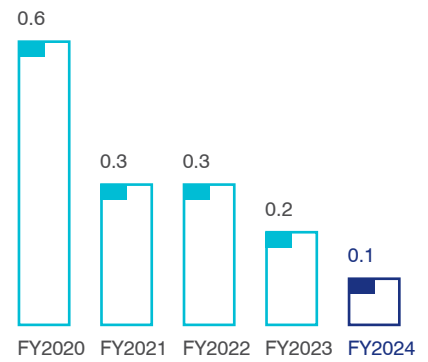
Earnings Per Share (₹)



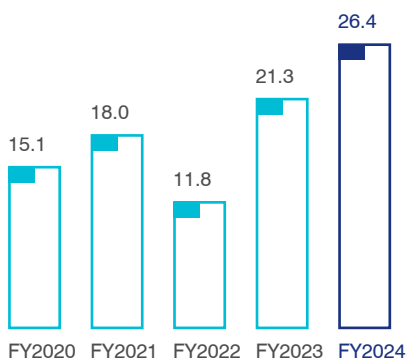
Net Worth (Amounts in Million ₹)



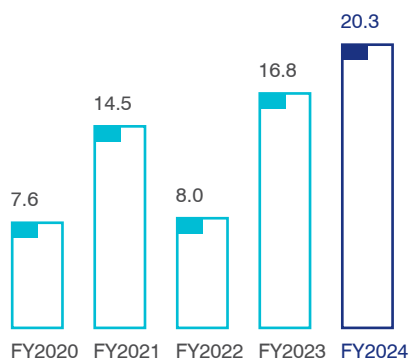
Leverage (X)



ROCE (%)



ROE (%)



Note - The above numbers are on consolidated basis.

SUBSIDIARY COMPANIES

Share of Local Spending

Kirloskar Corrocoat
Private Limited (KCPL)

89.39%

Karad Projects and
Motors Limited (KPML)

97.06%

The Kolhapur Steel
Limited (TKSL)

100%

Kirloskar Ebara Pumps
Limited (KEPL)

96.59%





MANUFACTURED CAPITAL

Our state-of-the-art and advanced manufacturing facilities have end-to-end capabilities – right from designing and manufacturing to testing and packing of pumps. These facilities are equipped with best-in-class systems and processes that enable us to operate safely and sustainably. We utilise all our resources prudently in line with global best practices. With constant focus on innovation, we strive to deliver high quality products and create concepts that are scalable and replicable across plants.

Strategies Impacted

S2 S3 S4
S5 S6 S7

SDGs Impacted



Material Issues Impacted

- Product stewardship and innovation
- Emissions
- Health and safety
- Energy management
- Materials
- Talent attraction and retention
- Compliance
- Supply chain management
- Customer safety and product quality
- Risk management
- Cyber security and digitisation





KEY HIGHLIGHTS

10

Manufacturing Facilities

320,000+

Total Capacity - Pumps & Valves

227

New Product variants launched

09

Plants Certified for
ISO 9001 & ISO 14001

05

In-house foundries at
Kirloskarvadi

05

CII GreenCo Certified Plants

1,400+

HYPN Systems
delivered

HPML

High Pressure Molding Line
Technology for Cast Iron
Foundry at Dewas

WHAT WE PROVIDE

End-to-end offerings from conceptualisation and product manufacturing to implementation

Growing presence in multiple sectors across regions (fast-growing ASEAN region)

Strategic manufacturing locations spread across 4 continents in 5 countries

Diversified presence across multiple segments (B2B, B2C and B2G) and multiple business models (Made to Stock, Made to Order, Engineered to Order, EPC and Services)

Increasing the mix of value-added products, end-to-end solutions and new product launches

Selectively supplying to large system integrators and service providers for government schemes

OUR VALUE PROPOSITION

Offering customers a complete basket of solutions across multiple industries and geographies

Strong presence in sunrise sectors like chemicals, petrochemicals, wastewater management and renewable energy

Ensures cost efficiency, reduced turnaround time and adherence to local standards and sourcing norms

Unimpacted by cyclical due to diversified proposition

Leveraging technological advances like 3D-printing, AI, AR and VR

Products with superior performance, low life cycle cost and thereby low cost of ownership



System Certifications

Total quality management enabled manufacturing facilities certified for Integrated Management System comprising (HO and all 5 KBL Plants):

- ISO 9001:2015 (QMS)
- ISO 14001:2015 (EMS)
- ISO 45001:2018 (OH&S)
- ISO 50001:2018 (EnMS)

Product Certifications

- IS 9079 for Monobloc pump sets
- IS 14220 for Openwell submersible pump sets
- IS 12225 for Centrifugal jet pumps
- IS 6595 for Horizontal centrifugal pumps
- BEE Star rating
- UL/FM Certification for valves

CII GreenCo Certifications

Our four manufacturing plants are now GreenCo certified -

- Dewas - Received GreenCo Gold certification
- KPML (Stamping Unit) - Received GreenCo Gold certification
- Kirloskarvadi - Received GreenCo Silver certification
- Sanand and Kaniyur - Received GreenCo Bronze certification





MANUFACTURING MILESTONES

Dewas Plant

- 1) High Pressure Molding Line (HPML) commissioned in Aug-2023 at our Cast Iron foundry in Dewas. This has resulted in quality & productivity improvement along with reduction in carbon emission
- 2) In-house hydro test facility installed for hydrostatic pressure testing of pressure parts
- 3) Installed digital bursting tester to check strength of corrugated sheets/boxes used for packaging of pumps
- 4) Installed induction heater for hot pressing of KVM motor body to improve quality and capability
- 5) Recorded highest production in single phase assembly line in FY 2023-24 with growth of 37%

- 6) Commenced practising 8 pillars of TPM

Kaniyur Plant

- 1) Installed Servo Press for stator pressing in aluminium motor body
- 2) Installed automatic pump performance testing machine. No manual intervention is required with fully computerised testing
- 3) Commenced practising 8 pillars of TPM

Sanand Plant

- 1) Introduced 107 new product variants during the year; of these, 85% are star-rated 'energy efficient' models
- 2) Implemented 4 KARAKURI projects under TPM drive to improve productivity and reduce operator fatigue

Key Achievements of Kirloskarvadi Plant

- 1) Achieved highest pump manufacturing in Small and Medium Pump Division a financial year with growth of 7%
- 2) Highest number of pumps manufactured in a month (March-24) recording 12% growth over the previous best
- 3) Achieved highest despatch in a month (March-24) with growth of 35%
- 4) Highest number of pumps tested with growth of 15%
- 5) Highest sale of small vertical turbine pumps - with growth of 44%
- 6) Highest Large Pump Division despatch with growth of 16%
- 7) Highest despatch of End Suction Pumps with growth of 15%
- 8) Improved OTIF performance with growth of 20%

Key Initiatives at Kirloskarvadi

- 1) Initiated standardisation of VT Pump components for 16 pump models. Conducted optimisation of packing box sizes for better utilisation of containers
- 2) Commissioned 1,250 kW new induction furnace of 1,500 kg in cast iron foundry to achieve 80 tonnes of melting capacity per day
- 3) Initiated refurbishment and upgradation of K-line sand plant to achieve 300 numbers of moulds per day
- 4) Completed revamping of Split Case Pump division layout achieving increase in assembly productivity by 15%
- 5) Commenced modernisation of small vertical turbine Pump Assembly
- 6) Initiated modernisation of DBxe Assembly to increase pump production by 50%
- 7) Established a dedicated R&D pump testing facility
- 8) Established a state-of-the-art Safety Training Centre at KOV. The centre displays a gallery with all types of Personal Protective Equipment (PPE) used at KBL, with detailed information presented in the local language. Orientation at this Centre starts with a message on Audio Safety.

Valve Plant

Largest Turbine Inlet Valve: Manufactured the largest 3,800 mm valve with dual ground mounted arrangement



Foundry

- 1) Replicast Foundry - Produced highest tonnage in a financial year with growth of 23%
- 2) Alloy Cast Steel Foundry - Produced highest tonnage in a financial year with growth of 24%



Flagging off ceremony of special pumps for nuclear segment by high level delegates from BARC and ATVP

**DIGITAL MANUFACTURING /
AUTOMATION**

- Installed ANDON Board, a signalling system that notifies teams about the status of a manufacturing line
- Implemented returnable and non-returnable challans through SAP, a leading data processing system
- Installed CCTV at High Pressure Moulding Line
- Use of Zebra printer to provide technical specification of export order on the MRP sticker
- Auto linkage of name tag recognition software (Agile) through SAP for task management and delivery of quality products
- Installed Industry desktop for achievement of higher precision at turbo testing of all production lines
- Installed 3 laser marking machines to improve product aesthetics and productivity
- Eliminated manual intervention and record keeping in registers by introducing bar code-based motor serial number recording and data storage in computer
- Installed new robotic welding machine for achieving superior weld overlay quality in house

Digital Tracking with Live Reports

- Availability of live status of each sales order for complete manufacturing cycle, from order receipt to logistics
- Digitisation triggers each process owner to complete task on time
- Live dashboard for pending orders
- Tracking of pending purchase requisitions and purchase orders at supplier's end
- Improved plant efficiency and on-time delivery

AWARDS & ACCOLADES

- Dewas plant won the prestigious Total Productive Maintenance (TPM) award by Japan Institute of Plant Maintenance (JIPM)
- Dewas and Sanand plants awarded 'Silver medal' following National Awards for Manufacturing Competitiveness (NAMC) 2023 assessment, conducted by International Research Institute for Manufacturing (IRIM)

Other Recognitions won by Sanand plant

- Won the 'Par Excellence Award' for 5S Kaizen Case Study Presentation in the 9th National Conclave on 5S organised by Quality Circle forum of India (QCFI), Ahmedabad Chapter
- Awarded 'Winner - Excellence in Engineering & Design' in large category by Manufacturing Today Conference & Awards 2023
- Awarded 'Winner - Excellence In Innovation' in large category by Manufacturing Today Conference & Awards 2023
- Awarded 'Winner - Excellence In Operation' in large category by Manufacturing Today Conference & Awards 2023
- Awarded 'Winner - Excellence In Sustainability' in large category by Manufacturing Today Conference & Awards 2023
- Awarded 'Runner up - Excellence In Human Resources' in large category by Manufacturing Today Conference & Awards

Kirloskarvadi plant received the prestigious 'Narayan Meghaji Lokhande Award for Industrial Safety and Health'. In a state level competition, KOV plant ranked 3rd in 'Hazardous Industry Large-scale' category in Maharashtra.

SUBSIDIARY COMPANIES**Kirloskar Corrocoat Private Limited (KCPL)****KEY HIGHLIGHTS**

- Achieved OEE as per the annual target
- Achieved highest sale in FY 2023-24 exceeding 5-year-old previous best
- Corroglass AR4 - Special corrosion coating product manufactured for special application like caustic soda



Kirloskar Ebara Pumps Limited (KEPL)



KEY HIGHLIGHTS

Developed BB5 model pumps with higher efficiency for use in 4 stations of NRL pipeline job

Key Product, Systems and Other Certifications

- Successfully completed plant audit for manufacturing and testing facility of pumps by North Oil Company, Qatar
- CE-ATEX Certification for turbine models KTB, KTD and KTB high back pressure

- Lead Auditor Certification in QMS – 5 nos.
- NACE Level-II Certification – 1 no.

Major Milestones Achieved in Manufacturing / Production

- Installed and commissioned SCADA system for online monitoring and recording of turbine test performance results
- State-of-the-art machine monitoring system to record vibrations during pumps and turbines testing, installed and commissioned
- Installed and commissioned torque meter for performance testing, which is conducted for power measurement, as per customer's requirement
- Advance technology tooling (Thread mill & End mill cutter) adopted in CNC machine shop to reduce machining cycle time, which has resulted in saving 399 machine hours and achieved energy savings of 69,825 kWh

Technology-related initiatives

- SCADA system in Turbine Testing Lab

Karad Projects and Motors Limited (KPML)



KEY HIGHLIGHTS

- Expansion of manufacturing facility for Healthcare application completed and inaugurated by Mr. Ravindra Samant, Managing Director at Motor Division on 27th June, 2023

- Installation of Submersible Turbine Pump (STP) manufacturing setup at Motor division
- Installation of higher capacity punching press for higher frame laminations in Stamping division

NEW PRODUCTS LAUNCHED

- Oil circulating pump for healthcare application
- Special motors for fire fighting application, up to 315 frame size
- Submersible turbine pump for fuel dispensing system
- Coalescer and priming tank assembly
- Vacuum pump

AWARDS & ACCOLADES

- Won Platinum award in CII's National Kaizen competition for safety

The Kolhapur Steel Limited (TKSL)

KEY HIGHLIGHTS

- OTD achieved above 92%
- Increased order booking for superior grades product basket of MS:AS:SS -31:17:53 (FY 2022-23: 43:09:47)
- Increased ratio of proof/finish machined orders to 29:71 machined: unmachined casting (FY 2022-23: 8:92)
- Achieved highest production and despatch value in a financial year





INTELLECTUAL CAPITAL

Over the past decade, we have made strategic investments in various digital initiatives, which have yielded benefits by providing technological advantages and additional revenue streams in the services business. Some of these initiatives include Virtual Reality (VR), Augmented Reality (AR), Artificial Intelligence (AI), Internet of Things (IoT) and 3-D printing.

Strategies Impacted

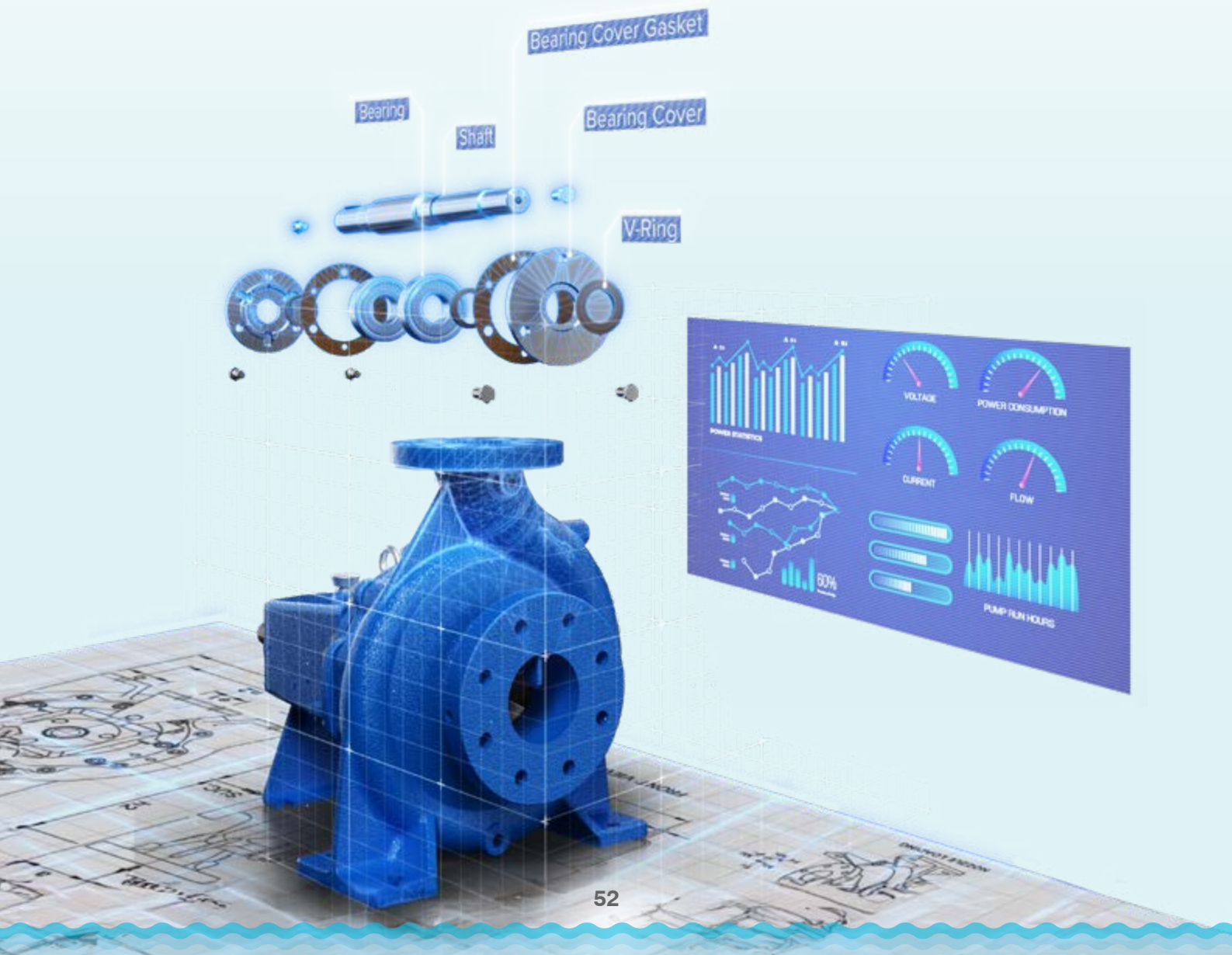
S1 S2 S3 S4
S5 S6 S7

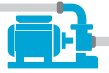
SDGs Impacted



Material Issues Impacted

- Economic performance
- Talent attraction and retention
- Supply chain management
- Customer safety and product quality
- Cyber security and digitisation
- Market presence
- Product stewardship and innovation





KEY HIGHLIGHTS

21

Total patents granted

03

Patents granted in
FY 2023-24

100+

Research papers filed

₹ 290 mn

Investments in R&D

01

Patent filed in
FY 2023-24

03

Research papers
published

14%

Contribution of new
product sales

227

New products launched

162

Number of R&D
employees

RECEIVED PATENTS FOR:

Inline water purification by investing in a system for online purification with pump, while supplying water

Shaft sealing mechanism for triple offset butterfly valve

Hydro power generation system



OUR INNOVATIVE SOLUTIONS

- KirloSmart™ Condition Monitoring next generation
- Special Pumps for nuclear applications
- Solar Pumping System
- Pump/Valve Selection Package
- Fire Pump Monitoring system
- Lowest Lifecycle Cost (LLC™) Pumps
- Augmented Reality Mobile Training
- Canned Motor Pump for industry, marine and defence ships
- Additive manufacturing 3D Printer
- Large 7.5 MW Vertical turbine pump
- FM/UL Fire Package with Auto-prime Unit
- Dry pit submersible pump NS600/64XDG can work as dry pit as well as wet pit
- Development of products towards import substitution
- KBL's Largest Turbine Inlet Valve of 3800 mm PN2.5 with Dual Ground Mounted Cylinder arrangement
- Commissioned 16 MW metallic volute pump with discharge guide vane
- Hydroturbines for Peruvannamuzhy (2 x 3000 kW) HEP and Pazhassi Sagar (3 x 2500 kW) HEP
- Monobloc pumps and Self Priming pump sets with IE4/IE5 Ultra premium efficiency motors
- 150 mm oil-filled submersible pump set
- Lifter pump series for domestic application
- 75 mm KS3 PURNA submersible pumps
- Wide voltage KAM series pumps

TECHNOLOGY TO TACKLE CUSTOMERS SUSTAINABILITY CHALLENGES

Customer Priorities

Energy efficiency

Lower downtimes and maintenance costs

Safety and maintenance

Technology Opportunities

High-efficient hydraulics and ultra-premium efficient motors

Remote multiple pump monitoring and diagnostics tool

Innovative design for energy efficiency, safety and maintenance ease

We are leveraging our technological and domain expertise:

1. To create a scalable and sustainable business through the subscription platform -
 - Proprietary innovative solutions
 - Remote failure prediction analytics, troubleshooting and monitoring
 - No periodic site visits required
 - Higher uptime, lower catastrophic failures and spare part inventory carrying costs to customer
 - Highly scalable with less manpower requirement
2. To lower turnaround time by taking efforts for Bill of Material automation
3. To improve time-to-market by establishing a new dedicated R&D test lab to handle upcoming product development

Digital Transformation of Projects

Bidding

- Pump selection software Dolphin for marketing executives

Engineering and Design

- 2D/3D digitisation of drawings, Windchill-data management of critical processes
- Auto generation of baseplate drawings based on linkage between Excel and CREO software, minimising manual intervention
- Development of various design sheets for swift calculations

Procurement

- Implemented through SAP Hana, Windchill-data management



LEADING DIGITAL TRANSFORMATION IN THE PUMPS INDUSTRY

Staying ahead of the curve through digital initiatives

3D Printing



- World's largest 3-D printer for foundries installed in 2013 at Kirloskarvadi plant
- Contributes significantly towards faster turnaround for standard and engineered moulds for castings used in domestic and export applications
- Flexible and universal as it supports replacement business in pumps

Augmented Reality/ Virtual Reality



- Used for training employees and customers
- Consistent service delivery by documenting knowledge of service engineers for a decade and ensuring this knowledge is our IP

Artificial Intelligence



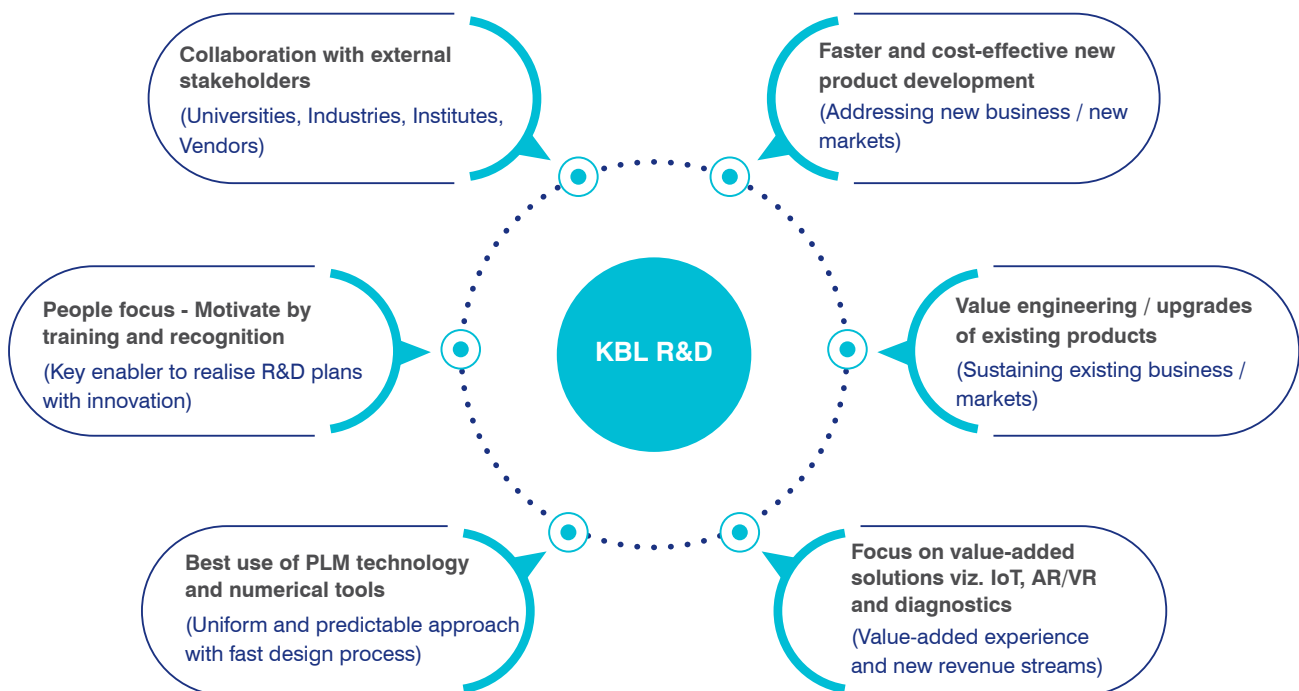
- Use of Dolphin, a system that provides a proprietary machine learning algorithm
- Analysis automation based on historical and live data with higher uptime and lowered catastrophic failure for customers

IoT



- Remote multiple pump monitoring and diagnostics tool that is accessible through smartphones and computers
- IoT-enabled manufacturing across domestic plants
- KirloSmart™ Fire is a remote monitoring solution for fire pumping system (Engine pump set and motor pump set)

RESEARCH & DEVELOPMENT STRATEGY



SHAPING A NEW ERA IN TECHNOLOGY

We were awarded a patent for the Hydro Power Generation System for PICO pump turbine, which underscores our steadfast commitment to innovative energy solutions and technological advancement. The salient features of the PICO hydro system include cost efficiency, enhanced mobility due to portability, minimal maintenance pre-requisites and a user-friendly compact design that simplifies installation.

We have also been granted patents for innovating a one-of-its-kind Shaft Sealing Mechanism for Triple Offset Butterfly Valve and System & Method for In Line Water Purification.

We continued to stay ahead of the curve by making investments in virtual reality, augmented reality, artificial intelligence and 3D printing, which has served to maintain our technological lead and create additional revenue streams in the services business. The use of artificial intelligence and self-learning systems for our sales teams and end users enabled selection, customisation and performance of application engineering around existing products. Simultaneously, augmented reality facilitated hands-on service and improved customer response.

We own the world's largest 3D printer at Kirloskarvadi plant for faster turnaround of moulds in foundries. We are addressing on minimising carbon footprint and supporting green gas emission process by additional focus on special DBxe series in stainless steel material and hydro turbines.

New R&D facility in Kirloskarvadi Plant



INNOVATIVE ENERGY SOLUTIONS AND TECH ADVANCEMENT

An unwavering dedication

- Our innovative KW-LC and KW-SC pumps have enabled our entry into the rapidly expanding HVAC market
- Suitable for a wide range of applications such as water supply, HVAC, hot water, drinking water and cooling water applications
- Addressing range extension of GKW and new series DBxe has introduced range efficiency and compliance with MEI 0.7 norms
- Readiness of FM / UL certified Products CD15K -MSMO (Multi-Stage Multi-Outlet) TQ20B, BT10D (Horizontal split case, Vertical Turbine Pumps with UL certification)
- Refining existing range of multistage RKBx pumps
- Introduction of innovative products such as High-Performance Butterfly Valve, Centric Butterfly Valve, Floating Ball Valve has addressed product gaps for different applications and made additions to the product basket, thereby improving market penetration
- Developed New Economical and Environmentally Sustainable range of "Series-E Butterfly Valve (Double/ Single Eccentric)



NEW R&D TEST LAB

- Captures all parameters with one-click
- Accurate and error-free power measurement
- Flexibility to select flow meter size
- No manual interference or human error

NEW COLLABORATIONS FOR R&D

- SICcast Germany for Flue Gas Desulfurisation slurry pump coating application
- IMPSA Argentina for mid to large hydroturbines

COLLABORATION INSTITUTIONS

- Hydraulic Institute (HI)
- Bureau of Indian Standards (BIS)
- International Organisation for Standardisation (ISO)
- FM (Factory Mutual) and UL (Underwriters Laboratories)
- Indian Institute of Technology (IIT) Madras
- Indian Institute of Technology (IIT) Powai
- Indian Institute of Science (IISc) Bengaluru
- National Institute of Technology Karnataka (NITK) Surathkal
- Veermata Jijabai Technological Institute (VJTI) Mumbai
- RIT College of Engineering for Online Monitoring of Domestic Pumps

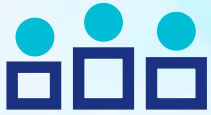
PEOPLE, COMPETENCIES AND SYSTEMS

- We have an enriched knowledge management system. It gives priority for preserving, nurturing, developing and harnessing both people knowledge and process knowledge
- The value of employee knowledge, skills, business training and proprietary information provides a competitive advantage for the Company. R&D team has a good mix of experienced and young engineers well trained and skilled in handling product development with excellent skills to handle modern numerical tools
- A focussed process-centric approach adapted by us helps the R&D teams to document the processes and ensure predictable results in all domains
- Our R&D team currently focusses on expanding its skills in Material science, IoT solutions and large hydro turbines in addition to several pump product developments for industrial and special applications

HIGH EFFICIENCY SUBMERSIBLE MODELS

- Released 29 models of 150 mm submersible pump series with high efficiency (5 star and 4 star - KS6 150, 240 & 260). This will help to increase the business from institutional orders
- Total 379 submersible models are now BEE star rated. Our focus is on increasing the 5 star and 4 star rated models. We have plans to add new 81 BEE models in 2024-25





HUMAN CAPITAL

KBL fosters a fair, inclusive and performance driven and collaborative work culture. Human Capital is one of our key assets which drives the company forward through competencies, expertise and continuously upgrading capabilities. We are creating a pipeline of high-calibre talent that is future-ready, offers diverse opportunities for growth and leadership and takes forward the KBL value system.

Strategies Impacted

S2 S3 S5 S6

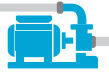
SDGs Impacted



Material Issues Impacted

- Health and safety
- Diversity, Equity and Inclusion
- Talent attraction and retention
- Business ethics and values
- Economic performance
- Human capital development
- Human rights labour conditions





KEY HIGHLIGHTS

2,783

Total Employees

7.3%

Women workforce

30%

Women representation on Board (3 Nos.)

86%

Retention Rate

360°

Feedback tool for leadership development

35

Team Building Outbound Activities conducted for collaboration and teamwork

10%

Women representation in Leadership / Senior Management Roles

2.7

Average man-days of training per year

71%

Employee Engagement Score (High Performance Range – Industry)

3.93

Engagement Index (on scale of 1-to-5)

8.28 : 1

Best-in-Class Positivity Index (Ideal Index is 5 : 1)

97%

Participation of employees in the engagement survey

High Score

(Range of 80 and above)

Engagement Drivers

3Ps of Promote, Perseverance and Passionate

Leadership Drivers

Strong Purpose, Business Direction, Confidence in Business, Customer-Centricity and Communication

Manager Engagement Drivers

Caring, Performance and Development Oriented, Sense of Belonging

HR Engagement Drivers

Performance Management, Learning & Development, and Brand Values

Well-Being Drivers

Best Friend and low possibility of anxiety and depression



INITIATIVES UNDERTAKEN IN FY 2023-24

Skill development programmes

- Root Cause Analysis
- TPM Change Control
- Excellence through Quality Prism

Performance and Career Development Reviews of Employees (%)

FY 2023-24

Employees 100
Workers 100

FY 2022-23

Employees 94
Workers 100

We continually invest in human capital development which includes skill enhancement that is contemporary while providing employees with a diverse and enriching experience for mutual growth. This enhances the employability of workforce and enables a smooth transition for exploring alternate employment opportunities.

Fostering Employee Well-being

KirloFit and KirloMind Clubs:

Nurturing a culture of engagement is our top priority. We have cultivated vibrant communities through clubs like KirloFit and KirloMind, fostering wellness and creativity within our KirloSphere.



Parivar Sukarsha Yojana

A pioneering approach to group term life insurance, wherein the standard income benefit is extended to the family of the deceased employee for a period of five years.

Group Personal Accident Plan

A 24/7 global platform for any accidents or deaths

KBL Benevolent Fund

This fund is maintained through employees' contribution to extend financial help to the family in case of his/her death in service





Investing in the Right Talent

Leadership Competency Framework

We consider this as a roadmap for identifying and cultivating leadership talent at all levels, aligning individual capabilities with organisational goals and values.

We aim to implement leadership competency framework not only for a structured approach to defining, assessing, and developing the skills, but also to build behaviours required for effective leadership within an organisation.

Technical Competency Framework

By using this framework, we tend to outline the essential competencies and proficiency levels needed for individuals to perform effectively in their roles. Typically, a technical competency framework includes a set of core competencies, specialised skills, and behavioural indicators aligned with the goals and requirements of the organisation or the industry.

We plan to implement framework for a structured approach to defining, assessing, and developing the skills

and knowledge required for success within a specific technical domain or industry.

Capability Building

This is a training program organised for young engineers on “Design Thinking” and “Systematic Way of Problem Solving”. These initiative will help in building engineer’s capabilities with respect to innovation, out-of-the-box thinking and problem-solving. This shall ultimately help them in better understanding of customer needs and designing innovative products that are environment-friendly, energy-efficient and safe to operate.

Cross-functional teams are trained on above skill work on different projects to solve customer needs and develop processes. We have also collaborated with the Indo German Chamber of Commerce for skill development of employees working on Computerised Numerical Controlled (CNC) machines.

We conducted an Assessment & Development Session for our Leadership team, which helped them in leveraging their key strengths and for working around the areas of improvement.

Revisiting People Policies

At KBL, we revisited our wellbeing policies to ensure that organisational policies remain effective instruments for achieving strategic objectives, promoting ethical conduct, and sustaining organisational success.

Performance Management System

• 360-degree Feedback

This is aimed to foster open communication and build trust within the teams. By understanding how colleagues perceive each other’s strengths and weaknesses, the teams can address interpersonal challenges, improve collaboration, and build a more cohesive working environment.

• 30-60-90-120 Feedback

We conduct 30-60-90-120 day reviews to help employees in understanding the culture, business practices, team structures, short-term and long-term organisational goals, and expectations from them as per their job roles.

PROMOTING DIVERSITY AND INCLUSION

At KBL, diversity isn’t just a buzzword, but one of our core values. We believe in the power of different perspectives, backgrounds and experiences coming together to drive innovation and success. Hence, we are dedicated to ensure that our workforce reflects the rich tapestry of the society. With a target of achieving 30% female workforce, we are actively working to break down barriers and create opportunities for women in our organisation, and also to ensure there is no discrimination in the hiring process.

GENDER EQUALITY AND WOMEN EMPOWERMENT

To continue our focus on women empowerment, we employed 15 young female MBA Graduates from North-East to leverage the region’s socio-economic model. These women are from Assam, Arunachal Pradesh, Agartala, Manipur, Meghalaya, Mizoram, Nagaland and Siliguri (West Bengal) and have been deployed in front-end sales at different locations.

A testimony to the importance bestowed on Gender Equality and Women Empowerment:

EMPLOYEE DISTRIBUTION AGE-WISE

| Age Range (In 5 Years) | Count of People |
|------------------------|-----------------|
| 18-20 | 38 |
| 21-30 | 595 |
| 31-40 | 938 |
| 41-50 | 670 |
| 51-60 | 554 |
| 61-76 | 14 |

KBL standalone

All-Women operated Manufacturing Facility at Kaniyur

35% women workforce in Sanand facility

The “All-Women” associates hold an astonishing record of assembling a pump in a record time of 17.25 seconds – a feat acknowledged by the Limca Book of Records.

All-Women operated Manufacturing Facility at Kaniyur

The state-of-the-art manufacturing facility at Kaniyur for small pump

operations is special for a significant reason. It is the world’s first and only pump manufacturing plant to deploy 100% women workforce in

its manufacturing set-up. The unit provides all the required facilities to women associates, including transport, good working conditions and social security measures.





EMPLOYEE ENGAGEMENT

At KBL, we have cultivated vibrant communities to foster wellness and creativity within KirloSphere by setting up clubs like KirloFit and KirloMind.

71%

Employee Engagement Score

In our ongoing commitment towards cultivating a culture of collaboration and empowerment, we have implemented a strategic initiative aimed at enhancing employee engagement across all our company locations. Recognising the invaluable contributions of our team members, we have instituted action planning sessions followed by comprehensive reviews to address and resolve issues effectively.

We understand that a happy and healthy workforce is the cornerstone of our success, hence we aim to create meaningful experiences and building a workplace where everyone thrives. Our revamped induction process ensures that new hires embark on their journey with us feeling energised and supported. Additionally, we believe in celebrating diversity and fostering community spirit through events like Diwali and Dandiya. Alongside, we also promote fitness classes, yoga, and sports such as cricket, badminton, indoor games, various outdoor games, and also regular health check-ups.

We revisited various people policies as a part of our action planning, with changes in Higher Education Policy, Health Club Reimbursement, Travel Policy, Local Travel Policy, and Change in Working Hours at Head Office, and the Advanced Salary Disbursement Date. We also implemented the National Pension Scheme for our mid-level and junior-level employees.

Employee Engagement Activities

Badminton Tournament



KirloFit Badminton Tournament: A Smash Hit Event!

The KirloFit Badminton Tournament held at our organisation was a thrilling event that brought together employees in a spirit of competition, camaraderie, and fitness. Organised under the banner of KirloFit, our workplace wellness initiative, the tournament aims at promoting physical activity and teamwork among the staff members.

Yamuna Premier League (YPL) and Kirloskar Premier League (KPL): A Grand Slam of Cricketing Excellence!

The Yamuna and Kirloskar Premier League was a thrilling cricket tournament that united the employees in a celebration of sportsmanship, talent, and teamwork. Organised under the KirloFit Club, the league aimed at fostering a sense of community and camaraderie among the staff members through their beloved game of cricket.

The Yamuna Premier League and Kirloskar Premier League were both a resounding success, embodying the values of teamwork, sportsmanship, and healthy competition. We look forward to future collaborations and initiatives that will continue to promote unity and well-being among the employees through the universal language of cricket.



Navratri Celebration: A Vibrant Dandiya Night Extravaganza!

The Navratri Celebration - Dandiya Night organised by us was a lively and colourful event that brought together employees to celebrate the joyous festival of Navratri. Organised with enthusiasm and cultural flair, the Dandiya Night aimed to honour tradition, foster community spirit, and spread festive cheer among staff members.

Family Day

The Family Day event was a heartwarming celebration that brought together the employees and their loved ones for a day of laughter and shared experiences. Organised with the aim of strengthening familial bonds, the event provided a platform for employees to showcase their workplace to their families and create lasting memories.

The event turned out to be a wonderful opportunity reinforcing the importance of family, community, and work-life balance within the organisation.

We look forward to more of such future opportunities to come together, create cherished memories, and strengthen the bonds that make our workplace feel like one big family.



Special Day Celebrations

Independence Day Celebration

The Independence Day celebration was a patriotic and educational event that brought employees together to commemorate the spirit of freedom and independence. Through a themed quiz, the participants received an opportunity to test their knowledge of historical events, national symbols, and cultural significance associated with the special day.

Empowering Women's Day celebration

A Day of Engagement, Empowerment, and Celebration! The Women's Day celebration was a momentous occasion dedicated to honouring and

empowering the women within our workforce. From engaging activities to team building exercises, the event provided a platform for female employees to connect, collaborate, and celebrate their achievements in a supportive and uplifting environment.

The Women's Day celebration was a resounding success, embodying the spirit of empowerment, camaraderie, and celebration. As we commemorate this special day, we reaffirm our commitment to supporting and uplifting women in the workplace and beyond, and look forward to future opportunities for growth, collaboration, and empowerment.



Long Service Awards

To appreciate the employees' engagement and contribution, long service awards were distributed to 100+ employees. Many of our employees have worked with the Company for nearly four generations. These awards were distributed to employees who have served the Company for 15+ years.



EMPLOYEE WELL-BEING

Every year medical check-up is organised for all employees. Health talks are arranged for increasing awareness amongst people about good health, nutrition and exercise. They are also briefed on taking care of existing diseases like blood pressure,

heart diseases, cancer, and diabetes, among others.

We extend life insurance coverage for all our employees and permanent workers. In addition to this, Parivar Suraksha Yojana and Benevolent Fund

Scheme are also available for our employees and permanent workers.

In addition, we also provide pension benefits and post-retirement medical benefits for qualified staff. Workers are provided with pension benefits as covered under the relevant statute.

SUPPORT PROVIDED TO DIFFERENTLY ABLED EMPLOYEES:

As per the Rights of Persons with Disabilities Act, 2016, our organisation is accessible for differently-abled employees and workers, and similar provisions are set across our global footprint. We have a policy stating provision of fair employment and equal opportunities for all our employees and workers without discrimination on any grounds of race, caste, creed, religion, colour, ancestry, marital status, gender, sexual orientation, age, nationality, ethnic origin, disability, or any other category protected by applicable law.

We understand that differently-abled employees need special arrangements in the environment for mobility and independent functioning. At every premise and office, we have provided facilities at entry and exit points, washrooms, workstations, canteen and special vehicle parking spaces near



entry gate. They are given suitable job profile based on their capacity for doing work.

AWARDS & ACCOLADES

Mr. Mahadev Khot from the Kirloskarvadi plant was awarded with the "Gunwant Kamgar Puraskar", declared by the Labour Department, Government of Maharashtra. In the last few years, more than 10 of

our employees have received this prestigious award.

Kirloskarvadi plant received a prestigious "Narayan Meghaji Lokhande Award for Industrial Safety and Health" in a state level competition organised by Directorate of Industrial Safety and Health. Award was given by hands of Shri Suresh Khade, Minister of Labour, Government of Maharashtra.

GRIEVANCE REDRESSAL

Internal mechanisms to redress grievances on human rights:

- We have a robust grievance mechanism that helps us to have a stronger and stable workforce. It helps to resolve all concerns and facilitate in communicating people suggestions to the management through different channels
- Speak out session are organised giving opportunity to our employees to raise their grievances

- Our Whistle Blower Policy help employees to report to the management, instances of any unethical behaviour, actual or suspected fraud or violation of the company's code of conduct
- Buddy system helps new employees to learn their jobs and roles in

a better way and to make them understand various processes and systems of the organisation

- Different committees are formed like safety, canteen, IR, PF, and joint council committee to resolve grievances and also to improve the process

Plants and offices assessed for

100%

Health and safety practices

100%

Working conditions

OCCUPATIONAL HEALTH & SAFETY

Safety is our top priority, and we conduct several programmes to increase safety awareness amongst our employees. We focus on working along 360 degrees, i.e., from prevention to mitigation.

Manufacturing Plants

Our manufacturing plants are ISO 45001:2018 certified (Occupational Health and Safety Management System Standard). Our continuous efforts focus on ensuring a safe working environment for all employees and workers and this is achieved through regular audits aimed at identifying and monitoring health & safety-related incidents. We conduct fire drills and mock drills to assess the effectiveness of emergency plan. Employees and workers are sensitised about the precautionary measures on a regular basis through safety trainings.

Work-related hazards

We have adopted a systematic Hazard Identification and Risk Assessment (HIRA) approach to regularly identify work-related hazards. Trained professionals conduct regular audits for identifying the potential work-related hazards across operating



locations. We identify and implement safety controls for the safe execution of business operations. Employees and workers are encouraged to report the near miss cases through safety committees and other channels.

Handling work-related hazards

As a part of ISO 45001:2018 Management System, we have established procedures and programmes to report the work-related hazards and to safeguard our employees from risks. We have also implemented 'Safety Yellow Tag System' by which worker can raise the issue using yellow tags available in the shop floor. There is a Safety committee as well through which workmen can report hazards to the management. All workmen are instructed to not to take

any risk and are authorised to stop the work if there is any immediate risk to health and safety.

Facilitating non-occupational health services

Yes, we facilitate the accessibility of non-occupational health services to our workers through medical camps, vaccination drives and medical health check-ups. Our employees can avail financial assistance through medical claims. We also have voluntary health promotion services like health awareness webinars on 'Child Health Programs', 'Healthy Heart Program'. We also have an Occupational Health Centre at our manufacturing plants, where nurses with qualified doctor are available where workmen can avail non-occupational medical service.

Safety Trainings

Safety trainings are organised on different topics to all the staff for improving safety practices across KBL operations. The key topics covered in these trainings are – Fire Safety, Material Handling Safety, Hazard Identification and Risk Assessment, Working at Height, Permit System, Crane Safety, and legal requirements on EHS and safety passport system, among others.

Key Safety Programmes

- Mock drill
- Street plays on driving safety
- Street plays on use of single-use plastic
- Development of Safety Training Centre
- LPG safety training for female employees and employee families
- 2-wheeler Safe Driving Competition
- Safety Speech Competition
- Special drives to improve safety
 - Flammable material handling safety
 - Grinding safety assessment at shopfloor
 - Safety awareness campaigns

Safety Initiatives

- September 2023 was observed as the Safety Kaizen month to review risks in existing work practices and improve plant safety
- Organised Safety Improvements with protection guard
- Implemented Lockout & Tagout (LOTO) in all machine shops
- Installed Water Sprinklers on LPG gas bank to avoid fire in case of gas leak
- Organised Safety Programmes for schools – Navchetna Shibir was a special meditation programme for helping students enhance concentration during studies
- Organised a drawing competition on safety for school children at Kirloskarvadi



Human Capital Snapshot

KBL standalone

| | Male | Female | Total |
|---------------------------------------|-------|--------|-------|
| Total employees | 1,478 | 116 | 1,594 |
| Total workers | 1,101 | 88 | 1,189 |
| Role-Wise Distribution | | | |
| Permanent & Probationers | 2,429 | 168 | 2,597 |
| Trainees and Apprentices | 98 | 9 | 107 |
| Temporary/FTE | 48 | 27 | 75 |
| Third-party contract | 0 | 0 | 0 |
| New Employees Hired | | | |
| Age-wise Distribution | | | |
| Less than or equal to 30 years | 255 | 20 | 275 |
| Between 31-50 years | 155 | 10 | 165 |
| Over 50 years | 14 | 0 | 14 |
| Employee Attrition | | | |
| Less than or equal to 30 years | 119 | 13 | 132 |
| Between 31-50 years | 53 | 11 | 64 |
| More than 50 years | 9 | 0 | 9 |
| Performance Development Review | | | |
| Senior Management | 41 | 4 | 45 |
| Middle Management | 391 | 14 | 405 |
| Professionals | 829 | 78 | 907 |
| Para-professionals | 1 | 0 | 1 |
| Associates | 0 | 0 | 0 |

Note: For more details please refer to Principle 3 and Principle 5 of BRSR section on our Wellbeing, Human Rights, Health & Safety, Skill Upgradation and Training related initiatives of KBL standalone.

Human Capital Initiatives (Subsidiary-wise)

THE KOLHAPUR STEEL LIMITED (TKSL)

Initiatives on Human Capital development

- Career progression scheme for workmen
- Competition on Energy Conservation and Energy Quiz
- Sports Day for employee engagement
- Job rotation of employees for ensuring right person at right place

Initiatives on OH&S

- Internal/External audits
- Safety stewards from all departments
- Passport training to all employees

Employee break-up across matrices

| Role-wise distribution of employees (Nos.) | Male | Female |
|---|------------|----------|
| Permanent and probationer | 43 | 1 |
| Trainees and apprentice | 3 | 0 |
| Temporary/FTE | 5 | 0 |
| Third-party contract | 214 | 0 |
| Workers | 110 | 0 |
| Total manpower | 375 | 0 |
| Age-wise distribution of new employees hired (Nos.) | Male | Female |
| Less than or equal to 30 years | 4 | 0 |
| Between 31-50 years | 8 | 0 |
| Greater than 50 years | 2 | 0 |

| Average hours of training per year per employee (Hours) | Male | Female |
|---|------|--------|
| Senior management | 2.5 | 0 |
| Middle management | 3.0 | 0 |
| Professionals | 4.0 | 4.0 |
| Paraprofessionals | 4.0 | 0 |
| Associates | 4.0 | 0 |
| Age-wise distribution - Attrition of employees (Nos.) | Male | Female |
| Less than or equal to 30 years | 4 | 0 |
| Between 31-50 years | 9 | 0 |
| Greater than 50 years | 1 | 0 |

KIRLOSKAR EBARA PUMPS LIMITED (KEPL)

Initiatives on Human Capital development

- Achieved 4.03 training man days as a result of inhouse technical and behavioural training, in line with technical competency gap and behavioural competency framework. Overall recruitment lead time achieved is 60 days, including leadership and critical position hiring
- 360-degree assessment conducted to design the development action plan for leadership cadre
- Internal policies and processes established to ensure equity, inclusion and diversity in all cadres throughout the organisation

Major Highlights

- Behavioural competency framework revamped as per business requirement and briefed to employees through sessions conducted by Functional Heads, which understand the role requirement and expectations
- Quality certification trainings done by quality team as per the business requirement
- Well-being trainings like cancer awareness session, cardiac arrest reasons and precautions are organised for the well-being of employees

Employee break-up across matrices

| Role-wise distribution of employees (Nos.) | Male | Female |
|---|------------|-----------|
| Permanent and probationer | 291 | 19 |
| Trainees and apprentice | 38 | 1 |
| Temporary/FTE | 20 | 2 |
| Third-party contract | 227 | 2 |
| Workers | 30 | 0 |
| Total manpower | 606 | 24 |
| Age-wise distribution of new employees hired (Nos.) | | |
| Less than or equal to 30 years | 45 | 8 |
| Between 31-50 years | 42 | 4 |
| Greater than 50 years | 2 | 0 |

Employee engagement Initiatives

Employee engagement activities are planned and executed with the overall objective of having cross-functional collaboration through daily, monthly and yearly initiatives like employee birthday celebration, monthly inter-departmental collaboration activities and festive celebration, such as Diwali and Dussehra.

OH&S Initiatives

- Celebrated National Safety Week and Environment Day with multiple activities and competitions for creating awareness
- Implemented LOTO (Lock Out Tag Out) system
- Provision of Scissor Lifter for performing work at a height of up to 12 metres
- Provided non-sparking tools at LPG gas station areas for prevention of fire hazards
- Colour codes procedure implemented for lifting tools and tackles
- Initiated training on forklift operation and material handling, conducted by external faculty

Awards & Accolades

- Best Performer MD Award and Exemplary Awards given to 21 employees
- Distributed On the Spot award for immediate appreciation

| Average hours of training per year per employee (Hours) | Male | Female |
|---|------------|--------|
| Senior management | 8.9 | 9.5 |
| Middle management | 37.9 | 26.6 |
| Professionals | 37.4 | 34.6 |
| Paraprofessionals | 30.6 | 0 |
| Associates | 16.3 | 11.8 |
| Performance and Career Development Reviews | | |
| | 268 | 17 |
| Total | 285 | |
| Age-wise distribution - Attrition of employees (Nos.) | | |
| Less than or equal to 30 years | 20 | 3 |
| Between 31-50 years | 25 | 4 |
| Greater than 50 years | 2 | 0 |



KARAD PROJECTS AND MOTORS LIMITED (KPML)

Initiatives on Human Capital development

- Salary is disbursed on 1st of each month, instead of 7th
- 24 Contract workmen absorbed on KPML roll
- Competency mapping achieved for manufacturing and assembly sections
- Implementation of third-party salary processing as per KBL practices

Major Highlights

- Cricket tournaments organised among Staff and Workmen
- Various employee well-being activities initiated
- Recreation activities like Table Tennis, Carrom, Holley Ball and Cricket initiated for employee engagement

OH&S Initiatives

- Provided biometric thumb identification to all stackers so that only authorised operators can use them and safety protocol is strengthened
- Interlocked machine to automatically stop moving parts when door is opened in working rhythm
- Installed an 'LED Digital Display Board' at our sites
- Emergency equipment such as Self-Containing Breathing Apparatus, Mobile Foam Trolley, Portable Fire Ball, Eye Wash System, Sprinkler System, and Blind Spot Safety Mirror installed as part of commitment to safety

Awards & Accolades

- Under the 47th CII National Kaizen Competition held in November 2023, a "Platinum" Award was received from CII under "Innovative Category"

Employee break-up across matrices

| Role-wise distribution of employees (Nos.) | Male | Female |
|---|------------|-----------|
| Permanent and probationer | 113 | 10 |
| Trainees and apprentice | 84 | 1 |
| Temporary/FTE | 2 | 0 |
| Third-party contract | 210 | 0 |
| Workers | 314 | 0 |
| Total manpower | 723 | 11 |
| Age-wise distribution of new employees hired (Nos.) | | |
| Less than or equal to 30 years | 23 | 1 |
| Between 31-50 years | 26 | 0 |
| Greater than 50 years | 1 | 0 |

| Average hours of training per year per employee (Hours) | Male | Female |
|---|-----------|--------|
| Senior management | 0.41 | NA |
| Middle management | 3.30 | 0.26 |
| Professionals | 6.65 | 1.22 |
| Paraprofessionals | 1.28 | 0.03 |
| Associates | 1.87 | NA |
| Performance and Career Development Reviews | Male | Female |
| | 88 | 9 |
| Total | 97 | |
| Age-wise distribution - Attrition of employees (Nos.) | Male | Female |
| Less than or equal to 30 years | 5 | 1 |
| Between 31-50 years | 6 | 1 |
| Greater than 50 years | 1 | 0 |

KIRLOSKAR CORROCOAT PRIVATE LIMITED (KCPL)

Major Trainings

- NACE Certification
- LAKAKI Business Excellence model

- Product trainings
- EHS trainings

Employee break-up across matrices

| Role-wise distribution of employees (Nos.) | Male | Female |
|---|------------|----------|
| Permanent and probationer | 31 | 0 |
| Trainees and apprentice | 0 | 0 |
| Temporary/FTE | 0 | 0 |
| Third-party contract | 218 | 0 |
| Workers | 0 | 0 |
| Total manpower | 249 | 0 |
| Age-wise distribution of new employees hired (Nos.) | | |
| Less than or equal to 30 years | 0 | 0 |
| Between 31-50 years | 4 | 0 |
| Greater than 50 years | 0 | 0 |

| Average hours of training per year per employee (Hours) | Male | Female |
|---|-----------|--------|
| Senior management | 16 | 0 |
| Middle management | 19 | 0 |
| Professionals | 14 | 0 |
| Paraprofessionals | NA | 0 |
| Associates | NA | 0 |
| Performance and Career Development Reviews | | |
| | 28 | 0 |
| Total | 28 | |
| Age-wise distribution - Attrition of employees (Nos.) | | |
| Less than or equal to 30 years | 1 | 0 |
| Between 31-50 years | 3 | 0 |
| Greater than 50 years | 0 | 0 |



SOCIAL & RELATIONSHIP CAPITAL

Catalysing socio-economic development of local and under-privileged communities in and around our manufacturing plants by understanding their requirements has always been a part of KBL's culture. Through our well-entrenched CSR programmes, we continue to maximise our social impact by driving societal causes mainly in the areas of education, employment, animal welfare, and disaster management.

Strategies Impacted

S1 S4 S7

SDGs Impacted



Material Issues Impacted

- Health and safety
- Diversity, Equity & Inclusion
- CSR and local communities
- Supply chain management
- Risk management
- Compliance
- Marketing and Communications
- Customer safety and product quality
- Market presence
- Human Rights and Labour Conditions





SOCIAL CAPITAL

COMMUNITIES

KEY HIGHLIGHTS OF FY 2023-24

₹ **32+** mn

CSR Spend



KBL'S CSR ACTIVITIES WITHIN INDIA:

Key CSR Focus Areas



BIODIVERSITY



EDUCATION



EMPLOYMENT



HEALTHCARE



ANIMAL WELFARE



DISASTER
MANAGEMENT

VIKAS CHARITABLE TRUST

Our community development agenda is aligned with our competencies and business needs, while working on areas that matter to communities in which we operate. All these initiatives of the organisation are channelised through "Vikas Charitable Trust", which is a dedicated wing of our CSR activities. We undertook our CSR initiatives in compliance with Schedule VII of the Companies Act, 2013.

MAJOR CSR ACTIVITIES

Village Bus Project, Kirloskarvadi, Sangli

This is a remarkable initiative that aims at educating people in lifesaving skills on attending to accident victims before reaching the hospital, with particular focus on preventing drowning victims, with a vision to create a safer India, and have at least one lifesaver in every house. This is aimed at contributing to the "Make in India" campaign and the "Safe India" mission under the Surakshit Bharat campaign by the Rashtriya Life Saving Society. By building the capacity of rural communities to handle accidents, drowning and some minor medical emergencies, the project enhances the confidence of people to live a safer and healthier life.



Wildlife Rescue Vehicle

Pune-based RESQ Charitable Trust has been working towards minimising human-animal conflict and providing relief to animals in distress to 80,000+ animals through our rescue and rehabilitation efforts. Its activities include animal rescue, veterinary care, treatment and rehabilitation centres, education, awareness, capacity building programmes, and rescue from being injured by the Manjha used for kite-flying.

Its a specialised Technical Rescue Vehicle equipped with advanced features such as a hydraulic lift capable of reaching a height of 11 metres. The vehicle not only enhances our capacity to enable safe and efficient rescue of animals in distress, it also improves our response time and the overall welfare of the affected wildlife in such common urban wildlife emergencies. The innovative approach enhances our rescue capabilities and significantly improves welfare and survival chances of the wildlife.

Water Management and Fire Safety Project at Ram Mandir, Ayodhya

The Company made a contribution of over 100 pumps to the iconic Shri Ram Mandir Trust at Ayodhya, playing a crucial role in the temple’s water management system and fire safety infrastructure. These pumps encompass an energy-efficient range, including monobloc pumps, self-priming pumps and pressure-boosting pumps. The pumps ensure efficient water supply throughout the sprawling temple complex, catering to the needs of devotees and maintaining a serene ambience.

In addition to this, the Company has equipped the temple with its state-of-the-art firefighting pumps. These Factory Mutual (FM) approved & Underwriters Laboratories (UL)

listed firefighting pumps ensure safety of the temple and its devotees. As a 100% Indian-owned company, it believes in contributing to the development of the nation. These pumps will not only facilitate smooth water management, but also act as silent guardians, protecting the sanctity of the temple.

CSR ACTIVITIES BY GROUP COMPANIES

KPML

- Asphaltting of road from Talbid to Varade
- Pump donation to Talbid village for drinking water management
- CCTV and benches donation to school
- Donation of competitive examination books to library at Ghonashi village

KEPL

- Blood donation drive with contribution from 120+ employees
- Imparted training session and lecture to college students on Industrial Hydraulics and Career Guidance
- Society perception survey conducted with sample size of 150+

TKSL

- Tree plantation at Nagaon village

KCPL

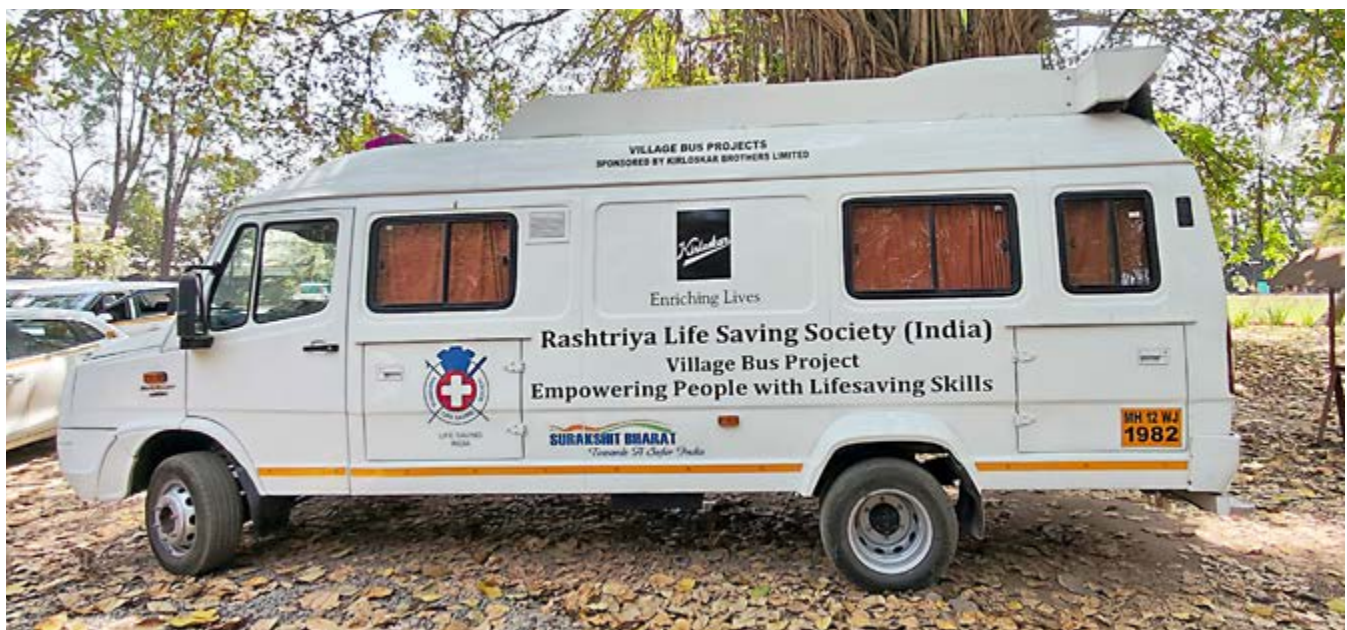
- Removal of paint from walls of ancient temple of Sagarashwar to restore archaeological design

Bio-Diversity Project in Pune

School Infrastructure Development of Rural Schools

Prevention of HIV transmission

Infrastructure Development for Educational Institutions





RELATIONSHIP CAPITAL

We extend our commitment to responsible business practices by integrating fair working conditions and good environmental practices throughout the value chain. We strive to find business partners that share our values concerning human rights, labour standards and health & safety.

KEY HIGHLIGHTS

No. of Suppliers

5,500+

Active Suppliers

846

No. of MSME Suppliers

16,250+

Channel Partners in India and Overseas

10,000+

Total Suppliers

96%

Share of local sourcing (Within India)

650+

Authorised Service Centres across India

05

No. of APOEM Facilities

84.3%

Customer Perception Index

65%

Business spend of value chain partners covered under ESG assessment

CHANNEL PARTNER MANAGEMENT

BUILDING HEALTHY PARTNERSHIPS WITH CHANNEL PARTNERS

We have a large set of committed business partners who are associated with the Company since generations. This provides the network with a sense of pride and honour, apart from being a win-win business partnership. Our sales philosophy is to ensure that the interests of our partners and our own are well taken care of. We also ensure that these partners are a part of the network with a long-term business goal, and this is not merely a transactional association. As a part of the business excellence drive and our commitment towards customer delight, we endlessly work towards building a strong and mutually beneficial relationship with our channel partners.

Engagement activities

- Best performers are annually appreciated within and outside India
- Technical and behavioural trainings are conducted at plants, regional offices and the offices of our channel partners

- Annual functions, regional conferences and business meets are organised to understand feedback and perception
- Product promotion campaigns and marketing activities are organised with customers and channel partners
- KBL-KBC Quiz, a knowledge building initiative for partners, is conducted using a dedicated app; and winners are felicitated by the Chairman & Managing Director during the Annual Dealer Conference
- Partners are regularly assessed, their performance is gauged, and they are provided guidance on business performance, with adherence to commercial policy and other expectations
- Participation in exhibitions/targeted advertisement
- Go-to-market (GTM) drive is conducted to ensure synergy with business partners
- One-to-one discussions are organised with dealers to obtain market feedback

Building the Network**Addition of more geographical footprints**

We are in continuous process of widening and deepening our footprint. Through channel partner health and geography coverage exercise, grey and white spaces are identified for sector-wise new partner additions.

The APOEM Strategy

We have 5 APOEM (Authorised Pump-set Original Equipment Manufacturer) facilities pan-India (3 in North, 1 in West and 1 in East), which has been adding unmatched value for our customers. Our APOEM facilities are equipped with some of the unique features -

- Best-in-class services
- Ex-stock availability of entire range and capacity of pumps and motors
- Inhouse performance witness testing facility
- Support for installation and commissioning

Sustainable Benefits to KBL

- Increased market reach and market share
- Customer satisfaction
- Optimum and timely support to customers
- Cash liquidity

Stakeholder Engagement-Annual Dealer Conference (ADC)

- Annual Dealer Conference is organised for sales/service partners every year
- This forum enables all channel partners to interact with our leadership through a formal Q&A session
- Regional level dealer meets/reviews are organised to improve synergy between KBL and its dealers at the regional level

STAKEHOLDER ENGAGEMENT-ENGAGEMENT AVENUES**KBL Gen-Next program**

To motivate and engage the next generation of our channel partners in the business, we offer Gen-Next team members regular training programmes through reputed institutions, including Indian Institute of Management (IIM).

KBL-KBC Quiz Contest

- KBL-KBC Quiz Contest is a knowledge-building initiative for our dealers and their sales team, wherein all the dealers and their sales team members are eligible to participate in the contest
- Winners are felicitated during the Annual Dealer Conference

Business Influencer Meet

- Business Influencers meets for mechanics, plumbers, farmers, and distributors are organised with the help of regional dealers. This gives an opportunity to engage with the target audience and increase market penetration. The activity is launched with an objective of enhancing brand presence and visibility
- Brief presentation of products, aftersales services and loyalty programmes, followed by individual interaction brings direct business during the event
- One-to-One discussion is carried out with the participants to understand their expectations and to seek their feedback on the market front
- Festival arches are installed to promote the brand
- Activities are organised at resonating the brand with culture values of the target audience





SUPPLY CHAIN MANAGEMENT

OPTIMALLY MANAGED SUSTAINABLE SUPPLY CHAIN

Reduce, Reuse and Recycle (3 R's)

- We are committed to reducing resource consumption and to minimise waste, while considering the life-cycle cost of products
- We seek to implement the hierarchy of preference to reduce, reuse and recycle resources throughout the procurement activity
- We are committed to buy recycled/part-recycled products to optimise consumption and stimulate demand for recycled products, by promoting collection and reprocessing of waste and working towards zero discharge to the landfill

Healthy partnership with business partners to complete supply chain tree

- Category structure in plant procurement to streamline supply chain process
- With the implementation of a category structure over the last three years, the Company can achieve an alignment of the Supply Chain function with the internal stakeholders and customers
- Strategic purchasing has gained speed as compared to the localised approach a few years ago
- Long-term strategies are chalked out, mapped, and implemented within the stipulated timelines
- This revised structure has helped to achieve significant milestones whether it is in terms of achieving production, projects, new product developments or other sustainable long-term activities

Sustainable Sourcing

- We have implemented sustainable sourcing policy and Integrated Management System policy to strengthen our sustainable sourcing drive
- We have identified 28 business risks related to market volatility, monopoly, process risk, forecasting, rejections, and supplier expertise, with mitigation plan in place
- Awareness is created and training is imparted to suppliers on sustainability initiatives and Environment, Occupational Health & Safety requirements
- Commitment and acceptance to supplier code of conduct is ensured from all suppliers during the supplier registration process on the following areas:
 - Environmental Protection and Conservation
 - Compliance with Laws and Regulations
 - Labour and Human Right Standards
 - Occupational Health & Safety
 - ESG disclosures through ESG assessments

Entering into partnerships

This strategy has resulted in sustainable benefits based on JV projects:

- Collaboration for procurement of energy-efficient motors
- 10% YoY growth in motor business

Benefit to KBL

- Motor with CE marking and VFD suitability without price implication
- Slanted Terminal Box for better Ingress protection
- Higher Efficiency than described in IEC standard for most of the ratings
- Superior products with longer life due to better design and quality
- Resulted in cost reduction, managing risks better, generating new sources of revenue, boosting the brand value



GREENING THE SUPPLY CHAIN

- Maximising benefits by encouraging our suppliers to adopt our environment practices, as per sustainable sourcing policy
- Undertaking procurement activities with suppliers who share our values
- Encouraging suppliers to deliver products/services with minimal negative impact on the environment and adopt safe practices in the cycle from production to delivery
- Preference for procuring products that are eco-friendly, energy-efficient and less polluting
- Encouraging and guiding suppliers for disposing goods to authorised agencies in an environmentally friendly manner
- Reusing packing material received from suppliers
- Encouraging logistics optimisation and waste reduction using 3-R (Reduce, Recycle & Reuse) approach
- Reducing environmental footprint by means of material, energy and water conservation initiatives
- Promoting sustainability awareness and assessments at supply chain through training programmes, webinars and assessments

ESG FOCUS FOR VALUE CHAIN

Monitoring and managing environmental, social and governance (ESG) performance within the Company's operations is an upfront task. However, understanding the level of ESG compliance and performance across the whole value chain is even more challenging.

Not understanding the ESG levels across the value chain can result in severe reputational, and even financial loss, for the organisation. Also, a stronger ESG performance will potentially give us a competitive edge with sustained business growth.

Considering ESG challenges and risks in the value chain, ESG awareness and assessment has been started for key value chain partners. They are being made aware of the importance of ESG and its compliance for the long run, and gaining business objectives in an indirect way.

Sustainable packaging and utilisation of recycled raw material

We have procedures in place for sustainable sourcing, and 30% of our inputs are sourced sustainably. We encourage procurement from small producers of local communities surrounding us and facilitate them in joining us in our quest for inclusive and sustainable growth. We are committed to purchasing recycled material as a step towards resource conservation.

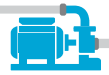
We are committed towards adhering following aspects:

- Recyclable materials used in the plants
- Efforts made for switching to materials complying with ROHS standards
- New packaging methods developed complying to ISPM-15 standards
- Projects initiated for replacing wooden packaging (Rubber Wood, Pine wood, Ply wood) to Hybrid Boxes (Metal + Ply wood)
- Use of CI scrap in foundry has reduced pig iron consumption by 5%

VENDOR DIGITALISATION ACTIVITIES

We have digitised procurement portals and NDA (Non-Disclosure Agreement) from manual to e-portal, which has resulted in reduction of paper consumption and the turnaround time.

- E-Procurement Portal - RFQ to Payment – This portal covers the entire process of procurement starting with RFQ (Request for Quotations) till material delivery and payment. This can be accessed by all KBL users and around 5,000+ suppliers in phase 1, with plans to further extend this feature to other KBL Group companies in phase 2
- E-Procurement Portal - Vendor Portal - This portal covers all activities related to vendor onboarding, profile maintenance, mass communication, grievance handling, ESG assessment, technical evaluation, financial health, vendor ratings, auto reminders, auto mail triggers, and API with GST/PAN/Bank portals
- E-NDA – Non-Disclosure Agreements will be processed, verified, approved, communicated, and signed digitally, helping us reduce paper consumption and achieve quick results



STAKEHOLDER ENGAGEMENT: SUPPLIER MEET

We understand the need to have a positive engagement with our suppliers for improving their performance, along the KBL growth plan. To achieve this, we also organise supplier meets across our plant locations.

During these supplier meets, the suppliers are briefed about our business plans and our expectations from them. We also listen to their needs and expectations as an input to our procurement strategy. Suppliers are also appreciated for their extraordinary performance during the service and supplier audits by awarding them with trophies and memento as a token of recognition.

Further, suppliers are also given the opportunity to express themselves and present the projects/activities initiated at their plants. Key aspects on Quality, Safety & Sustainability and their importance are explained to them which helps boost their morale and lead to enhanced performance and positive commitment, helping the Company in its professional growth journey.

CUSTOMER RELATIONSHIP MANAGEMENT

- Customer meets are conducted to build and strengthen customer relationships by actively listening to their concerns, providing valuable solutions, and ensuring a positive customer experience
- Business meetings provide a platform to collaborate and brainstorm strategies, plans and goals to help the business achieve its desired outcome
- At these business meetings, customers are encouraged to share their opinions on discussed topics to generate ideas and identify potential solutions. The success of the meeting relies heavily upon the collaborative efforts of all participants and their willingness to contribute openly and make informed decisions. Similar meets are organised at the zonal and regional level
- As a part of our customer meets and intimacy programs, customers are educated on occupational health and safety. A brief presentation on our products and processes is delivered during the event
- Various seminars, events and exhibitions are arranged for promotional and branding objectives:
 - IFAT
 - India Nuclear Business Platform
 - KISAN Event
 - Indian Plumbing Professional League
 - Africa Water Forum
 - ACREX India
 - Madhya Pradesh Summit
 - PACC
 - Plumbex India

- NTPC invited us to conduct a session on Cooling Water Pump Erection, Operation and Maintenance, along with sharing of few Case Studies. Senior Executives from all power plants of NTPC were present during this meet

Power Engineers Training and Research Center (PETARC) and NHPC

Set up in 1989, Power Engineers Training and Research Center (PETARC) is a full-fledged training centre of the Kerala State Electricity Board Limited (KSEBL). This is aimed at imparting technical, financial and management training to the Engineers and other officers of the KSEBL through Induction cum Statutory, Capacity Building, and Refresher programs.

Incorporated in 1975 under the Companies Act, 1956, NHPC, formerly known as National Hydroelectric Power Corporation Limited, is mandated to plan, promote and organise an integrated and efficient development of power in all its aspects through conventional and non-conventional sources in India and overseas.

Based on KBL's long association with KSEBL for various small hydro projects commissioned, PETARC Institute Management and NHPC invited KBL Team to impart training to Engineers and Officers for PAT & PICO products and to understand KBL's capabilities in small-hydro projects, which would be helpful in understanding various aspects of micro-hydro project identification.





NATURAL CAPITAL

Environmental degradation and climate change are some of the alarming challenges we face today. In an endeavour to be an environmentally responsible organisation, we strategise at proactively monitoring and reducing the environmental footprint of our operations by optimising the use of our natural resources, reducing emissions and translating our sustainability initiatives into lasting outcomes.

Strategies Impacted

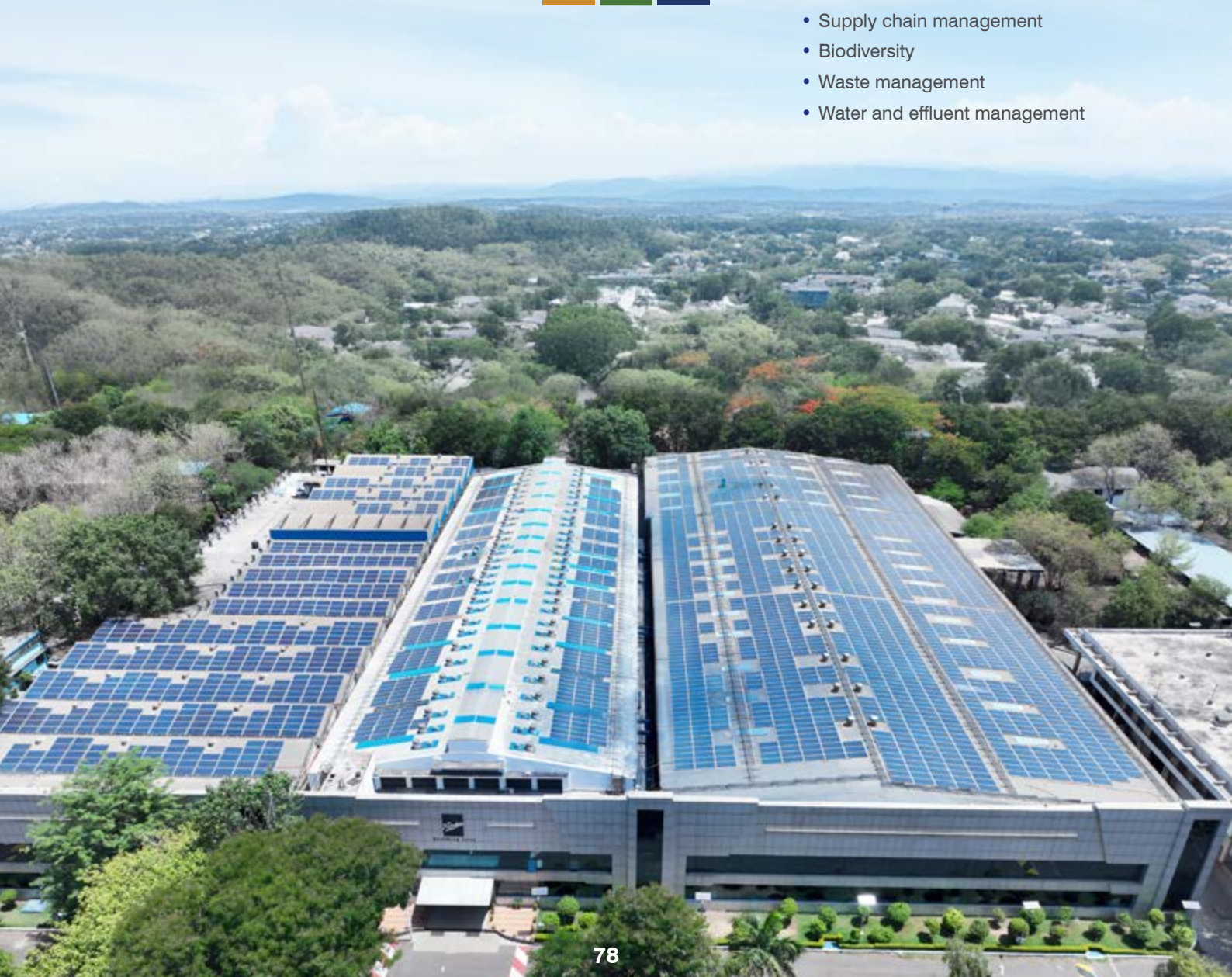
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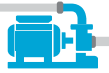
SDGs Impacted



Material Issues Impacted

- Emissions
- Product stewardship and innovation
- Energy management
- Materials
- Supply chain management
- Biodiversity
- Waste management
- Water and effluent management





KEY HIGHLIGHTS

20-22%

Electricity consumption from renewable sources (Solar and Wind Power)

05

CII GreenCo certified manufacturing plants

>1 GWh

Energy saved through ENCON initiatives

31%

Water recycled

04

CII GreenPro Ecolabel certification for product groups

29

Enhanced energy performance of Borewell Submersible pumps with BEE 4-star and 5-star rating

>5,500

Number of solar pump sets sold

38%

Recycled material used in foundries

ISO 14001:2015

Certified (Environment Management System) manufacturing plants

SCOPE 1, 2 & 3

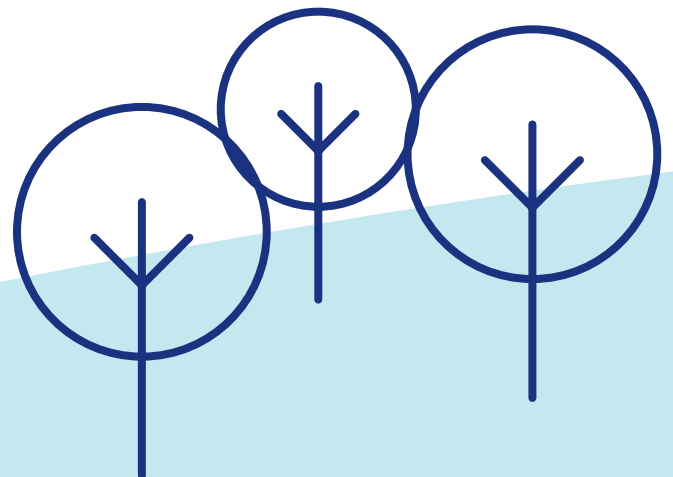
GHG emission inventurisation

LEED CERTIFIED

Platinum-rated Green Building: Corporate Office

ISO 50001:2018

Certified (Energy Management System) manufacturing plants



TOWARDS GREENER PRODUCTS

- **Recovering and reusing energy at Hydraulic Research Centre** – Our patented pump models, PICO and PAT are designed for meeting smaller energy requirements in diverse industries. These pumps can be operated in reverse as a turbine for generating electricity
- PICO is generally used for meeting smaller energy requirements (up to 10 kW), while PAT can be used for meeting comparatively higher energy requirements (up to 1 MW)
- These solutions, which are installed as a full-fledged energy generation unit, are not just helping companies reduce their energy costs; they are also considered a potent alternative for combating global warming

GREENPRO ECOLABEL CERTIFICATION

We have earned CII GreenPro Ecolabel certification for our below product groups -

- Cast Iron Foundry Castings
- Alloy Cast Steel Foundry Castings
- End Suction Pump Series - DBxe and
- LLC™ (Lowest Life-cycle Cost) Series Horizontal Axially Split Case Pumps

**Growing our Green Business**

We take pride in crafting eco-friendly energy alternatives and being a driving force towards a greener future. Our revolutionary technology presents new avenues for meeting energy demands efficiently and economically within the industrial context. It delivers substantial ROI, while actively contributing to a sustainable tomorrow.

It is evidence of our ongoing efforts to reduce the damaging environmental effects of production and development. The certified products use superior environmental solutions that surpass regulations to lessen their negative environmental effects and are in line with our inventiveness.

The Global Ecolabelling Network (GEN) recognises the GreenPro label as a Type-1 Ecolabel, ensuring accordance with global environmental standards.

This certification means that the products associated with the GreenPro label have less negative impact on the environment which helps in the reduction of energy use, and waste during construction, use and maintenance periods.

This milestone shows our leadership in driving sustainable practices within the industry and underscores its commitment to environmental stewardship.

- **Lowest Lifecycle Cost Pumps**

KBL's Lowest Lifecycle Cost (LLC™) Pump series focusses on reduction in energy consumption and maintenance cost of the pumps. Due to their unique features, these lowest lifecycle cost pumps offer huge energy savings potential during their life span, without majorly reducing pump efficiency over a longer period, and result in low life cycle cost as compared with conventional pumps. The pumps enable reduction of around 1,000-1,200 MT CO₂eq in their first 10 years of operations.

- **Energy-Efficient Pumps**

We have developed a highly efficient end-suction pump series (DBxe) which can save up to 20 MT CO₂eq in the first 10 years of operations owing to greater efficiency. With thousands of such pumps being installed every year, it leads to significant savings on cost and energy consumption on an aggregate basis.

- **Resource Conservation**

Conserving resources through weight reduction in pumps through value engineering.

- **Energy Performance**

Enhanced energy performance of 29 borewell submersible pumps with BEE 4-star and 5-star rating.



COMMITTED TO THE ENVIRONMENT

• Green Building

- Our corporate office is LEED certified Platinum Rated Green Building
- Five of our manufacturing plants are CII GreenCo certified

• Green Manufacturing

- Manufacturing highly efficient products with energy saving coatings that meet European MEI norms
- Replaced cupola furnace with induction furnace, reducing consumption of coke and allied emissions
- Using Natural Gas vis-à-vis LPG, as it is more eco-friendly
- Using recycled products as raw material inputs, reducing plastic consumption and effectively treating plastic waste
- Using zero discharge facilities, ensuring no release of toxic or non-biodegradable, non-recyclable waste and liquid discharge
- Our manufacturing facilities are certified for Environment Management (ISO 14001 : 2015) and Energy Management (ISO 50001 : 2018) Systems
- Actively engaging with suppliers on environmental initiatives to enhance green sourcing
- Adopting initiatives to reduce the use of wood and plastic in product packaging

• Aiming for Energy Efficiency

- Using energy-efficient lighting system
- Installed online energy monitoring system at manufacturing plants
- Installed water heaters for utilisation of hot water
- Installed biogas plants for generating energy from food waste
- Making improvements through ENCON initiative within KBL Group of Companies

- Conducted Energy Audits for Dewas and Sanand plants
- Replaced existing reciprocating compressors with screw compressors (saving around 400,000 of kWh/year)
- Replaced ACS furnace existing control panel with IGBT-based induction furnace control panel (saving 36,000 kWh/year)

• Promoting Use of Renewable Energy

- Renewable energy contributed ~20-22% to KBL's total electricity consumption in FY 2023-24 (4.0 MW wind mills and 4.6 MW solar rooftop)
- Working on enhancing renewable energy's contribution to 70% by FY 2025-26

• Waste Management (Hazardous/Non-Hazardous Waste)

- Initiated EPR registration and filing of returns for plastic consumption
- Responsible disposal of hazardous and non-hazardous waste
- Improving waste management practices to target zero waste to landfill
- Installed biogas plants for generating energy from food waste

• Conserving Biodiversity

- Engaged in biodiversity restoration at Central Ordnance Depot through CSR activities
- Developed special habitats and landscaping at Kirloskarvadi and Dewas plants
- Installed 50 sparrow houses in a green area at the periphery of Sanand plant to improve nature awareness and promote a culture to protect the environment
- Planted fruit trees within the Sanand unit and distributed saplings to employees at Kaniyur plant
- Set up and created Navgrah Vatika and medicinal garden at Dewas plant



Emissions Management

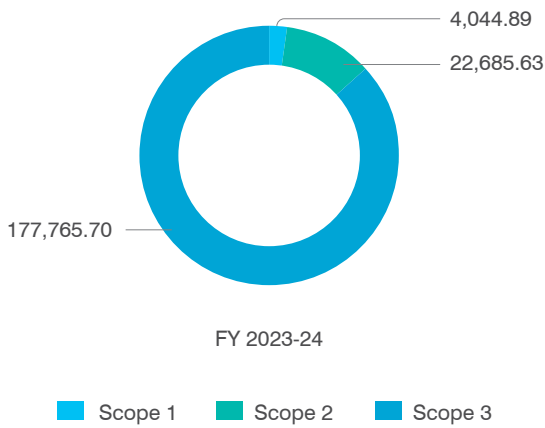
- Initiated GHG emissions Scope 1, 2 & 3 inventorisation across locations
- Working on to finalise Carbon Net Zero roadmap in FY 2024-25
- Working on reducing Scope 1 & 2 emissions by 40% in the next two years
- Promoting the value chain to evaluate GHG emissions and work on further emission reduction initiatives

Water Consumption

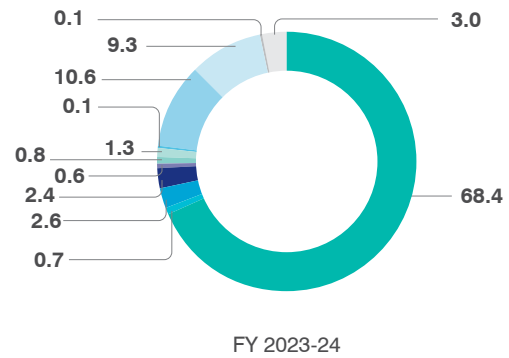
- Harvesting rainwater and recharging groundwater
- Reduced specific water consumption
- Water recycling through effluent and sewage treatment plants
- Modification in painting process to reduce water consumption

GHG Emissions (KBL standalone)

Total GHG Emissions - Scope-Wise in tCO₂eq



Scope 3 GHG Emission - Category-Wise in %



- GHG Scope 1 and 2 emission intensity - 0.02 tCO₂eq/product
- GHG Scope 3 emission intensity - 0.14 tCO₂eq/product

Note: All applicable categories of Scope 3 emissions are considered except category 11, whereas for category 15, investment only in India has been considered

| Scope-3 Category | Category Description |
|------------------|--|
| 1 | Purchased goods and services |
| 2 | Capital goods |
| 3 | Fuel- and energy-related activities |
| 4 | Upstream transportation and distribution |
| 5 | Waste generated in operations |
| 6 | Business travel |
| 7 | Employee commuting |
| 8 | Upstream leased assets |
| 9 | Downstream transportation and distribution |
| 12 | End-of-Life treatment of sold products |
| 13 | Downstream leased assets |
| 15 | Investments |

SUBSIDIARY COMPANIES

Kirloskar Ebara Pumps Limited (KEPL)

Key Highlights / Major Achievements

- On the occasion of World Environment Day, tree plantation exercise conducted in Sawantpur village and in company premises. More than 80 grown-up trees planted
- Replacement of diesel forklift by battery-operated electric forklifts to reduce carbon emission
- Replaced 160 KVA DG set (25 years old) with 200 KVA energy-efficient DG set to improve specific fuel consumption from 2.3 kWh/Litre to 4.0 kWh/Litre
- Replaced existing 4 TIG welding machines with new energy-efficient machines to reduce energy consumption by 8%

Green Initiatives

- Replacement of CFL lamps with LED lamps to reduce energy consumption by 44%
- VFD installed for 40 HP spindle motor on VTL-1200 machine to reduce energy consumption by 7%



Karad Projects and Motors Limited (KPML)

Key Highlights / Major Achievements

- Fitted emission control device for 750 KVA DG set
- Total 21 energy conservation projects completed, saving around 200,000 units per annum
- Enhancement in green energy contribution up to 65%
- Installed rainwater collection system in Stamping division, with 100% rain water collected and percolated in ground by using 7-8 bore wells
- Achieved 10% reduction in average electricity consumption vs FY 2022-23 in Component division
- Achieved 22% reduction in average diesel consumption vs FY 2022-23 in Component division
- Replaced traditional exhaust system of ovens by highly efficient blower system
- Achieved energy saving by using solar street lights
- Gained energy saving by installing centre facing machine VFD project
- Achieved energy savings through direct driven VFD operated air compressor
- Reduced diesel consumption for generator up to 50% vs previous year in Motor division
- Introduced system for installing 5-star rating air-conditioners and ceiling fans for energy savings

Resource Consumption** (FY 2023-24)

| | KEPL | KCPL | KPML | TKSL |
|---|-----------------|-------------------|-----------------|------------------|
| Energy Consumption in GJ | | | | |
| From Renewable Sources | | | | |
| Total energy consumption from renewable sources (A) | 1,805.48 | - | 3,576.03 | - |
| From Non-Renewable Sources | | | | |
| Total electricity consumption (B) | 5,799.28 | 271,896.00 | 3,857.05 | 14,807.02 |
| Total fuel consumption (C) | 986.50 | 2,675.00 | 585.76 | 17,521.73 |
| Total energy consumption from non-renewable sources (D) (B+C) | 6,785.78 | 274,571.00 | 4,442.81 | 32,328.74 |
| Total Energy Consumption (A+D) | 8,591.25 | 274,571.00 | 8,018.85 | 32,328.74 |
| Water Consumption in kL | | | | |
| Water Withdrawal | 18,894.83 | 1,125.33 | 36,573.38 | 13,195.00 |
| Recycled Water | 7,093.41 | 11.75 | 6,367.77 | 2,010.00 |
| Total Water Consumed | 25,988.24 | 1,137.08 | 42,941.15 | 15,205.00 |
| % Water Recycled | 27% | 1% | 15% | 13% |
| Air Emissions in MT | | | | |
| NOx | 0.0475 | 0.0002 | 0.3137 | 0.1694 |
| SOx | 0.0032 | 0.0038 | 0.3083 | 0.2541 |
| Particulate Matter (PM) | 4.1990 | 0.6081 | 1.1244 | 0.6431 |
| Waste Generated in MT | | | | |
| Hazardous Waste | 78.47 | 34.44 | 23.01 | 533.87 |
| Non-Hazardous Waste | 300.34 | 30.83 | 235.26 | 4,336.82 |
| Total Waste Generated | 378.81 | 65.27 | 258.27 | 4,870.69 |
| GHG Emissions in MT | | | | |
| Scope 1 Emissions | 62.38 | 63.06 | 50.55 | 973.33 |
| Scope 2 Emissions | 1,153.41 | 194.68 | 767.13 | 2,944.95 |
| Total GHG Emissions | 1,215.79 | 257.74 | 817.67 | 3,918.28 |

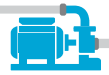
** Refer details under Principle 6 of BRSR section for resource consumption details of KBL standalone

OUR SUSTAINABILITY FRAMEWORK

We are engaged in reinforcing our sustainable and inclusive actions in many ways. Our dedication to doing business responsibly and creating shared value is an integral part of our framework. We have embarked on a comprehensive and insight-driven journey to simplify and strengthen our sustainability approach and enable a focussed execution and impact.



The challenges we face as a society are inter-connected: climate change, social inequity, declining bio-diversity, and the need for clean water and air. We are working at the intersection of sustainability, culture and accountability to encourage new thinking and to advance the ESG issues that matter to our customers, communities and employees.



ENVIRONMENTAL

Climate Change

Short-term Goal

- Prioritising energy efficiency and embracing deployment of alternate sources of energy
- GHG Scope 3 emission inventorisation and monitoring
- Carbon Net Zero roadmap finalisation

Long-term Goal

- Dedicated to implement strategies contributing to a low-carbon future and a positive environmental impact
- GHG Scope 1 & 2 emission reduction by 50%
- Achieve milestones of the Carbon Net Zero roadmap

Energy Management

Short-term Goal

- Installation of online energy monitoring system at all plants
- Implementing energy conservation and energy saving initiatives

Long-term Goal

- Enhance RE contribution in energy consumption up to 70%
- Reduction in Specific Energy consumption by 10%

Biodiversity

Short-term Goal

- Ensuring maximum greenbelt coverage at manufacturing plants
- Greenbelt and Biodiversity assessment in two plants
- Monitoring tree inventory

Long-term Goal

- Contributing to preservation and restoration of ecosystems and promoting a healthier and more sustainable planet
- Conducting biodiversity assessment for all plants
- Carbon sequestration
- Best practices of flora and fauna

Water

Short-term Goal

- Implementing rainwater collection systems across plant locations
- Recycling of wastewater or effluent generated to achieve Zero Liquid Discharge
- Water feasibility study/footprint assessment in two plants

Long-term Goal

- Employing a robust Water Management strategy for conservation, reuse and recycling of water to move towards becoming water neutral
- Water footprint assessment for all plants
- Measurement of rainwater harvesting/groundwater recharge
- Implementing best practices to improve water recycling >50%

Waste Management

Short-term Goal

- Minimising plastic usage and waste generation and encouraging value chain partners to follow waste management practices
- Waste management assessment in two plants

Long-term Goal

- Embracing the principles of a circular economy with strong emphasis on recycling to move towards ensuring zero waste to landfill
- Waste management assessment for all plants
- Implementing best practices to improve recycling of material >10%



Workforce diversity

Short-term Goal:

- Focussing on gender equality and women empowerment

Long-term Goal

- Enhancing diversity in the workplace through focussed initiatives and operational processes for a thriving workplace; extending diversity and inclusion in the hiring process; cultivating a more comprehensive approach for intersectional and cultural diversity; implementing training sessions using interactive methods like real-life scenarios

Community development

Short-term Goal:

- Focussing on improving health of people living in and around the manufacturing facilities

Long-term Goal

- Enacting positive change in the society by executing CSR activities with wide-reaching efforts and maintaining a positive connect with communities at all levels of the society



GOVERNANCE

Certification

Short-term Goal

- LAKAKI Business Excellence Assessment (Group-level initiative)
- Energy Conservation (ENCON) Assessment (Group-level Initiative)
- TPM second stage certification for Dewas and Kirloskarvadi plants

Long-term Goal

- CII GreenCo Platinum Certification for manufacturing plants
- To achieve TPM world-class award

Technology

Short-term Goal

- Installation of a new assembly line for submersible pump sets for drainage and dewatering services
- Digital viscometers to avoid manual measurement of viscosity of paints and other solvents
- Feature enhancement along with automation of performance testing facilities at Dewas and Kaniyur plants

Long-term Goal

- Upgradation of pump performance testing set-ups for medium and large pumps at Kirloskarvadi
- Remote multiple pump monitoring and diagnostic tool

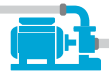
Research & Development

Short-term Goal

- New R&D lab for pump testing at Kirloskarvadi and upgradation of existing R&D lab for pump testing at Dewas
- Development of canned motor pumps for Navy application, pumps for flue gas desulphurisation slurry application, high efficiency end suction DBxe pumps in stainless steel, slurry pumps and large submersible pumps for wastewater and disaster management

Long-term Goal

- Development of high-performance butterfly valves, centric butterfly valves and floating ball valves
- Development of vertical inline pumps for HVAC application, energy-efficient borewell submersible pumps
- Development of high-efficient and ultra-premium efficient electric motors



BUILDING A MORE SUSTAINABLE FUTURE

OUR CONTRIBUTION TO UNSDGs

Our business model seeks to create shared sustainable value for the Company. The Company has defined a strategy that integrates business objectives with sustainability objectives, aimed at returning value to each capital with a view to sustainable development.

At KBL, we aimed at creating alignment between our goals and the goals of the international community. This alignment allowed us to create meaningful change at the local level that contributes to corporate objectives, while advancing the global sustainability agenda.

The Company has defined a system of values, organisational instruments, policies and operating systems that, as a whole, support the Group's various business units in sustainable management, giving rise to a constant path of sustainable growth.

In consultation with our stakeholders, we selected 13 UNSDGs that we are putting all our efforts into for helping accomplish sustainable development.



Good Health and Well-Being

KBL's contribution

We believe good health and well-being of our employees is the key for maximising process efficiency and output. Apart from employees, we also care for their families and the society.

Key Initiatives

- Medical health check-up for all employees and workers
- Support to HIV prevention program
- Blood donation camps
- Employee well-being clubs
- Parivar Suraksha Yojna for employees
- Striving for Zero Accident Rate with safety and reliability of manufacturing operations
- Health check-up camps and health awareness sessions at schools and nearby villages



Quality Education

KBL's contribution

We encourage our employees to learn and grow, and also support people around us to develop their skills to earn a living. We have implemented various facilities and schemes supporting education, competency development and skill development.

Key Initiatives

- Kirloskar High School - Open to All
- Plumber skill development program
- Higher Education Policy for employees
- TV Sets and sound system for smart classes at Dewas
- Bodhi Training Centre at Kaniyur and Kirloskarvadi
- Training for dealer employees at Kirloskarvadi plant
- Skill development through IGCC employee enhancement



Gender Equality

KBL's contribution

Gender equality is essential to develop a safer and healthier society and to achieve economic growth by optimising human potential. We promote gender equality and have set an internal benchmark for this goal.

Key Initiatives

- 100% women-driven manufacturing plant at Kaniyur
- Employed 15 female MBA Graduates from North-East to leverage its socio-economic model
- 30% women representation on the Board
- Gender diversity: Female Workforce at 7.3%



Clean Water and Sanitation

KBL's contribution

We employ a robust water management strategy revolving around the principles of conservation, reuse and recycling. Through this, we demonstrate our commitment to sustainable water management practices and contribute to preservation and responsible use of this vital resource.

Key Initiatives

- KBL pumps provide drinking water to ~35% of India's population
- Rainwater harvesting is done across plant locations and corporate office
- Recycling of wastewater for manufacturing processes and gardening
- Products for water application in domestic, industry and irrigation sectors
- Toilet facilities for ladies at school (modular toilets, pathway work, civil foundation and allied sanitary services at Kirloskarvadi school)
- Drinking water facilities for students in schools



Affordable and Clean Energy

KBL's contribution

As we know, grid energy is the biggest resource and a huge cost for industries. We intend to replace this with renewable energy that is clean and more cost-effective. We also encourage our value chain partners to use renewable energy.

Key Initiatives

- 20-22% of energy consumption done through renewable energy
- Set up 4 MW Windmills and 4.5 MW Rooftop Solar
- Target to enhance renewable energy contribution up to 70% in next 2 years



Decent Work and Economic Growth

KBL's contribution

In line with our purpose of "Enriching Lives, Transcending Boundaries", we strive for growth of our employees and the economy of our country. We are proud to contribute to national aspirations including Make in India and AtmaNirbhar Bharat.

Key Initiatives

- 6,000+ employee strength
- Employee engagement activities
- Opportunities for career growth
- Being one of India's AtmaNirbhar organisations
- Global presence and focus on high-growth market segment
- Extensive channel partner network



Industry, Innovation and Infrastructure

KBL's contribution

Through a 135+ year history, we are leading the industry through our product stewardship and innovative approach. Our vision is to enrich lives across communities through innovative and sustainable engineering solutions.

Key Initiatives

- One of Asia's largest hydraulic research centres at Kirloskarvadi
- 21 patents held
- 100+ research papers published
- 3D printing technology
- Lowest life cycle cost design for pumps, offering longer life and minimum cost towards operations and maintenance
- Strengthening India's core sectors by supplying pumps to iconic structures
- Providing cutting-edge, energy and environment-friendly innovative solutions (Star-rated pumps, DBxe, PAT and PICO)
- Offering digital technologies through innovative solutions, such as KirloSmart™
- Technology upgradation projects such as machine diting, replacement of old reciprocating compressor with energy-efficient screw compressor, replacement of old SCR-based furnace panel with IGBT-based panel in ACS foundry



Reduced Inequalities

KBL's contribution

We are present in all parts of India and globally, and we employ and work with people from all communities.

Key Initiatives

- Providing equal opportunities to all and not discriminating on race, caste, gender, religion, colour, age and nationality
- Workplace accessible for differently-abled employees



Sustainable Cities and Communities

KBL's contribution

We provide efficient and innovative pumping systems for water treatment plants, domestic applications and commercial buildings to fulfil water requirements of communities, and support them through our CSR policy.

Key Initiatives

- Infrastructure development support to Indian Red Cross Society
- Infrastructure development at schools
- KBL's corporate office is IGBC "LEED platinum-certified" Green Building
- Village bus project through Rashtriya Life-Saving Society
- Assistance to medical institutions and hospital infrastructure



Responsible Consumption and Production

KBL's contribution

We are committed to reducing resource consumption and waste management as we reduce, reuse, and recycle resources through our procurement and manufacturing activities. We optimise consumption and stimulate demand for recycled products, promote waste collection and reprocessing, and work towards zero discharge to landfill.

Key Initiatives

- Encouraging suppliers to adopt KBL's environment practices
- Sand reclamation and reuse in foundries
- Polypropylene storage box introduced at Kaniyur to avoid carton boxes
- Suppliers recommended to use polythene cover thickness of above 50-micron for wrapping components for easy recycling
- Water recycling achieved up to 31% and material recycling up to 38% in foundry processes



Climate Action

KBL's contribution

We are aware of the impact of climate change and contribute to reducing it through green initiatives to reduce GHG emissions throughout the value chain.

Key Initiatives

- Inventorisation of Scope 1, 2 & 3 emissions
- Carbon footprint study for key products
- CII GreenCo certification for manufacturing plants
- CII GreenPro certification for product groups
- Carbon Net Zero roadmap finalisation by FY 2024-25



Life on Land

KBL's contribution

With life on land impacted due to industrialisation and deforestation, we are working towards improving biodiversity within our boundaries by planting trees and developing small forests. We promote tree plantation beyond fence by way of CSR activities.

Key Initiatives

- Animal Rescue project through RESQ
- Promoting environmental sustainability through ecological balance, conservation of natural resources and promoting biodiversity
- Kirloskar Centenary Forest at Dewas
- Tree plantation drive across plants



Partnership for Goals

KBL's contribution

We understand we can grow if our value chain partners grow. Our business model is based on partnership with a huge base of suppliers and dealers, and we conduct our CSR activities through our partner Vikas Charitable Trust.

Key Initiatives

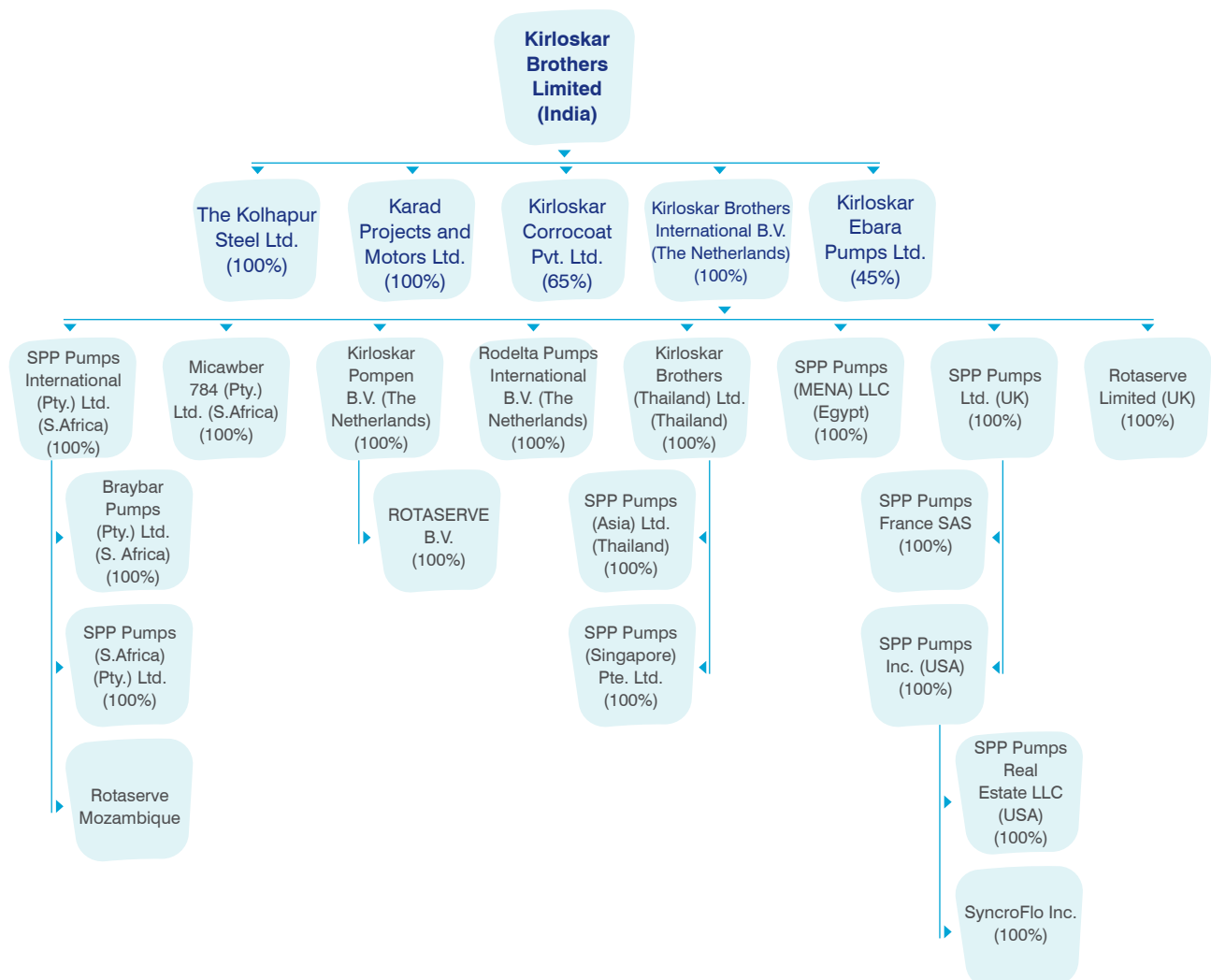
- CSR activities through CSR partner Vikas Charitable Trust
- ESG assessment for value chain partners
- 96% local sourcing
- Development of APOEM facilities with business partners
- Network of 650+ service centres and 16,000+ channel partners in India
- Partnerships with trade and industry associates
- Joint venture with Corrocoat and Ebara Pumps



ASSESSING GOVERNANCE AND ENHANCING CREDIBILITY

Our governance model is one of our distinctive traits and the cornerstone of our commitment to sustainability. Leadership in good governance and transparency is one of the hallmarks of KBL's identity. The Board reviews the governance framework and ensures it includes global best practices.

CORPORATE STRUCTURE



Note: Rotaserve Limited UK and Rotaserve Mozambique are non-operative companies

A STRONG MANAGEMENT TEAM**Sanjay Kirloskar***Chairman & Managing Director***Director since:** 1985**Independence:** NA**Committees:****Areas of Expertise:**

Strategy, Executive Management, International

Mr. Sanjay Kirloskar is Chairman and Managing Director of Kirloskar Brothers Limited. Established in 1888, the Company is one of India's oldest manufacturing companies. It is India's largest centrifugal pump manufacturer along with 5 factories in India, it has manufacturing facilities in the Netherlands, South Africa, Thailand, the United Kingdom and the United States of America.

Mr. Sanjay Kirloskar holds a Bachelor's in Science degree in Mechanical Engineering from the Illinois Institute of Technology in Chicago, USA.

He is also on the Boards of DCM Shriram Industries Limited, Kirloskar Ebara Pumps Limited, Kirloskar Brothers International BV, Netherlands and SPP Pumps Limited, UK. He is Chairman of the Advisory Council of the Savitribai Phule Pune University and a member of the Board of Management of Gokhale Institute of Politics and Economics.

**Rama Kirloskar***Joint Managing Director - Kirloskar Brothers Limited & Managing Director - Kirloskar Ebara Pumps Limited***Director since:** 2017**Independence:** NA**Committees:****Areas of Expertise:**

Strategy, IT, Executive Management

Ms. Rama Kirloskar (DIN 07474724), is a Director on the Board of the Company, from July 28, 2017 and has been appointed as a Joint Managing Director of the Company, from August 3, 2021. She currently serves as Joint Managing Director of Kirloskar Brothers Limited and Managing Director of Kirloskar Ebara Pumps Limited (KEPL). She has been instrumental in the turnaround of KEPL into a debt-free company. Previously, she was General Manager and Head of the Product Portfolio Management at Kirloskar Brothers Limited, where she was responsible for driving the Go-to-market strategy, product value management and restructuring for the mass production business; material grade rationalisation and streamlining for the foundry business and product rationalisation for the made-to-order business.

She holds a double major in Mathematics and Biology from Bryn Mawr College, USA. After graduation, she went on to work at Polaris Partners, a multi-stage venture capital firm that principally invests in technology, healthcare and consumer products, headquartered at Boston, MA, USA. Subsequently, she worked at the Koch Institute at Massachusetts Institute of Technology (MIT), USA. Her research led her and the team to begin working with Visterra Inc., an MIT biotechnology start-up company that currently uses its proprietary platform to design therapeutics for infectious diseases. She is one of the authors of a publication in the journal Cell (Robinson et al., 2015, Cell 162,1-12, doi:10.1016/j.cell.2015.06.057), in the paper titled "Structure-Guided Design of an Anti-Dengue Antibody Directed to a Non-Immunodominant Epitope".

She is also on the Boards of KPT Industries Limited, Karad Projects and Motors Limited and Prakar Investments Private Limited. She is a member of Corporate Social Responsibility Committee and Risk Management Committee.



Alok Kirloskar

Director – Kirloskar Brothers &
Managing Director – Kirloskar Brothers
International B.V.

Director since: 2012

Independence: NA

Committees:



Areas of Expertise:

Strategy, Executive Management,
International

Mr. Alok S. Kirloskar, age 40, is a Non-Executive, Non-Independent Director on the Board of the Company. He has done his Bachelor of Science in Business Administration with concentration in Finance from Carnegie Mellon University, Pittsburgh, PA, USA. He had the honour to be on the Dean's list for his academic excellence throughout the course.

Mr. Alok Kirloskar has been associated with the Company since September 2007. He was first entrusted with responsibilities of international marketing business and he acquainted himself with the functioning of various departments / sectors. Later, he was head of the industry sector of the Company, before he became the Director. He is on the Board of the Company since July 18, 2012.

Before joining the Company, he worked with Sonasoft Corporation (Microsoft GPC) at San Jose, California, USA, as Business Development Manager. He had also interned at Nasa Girvan Institute of Technology, Santa Clara, USA, and Toyota Motor Corporation, Torrance, USA.

Mr. Alok Kirloskar, is presently Managing Director – SPP Pumps Limited, Britain's leading pump manufacturer and a subsidiary of the Company. He is also the Managing Director of Kirloskar Brothers International B.V. (KBI B.V.). KBI B.V. is the holding company for the international business of Kirloskar Brothers Limited.

Mr. Alok Kirloskar is also a Director of SPP International (Pty.) Limited, SPP Pumps Inc, Micawber 784 (Proprietary) Limited, Braybar Pumps (Proprietary) Limited, SyncroFlo Inc., SPP Pumps (MENA) LLC, SPP Pumps Real Estate LLC, Rodelta Pumps International B.V., Rotaserve B.V., SPP Pumps (South Africa) (Pty.) Limited, SPP Pumps (Asia) Limited which are subsidiaries of KBI B.V. He is also the Chairman of Kirloskar Corrocoat Pvt. Ltd., Kirloskar Pompen B.V. and Kirloskar Brothers (Thailand) Limited.



Chittaranjan Mate

Chief Financial Officer
Till May 14, 2024

Mr. Chittaranjan M. Mate (age 68 years) holds Bachelor's Degree in Commerce and is a Chartered Accountant. He has experience of over 43 years in Finance. Mr. Mate is a Senior Vice President (Finance) and was Chief Financial Officer of the Kirloskar Brothers Limited (KBL) till May 14, 2024. He is working with Kirloskar Group since September 1986.

Before joining KBL in 2015, he had worked with Kirloskar Ebara Pumps Ltd., a joint venture company of KBL. He has handled various assignments in Finance as well as other departments such as Purchase, Admin, IT etc. Before joining Kirloskar Group, he had worked in audit firms and some other manufacturing companies.

He is on the Board of Karad Projects and Motors Limited, Kirloskar Corrocoat Private Limited, Kirloskar Brothers (Thailand) Ltd. and SPP Pumps (Asia) Limited, subsidiaries of KBL. He is a member of the Corporate Social Responsibility Committee of Karad Projects and Motors Limited. He is the Member of Risk Management Committee of Kirloskar Brothers Limited.

Board Committees



Audit Committee



Stakeholders' Relationship Committee



Nomination and Remuneration Committee



Risk Management Committee



Corporate Social Responsibility Committee

A DIVERSE AND EXPERIENCED BOARD**M. S. Unnikrishnan***Non-Executive Independent Director***Director since:** 2020**Independence:** Yes**Committees:****Areas of Expertise:**

Strategy, Policy, Finance, Legal Framework, Executive Management, Commercial, International

Mr. M. S. Unnikrishnan (Unny) is the CEO of IITB-Monash Research Academy, a research institute dedicated to a PhD program in cutting-edge technologies and management, jointly promoted by IIT Bombay and the Monash University of Australia. He has previously held the position of M.D. & CEO of Thermax Group for over 13 years and played a pivotal role in the growth, professionalisation and globalisation of the company.

He serves on the Board of KEC International. He is also a trustee of “Akshaya Patra”, the largest NGO of India that feeds 19 Lakhs/day underprivileged school children, and Jehangir Hospital, Pune.

Mr. Unnikrishnan chairs the Central Mechanical Engineering Research Institute (CMERI), Durgapur, and is a member of the Governing Councils of TERI and Army Institute of Technology.

He is also associated with the Government of India as:

- Co-Chairperson of “Srijan” program for SIDBI-TIFAC for start-up funding
- Member, Apex Council, Prime Minister’s Doctoral Research Fellowship
- Director of the Technology Innovation Hub, IIT Palakkad
- Expert committee member, SAIF Centres, Ministry of Science & Tech, GOI
- Expert committee member, SATHI program, Ministry of Science & Tech, GOI

A graduate in Mechanical Engineering from VNIT, Nagpur, he has also completed his Advanced Management Program from the Harvard Business School, Boston, USA. He continues to be a keen student of energy, environment, and management.



Shrinivas V. Dempo

Non-Executive Independent Director

Director since: 2021

Independence: Yes

Committees:



Areas of Expertise:

Strategy, Executive Management, International

Mr. Shrinivas Dempo is Chairman of the Goa-based Dempo Group of Companies, which has diversified interests in industries such as calcined petroleum coke, shipbuilding, food processing, real estate and newspaper publishing. He has been Chairman of the western region of the largest industry lobby in India, the Confederation of Indian Industry. In 2013, Mr. Dempo was named Honorary Vice Consul of Italy in Goa, India. He was appointed Chairman (Independent Director) of Automobile Corporation of Goa Ltd., a Tata Group Company.

Mr. Dempo has a long association with football, having patronised a premier football club. He was named among the 50 most influential people in Indian sports in the 2010 Sports Illustrated Power list as President and Chairman of Dempo Sports Club.

Mr. Dempo is on the Executive Council of Goa University, besides being associated with a number of non-governmental organisations performing yeoman service to society such as the Charles Correa Foundation and also as President of the Goa Cancer Society. He continues his multi-generational engagement with Goan society, which covers institutions and programmes of higher education, cultural enrichment, environmental conservation, sporting excellence and affirmative action, under the Dempo Charities Trust and Vasant Dempo Education & Research Foundation. He was elected President of AIMA on September 22, 2022. He has also been elected as President of Goa Chamber of Commerce and Industry with effect from July, 2023.

In his capacity as Chairman of the prominent petroleum coke manufacturing listed company – Goa Carbon Ltd., Mr. Dempo was honoured in the year 2014 with the Asia Pacific Outstanding Entrepreneurship Award India 2014 in recognition of his pursuit of responsible business practices by the Asia-wide organisation, Enterprise Asia, dedicated to management development and ethical business.

Mr. Dempo earned his Bachelor's and Master's degrees from the University of Mumbai in 1990 and 1992 respectively. He later took a Master of Science degree in Industrial Administration & Finance from Carnegie Mellon University, Pittsburgh, Pennsylvania, USA in 1995 and in 2019 he was elected as a member on their Board of Trustees. In 2020 he received the Tepper Achievement Award, in recognition of his influential roles as Chairman and Managing Director of the Dempo Group and in professional associations and civic organisations in India.

Currently he is on the Board of Dempo Sports Club Private Limited, Dempo Shipbuilding And Engineering Private Limited, V. S. Dempo Holdings Private Limited, Automobile Corporation of Goa Limited, V.S. Dempo Mining Corporation Private Limited, Hindustan Foods Limited, Dempo Industries Private Limited, Goa Carbon Limited, West Coast Hotels Private Limited, Marmagao Shipping And Stevedoring Company Private Limited, Motown Trading Pvt. Ltd., Dempo Global Corporation Pte. Ltd. and Motown Global Corporation Pte. Ltd. and is also acting as a designated partner in Esmeralda International Exports Limited LLP, Devashri Nirman LLP, Challengers Table Tennis Club LLP and Dempo Biz Nest LLP and as individual partner in Argent Trading LLP.



Shobinder Duggal

Non-Executive Independent Director

Director since: 2021

Independence: Yes

Committees:



Areas of Expertise:

Strategy, Finance, Executive Management, Commercial, International

Mr. Shobinder Duggal is an Independent Director of our Company. He holds a bachelor's degree in Economics (Hons.) from St. Stephens College, Delhi University and is a member of Institute of Chartered Accountants of India. He has completed the International General Management program for executive development from the International Institute for Management Development, Lausanne, Switzerland. He has several years of financial experience and in the past has held positions at Nestle as well as Voltas India Limited. While he was the Chief Financial Officer at Nestle India Limited, he was presented with the Best MNC CFO award at the Best CFO Awards 2012 by Business Today and Business India. He has also been recognised as one of India's Best Finance and Tech Leaders in the Yes Bank - Business World Best CFO Awards in 2018. Earlier, he served as a member on the boards of Nestle India Limited and Nestle Lanka PLC and is presently on the boards of SBI Life Insurance Company Limited, Sanofi Consumer Healthcare India Limited and P I Industries Limited.

**Ramni Nirula***Non-Executive Independent Director***Director since:** 2021**Independence:** Yes**Committees:****Areas of Expertise:**

Finance, Executive Management, Commercial

Ms. Ramni Nirula retired as Senior General Manager of ICICI Bank Limited. She has more than 4 decades of experience in the financial services sector, beginning her career with the erstwhile ICICI Limited in the project appraisal division. Since then, she has held various leadership positions in areas of Project Financing, Strategy, Planning & Resources and Corporate Banking. She was part of the top management team instrumental in transforming ICICI Bank from a term lending institution into a technology led diversified financial services group with a strong presence in India's retail financial services market. She was also part of the top-level task force, which successfully planned and implemented ICICI Bank's entry in the Rural Banking, Microfinance & Agriculture Business group, identified by the Bank as a key thrust area. Ms. Nirula also held key position as Managing Director & CEO of ICICI Securities Limited, the Investment Banking arm of ICICI Bank Limited. She also headed the Corporate Banking Group for ICICI Bank.

In addition, she was also responsible for setting up the Government Banking / Corporate Agri Group based out of New Delhi within the bank. Ms. Nirula helped to set up / take forward I-Banks' CSR initiative through the ICICI Foundation set up with a focus on delivery of primary health, primary education and access to finance.

Ms. Nirula has been a member of the Board of many ICICI Group and associate companies i.e. ICICI Securities Limited, ICICI Direct and 3i Infotech. Additionally, she has been a member of Board of leading companies in India. Ms. Nirula has also been on the Board of non-corporates like a leading residential school for girls, a Micro Finance Institution in India and Advisory Council Member of ICICI Knowledge Park Trust. In addition to the Corporate Boards, Ms. Nirula was on the India Advisory Board of a Boston based global PE fund for advising on investment opportunities in India and supporting investee companies in their biz growth.

Ms. Nirula holds a Bachelor's Degree in Economic and a Master's degree in Business Administration from Delhi University. Currently, Ms. Nirula is on the Boards of DCM Shriram Limited, HEG Limited and Usha Martin Limited.

**Vivek Pendharkar***Non-Executive Independent Director***Director since:** 2021**Independence:** Yes**Committees:****Areas of Expertise:**

Strategy, Exec. Management, International

Mr. Vivek Pendharkar is a Technology Executive based in Silicon Valley for 30+ years with experience spanning Fortune 500 companies as well as Early-Stage Venture backed start-ups and CEO positions for the past 15 years, delivering complete life-cycle from Series-A financings, building teams, establishing Product-Market fit, revenue ramp and successful M&A/exits.

He has worked in successive breakthrough technologies emerging out of Silicon Valley starting with Microprocessors, Systems, Software, Internet, Video, Wireless, Cloud and Data technologies. He has extensive international experience with customers, partners and teams across Europe, Asia-Pacific/Japan, and Americas. Currently, he is on the Advisory Board & Mentoring for technology companies/Founders in Enterprise Software, Security and Digital Health markets.

He has done SEP, Business Administration from Stanford University Graduate School of Business, MSEE, Computer Engineering from Virginia Tech. BS Electrical Engineering from Birla Institute of Technology and Science Pilani.



Rekha Sethi

Non-Executive Independent Director

Director since: 2021

Independence: Yes

Committees:



Areas of Expertise:

Strategy, Executive Management, International

Ms. Rekha Sethi is the Director General of the All-India Management Association (AIMA), the apex body for management in India. Ms. Sethi took charge of AIMA in June 2008. She has since established AIMA as the preferred platform for discussion and debate on management and has deepened AIMA's relationship with the Government of India and India Inc. AIMA now attracts India's top industry leaders and policy makers on its platform.

Ms. Sethi is on the Boards of some leading Indian companies as an Independent Director including CESC, one of India's foremost Power generation and distribution companies and the flagship company in the RP-Sanjiv Goenka Group. She is also on the Board of Samvardhana Motherhood International Ltd. – a diversified global manufacturing specialist and one of the world's largest and fastest growing automotive supplier for OEMs, with 340 plants across 42 countries. She is on the Board of Spencer's Retail Ltd. – one of India's leading retailers and also on the Board of Hero Steels Limited manufacturing steel products and Firstsource Solutions Limited.

She has earlier served on the Board of Sun Pharmaceutical Industries Ltd, world's fourth-largest specialty generic pharmaceutical company and India's top pharmaceutical company and on the Boards of Sun Pharma Laboratories Ltd and Sun Pharma Distributors Ltd. She represents AIMA on the Governing Council of the National Productivity Council, an autonomous organisation of the Department for Promotion of Industry and Internal Trade.

Prior to joining AIMA, Ms. Sethi worked with India's premier industry organisation, the Confederation of Indian Industry (CII) for over 17 years. There she led the initiative to create high-profile international events to promote India's economic interests. She started her career with the Center for Development of Telematics (C-DoT). Ms. Sethi is an alumnus of St. Stephens College, Delhi University.



Vinayak Deshpande

Non-Executive Independent Director

Director since: August 2023

Independence: Yes

Committees:



Skills and Expertise:

Strategy, Executive Management, Commercial, International

Mr. Vinayak Deshpande, is a graduate in Chemical Engineering (1980) from IIT, Kharagpur. He has over 42 years of experience, largely in 2 domains; industrial automation, software, advanced controls and Level 4 MES, Optimisation (Honeywell), and large infrastructure projects spanning Telecom, Power Generation, Refinery & Petrochem, Minerals & Metals, Urban Infrastructure with metros, bridges and airports.

In the last 22 years, he has occupied Chief Executive Officer (CXO) positions starting as Managing Director at Tata Honeywell in 2000, then at Tata Teleservices, HCC and Tata Projects. He possesses deep experience in business management, strategy & new business formulation, investment analysis and implementation of large, nation building projects, and HR and talent development.

He has been extensively engaged in design, engineering & innovation, business process re-engineering, corporate quality and business excellence management and has been a long-term member of Tata Innovation forum, TAS recruitment panel, and a Mentor in TBEM (Tata Business Excellence Model), a Tata Group-wide excellence platform.

Mr. Deshpande presently serves on the Boards of Kennametal India Ltd., Voltas Ltd., Universal MEP Projects & Engineering Services Ltd., Praj Industries Limited, and Signify Innovations India Ltd.(Chairman). He is Chairman of Nomination & Remuneration Committee and also a member of Audit & Risk Committee of Kennametal India Ltd. He is Chairman of Safety Committee and Member of Project Risk Committee of Voltas Ltd.

He is also Chairman for Structural Engineering Research Council of the CSIR, Government of India. Until recently, he was Co-Chair for CII – Construction Committee. He has also served as Chairman, Pune Metro, Line 3, a Tata-Siemens JV in PPP Format.

BOARD COMMITTEES



Audit Committee

Shobinder Duggal, Chairman

M. S. Unnikrishnan, Member

Ramni Nirula, Member

Vinayak Deshpande, Member



Stakeholders' Relationship Committee

Shrinivas Dempo, Chairman

Sanjay C. Kirloskar, Member

Alok Kirloskar, Member

Vinayak Deshpande, Member



Nomination and Remuneration Committee

Shrinivas Dempo, Chairman

M. S. Unnikrishnan, Member

Sanjay C. Kirloskar, Member

Rekha Sethi, Member

Vinayak Deshpande, Member



Risk Management Committee

M. S. Unnikrishnan, Chairman

Rama Kirloskar, Member

Chittaranjan Mate, Member



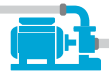
Corporate Social Responsibility Committee

Vivek Pendharkar, Chairman

Sanjay C. Kirloskar, Member

Rama Kirloskar, Member

Rekha Sethi, Member



DOMESTIC SUBSIDIARY COMPANIES AND ASSOCIATE COMPANIES – BOARD OF DIRECTORS

Kirloskar Ebara Pumps Limited

Sanjay C. Kirloskar – Chairman
 Rama S. Kirloskar – Managing Director
 Achyut Dhadphale – Independent Director
 Akshay Dhar – Independent Director
 Ajay Deshpande – Independent Director

Karad Projects and Motors Limited

K. Taranath – Chairman
 Ravindra Samant – Managing Director
 Chittaranjan Mate
 Rama S. Kirloskar
 Manjiri Jawadekar

Kirloskar Corrocoat Private Limited

Alok S. Kirloskar – Chairman
 Chittaranjan Mate
 Clive Harper

The Kolhapur Steel Limited

Rajkumar Assudani – Managing Director
 Ravindra Samant
 Ravish Mittal
 K. Taranath – Independent Director
 Achyut Dhadphale – Independent Director
 Suresh Deshpande – Independent Director
 Rudrappa Mahajan – Independent Director

KEY POLICIES OF KBL

- Enterprise Risk Management Policy
- Environment, Health and Safety (EHS) Policy
- Whistle Blower Policy
- Anti-Bribery and Anti-Corruption Policy
- Conflict Mineral Policy
- Corporate Social Responsibility Policy
- Dividend Distribution Policy
- Integrated Management System Policy
- Corporate Disclosure Policy
- Policy on Related Party Transactions
- Board Evaluation Policy
- Policy on Material Subsidiaries
- Preservation and Archival Policy
- Policy for Legitimate Purpose under Insider Trading Regulations
- Policy on Ethics, Transparency and Accountability
- Policy on Sustainability
- Policy on Employee Wellbeing and Social Accountability
- Policy on Stakeholder Engagement
- Policy on Human Rights
- Policy on Preservation of Environment
- Policy on Responsible Advocacy
- Policy on Inclusive Growth and Equitable Development
- Policy on Customer Value
- Policy on Equal Employment Opportunity, Diversity and Inclusion

CORPORATE INFORMATION

BOARD OF DIRECTORS

Sanjay C. Kirloskar
Chairman and Managing Director

Rama S. Kirloskar
Joint Managing Director

Alok S. Kirloskar

M. S. Unnikrishnan

Shrinivas V. Dempo

Shobinder Duggal

Ramni Nirula

Vivek Pendharkar

Rekha Sethi

Amitava Mukherjee
(up to July 3, 2023)

Vinayak Deshpande
(w.e.f. August 02, 2023)

CHIEF FINANCIAL OFFICER

Chittaranjan M. Mate
(up to May 14, 2024)

Ravish Mittal
(w.e.f. May 15, 2024)

COMPANY SECRETARY

Devang Trivedi

STATUTORY AUDITORS

Sharp & Tannan Associates
Chartered Accountants, Pune

BANKERS

Bank of India

Canara Bank

HDFC Bank Limited

Citibank N.A.

EXIM Bank

ICICI Bank Limited

Axis Bank Limited

HSBC Bank Limited

REGISTERED AND CORPORATE OFFICE

“Yamuna”, Survey No. 98 (3-7), Plot No. 3,
Baner, Pune – 411 045, Maharashtra (India)
Phone (020) 67214444 Fax: (020) 67211136
Email: grievance.redressal@kbl.co.in
Website: www.kirloskarpumps.com

WORKS

Kirloskarvadi, Dewas, Shirwal, Kondhapuri,
Coimbatore (Kaniyur), Ahmedabad (Sanand)

INFORMATION TO SHAREHOLDERS ON AGM

104th Annual General Meeting (AGM):

Day & Date : Friday, August 02, 2024

Time : 02.00 p.m.

Venue : Video Conferencing / Other Audio Visual Means (“VC/OAVM”)

Deemed Venue : “Yamuna”, Survey No. 98 (3-7), Plot No. 3,
Baner, Pune – 411 045, Maharashtra (India)



TUVINDIA

Independent Assurance Statement

To the Directors and Management
Kirloskar Brothers Limited,
"Yamuna" Survey No. 98/ (3 to 7), Plot No. 3,
Baner, Pune – 411045, Maharashtra, India

Kirloskar Brothers Limited (hereafter 'KBL') commissioned TUV India Private Limited (TUVI) to conduct independent external assurance of non-financial Information disclosed in their Integrated Report (hereinafter 'the Report') for the period 1st April 2023 to 31st March 2024. The report is based on the principles of IIRC Integrated Reporting Framework and Global Reporting Initiative (GRI) standards. This engagement comprises a "limited assurance" of KBL's sustainability information for the applied reporting period. The Report is developed with reference to GRI Standards 2021, IIRC Integrated Reporting (<IR>), and ISAE 3000 (Revised) with "limited level".

Management's Responsibility

KBL has developed the Report content and is responsible for the identification of materiality through the double materiality test, corresponding ESG issues, identifying, establishing, and reporting performance management, data management, and quality. The management team at KBL is accountable for the accuracy of the information provided in the Report and the process of collecting, analysing, and reporting that information in both web-based and printed Report. This includes the maintenance and integrity of the company's website. Furthermore, KBL's management team takes responsibility for the accurate preparation of the Report in reference to the applied criteria of GRI Standards and <IR> framework. They ensure that the Report is free of any intended or unintended material misstatements, so stakeholders can trust the information provided. KBL will be responsible for archiving and reproducing the disclosed data for the stakeholders upon request.

Scope and Boundary

The assurance engagement encompasses a review of the evidence (on a sample basis) for identified ESG indicators. Additionally, the verification team performed

- Verification of the application of the Report content according to material topics identified based on the double materiality, and principles as mentioned in the Global Reporting Initiative (GRI) Standards, the principles of IIRC Integrated Reporting (<IR>), and the quality of information presented in the Report over the reporting period;
- Review of the policies, initiatives, practices, and performance described in the Report;
- Review of the ESG disclosures made in the Report against the requirements of the GRI Standards and <IR> framework;
- Verification of the reliability of the GRI Standards disclosure on environmental and social topics;
- The specified information was selected based on the materiality determination and needs to be meaningful to the intended users.

TUVI has verified the below-mentioned disclosures given in the report.

| Topic | Indicator | GRI Disclosure |
|---|---|----------------|
| Energy | Energy consumption within the organization covering - Total renewable energy consumption and Total renewable electricity consumption | 302-1 |
| | Energy intensity | 302-3 |
| Water and effluents (with and without water stress) | Water withdrawal (from municipal supplies, lakes, river, sea, ground water, third-party water, etc) | 303-3 |
| | Water discharge (surface water, ground water, seawater, third-party water, etc., TDS, BOD, COD, TSS, and oil & grease as applicable) | 303-4 |
| | Total water consumption from all areas (Water withdrawal-Water discharge) and water consumption from all areas with water stress (Total water withdrawals – Total water discharges) | 303-5 |
| Emissions | Direct (Scope 1) GHG emissions | 305-1 |
| | Energy indirect (Scope 2) GHG emissions | 305-2 |
| | Nitrogen oxides (NOx)/sulphur oxides (SOx) and other significant air emissions (Volatile Organic Compounds (VOCs), particulate matters (PM) and other emissions as applicable) | 305-7 |
| Waste | Waste generated | 306-3 |
| Occupational health and safety | Work-related injuries -covering LTIFR – Employees, LTIFR – Contractors, Number of days lost to injuries, accidents, fatalities (for employees and contractor) | 403-9 |
| | Work-related ill health- covering OIFR (employees and contractors), total of occupational disease cases, fatalities (employees and contractors) | 403-10 |
| Training and education | Average hours of training per year per employee | 404-1 |

The reporting boundary for the above topics includes 01 Corporate office location and 09 manufacturing facilities across India. The onsite and web-based video meetings were conducted for the below tabulated locations in the month of February 2024.



| Sr. No | Location | Mode of Visit |
|--------|--|---------------|
| 1 | Corporate Office- Yamuna, Survey No. 98/(3 to 7), Baner, Pune 411045, Maharashtra | Physical |
| 2 | Kirloskarvadi Plant- Kirloskar Brothers Limited, Kirloskarvadi, Dist. Sangli 416308, Maharashtra | Physical |
| 3 | Dewas Plant- Kirloskar Brothers Limited, Station Road, Dewas, 455 001, Madhya Pradesh | Virtual |
| 4 | Sanand Plant- Kirloskar Brothers Limited, 254/1 Chharodi Village, Sanand Ahmedabad Viramgam Highway, Ahmedabad-382 170 Gujrat | Physical |
| 5 | Kaniyur Plant- Kirloskar Brothers Limited S.F. No. 324/1- Moperipalaym Road, Thattampudur, Kaniyur Village, Karumathampatti Post, Coimbatore- 641 659 Tamil Nadu | Physical |
| 6 | Shirwal Plant- Kirloskar Brothers Limited, Gate No 117, Shindevadi, Tal. Khandala, Dist. Satara- 412 801, Maharashtra | Virtual |
| 7 | Kirloskar Ebara Pumps Limited, Kirloskarvadi, Dist Sangli 416 308, Maharashtra | Physical |
| 8 | Karad Projects & Motors Limited, Plot B-67 & 68, MIDC Karad Industrial Area, Taswade, Karad- 415 109, Dist- Satara, Maharashtra | Physical |
| 9 | Kirloskar Corrocoat Private Limited, Kirloskarvadi, Dist Sangli 416 308, Maharashtra | Physical |
| 10 | The Kolhapur Steel Limited, Pune Bangalore Highway, Shirol Pulachi, Tal. Hatkanangale, Dist- Kolhapur 416 122 , Maharashtra | Physical |

The assurance activities were done together with a desk review for all other KBL sites within the reporting boundary.

Our Responsibility

TUVI's responsibility as per the assurance engagement is to perform independent assurance and to express a conclusion based on the work performed. We conducted our engagement in reference to the AA1000 Assurance Standard v3 for identified non-financial ESG indicators. Our engagement did not include an assessment of the adequacy or effectiveness of KBL's strategy or management of sustainability-related issues or the sufficiency of the Report against the principles of GRI Standards, IIRC Integrated Reporting (<IR>), and ISAE 3000 (Revised), other than those mentioned in the scope of the assurance. The data is verified on a sample basis, the responsibility for the authenticity of data lies with the reporting organisation. The reporting organisation is responsible for archiving the related data for a reasonable period of time. TUV does not take any liability or co-responsibility 1) for any damages in the case of erroneous data reported. 2) for any decision a person or entity would make based on this assurance statement. This assurance engagement is based on the assumption that the data and information provided to TUVI by KBL are complete and true.

Verification Methodology

TUVI adopted a risk-based approach, focusing on verification efforts on issues of high material relevance to KBL business and its stakeholders. TUVI has verified the statements and claims made in the Report and assessed the robustness of the underlying data management system, information flows, and controls. In doing so,

- i. TUVI reviewed the approach adopted by KBL for the stakeholder engagement and materiality determination process (based on the principle of double materiality and the requirements of the GRI Standards).
- ii. TUVI verified the disclosures and claims made in the Report and assessed the robustness of the data management system, information flow, and controls;
- iii. TUVI examined and reviewed the documents, data, and other information made available by KBL for the reported disclosures, including the disclosure on management approach and performance disclosures;
- iv. TUVI conducted interviews with key representatives, including data owners and decision-makers from different functions of the KBL, during the remote assessments;
- v. TUVI performed sample-based reviews of the mechanisms for implementing the ESG related policies, as described in the KBL Report;
- vi. TUVI verified sample-based checks of the processes for generating, gathering, and managing the quantitative data and qualitative information included in the Report for the reporting period.

The Report was evaluated against the following criteria: adherence to the principles of stakeholder inclusiveness, materiality, responsiveness, completeness, neutrality, relevance, sustainability context, accuracy, reliability, comparability, clarity, and timeliness, as prescribed in the GRI Standards, IIRC Integrated Reporting (<IR>), and AISAE 3000 (Revised).

Opportunities for Improvement

The following are the opportunities for improvement reported to KBL. However, they are generally consistent with management's objectives and programmes.

- 1) KBL may strengthen its internal reporting by opting a smart cloud-based data management system and compliment the same with periodic internal data and performance reviews;
- 2) KBL may develop and declare sustainability targets along with timelines;
- 3) KBL may start verifying environmental and social performance e.g. zero waste to landfill, ESG supply chain audit, water audit, EPD/ LCA verification, social return on investment etc.;
- 4) KBL may opt for water positive index and zero waste to landfill verification

Our Conclusion

In our opinion, based on the scope of this assurance engagement, the ESG disclosures and reference information provide a fair



representation of the material topics and meet the general content and quality requirements of the applied standards.

KBL appropriately discloses the KPIs and actions that focus on the creation of value over the short, medium, and long term. The selected KPIs disclosed by KBL are fairly represented. TUVI did not perform any assurance procedures on the prospective information, such as targets, expectations, and ambitions, disclosed in the Report. Consequently, TUVI draws no conclusion from the prospective information. This assurance statement has been prepared in reference to the terms of our engagement.

Disclosures: TUVI is of the opinion that the reported disclosures generally meet the GRI Standards reporting requirements. KBL refers to universal disclosure to Report contextual information about KBL, while the 'Management Approach' is discussed to Report the management approach for each material topic.

Universal Standard: KBL followed GRI 1 Foundation 2021: Requirements and Principles for using the GRI Standards; GRI 2: General Disclosures 2021: Disclosures about the reporting organization. General Disclosures were followed when reporting information about an organisation's profile, strategy, ethics and integrity, governance, stakeholder engagement practices, and reporting process. and GRI 3: Material Topics 2021: Disclosures and guidance about the organization's material topics. GRI3 was selected for management's approach to reporting information about how an organisation manages a material topic.

TUVI is of the opinion that this report has been prepared in reference to the GRI Standards and <IR> framework.

Topic-Specific Standards: 300 series (environmental topics), and 400 series (social topics); these topic-specific standards were used to Report information on the organisation's impacts related to environmental and social topics. TUVI is of the opinion that the reported material topics and topic-specific standards that KBL used to prepare its Report are appropriately identified and addressed.

Assurance Conclusion: Based on the procedures we have performed; nothing has come to our attention that causes us to believe that the information subject to the limited assurance engagement was not prepared in all material respects. TUVI found the ESG information to be reliable in all respects, with regards to the reporting criteria of the GRI Standards and <IR> framework.

TUVI confirms that KBL has transparently reported major material information pertaining to all its six capitals in line with the <IR> framework, as below

Financial Capital: net worth, capex, investment spent, the economic value generated, gross revenue, etc.

Manufactured Capital: Manufacturing facilities, R & D centers, number of new products launched, new plants, buildings, infrastructure, etc.

Intellectual Capital: Knowledge-based intangibles, including intellectual property, R & D activities, patents, designs registered new product development, etc.

Human Capital: KBL's Engineers, technicians, skilling and re-skilling of employees to enhance their competencies, safety performance, capabilities, experience, motivations to innovate, etc.

Social and Relationship Capital: KBL's relationship with stakeholders such as customers, business partners, regulators, suppliers, communities, legislators, policy-makers, and benefits associated with brand and reputation, along with KBL's ability to share information to enhance wellbeing.

Natural Capital: Sourcing responsibilities for the majority of renewable and non-renewable environmental resources and processes that provide goods or services. Reporting of circular economy, emissions, water consumption, waste disposal, etc.

Evaluation of the adherence contemporary Principles

Stakeholder Inclusiveness: Stakeholder identification and engagement is carried out by KBL on a periodic basis to bring out key stakeholder concerns as material topics of significant stakeholders. In our view, the Report meets the requirements.

Sustainability context: KBL established the relationship between ESG and organisational strategy within the Report, as well as the context in which disclosures are made. In our view, the Report meets the requirements with regards to the sustainability Context.

Materiality: The materiality determination process has been conducted and reviewed based on the principle of double materiality and the requirements of the GRI Standards, considering involvement of internal and external stakeholders in upstream and downstream value chain in identifying the material issues to the KBL range of businesses. The Report fairly brings out the aspects, topics, and their respective boundaries of the diverse operations of KBL. In our view, the Report meets the requirements.

Responsiveness: TUVI believes that the responses to the material aspects (identified through the Double Materiality Test) are fairly articulated in the report, i.e., disclosures on KBL policies and management systems, including governance. In our view, the Report meets the requirements.

Impact: KBL communicates its sustainability performance through regular, transparent internal and external reporting throughout the year, aligned with GRI, IIRC Integrated Reporting (<IR>) as part of its policy framework encompassing environmental, social, ethical, and other policies. KBL reports on sustainability performance to the Board of Directors, who oversees and monitors the implementation and performance of objectives, as well as progress against goals and targets for addressing sustainability-related issues.

Completeness: The Report has fairly disclosed the selected non-financial KPIs, as per GRI Standards. In our view, the Report meets the requirements.

Reporting Principles for defining report quality: The majority of the data and information were verified by TUVI's assurance team during the remote assessment and found to be fairly accurate. The disclosures related to ESG issues and performances are reported in a balanced manner and are clear in terms of content and presentation. In our view, the Report meets the requirements.

Reliability: The majority of the data and information were verified by TUVI's assurance team and found to be fairly accurate. Some inaccuracies in the data identified during the verification process were found to be attributable to transcription, interpretation, and aggregation errors, and these errors have been corrected. Therefore, in reference to the GRI Standards and



<IR> framework, TUVI concludes that the ESG data and information presented in the Report are fairly reliable and acceptable. In our view, the Report meets the requirements.

Neutrality: The disclosures related to ESG issues and performance are reported in a neutral tone, in terms of content and presentation. In our view, the Report meets the requirements.

Our Assurance Team and Independence

TUVI is an independent, neutral third party providing sustainability services with qualified environmental and social specialists. TUVI states its independence and impartiality and confirms that there is "no conflict of interest" with regard to this assurance engagement. In the reporting year, TUVI did not work with KBL on any engagement that could compromise the independence or impartiality of our findings, conclusions, and recommendations. TUVI was not involved in the preparation of any content or data included in the report, with the exception of this assurance statement. TUVI maintains complete impartiality towards any individuals interviewed during the assurance engagement.

For and on behalf of TUV India Private Limited

A handwritten signature in blue ink, appearing to read "M Borekar".

Manojkumar Borekar
Project Manager and Reviewer
Head – Sustainability Assurance Service



Date: 02/07/2024
Place: Mumbai, India
Project Reference No: 8122094231



Management Discussion and Analysis



ECONOMIC REVIEW

Global Economy

In 2023, amidst an uncertain environment, the global economy showed strong resilience led by robust growth in advanced economies. It grew steadily by 3.1% driven by positive supply trends despite the central banks raising their interest rates to stabilise the prices. Inflation declined from the peak of 2022 despite disruptions from the pandemic, the Russia-Ukraine war and the war in the Middle East. It is further expected to reduce from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025.

Amidst the challenging global environment, the emerging markets and developing economies (EMDEs) explored new growth opportunities. EMDEs are expected to maintain steady growth of 4.3% in FY 2022-23 and 4.2% in FY 2024-25. Rising interest rates and new price spikes due to geopolitical conflicts like the Russia-Ukraine war, the Red Sea crisis and the Israel-Palestine conflict, pose risks to the global growth. Multilateral cooperation will help mitigate the costs and risks of geoeconomic fragmentation and climate change expediting the transition to green energy.

(Source: World Economic Outlook-IMF, April 2024)

Indian Economy

The World Bank predicted that India would remain the fastest-growing major economy globally though this growth rate is expected to slow down. According to the 'Global Economic Prospects' report, this moderation is mainly due to a slowdown in investment from a high base. However, investment growth is still expected to be stronger than previously envisaged and will remain robust over the

forecast period, with strong public investment accompanied by private investment. The GDP growth forecast for India is estimated at 6.6% for FY 2024-25.

(Source: NSO, World Bank, PIB)

INDUSTRY OVERVIEW & DEVELOPMENTS

Global Pump Market

The global pump consumption increased by 2.1% to USD 59.3 Billion in 2023. Centrifugal pumps accounted for 50.5%, reciprocating pumps 12.8%, rotary pumps 15.7% and other pumps 21% of the total market. The growth was muted despite the cooling down of inflationary pressure in the pump market. Robust growth in industrialisation in emerging economies like China, Brazil and India is leading to growing demand for pumps for multiple purposes like water supply, wastewater treatment, manufacturing processes and agriculture. Growing urbanisation also led to increased demand for pumps used in water supply, waste water and sewage treatment, heating, ventilation, air conditioning (HVAC) and firefighting applications.

In 2024, global pump consumption is expected to continue its tepid growth journey at 2.5% with mixed performance expected for the key pump-consuming sectors. Lower global inflation is expected to aid growth in the manufacturing sector. Lower energy prices will aid growth in the chemical sector. Similarly, the power sector will benefit both from lower input costs and a pickup in the manufacturing activity. The Middle East is expected to emerge as the highest-performing region with 6.2% growth driven by strong pump consumption by the Oil and Gas sector. Growth in Asia and Europe is expected

to be in line with the global growth. Innovations in pump technology with increased emphasis on energy efficiency and environmental sustainability are the newest trends emerging in the pump market.

(Source: Oxford Economics - Spring 2024 report)

Indian Pump Market

In 2023, the Indian pump market was ranked the sixth-largest globally, constituting 3% of the global pump consumption, behind China, the US, Canada, Germany and Russia, making it the second-largest market in the APAC region. The pump consumption grew by 5.8% to USD 1,803 Million. The growth in the pump market is directly related to the economic growth. With the Indian economy being the fastest-growing economy in the World in 2023, the pump sector saw robust growth. Rapid urbanisation, pick-up in the industrial activity and increased government spending on agriculture and infrastructure sectors bode well for the pump demand.

The government has been introducing several schemes, reforms and programmes to increase the income of farmers and overall agricultural activities. Increasing investments in agricultural infrastructure, the biggest end-use market for pumps is aiding the growth of pump demand. The rising number of sewage treatment plants, along with the growing adoption of water pumps to transport sludge, stormwater and mechanically treated wastewater is driving the growth of the pumps market. Growing reliance on groundwater for agriculture, focus on increasing desalination plants on account of acute water shortage and increased construction activity is catalysing the demand for water pumps in India.

As the growth in the Indian economy is expected to slow down in 2024, the demand for pumps is also expected to decrease. However, this slowdown is only temporary as the pump consumption is expected to recover to 5.3% in 2025 and will settle above 7% over the medium term, aided by a steady pick-up in investment spending and weighted end-use output. Factors like rapid industrialisation, the rising requirement of safe drinking water and consumption in construction are anticipated to fuel the market growth.

(Source: Oxford Economics – Spring 2024)

COMPANY OVERVIEW

Serving the world for over 136 years, Kirloskar Brothers Limited (KBL/the Company) is the mother company of the Kirloskar Group. With a strong focus on engineering, KBL has emerged as a strong and respected Indian multinational corporation, well-known for manufacturing various pumps, valves, hydro-turbines and systems for various applications.

Our Company caters to the pumping needs of various sectors spanning from large infrastructure projects such as water supply, power generation, irrigation, oil & gas, building and construction, industry and marine & defence to small pumps for domestic and agricultural use. The Company is committed to empowering people, widening its footprint, augmenting infrastructural capabilities and exploring novel prospects for business growth through total fluidity management.



In 2023, the Indian pump market was ranked sixth-largest globally, constituting 3% of global pump consumption, behind China, the US, Canada, Germany and Russia, making it the second-largest market in the APAC region.

KBL is efficiently catering to both local and global clients by manufacturing 75+ types of pumps of up to 30 MW with a flow capacity of up to 120,000 m³/hr (33,333.34 litres per second) and heads of up to 3,200 m. KBL also manufactures 30+ types of valves with diameters ranging from 25 mm to 5 m, low-tension induction motors and a wide range of and mini hydel turbines (up to 10 MW). The Company has a robust distribution network with 16,000 channel partners in India and over 250 partners abroad. Its best-in-class network of authorised centres and refurbishment centres are strategically spread pan India.

Our Total Quality Management (TQM) enabled manufacturing facilities are certified for Integrated Management System comprising ISO 9001:2015 (QMS), ISO 14001:2015 (EMS), ISO 45001:2018 (OH&S) and ISO 50001:2018 (EnMS) Management System Standards.

MANUFACTURING UNITS

Kirloskarvadi plant

Kirloskarvadi plant surpassed all its previous records, marking another successful year for the plant. Our Total Productive Maintenance (TPM) is expected to achieve its intended success. The formation of cross-functional teams dedicated to enhancing equipment performance, employed a systematic approach to identify and eliminate losses that hinder equipment effectiveness.

The plant received the following certifications for its sustainable practices –



- GreenCo Silver certification from the Confederation of Indian Industry (CII)
- GreenPro Ecolabel certification for end-suction pump - DBxe, Lowest Life-cycle Cost (LLC™) Series - horizontal split-case pump, cast iron and alloy cast iron foundry castings

Dewas Plant

In line with the commitment to innovation and customer satisfaction, 62 new variants were launched across various pump series. The plant achieved a milestone by despatching the highest quantity of pumps in FY 2023-24. A remarkable 22% growth in spare parts despatches was achieved,



indicating the increasing demand for products and services. During the year, a High-Pressure Molding Line (HPML) was commissioned thus bolstering the manufacturing capabilities and efficiency.



- GreenCo Gold certification from the Confederation of Indian Industry (CII)

Kaniyur Plant

The plant successfully launched 10 new models, further diversifying its product range to meet the evolving customer needs. The TPM implementation to enhance product quality and operational efficiency is progressing as per schedule.

The Kaniyur plant received prestigious awards and certification in various categories –



- Gold and Silver awards from the NCQC Nagpur chapter
- Gold award for a quality case study and two Silver awards for the best productivity improvement projects by the Coimbatore Productivity Council
- Silver award in the National Awards for Manufacturing Competitiveness (NAMC) audit conducted by the International Research Institute for Manufacturing (IRIM)
- GreenCo Bronze certification from the Confederation of Indian Industry (CII)

Sanand Plant

The plant received the following prestigious awards and certification –



- Silver medal for the assessment year 2023 in the NAMC audit
- Par Excellence Award for the 5S Kaizen Case Study Presentation in the 9th National Conclave on 5S organised by the Quality Circle Forum of India (QCFI)
- Winner in Excellence in Engineering & Design, Innovation, Operation and Sustainability categories, and Runners up in the Human Resources category at the Manufacturing Today Conference & Awards 2023
- GreenCo Bronze certification from the Confederation of Indian Industry (CII)

OPERATIONAL OVERVIEW

Water Resource Management

In FY 2023-24, the Water Resource Management sector received significant orders from large contractors in Uttar Pradesh, Rajasthan, Bihar, North-East India and Uttarakhand. The Company sold more than 100 units of value-added products including Lowest Life-Cycle Cost (LLC™) series pumps, Autoprime pumps and IoT-based remote monitoring and predictive maintenance systems (KirloSmart™). The Company has bagged a prestigious order from Bihar Urban Infrastructure Development Corporation Ltd (BUIDCO), Bihar for stormwater application. The solar pump business is experiencing growth in the institutional segment and the open market.

Irrigation

In FY 2023-24, the Company sold more than 100 units of large horizontal split-case and small, medium and large vertical turbine (VT) pumps, specially designed to pump water from deep reservoirs. The Company successfully executed major irrigation projects in Uttar Pradesh, Haryana, Madhya Pradesh, Gujarat and Odisha, which involved the despatch of large and medium VT pumps.

Power

In FY 2023-24, the Company achieved significant milestones and secured notable orders, further solidifying its position in the industry. One such achievement was the commissioning of cooling water pumps for a nuclear power plant in Rajasthan. Additionally, a substantial order for concrete volute pumps for cooling water applications was acquired for the 2x800 MW Mahan Project and another significant order for a slurry recirculation pump was bagged for the Dadri Project.

Valves

In FY 2023-24, the Valves sector experienced significant growth. The Jal Jeevan Mission project provided favourable opportunities and business prospects. Substantial investments in steel and power projects led to an increase in the order inflow this year. The successful completion of project orders for large-size valves reaffirms KBL's ability to handle heavy valves effectively and efficiently. Moreover, the expansion of the dealer network provided strong support to the standard valves business. The government's continued funding of water and sanitation projects is expected to create excellent opportunities in the future.

Building and Construction

In FY 2023-24, this sector achieved a 21% growth in order bookings compared to the previous year. The company supplied and commissioned pumps for various prestigious projects, including the Shri Ram Janmabhoomi Mandir in Ayodhya, Atal Setu Mumbai Trans Harbour Link, AIIMS in Hyderabad, the IRCON Tunnel in Jammu, the Indian Institute of Science in Bangalore, Yashobhoomi (India International Convention and Expo Centre) and Bharat Mandapam (Pragati Maidan) in New Delhi, the Surat Diamond Bourse, the Kolkata Metro (underwater rail route), Agra Metro and the Mumbai Metro.

Additionally, KBL participated in several events, including the ASHRAE round table meeting in Goa, the India Decarbonization Conference in Delhi, ACREX INDIA exhibition in Noida, the PLUMBEX INDIA exhibition in Bangalore, the Uttar Pradesh Fire Safety & Security Expo in Lucknow, the Fire and Safety Expo in Kathmandu, the Developing Economies Conference in Mumbai and the International Fire Safety and Security Expo 2024 in Dhaka.

Industry

In FY 2023-24, the Industry sector sales were driven mainly by the Process and Pharma sectors. Pharma sector's new clients boosted the business significantly. Replacement business improved by 15%, with increased bookings for value-added products like hydro-pneumatic (HYPN) pressure-boosting systems. The Chemical segment's capex saw a slowdown, due to some domestic and global factors. The Authorised Pumpset Original Equipment Manufacturer (APOEM) concept was established, thereby enhancing footprint and meeting urgent client needs. Focus on energy-efficient pumps boosted revenues. There was an increased emphasis on growing wallet share from key customers in the process sectors. New products like DBxe in stainless steel construction have been approved for process applications by the major industry consultants.

Oil and Gas

KBL's Oil & Gas Division excelled in the last fiscal year, with a 90% increase in sales and a substantial rise in new orders. Renowned for its top-notch products and services, KBL is expanding globally. Promising new market segments have been identified for business growth. The Company plans to leverage this opportunity by ramping up international

sales of pumps. Upcoming domestic projects and initiatives by the country's leading PSUs, present additional expansion opportunities.

Marine and Defence

KBL remained focused on providing an indigenised solution for pumps and firefighting systems under the "Make in India" initiative to various Defence establishments.

Small Pump Business (SPB)

In FY 2023-24, SPB implemented the learnings accrued in the previous year and witnessed the consolidation of the initiatives taken up in FY 2022-23 thereby resulting in its overall growth. Its focus on promoting energy-efficient products gathered momentum through the launch of new products for the domestic segment, aiming to benefit the consumer. The energy-efficient products launched in the past two years continued to grow in FY 2023-24, demonstrating the fulfilment of a latent demand which was already present. SPB also launched products to address the demand from the 'Bottom of the Pyramid' segment of the market, ensuring that consumers get competitively priced yet reliable products that last a lifetime. The digitalisation of various critical processes improved the efficiency of the business operations.

Customer Service and Spares (CSS)

The Small and Medium Pump Division (SMPD) has achieved a remarkable growth, with an 18% increase in order intake compared to the previous fiscal year. Service revenue in SMPD soared by 46%, marking its highest-ever sales for spares. Notably, the division has successfully replaced numerous competitor pumps in various industries, surpassing customer expectations through energy audits and proactive





PRODUCTS LAUNCHED IN FY 2023-24

JALHASTI-1



JALTARA-1



MINI
SERIES
PUMPS



ANISA-1



ANNIKA-1



DBxe (SS)



KW-SC



KW-LC



Aqua Torrent
- 10FCL



Lifter - Shallow
Well Pump



services. KBL's vast service network, including a number of authorised service and spare dealers and service centres nationwide, ensures comprehensive service coverage for all pump sets. Significant projects include the commissioning of HVAC Pumps at Bharat Mandapam and Agra Metro Station and Autoprime pump sets at leading Indian PSUs.

Engineered Service Division (ESD) – The Large Pump Division (LPD) witnessed a 13% growth in bookings and a 12% increase in sales with LPD Spares achieving its highest-ever sales. Efforts to reclaim customers from non-original spare providers have been successful, enhancing the customer base. The ESD team has been recognised for efficiently resolving complaints and completing performance guarantee tests, leading to the projects' success at various significant sites. Energy audits and performance tests conducted for major clients have opened new business avenues, demonstrating the divisions' commitment to excellence and customer satisfaction.

RISK MANAGEMENT

The Company's robust risk management framework is in compliance with the requirements under Regulation 21 of the SEBI Listing Regulations, 2015. The risk management policy enables the Company to monitor and mitigate the various risks including internal and external risks. The Company's Board of Directors have constituted a risk management committee tasked with the responsibility to continually monitor various strategic, operational and financial risks. The Committee meets at regular intervals to identify the top risks and prioritises those risks. It then formulates adequate mitigation plans to address any foreseeable risks. The Committee keeps a close watch on changes in the internal and external environment to check the emergence of any new threats.

Read more about our Risk Management on page 24 of this report.

HUMAN RESOURCES

The human capital has always been the driving force behind KBL's success. A strategic transformation was undertaken by the HR department, aligning its efforts with the company's long-term business objectives. This revamped approach prioritised attracting and retaining top talent through enhanced recruitment and retention strategies. Additionally, a positive company culture were fostered through strong ethical and cultural leadership. Furthermore, HR policies were developed to support the organisation's sustainable growth and contribute to achieving long-term strategic goals.

The HR strategy focused on maximising employee potential and aligning individual contributions with the company's overarching purpose, vision, mission and values. The Company understands that engaged employees, who feel valued and connected, are more likely to support its success.

With the industry experiencing a significant talent shift, KBL took proactive measures to address the challenges of employee retention. A robust talent acquisition strategy was implemented by leveraging clear business projections. Skill development remained a central focus for the organisation. Targeted learning modules were developed to address key knowledge gaps across departments and enhance specific skill sets. This proactive approach not only supported talent retention efforts but also aligned with the company's commitment to continuous improvement.

The Company was committed to helping employees reach their full potential by prioritising essential soft skills training. By fostering innovative thinking, creative problem-solving, critical thinking and execution skills, we enable our team to tackle challenges and deliver impactful results.

To foster a holistic approach to employee well-being, the company launched its engaging "KirloSphere" initiative. This initiative includes the KirloFit club, which promotes physical fitness through a variety of activities. Additionally, the KirloMind club offers a platform for creative expression and exploration, nurturing a well-rounded and engaged workforce. Under KirloConnect we have initiated various communication channels. These programmes transcend traditional employee benefits, cultivating a culture of well-being that extends beyond the workplace.

Peaceful and productive working relationships were successfully maintained by KBL across all manufacturing plants throughout the year. The company's commitment to employee engagement through strategic HR initiatives was identified as key to fostering a motivated and skilled workforce. This focus on employee development and well-being positioned the organisation for continued success and a competitive edge in the evolving market.

INFORMATION TECHNOLOGY

The company has made significant progress in its digitalisation efforts, implementing various new systems and technologies. This includes the adoption of Low Code - No Code software development platforms for faster system development and the utilisation of Gen AI for automation across different functions such as IoT practices and supply chain digitalisation.

Two new applications were implemented, one for Supplier Relationship Management and the other for Procurement Cycle Management. Continuous efforts were made to fortify IT infrastructure and cybersecurity measures, including the procurement of AI-enabled cybersecurity tools for real-time threat prevention and monitoring. The Company remains dedicated to advancing its digitalisation journey throughout FY 2024-25 with unwavering zeal and commitment.



FINANCIAL REVIEW

- The consolidated revenue from operations increased by 7% to ₹ 40,012 Million in FY 2023-24 from ₹ 37,302 Million in FY 2022-23, driven by robust growth in end-use segments
- Gross profit rose by 15% to ₹ 20,768 Million in FY 2023-24 from ₹ 18,028 Million in FY 2022-23
- EBITDA surged by 36% to ₹ 5,783 Million in FY 2023-24 from ₹ 4,263 Million in FY 2022-23, with the EBITDA margin expanding by 302 bps to 14.5%
- Profit after tax increased by 48% to ₹ 3,497 Million in FY 2023-24 from ₹ 2,358 Million in FY 2022-23, accompanied by a PAT margin expansion of 242 bps to 8.7% in FY 2023-24

| Key Financial Ratios (Reasons where variation is more than 25%) | Year ended March 31, 2024 | Year ended March 31, 2023 | Absolute Variance (%) |
|--|------------------------------|------------------------------|--------------------------|
| Current Ratio | 1.65 | 1.54 | 7.56% |
| Debt-Equity Ratio (Reduction in borrowings along with increase in net worth due to higher profits) | 0.03 | 0.09 | 70.65% |
| Debt Service Coverage Ratio (Reduction in borrowings along with higher profits) | 7.13 | 2.89 | 146.97% |
| Interest Coverage Ratio (Reduction in borrowings along with increase in operating profits) | 138.29 | 23.18 | 496.59% |
| Return on Net Worth (%) (Higher profits due to better operational performance) | 18.06 | 14.00 | 28.94% |
| Inventory Turnover (Number of Times) | 3.18 | 3.43 | 7.46% |
| Debtors Turnover (Number of Times) | 6.21 | 6.16 | 0.85% |
| Operating Profit Margin (%) (Higher profits due to better operational performance) | 12.60 | 9.81 | 28.4% |
| Net Profit Margin (%) (Higher profits due to better operational performance) | 8.97 | 6.55 | 36.95% |

RESEARCH AND DEVELOPMENT

The Company's R&D division undertook several product development initiatives to maintain its technological and competitive edge in the fluid management business.

A pump testing facility equipped with modern test beds and SCADA systems, for exhaustive pump testing and new product development, was operationalised at Kirloskarvadi. Several new products were launched, including DBxe pumps in stainless steel material for various industries, KW-SC pumps in vertical inline construction for HVAC and water markets and special canned motor pumps for naval applications. High-energy vertical turbine pumps, including a notable 7.5 MW pump for irrigation, were developed. Additionally, models for firefighting applications were developed and their FM approval and UL listing were secured. The largest metallic volute pump with a 16 MW motor rating was successfully commissioned during this period. In the Valves division, various large-size butterfly valves and turbine inlet valves were developed. Successful prototype development of the next-generation IoT device KirloSmart™ 2.0 was undertaken to enhance its features.

To meet the industry demands for energy-efficient products, KBL introduced a series of self-priming monoblock pumps

with IE4 and IE5 motors with super-premium efficiency in 12 variants. Addressing customer concerns regarding sandy bores, the Company developed 150 mm borewell submersible pumps with advanced sand fighter arrangements and energy-efficient oil-filled motors. For agricultural requirements, an energy-efficient series of 150 mm borewell submersible pump - KS6 in 60 variants, was launched. Additionally, KBL developed an indigenous submersible pump model, the CW series (up to 7.5 kW), for import substitution and introduced the shallow well jet-lifter series with enhanced suction heads to lead the domestic market.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Given the diverse business operations and the wide range of products, it was imperative for the Company to set up and continually review an effective and efficient internal control mechanism. The Company thus established a detailed 'Code of Conduct' as a guide to deal with all its stakeholders. The Company also has in place a whistle-blower policy. Internal controls have been further fine-tuned through proper budgetary controls, clearly defined roles and responsibilities, a schedule of authorities, documented policies and guidelines to enable appropriate decisions, along with an effective

review mechanism. There are in-built checks and balances to ensure that the functioning of the business is not unduly affected by controls and that appropriate business ethics are upheld. The internal control mechanism commensurates with the size and complexity of the business and is aligned with evolving business needs.

The Internal Financial Controls (IFC) established by the Company covers all the significant business processes and operations in complete compliance with the Companies Act, 2013. Various internal controls, established at the entity level and process levels, are designed to ensure regulatory compliance and appropriate recording and reporting of financial and operational information. Processes and controls laid down as per IFC are regularly updated to keep pace with the changing business environment.

Internal controls are regularly reviewed by the internal audit department. All significant and material observations are periodically reported to the Audit Committee of the Board, and necessary action is undertaken. The senior management and the Audit Committee of the Board are periodically apprised of the Company's internal processes with respect to internal controls, statutory compliances and adherence.

QUALITY ASSURANCE

The department has enhanced its quality approach with the "First Time Right" initiative, focusing on prevention, customer-centricity, robust processes and strengthened supplier partnerships. This strategy is supported by digitalisation, innovation and ongoing training. Through sustainable root cause analysis and identifying key leaders for critical projects, the department saw performance improvements, guided by both lead and lag indicators and TPM tools like QM Matrix and QC Story. Proactive process risk management using AIAG core tools, alongside regular audits and training for suppliers, helped minimise the rejection rates. Front-end service engineers were equipped with quality tools for more effective problem-solving, reinforcing a culture of quality through continuous internal and external training and workshops.

SUSTAINABILITY

As the Company continued its journey towards sustainability, a commitment was made to follow and promote environment-friendly practices in its products, processes, value chain and business decisions. Progress was made towards reducing adverse environmental impact through the conservation of natural resources, circularity, water management and energy management. This was achieved by developing products with a low ecological footprint, promoting energy-efficient products, managing emissions, enhancing the use of renewable energy, conserving biodiversity and engaging with the stakeholders and the communities for responsible sustainability practices.

Excellence in overall sustainable performance was strived for through the integration of economic, environmental and



The company has recognised the growing importance of value marketing, notably with the launch of energy-efficient and cost-effective products in retail pumps.

social dimensions. Along with the Environmental (E) pillar, equal emphasis was placed on the other two key pillars of sustainability, namely Social (S) and Governance (G). Accordingly, robust policies were established to implement all aspects of ESG across the organisation as well as in the value chain, setting a strong roadmap to move towards a sustainable future.

GLOBAL MARKETING

KBL has been leveraging new digital technologies to boost marketing efficiency and customer engagement. With a belief in the untapped potential of digital channels for expanding reach and generating opportunities, the company has intensified its social media presence and customer communication. By integrating websites, social media, email and digital campaigns, KBL has enhanced its understanding of the customer journey, thereby improving marketing ROI.

The company has recognised the growing importance of value marketing, notably with the launch of energy-efficient and cost-effective products in retail pumps. The mix of digital and traditional marketing strategies has quickly popularised these offerings. The focus on KirloSmart™ – an IoT-based remote monitoring system and other energy-efficient products, has not only raised awareness but also driven business growth.

The company participated in over 50 events and trade fairs in India and abroad. Our live demo-stand activation significantly enhanced customer engagement, showcasing our products' superior performance compared to the competition.

INTERNATIONAL BUSINESS

The KBI BV Group has continued to build on its strong performance from 2022, achieving record-breaking results in 2023. The international businesses have demonstrated resilience and strategic focus, driving exceptional growth despite global challenges.

SPP Pumps continued its stellar performance in 2023, with a strategic focus on the Engineering Services Division (ESD). The Industrial Fire and Water Division also performed strongly, surpassing the 2022 results.

The South African entities, including SPP Pumps and Braybar, continued their strong performance from 2022, achieving sales of ZAR 100 Million and reaching a significant milestone.



The operations in the USA significantly contributed to the Group's overall performance, achieving a profit before tax (PBT) of USD 6.6 Million. This represents a remarkable 128% growth. The primary driver of this success was the introduction of new products that have gained considerable traction, particularly in the data centre and warehousing sectors. Additionally, the company enhanced its market presence domestically, which has proven to be more profitable compared to the export market. Furthermore, there has been a notable rise in the demand for engineered systems, both in terms of volume and value, thereby boosting revenues and profit margins.

The Thailand business faced challenges in 2023 due to slow economic recovery, depreciation of the Thai Baht against major currencies, delays in government spending and project execution issues caused by contractor liquidity problems. Despite these setbacks, the Group maintains a strong backlog to support the 2024 plan and is hopeful for a turnaround.

The Group achieved a remarkable PBT of GBP 9.8 Million in FY 2023. This success is attributed to increased sales and the continued application of stringent fiscal policies aimed at improving cash flow and reducing borrowing burdens at the Group level and across all subsidiaries. Focused efforts in receivables collection and tighter control over fixed

overheads have delivered sustained improvement in the Group's cash position.

KBI BV has undertaken significant investments to enhance its infrastructure and cultivate its talent pool. Key initiatives during this period include the implementation of the advanced SPP USA test rig project, the deployment of cutting-edge pump test software and the acquisition of the state-of-the-art multi-functional machine tools at SPP UK. These strategic investments underscore the Group's commitment to operational excellence and continuous improvement.

Despite geopolitical challenges such as the Russia-Ukraine War, the Israel-Gaza conflict and the Red Sea conflict, which have significantly impacted the supply chain, international businesses have delivered a remarkable performance. The Group remains committed to navigating these challenges and leveraging strategic opportunities for continued growth.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's projections and estimates are forward-looking statements and progressive within the meaning of applicable security laws and regulations. Actual results may vary from those expressed and incidental factors.

ETL (OH5) API 610 pump supplied by Rodelta to a leading oil and gas company in the Netherlands



BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT (BRSR)

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

| | | |
|----|--|--|
| 1 | Corporate Identity Number (CIN) of the Listed Entity | L29113PN1920PLC000670 |
| 2 | Name of the Listed Entity | Kirloskar Brothers Limited |
| 3 | Year of incorporation | 1920 |
| 4 | Registered office address | "Yamuna" Survey No. 98 / (3 to 7), Plot No. 3, Baner, Pune – 411045, Maharashtra, India |
| 5 | Corporate address | "Yamuna" Survey No. 98 / (3 to 7), Plot No. 3, Baner, Pune – 411045, Maharashtra, India |
| 6 | E-mail | marketing@kbl.co.in |
| 7 | Telephone | +91 (20) 6721 4444 |
| 8 | Website | www.kirloskarpumps.com |
| 9 | Financial year for which reporting is being done | FY 2023-24 |
| 10 | Name of the Stock Exchange(s) where shares are listed | BSE Limited and National Stock Exchange of India Limited |
| 11 | Paid-up Capital | ₹ 158,817,852 |
| 12 | Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report | Manish Patel - Associate Vice President and Head – Corporate Sustainability & Excellence manish.patel@kbl.co.in +91 (20) 6721 4444 |
| 13 | Reporting boundary | Standalone basis (the reporting boundary for BRSR is limited to performance of Kirloskar Brothers Limited) |
| 14 | Name of assurance provider | Not Applicable |
| 15 | Type of assurance obtained | Not Applicable |

II. Products / services

16. Details of business activities (accounting for 90% of the turnover):

| S. No. | Description of Main Activity | Description of Business Activity | % of Turnover of the entity |
|--------|------------------------------|--------------------------------------|-----------------------------|
| 1 | Manufacturing | Manufacture of fluid power equipment | 95.70 |

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

| S. No. | Product/Service | NIC Code | % of total Turnover contributed |
|--------|---|----------|---------------------------------|
| 1 | Manufacture of fluid power equipment <ul style="list-style-type: none"> Manufacturing of hydraulic and pneumatic components (including hydraulic pumps, hydraulic motors, hydraulic and pneumatic cylinders, hydraulic and pneumatic valves, hydraulic and pneumatic hose and fittings) Air preparation equipment for use in pneumatic systems, fluid power systems, hydraulic transmission equipment | 2812 | 95.70 |

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

| Location | Number of plants | Number of offices | Total |
|---------------|------------------|-------------------|-------|
| National | 6 | 9 | 15 |
| International | 0 | 0 | 0 |



19. Markets served by the entity:

a. Number of locations

| Locations | Number |
|----------------------------------|-----------------------------------|
| National (No. of States) | 28 States and 8 Union Territories |
| International (No. of Countries) | 120+ Countries |

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Contribution of exports - 6.40%

c. A brief on types of customers

We manufacture pumps, valves, hydro-turbines, and other fluid power equipment, serving diverse customers in sectors such as Building and Construction, Marine, Defence, Nuclear, Water, Irrigation, Power, Oil & Gas, Chemical, Pharmaceutical, and Retail sectors, both directly as well as through distributors, driving our business objective of leading innovative and sustainable solutions for fluid management.

IV. Employees

20. Details as at the end of the Financial Year:

a. Employees and workers (including differently abled):

| S. No. | Particulars | Total (A) | Male | | Female | |
|------------------|--------------------------|-----------|---------|-----------|---------|-----------|
| | | | No. (B) | % (B / A) | No. (C) | % (C / A) |
| EMPLOYEES | | | | | | |
| 1. | Permanent (D) | 1,503 | 1,394 | 92.75 | 109 | 7.25 |
| 2. | Other than Permanent (E) | 91 | 84 | 92.31 | 7 | 7.69 |
| 3. | Total employees (D + E) | 1,594 | 1,478 | 92.72 | 116 | 7.28 |
| WORKERS | | | | | | |
| 4. | Permanent (F) | 1,096 | 1,037 | 94.62 | 59 | 5.38 |
| 5. | Other than Permanent (G) | 93 | 64 | 68.82 | 29 | 31.18 |
| 6. | Total workers (F + G) | 1,189 | 1,101 | 92.60 | 88 | 7.40 |

b. Differently abled Employees and workers:

| S. No. | Particulars | Total (A) | Male | | Female | |
|------------------------------------|---|-----------|---------|-----------|---------|-----------|
| | | | No. (B) | % (B / A) | No. (C) | % (C / A) |
| DIFFERENTLY ABLED EMPLOYEES | | | | | | |
| 1. | Permanent (D) | 1 | 1 | 100 | 0 | 0 |
| 2. | Other than Permanent (E) | 0 | 0 | 0 | 0 | 0 |
| 3. | Total Differently abled employees (D+E) | 1 | 1 | 100 | 0 | 0 |
| DIFFERENTLY ABLED WORKERS | | | | | | |
| 4. | Permanent (F) | 2 | 2 | 100 | 0 | 0 |
| 5. | Other than Permanent (G) | 0 | 0 | 0 | 0 | 0 |
| 6. | Total Differently abled workers (F+G) | 2 | 2 | 100 | 0 | 0 |

21. Participation/Inclusion/Representation of women

| | Total (A) | No. and percentage of Females | |
|--------------------------|-----------|-------------------------------|-----------|
| | | No. (B) | % (B / A) |
| Board of Directors | 10 | 3 | 30 |
| Key Management Personnel | 2* | 0 | 0 |

* This excludes Chairman and Managing Director as already covered under Board of Directors

22. Turnover rate (%) for permanent employees and workers (Disclose trends for the past 3 years)

| | FY 2023-24 | | | FY 2022-23 | | | FY 2021-22 | | |
|---------------------|------------|--------|-------|------------|--------|-------|------------|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Permanent Employees | 16 | 23 | 16 | 20 | 21 | 20 | 17 | 12 | 17 |
| Permanent Workers | 2 | 2 | 2 | 2 | 0 | 2 | 0 | 3 | 1 |

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. Names of holding / subsidiary / associate companies / joint ventures

| S. No. | Name of the holding / subsidiary / associate companies / joint ventures (A) | Indicate whether holding/ Subsidiary/ Associate/ Joint Venture | % of shares held by listed entity | Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No) |
|--------|---|--|-----------------------------------|--|
| 1 | Kirloskar Ebara Pumps Limited | Joint Venture | 45 | No |
| 2 | Karad Projects and Motors Limited | Subsidiary | 100 | No |
| 3 | Kirloskar Corrocoat Private Limited | Subsidiary and Joint Venture | 65 | No |
| 4 | The Kolhapur Steel Limited | Subsidiary | 100 | No |
| 5 | Kirloskar Brothers International B.V. | Subsidiary | 100 | No |

Note- Details of stepdown subsidiaries have been reported elsewhere in the Integrated Annual Report

VI. CSR Details

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No)- Yes

(ii) Turnover (in ₹) – ₹ 27,201.30 mn

(iii) Net worth (in ₹) – ₹ 14,522.20 mn

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

| Stakeholder group from whom the complaint is received | Grievance Redressal Mechanism in place (Yes / No) If yes, then provide web-link for grievance redressal policy ** | FY 2023-24 | | | FY 2022-23 | | |
|---|---|---|---|---------|---|---|---------|
| | | No. of complaints filed during the year | No. of complaints pending resolution at close of the year | Remarks | No. of complaints filed during the year | No. of complaints pending resolution at close of the year | Remarks |
| Communities | Yes** | 0 | 0 | NA | 0 | 0 | NA |
| Investors (other than Shareholders) | Yes** | 0 | 0 | NA | 0 | 0 | NA |
| Shareholders | Yes** | 1 | 0 | NA | 5 | 0 | NA |
| Employees and workers | Yes** | 67 | 11*** | NA | 17 | 0 | NA |
| Customers | Yes** | 0 | 0 | NA | 0 | 0 | NA |
| Value Chain Partners -Suppliers | Yes** | 0 | 0 | NA | 0 | 0 | NA |
| Value Chain Partners – dealers | Yes** | 0 | 0 | NA | 0 | 0 | NA |

Notes **

- Communities, Investors & Shareholders can report their grievances through the email ID given on the KBL website
- Employee and workers can raise their grievances on Company's intranet through helpdesk
- Customers can report their grievance through CRM (Customer Relationship Management) portal and email ID given on the KBL website
- Suppliers can report their grievances through the email ID provided in the Purchase Order
- Dealers can report their grievances during Annual Dealer Meet

Notes ***

- All grievances, except few, received during the reporting year have been resolved successfully in a fair and transparent manner. Open grievances are under evaluation and shall be resolved in FY 2024-25



26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

| S. No | Material Issue Identified | Indicate whether risk or opportunity (R/O) | Rationale for Identifying the Risk / Opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (indicate positive or negative implications) |
|-------|------------------------------------|--|--|---|--|
| 1 | Product Stewardship and Innovation | Opportunity | Product stewardship is an approach towards managing the environmental impact of products across different stages of their lifecycle. It includes product quality, safety, eco-friendliness as well as sustainable product design, innovation, and its overall societal value impact. Product Innovation can help us gain larger market share and achieve sustainable growth. | NA | Positive Implications |
| 2 | Energy Management | Opportunity | Energy Management includes aspects of energy consumption, energy efficiency, and energy intensity in operations. It also involves strategizing the deployment of renewable energy options for cost saving along with greening the business operations to move towards Net Zero. | NA | Positive Implications |
| 3 | Diversity Equity and Inclusion | Opportunity | Our DEI policies and practices are designed and implemented in a way that accommodates people from various backgrounds, making them feel welcome and enabling them to perform at the peak of their abilities in the workplace. | NA | Positive Implications |
| 4 | Emissions | Risk | Emission Management refers to the strategy for reducing the intensity of GHG and other air emissions from an organisation's operations. Emission management is becoming critical with increased monitoring and control from local government as well as due to new norms for export business | Improving energy efficiency, deployment of renewable energy, and focussed emission management | Negative Implications |
| 5 | Health and Safety | Risk | Occupational Health and Safety deals with the provision of a safe and healthy working environment for all employees and workers, including contract workers. Lack of suitable health and safety practices will increase the risk of lost time injuries for our business. | OHS 45001 across all plants, efficient safety controls, employee sensitisation and trainings | Negative Implications |

| S. No | Material Issue Identified | Indicate whether risk or opportunity (R/O) | Rationale for Identifying the Risk / Opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|-------|-------------------------------|--|---|--|--|
| 6 | CSR & Local Communities | Opportunity | Supporting community development through CSR and other social initiatives can make a positive difference for the less privileged communities while also bettering the brand image and business reputation of the Company | NA | Positive Implications |
| 7 | Materials | Opportunity | Material management involves improved utilisation of resources and promotes usage of cost effective, low-impact materials such as renewable, recycled, and reclaimed input raw materials. We strive to adopt circularity in our business model. | NA | Positive Implications |
| 8 | Talent Attraction & Retention | Risk | Talent attraction and retention is vital for the superior performance of the Company. We look to foster a conducive and competitive environment in the hopes of attracting and retaining top talent through best-in-class employee welfare and engagement activities. | Higher education & Skill development, career growth opportunities, employee engagement initiatives, rewards & recognitions | Negative Implications |
| 9 | Supply Chain Management | Opportunity | Effective supply chain management is essential for consistent plant productivity, on time delivery, lower operating expenses, and mutual growth along with suppliers. We ensure supply chain sustainability through strong due-diligence, supplier Code of Conduct, supplier quality improvement program and social and environmental compliances for a resilient and uninterrupted supply chain. | NA | Positive Implications |
| 10 | Risk management | Opportunity | Enterprise Risk Management is the process of identifying and managing potential risks including ESG risks within the risk appetite for timely mitigation of the probable impact. | NA | Positive Implications |
| 11 | Compliance | Risk | Compliance addresses the topics of accounting and legal compliance, socio-economic compliance, environmental compliance, and adhering to rules and regulations in all aspects of our business management. | LEGATRIX tool with strong focus and monitoring for effective compliance management | Negative Implications |
| 12 | Marketing & Communications | Opportunity | Marketing and Communication of products and services of a business can facilitate value generation. Proper efforts in marketing & communication may improve reputation, brand image and growth of our organisation. | NA | Positive Implications |



| S. No | Material Issue Identified | Indicate whether risk or opportunity (R/O) | Rationale for Identifying the Risk / Opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (indicate positive or negative implications) |
|-------|-----------------------------------|--|---|--|--|
| 13 | Customer Safety & Product Quality | Opportunity | Customer safety and product quality involve design innovation to minimise lifecycle impacts ensuring the safe and sustainable usage of products with reduced environmental and social impacts, true to our brand value. | NA | Positive Implications |
| 14 | Economic Performance | Opportunity | Economic performance involves the contribution of our business to the local, regional, national, and global economy while also creating long-term value for the stakeholders including our shareholders. | NA | Positive Implications |
| 15 | Cyber Security & Digitisation | Risk | Digital transformation is essential for maintaining the highest efficiency in the business and is characterised by faster adoption of new technologies while also ensuring the safety and security of systems that safeguard business and customer information. Lack of efficient systems will affect ease of doing business and increase susceptibility to cyber threats. | Effective data management, stringent security controls and focus on digitisation across all processes | Negative Implications |
| 16 | Market Presence | Opportunity | Market presence refers to the organisation striving to create positive impacts for improving the economic well-being of the stakeholders in the operating communities. | NA | Positive Implications |
| 17 | Business Ethics & Values | Risk | Business Ethics & Values refers to a set of company values that direct the stakeholder behaviour for the benefit of business conduct while also governing the actions to achieve tangible and intangible benefits sustainably for all the stakeholders including shareholders. Non-addressal and non-redressal of governance related risks may impact sustainability of the business. | Robust Code of Conduct with strict adherence to the Code through periodic trainings, audits, and strong leadership oversight. | Negative Implications |
| 18 | Corporate Governance | Risk | Corporate governance is the set of rules, systems, practices, and processes to ensure transparency, and accountability, lack of which may negatively impact the long-term success of our business and ability to safeguard the interests of our stakeholders. | Adherence to ethical business standards, integrity and values through robust corporate governance, risk management, compliance system, and grievance redressal mechanisms. | Negative Implications |
| 19 | Human Capital Development | Opportunity | Human Capital Development reaps benefits through an agile and productive workforce, leading to sustained growth and achieving business objectives | NA | Positive Implications |

| S. No | Material Issue Identified | Indicate whether risk or opportunity (R/O) | Rationale for Identifying the Risk / Opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|-------|----------------------------------|--|--|---|--|
| 20 | Biodiversity | Risk | Involves the monitoring and management of business activities resulting in significant impacts to the protected areas or areas with high biodiversity value around the operating locations. It also entails the strategies used by us for the prevention and remediation of activities leading to potential biodiversity loss. | Effective internal systems and extensive plantation drives protecting the natural flora and fauna of the operating ecosystem | Negative Implications |
| 21 | Waste Management | Risk | Waste Management includes the risks related to waste generation and disposal, as well as the associated impacts for enhancing the circularity measures across business operations, leading to social and regulatory impacts for us. | We employ 3R Approach- 'Reduce-Reuse-Recycle' for resource efficiency and mitigating the impacts arising out of unsustainable handling of waste. | Negative Implications |
| 22 | Water & Effluent Management | Risk | Water management refers to the aspects including water withdrawal and consumption, while effluent management refers to the management of discharged water. Potential impacts include health risks and negative community sentiments towards us. | We strive to employ the best water management practices to reduce its overall environmental footprint including Zero liquid discharge. | Negative Implications |
| 23 | Human Rights & Labour Conditions | Risk | Human Rights are non-discriminatory rights inherent to all human beings promoting fair employment. This aspect involves the training of employees and due diligence for operations and value chain, lack of which may lead to social risk for our business. | We have strengthened the due diligence for increased accountability avoiding human rights related risks in operations and value chain by conducting periodic training for promoting fairness in business and ensuring social accountability for the stakeholders. | Negative Implications |
| 24 | Public Policy Advocacy | Opportunity | Refers to a significant alliance between government and regulatory bodies (public-private partnership) lobbying for the greater good of the sectoral benefits and society. We utilise our association with various industry partners for advocating sustainable business practices. | NA | Positive Implications |



SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

| Disclosure Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|---|--|-----|-----|-----|-----|-----|-----|-----|-----|
| Policy and management processes | | | | | | | | | |
| 1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No) | Yes | | | | | | | | |
| b. Has the policy been approved by the Board? (Yes/No) | The Policies have been approved by Chairman and Managing Director on behalf of Board of Directors | | | | | | | | |
| c. Web Link of the Policies, if available | https://www.kirloskarpumps.com/investors/policies/ | | | | | | | | |
| 2. Whether the entity has translated the policy into procedures. (Yes / No) | Yes | | | | | | | | |
| 3. Do the enlisted policies extend to your value chain partners? (Yes/No) | Yes | | | | | | | | |
| 4. Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle | <ul style="list-style-type: none"> • We are certified for Integrated Management System (IMS) certification comprising of <ul style="list-style-type: none"> - ISO 9001:2015, Quality Management System - ISO 14001:2015, Environment Management System - ISO 45001:2018, OH&S Management System - ISO 50001:2018, Energy Management System • BIS Approval for Products • BEE Star Rating for Products • FM-UL Certification of Products • CII GreenPro Certification for four types of products • CII GreenCo Certification for four manufacturing plants | | | | | | | | |
| 5. Specific commitments, goals, and targets set by the entity with defined timelines, if any | <ul style="list-style-type: none"> • To enhance renewable energy contribution for KBL group of companies from existing 20-22% to around 70% by FY 2025-26 • Conduct ESG assessment as well as ESG trainings for our value chain covering 75% of business spend by Mar-2025 • Continue development of Borewell Submersible pumps complying with 3-star rating and above as per BEE/BIS standard by 25% over FY 2022-23 in next 5 years • Continue development of energy efficient range of dewatering pumps by FY 2024-25 • Develop KirloSmart™ 2.0 health monitoring system with better features by FY 2025-26 • Carbon Net Zero roadmap finalisation by FY 2024-25 • Reduction in GHG scope 1 & 2 emissions by 40% by FY 2025-26 • Sustain zero reportable accident year on year • Enhance female workforce up to 20% by FY 2029-30 • Awareness training on ESG and NGRBC principles for 100% employees by Mar-2025 • Sustainable sourcing up to 60% by FY 2029-30 | | | | | | | | |
| 6. Performance of the entity against the specific commitments, goals, and targets along with reasons in case the same are not met | <ul style="list-style-type: none"> • Existing contribution of 20-22% of renewable energy is under evaluation for further enhancement across locations • CII GreenCo certification received for our four manufacturing plants including GreenCo GOLD for Dewas and GreenCo Silver for Kirloskarvadi plant • CII GreenPro Eco Label certification received for our cast iron foundry castings, alloy cast steel foundry castings, DBxe End Suction Pump Series and LLC™ Horizontal Axially Split Case pumps | | | | | | | | |

| Disclosure Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|----------------------|--|-----|-----|-----|-----|-----|-----|-----|-----|
| | <ul style="list-style-type: none"> • ESG assessment completed for value chain covering 65% of business spend • ESG training conducted for our value chain covering 50% of business spend • GHG scope 1, 2 & 3 inventorisation completed for all our locations • 7.3% Female workforce including all women operated manufacturing plant at Kaniyur • Sustainable sourcing up to 30% as per the revisited criteria • Borewell Submersible pumps complying with 3-star rating and above as per BEE/BIS standard achieved for another 19 pump models summing up to total number of 3 star rating & above products to 161 and total star rated products to 424 numbers • KirloSmart™ 1.0 health monitoring system launched and development initiated for next version • Feasibility study completed towards development of efficient dewatering pumps • Awareness training on ESG and NGRBC principles completed for 35% employees | | | | | | | | |

Governance, leadership, and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG-related challenges, targets, and achievements (listed entity has flexibility regarding the placement of this disclosure)

Kindly refer page 12 from Integrated Annual Report for message from our Chairman and Managing Director

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).

Mr. Sanjay C. Kirloskar - Chairman & Managing Director (CMD)

9. Does the entity have a specified Committee of the Board/Director responsible for decision-making on sustainability related issues? (Yes / No). If yes, provide details.

Yes. We have formed a corporate level Sustainability Committee under the authority of our CMD consisting of non-board members with the Chairmanship of Associate Vice President and Head – Corporate Sustainability and Excellence.

We have also formed plant level sustainability committees that in turn reports to the corporate sustainability committee.

The corporate sustainability committee reports progress of ESG initiatives along with other updates to the Board twice a year.

10. Details of Review of NGRBCs by the Company:

| Subject for Review | Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee | | | | | | | | | Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify) | | | | | | | | |
|--|---|-----|-----|-----|-----|-----|-----|-----|-----|--|-----|-----|-----|-----|-----|-----|-----|-----|
| | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
| Performance against above policies and follow up action | <ul style="list-style-type: none"> • Our ESG policies are assessed and updated periodically or on a need basis by Corporate Sustainability Committee and Senior Leadership including CMD. • Performance of all policies is being monitored through review of goals and commitments identified against each policy. This is done by the Corporate Sustainability Committee and also by other respective functions through monthly reviews of their functional annual operating plans. The committee findings are also reviewed by CMD. | | | | | | | | | | | | | | | | | |
| Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances | <ul style="list-style-type: none"> • We have implemented the Legatrix tool company-wide to ensure regular monitoring of compliance with relevant statutes. In the event of any delay or potential non-compliance, our CMD is promptly notified. This ensures effective monitoring of the company's compliance activities. • Additionally, the Legal team regularly releases a compliance dashboard that encompasses all applicable compliances across the different company sectors, thereby promoting preparedness among stakeholders. • The quarterly compliance certificate from CMD (based on compliance certificates by respective HODs) is placed before the Board on a quarterly basis. • A certificate for compliance with specific laws/Acts, applicable to the Company is also obtained from the external auditors/certifying agencies. | | | | | | | | | | | | | | | | | |



11. Has the Company carried out independent assessment/evaluation of the working of its policies by an external agency? (Yes/ No), If yes provide name of the agency.

- Performance with reference to nine NGRBC policies have been evaluated by M/s KPMG India Private Ltd.
- M/s TUV NORD India Private Ltd. has assessed our ESG performance and issued an Assurance Letter
- IMS audit covering ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 50001:2018 by M/s TUV SUD India Private Ltd.
- Cost audit by M/s Parkhi Limaye & Co.
- Statutory audit by M/s Sharp & Tannan Associates

12. If answer to question (1) above is “No” i.e., not all Principles are covered by a policy, reasons to be stated:

Not Applicable

SECTION C: PRINCIPLE-WISE PERFORMANCE DISCLOSURES

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorised as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandatory to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY, AND IN A MANNER THAT IS ETHICAL, TRANSPARENT AND ACCOUNTABLE.

ESSENTIAL INDICATORS

1. Percentage coverage of training and awareness Programmes conducted on any of the principles during the financial year

| Segment | Total number of training and awareness programmes held | Topics / principles covered under the training and its impact | %age of persons in a respective category covered by the awareness programmes |
|-----------------------------------|--|---|--|
| Board of Directors (BoD) | 2 | Governance, ESG & BRSR Core | 100 |
| Key Managerial Personnel (KMP) | 3 | Code of Ethics, Governance, ESG & BRSR Core | 100 |
| Employees other than BoD and KMPs | 800+ | Integrity, ethics, transparency & accountability, Behavioural & Safety, Employee well-being, TPM awareness, POSH, ESG & Sustainability, Waste management, Effective customer service etc. | 100 |
| Workers | | | |

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity’s website):

There were no fines, penalties, punishments, compounding fees, or settlement amounts paid in proceedings by us, our Directors, or KMPs with regulators, law enforcement agencies, or judicial institutions in the financial year.

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Not applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web link to the policy.

Yes, we have a policy on Anti-Corruption and Anti-Bribery. We are zero-tolerant to bribery and corruption, and we aim to conduct business in a transparent and accountable manner reiterating our stakeholders to adhere to the highest standards of ethics and integrity while discharging official duties. The implementation of the policy imitates establishing

internal systems to identify, prevent, report, investigate and enforce disciplinary action relating to any fraud including bribery and corruption.

Web link- <https://www.kirloskarpumps.com/wp-content/uploads/2023/06/Policy-on-Anti-Bribery-Anti-Corruption.pdf>

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

| | FY 2023-24 | FY 2022-23 |
|-----------|------------|------------|
| Directors | 0 | 0 |
| KMPs | 0 | 0 |
| Employees | 0 | 0 |
| Workers | 0 | 0 |

6. Details of complaints with regard to conflict of interest:

| | FY 2023-24 | | FY 2022-23 | |
|--|------------|---------|------------|---------|
| | Number | Remarks | Number | Remarks |
| Number of complaints received in relation to issues of Conflict of Interest of the Directors | 0 | NA | 0 | NA |
| Number of complaints received in relation to issues of Conflict of Interest of the KMPs | 0 | NA | 0 | NA |

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable as there were no such cases of corruption and conflict of interest

8. Number of days of accounts payable (Accounts payable*360/cost of goods/services procured) in following format:

| | FY 2023-24 | FY 2022-23 |
|------------------------------------|------------|------------|
| Number of days of account payables | 116 | 113 |

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

| Parameter | Metrics | FY 2023-24 | FY 2022-23 |
|---|---|------------|------------|
| Concentration of Purchases | a. Purchases from trading houses as % of total purchases | 0.59 | 0.29 |
| | b. Number of trading houses where purchases are made from | 5 | 4 |
| | c. Purchases from top 10 trading houses as % of total purchases from trading houses | 100 | 100 |
| Concentration of Sales | a. Sales to dealers/distributors as % of total sales | 68.5 | 67.6 |
| | b. Number of dealers/distributors to whom sales are made | 1,041 | 1,121 |
| | c. Sales to top 10 dealers / distributors as % of total sales to dealers/distributors | 24.3 | 22.6 |
| Share of RPTs in (Related party transactions) | a. Purchases (Purchases with related parties/ Total Purchases) | 20.78 | 21.46 |
| | b. Sales (Sales to related parties / Total Sales) | 5.32 | 5.68 |
| | c. Loans & advances (Loans & advances given to related parties/ total loans & advances) | 100 | 100 |
| | d. Investments (Investments in related parties / Total investments made) | 46.52 | 51.31 |



LEADERSHIP INDICATORS

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

| Total number of awareness programmes held | Topics / principles covered under the training | %age of value chain partners covered (by value of business done with such partners) under the awareness programmes |
|---|--|--|
| 4 Training Sessions for Suppliers and Dealers | Nine Principles of NGRBC & ESG Initiatives, ESG assessment of Value Chain Partners | 50 |

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes, we have a Code of Conduct in place for the Board of Directors and Senior Management to identify actual or potential conflicts of interest, which may arise during the course of its business activities. According to the Code of Conduct, the Board is required to scrupulously avoid a 'conflict of interest' with the Company. A conflict of interest exists where the interest of a director or member of senior management conflicts with those of the Company. We have implemented organisational processes and appropriate safeguards to mitigate, prevent and manage conflicts of interest that may arise. The Directors make a declaration every year, affirming compliance with the Code of Conduct.

In addition to provisions of the Companies Act, 2013, the Directors disclose their interest in the form of their other directorships/memberships in other entities either directly or indirectly through their relatives. Such disclosures are being made to the Board annually and from time to time as and when such interest arises. We have established processes to identify the related parties based on the disclosures. If any transactions are conducted with these related parties, the Company strictly adheres to the disclosure requirements and procedures outlined in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as well as the Companies Act, 2013.

Web link:- <https://www.kirloskarpumps.com/wp-content/uploads/2023/05/Code-of-Conduct>

PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE

ESSENTIAL INDICATORS

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

| | FY 2023-24 | FY 2022-23 | Details of improvements in environmental and social impacts |
|-------|------------|------------|--|
| R&D | 35 | 30 | In addition to the focus on expanding the product range, our R&D initiatives also address upgradation of products to reduce emissions across lifecycle stages and provide solutions for sustainable growth |
| CAPEX | 85 | 20 | In addition to old machine replacement and asset management, Capex expenditure for FY 2023-24 also focused on few other aspects like enhancing operational efficiency, material and energy saving initiatives and few other green/social initiatives across organisation |

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes, we have established a policy on sustainable sourcing, which is also available on our website at <https://www.kirloskarpumps.com/wp-content/uploads/2023/06/Policy-on-Sustainable-Sourcing.pdf>.

Further, we have revisited our earlier criteria of sustainable sourcing this year based on assessment of Environmental, Social & Governance (ESG) practices being followed by our suppliers. Accordingly, we conduct training sessions and also encourage our suppliers to opt for sustainable sourcing practices like use of renewable energy, water & waste management, emission management, Environmental & Energy Management Systems, compliance to human rights, Ethics and Quality, etc.

b. If yes, what percentage of inputs were sourced sustainably?

30%

3. Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste, and (d) other waste.

Almost all of our products are made up of metallic components up to 95% by weight and content negligible amount of plastic or hazardous materials. As a part of End-of-Life treatment of our products, we have established guidelines for our customers with following objectives

- To guide our customers on environment friendly and responsible disposal of our products at the end-of-life stage
- To minimise the impact caused by product disposal on society & environment
- To reuse the recyclable components as a secondary source of raw material

Web link:- <https://www.kirloskarpumps.com/spares-and-services/end-of-life-treatment-guidelines/>

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity’s activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Yes, Extended Producer Responsibility (EPR) is applicable to us and we file annual return of plastic waste as per CPCB requirements.

LEADERSHIP INDICATORS

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format.

| NIC Code | Name of Product /Service | % of total Turnover contributed | Boundary for which the Life Cycle Perspective/ Assessment was conducted | Whether conducted by independent external agency (Yes/No) | Results communicated in public domain (Yes/ No) If yes, provide the web-link |
|----------|--|---------------------------------|---|---|--|
| 2812 | Monobloc Pump-set Series *** | 38.19 | Cradle to Gate | Yes, from CII (2021-22) | No |
| 2812 | DBxe End Suction Pump Series | | Cradle to Gate | Yes, from CII | No |
| 2812 | LLC™ Horizontal Axially Split Case Pump Series | | Cradle to Gate | Yes, from CII | No |
| 2812 | Cast Iron Foundry Castings | | Cradle to Gate | Yes, from CII | No |
| 2812 | Alloy Cast Steel Foundry Castings | | Cradle to Gate | Yes, from CII | No |

Note - *** Though LCA study was conducted for a running pump model from our Monobloc pump set series, the report findings apply to the complete series of Monobloc pumps being manufactured at our Dewas plant.

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

| Name of Product / Service | Description of the risk/ Concern | Action Taken |
|---------------------------|---|---|
| Monobloc Pump-set Series | There were no risks identified through LCA study. However, we have taken few actions based on the suggestions reported. | <ol style="list-style-type: none"> 1) New HPML (High Pressure Molding Line) technology line has been installed at our foundry in Dewas plant, which shall help in reducing various emissions by 2-9% 2) Our Rooftop Solar plants and windmills installed at various locations contribute up to 23 % of total energy consumption. We are further working to enhance our RE capacity up to 70% through open access and rooftop solar solutions 3) Increase in recycling of scrap for foundries to maximum extent. We are already recycling up to 50% 4) GreenCo Certification of our four manufacturing plants that shall help us to improve overall life cycle perspective 5) Inventorisation of GHG scope 1, 2 & 3 emissions to formulate our Net Zero roadmap |



| Name of Product / Service | Description of the risk/ Concern | Action Taken |
|------------------------------|---|--|
| DBxe End Suction Pump Series | There were no risks identified through LCA study. However, we have initiated few actions based on the suggestions reported. | 1) Our Rooftop Solar plant and windmills installed at various locations contribute up to 25% of total energy consumption. We are further working to enhance RE capacity up to 70% through open access and rooftop solar solutions. |
| LLC™ Split Case Pump Series | | 2) Coke used as fuel in the cupola furnaces at our plant contributes high in the emission. We have already addressed this concern and replaced it with induction furnaces. |
| Cast Iron Foundry | | 3) We have completed our GHG scope 1, 2 & 3 emissions and working further to finalise our roadmap to achieve carbon Net Zero. |
| Alloy Cast Steel Foundry | | |

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

| Indicate Input material | Recycled or re-used input material to total material | |
|-------------------------|--|------------|
| | FY 2023-24 | FY 2022-23 |
| Metal | 38.09 | 32.65 |

Note : Figures reported above are only specific to foundry operations within our KBL manufacturing plants.

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

| | FY 2023-24 | | | FY 2022-23 | | |
|--------------------------------|------------|----------|-----------------|------------|----------|-----------------|
| | Re-Used | Recycled | Safely Disposed | Re-Used | Recycled | Safely Disposed |
| Plastics (including packaging) | Nil | Nil | Nil | Nil | Nil | Nil |
| E-waste | Nil | Nil | Nil | Nil | Nil | Nil |
| Hazardous waste | Nil | Nil | Nil | Nil | Nil | Nil |
| Other waste (MT) (Metal waste) | Nil | 81.05 | Nil | Nil | 82.68 | Nil |

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Considering spread and transportation involved, it is not feasible to reclaim products at its end-of-life stage. Hence, we have established end-of-life treatment instructions for our customers for safe, responsible, and environment-friendly disposal of our products along with packaging material at its end-of-life stage.

However, we do reclaim some of our products that have been replaced with new within warranty period and safely dispose it at our respective manufacturing plants. These reclaimed products are from small pump business and covers metallic components to the extent of around 90-95%.

PRINCIPLE 3: BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS

ESSENTIAL INDICATORS

1. a. Details of measures for the well-being of employees:

| Category | % of employees covered by | | | | | | | | | | |
|---------------------------------------|---------------------------|------------------|------------|--------------------|--------------|--------------------|--------------|--------------------|-----------|---------------------|-------------|
| | Total (A) | Health insurance | | Accident insurance | | Maternity benefits | | Paternity Benefits | | Day Care facilities | |
| | | Number (B) | % (B / A) | Number (C) | % (C / A) | Number (D) | % (D / A) | Number (E) | % (E / A) | Number (F) | % (F / A) |
| Permanent employees | | | | | | | | | | | |
| Male | 1,394 | 1,394 | 100 | 1,394 | 100 | NA | NA | NA | NA | 01 | 0.07 |
| Female | 109 | 109 | 100 | 109 | 100 | 109 | 100 | NA | NA | 12 | 11.01 |
| Total | 1,503 | 1,503 | 100 | 1,503 | 100 | 109 | 7.25* | NA | NA | 13 | 0.86 |
| Other than Permanent employees | | | | | | | | | | | |
| Male | 84 | 84 | 100 | 47 | 55.95 | NA | NA | NA | NA | 0 | 0 |
| Female | 07 | 07 | 100 | 06 | 85.71 | 01 | 14.29* | NA | NA | 0 | 0 |
| Total | 91 | 91 | 100 | 53 | 58.24 | 01 | 1.10* | NA | NA | 0 | 0 |

*Maternity benefits have been provided to 100% applicable female employees.

b. Details of measures for the well-being of workers:

| Category | % of workers covered by | | | | | | | | | | |
|-------------------------------------|-------------------------|------------------|------------|--------------------|--------------|--------------------|-------------|--------------------|------------|---------------------|--------------|
| | Total (A) | Health insurance | | Accident insurance | | Maternity benefits | | Paternity Benefits | | Day Care facilities | |
| | | Number (B) | % (B/A) | Number (C) | % (C/A) | Number (D) | % (D/A) | Number (E) | % (E/A) | Number (F) | % (F/A) |
| Permanent workers | | | | | | | | | | | |
| Male | 1,037 | 1,037 | 100 | 1,037 | 100 | NA | NA | NA | NA | NA | NA |
| Female | 59 | 59 | 100 | 59 | 100 | 01 | 1.69 | NA | NA | 01 | 1.69 |
| Total | 1,096 | 1,096 | 100 | 1,096 | 100 | 01 | 0.09 | NA | NA | 01 | 0.09 |
| Other than Permanent workers | | | | | | | | | | | |
| Male | 64 | 0 | 0 | 12 | 18.75 | NA | NA | NA | NA | 0 | 0 |
| Female | 29 | 0 | 0 | 25 | 86.21 | 03 | 10.34 | NA | NA | 16 | 55.17 |
| Total | 93 | 0 | 0 | 37 | 39.78 | 03 | 3.00 | NA | NA | 16 | 17.20 |

c. Spending on measures towards wellbeing of employees and workers (including permanent and other than permanent) in the following format

| | FY 2023-24 | FY 2022-23 |
|---|------------|------------|
| Cost incurred on well-being measures as a % of total revenue of the company | 0.54 | 0.62 |

2. Details of retirement benefits, for Current FY and Previous Financial Year.

| Benefits | FY 2023-24 | | | FY 2022-23 | | |
|---|--|--|--|--|--|--|
| | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the Authority (Y/N/NA) | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/NA) |
| PF | 100 | 100 | Yes | 100 | 100 | Yes |
| Gratuity | 100 | 100 | Yes | 100 | 100 | Yes |
| ESI | 100 | 100 | Yes | 100 | 100 | Yes |
| Others – please specify National Pension Scheme (NPS) | 28 | NA | Yes | 15 | NA | Yes |

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, differently abled persons need special arrangements in the environment for their mobility and independent functioning. At every premises / office, we have provided facilities at entry & exit points, washrooms, workstations, canteen & special vehicle parking spaces near entry gate. Such employees are given suitable job profile based on their capacity for doing the work. As per the Rights of Persons with Disabilities Act, 2016, our organisation is accessible for differently abled employees and workers, and similar provisions are set across our global footprint.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web link to the policy.

Yes, we have a policy stating the provision of fair employment and equal opportunities for all our employees and workers without discrimination on any grounds of race, caste, creed, religion, colour, ancestry, marital status, gender, sexual orientation, age, nationality, ethnic origin, disability, or any other category protected by applicable law.

For information relating to this policy, refer the weblink - <https://www.kirloskarpumps.com/wp-content/uploads/2023/06/Policy-on-Inclusive-Growth-Equatable-Development.pdf>



5. Return to work and Retention rates of permanent employees and workers that took parental leave

| Gender | Permanent Employees | | Permanent Workers | |
|--------------|---------------------|----------------|---------------------|----------------|
| | Return to work rate | Retention rate | Return to work rate | Retention rate |
| Male | NA | NA | NA | NA |
| Female | 100% | 67% | 100% | 100% |
| Total | 100% | 67% | 100% | 100% |

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

Yes, we have established robust grievance redressal mechanisms for employees and workers to report their concerns. Our HR function, along with other Functional Heads, diligently assess the nature of grievances and promptly initiate appropriate corrective actions. In addition, employees can report grievances as outlined in the whistle-blower policy on grounds of any unethical behaviour, fraud, or violation of the Company's Code of Conduct. Various grievance reporting channels available for different employee levels are mapped below –

| | |
|--------------------------------|--|
| Permanent Workers | Works Committee, Canteen Committee, Grievance Register by HR, Suggestion box, ICC, Safety Committee |
| Other than Permanent Workers | HR function helps to resolve issues if any |
| Permanent Employees | Suggestion box, ICC, Grievance Register by HR Head of each functions helps to resolve issues if any |
| Other than Permanent Employees | HR function helps to resolve issues if any |

7. Membership of employees and workers in association(s) or Unions recognised by the listed entity:

| | FY 2023-24 | | | FY 2022-23 | | |
|----------------------------------|--|--|---------|--|--|---------|
| | Total employees / workers in respective category (A) | No. of employees / workers in respective category, who are part of association(s) or Union (B) | % (B/A) | Total employees / workers in respective category (C) | No. of Employees / workers in respective category, who are part of association(s) or Union (D) | % (D/C) |
| Total Permanent Employees | | | | | | |
| Male | 1,394 | 0 | 0 | 1,322 | 0 | 0 |
| Female | 109 | 0 | 0 | 112 | 0 | 0 |
| Total Permanent Workers | | | | | | |
| Male | 1,037 | 925 | 89.20 | 1,078 | 990 | 91.84 |
| Female | 59 | 2 | 3.39 | 62 | 2 | 3.23 |

8. Details of training given to employees and workers:

| Category | FY 2023-24 | | | | | FY 2022-23 | | | | |
|------------------|------------|-------------------------------|---------|----------------------|---------|------------|-------------------------------|---------|----------------------|---------|
| | Total (A) | On Health and safety measures | | On skill upgradation | | Total (D) | On Health and safety measures | | On skill upgradation | |
| | | Number (B) | % (B/A) | Number (C) | % (C/A) | | Number (E) | % (E/D) | Number (F) | % (F/D) |
| Employees | | | | | | | | | | |
| Male | 1,478 | 1,478 | 100 | 1,478 | 100 | 1,390 | 1,390 | 100 | 1,390 | 100 |
| Female | 116 | 116 | 100 | 116 | 100 | 122 | 122 | 100 | 122 | 100 |
| Total | 1,594 | 1,594 | 100 | 1,594 | 100 | 1,512 | 1,512 | 100 | 1,512 | 100 |
| Workers | | | | | | | | | | |
| Male | 1,101 | 1,101 | 100 | 1,101 | 100 | 1,156 | 1,156 | 100 | 1,156 | 100 |
| Female | 88 | 88 | 100 | 88 | 100 | 92 | 92 | 100 | 92 | 100 |
| Total | 1,189 | 1,189 | 100 | 1,189 | 100 | 1,248 | 1,248 | 100 | 1,248 | 100 |

9. Details of performance and career development reviews of employees and worker:

| Category | FY 2023-24 | | | FY 2022-23 | | |
|-----------|------------|---------|-----------|------------|---------|-----------|
| | Total (A) | No. (B) | % (B / A) | Total (C) | No. (D) | % (D / C) |
| Employees | | | | | | |
| Male | 1,478 | 1,478 | 100 | 1,390 | 1,390 | 100 |
| Female | 116 | 116 | 100 | 122 | 122 | 100 |
| Total | 1,594 | 1,594 | 100 | 1,512 | 1,512 | 100 |
| Workers | | | | | | |
| Male | 1,101 | 1,101 | 100 | 1,156 | 1,156 | 100 |
| Female | 88 | 88 | 100 | 92 | 92 | 100 |
| Total | 1,189 | 1,189 | 100 | 1,248 | 1,248 | 100 |

10. Health and safety management system:
a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such system?

Yes. All our manufacturing plants are ISO 45001:2018 certified (Occupational Health and Safety Management System Standard). Our continuous efforts focus on ensuring a safe working environment for all employees and workers. This is achieved through regular audits aimed at identifying and monitoring health & safety-related incidents. We conduct fire drills and mock drills to analyse the effectiveness of internal systems. Employees and workers are sensitised about the precautionary measures on a regular basis through safety trainings.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

We have adopted a systematic Hazard Identification and Risk Assessment (HIRA) approach to regularly identify work-related hazards. Trained professionals conduct regular audits for identifying the potential work-related hazards across operating locations. We identify and implement safety controls for the safe execution of business operations. We have a well-defined work permit system to identify potential hazards on a non-routine basis. Employees and workers are encouraged to report the near miss cases through safety committees and other channels. The safety team analyses the grievance of the employees and takes necessary corrective actions for ensuring the safe working environment.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Yes, as a part of ISO 45001:2018 Management System certification, we have established procedures and Emergency Evacuation Plan to report the work-related hazards and to remove themselves from risks. We have also implemented 'Safety Yellow Tag System' by which worker can raise the issue using yellow tags available in the shop floor. There is a Safety committee as well through which workmen can report hazards to the management. All workmen are instructed to not to take any risk and are authorised to stop the work if there is any immediate risk to health and safety.

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes, we facilitate the accessibility of non-occupational health services to our workers through medical camps, vaccination drives and medical health check-ups. Our employees can avail financial assistance through medical claims. We also have voluntary health promotion services like health awareness webinars on 'Child Health Programs', 'Healthy Heart Program', etc. We also have an Occupational Health Centre at our manufacturing plants, where nurses with qualified doctor are available where workmen can avail non-occupational medical service

11. Details of safety related incidents, in the following format:

| Safety Incident/Number | Category* | FY 2023-24 | FY 2022-23 |
|---|-----------|------------|------------|
| Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) | Employees | 0 | 0 |
| | Workers | 0.36 | 0.31 |
| Total recordable work-related injuries | Employees | 0 | 0 |
| | Workers | 3 | 2 |
| No. of fatalities | Employees | 0 | 0 |
| | Workers | 0 | 0 |
| High consequence work-related injury or ill health (excluding fatalities) | Employees | 0 | 0 |
| | Workers | 0 | 0 |

*Including in the contract workforce



12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

We have taken a myriad of initiatives where safety is not just a compliance, it is shared commitment and responsibility for ensuring a safe and healthy workplace. Some of the initiatives are listed below -

1. Compliance to OH&S Management System as per ISO 45001:2018 certification
2. Monthly meetings of Safety committee
3. Annual internal safety audits through trained cross-plant safety officers
4. External safety audit from a competent person once in two years
5. Safety yellow tag system for workmen to raise their voices about safety
6. Safety incident tracking system including safety opportunities reporting
7. Safety steward (we call it Suraksha Mitra) concept
8. Hazard identification through the senior management's monthly safety inspection system
9. Change control system to address EHS related issues before implementing the change in process / facility/ machinery
10. Digital system for Monitoring of plant safety performance
11. Theme-based safety drives
12. Safety competitions to increase safety awareness
13. Reward and recognition for Safety related initiatives and achievements
14. Fire drills
15. Periodic safety training

13. Number of Complaints on the following made by employees and workers:

| | FY 2023-24 | | | FY 2022-23 | | |
|--------------------|-----------------------|---------------------------------------|-------------------------------------|-----------------------|---------------------------------------|---------|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Working Conditions | 40 | 08 | Pending complaints under resolution | 38 | 00 | Nil |
| Health & Safety | 12 | 00 | Nil | 10 | 00 | Nil |

14. Assessments for the year:

| % of your plants and offices that were assessed (by entity or statutory authorities or third parties) | |
|---|-----|
| Health and safety practices | 100 |
| Working Conditions | |

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Few of the actions initiated to address safety related concerns are as below -

- Raw material charger installed at Alloy Cast Steel foundry in our Kirloskarvadi plant to avoid manual activity
- Semi-automatic painting booth installed at Cast Iron foundry in our Kirloskarvadi plant
- Firefighting system upgradation at Dewas plant
- Flooding system of ABC type fire extinguisher media auto system installed in paint booth at Dewas plant
- IR sensor-based curtain system installed in core box machine in Dewas plant
- Automatic system for material transfer from washing machine to CED plant has been installed at Sanand plant to eliminate manual intervention

LEADERSHIP INDICATORS

1. Does the entity extend any life insurance or any compensatory package in the event of the death of (A) Employees (B) Workers(Y/N)

Yes, we extend life insurance coverage for all our employees and permanent workers. In addition to this, Parivar Suraksha Yojana and Benevolent Fund Scheme are also available for our employees and permanent workers.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

We expect our value chain partners to uphold highest standards of business responsibility principles. We conduct periodic audits of key suppliers ensuring the compliance with statutory regulations including applicable statutory deductions like Provident fund and Employees’ State Insurance Corporation (ESIC). The same is also ensured during the selection of new suppliers. We have also initiated ESG assessment of our value chain partners to assess and promote ESG compliance and initiatives in specific areas.

3. Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

| | Total no. of affected employees/ workers | | No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment | |
|-----------|--|------------|---|------------|
| | FY 2023-24 | FY 2022-23 | FY 2023-24 | FY 2022-23 |
| Employees | 0 | 0 | 0 | 0 |
| Workers | 0 | 0 | 0 | 0 |

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment?

Yes, we continually invest in human capital development which includes skill enhancement that is contemporary while providing employees with a diverse and enriching experience for mutual growth. This enhances the employability of workforce and enables a smooth transition for exploring alternate employment opportunities. In addition, we provide pension benefits and post-retirement medical benefits for qualified staff. Workers are provided with pension benefits as covered under the relevant statute.

5. Details on assessment of value chain partners:

We conduct periodic assessments of our value chain partners during which we ensure that they comply with requirements related to Occupational Health & Safety practices and working conditions.

| | % of value chain partners (by value of business done with such partners) that were assessed | |
|-----------------------------|---|---------|
| | Key Suppliers | Dealers |
| Health and safety practices | 56.07 | 73.6 |
| Working Conditions | | |

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

The results of our supplier and dealer assessments have indicated a satisfactory level of compliance with regards to Occupational Health and Safety practices and working conditions. We maintain a zero-tolerance whenever significant deviations are observed from our established standards.



PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS

ESSENTIAL INDICATORS

1. Describe the processes for identifying key stakeholder groups of the entity.

We consider all our stakeholders, either with major or minor impact on our business, important for our sustainable growth. However, we follow our own excellence model that guides us to focus more upon following five stakeholder groups –

- 1) Customers – To build long-term relationship for continual growth in business
- 2) Employees – To attract and develop strong people asset for better results and contribution
- 3) Business and Governing Stakeholders – Ensure continuous support
- 4) Partners and Suppliers – Build relationship for mutual growth
- 5) Society – To contribute towards well-being of the society

We actively engage with all our stakeholders and collect their need, expectations, and feedback at appropriate stage to develop our strategy.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

| Stakeholder Group | Whether identified as Vulnerable & Marginalised Group (Yes/No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other | Frequency of engagement Annually/ Half yearly/ Quarterly / others – please specify) | Purpose & scope of engagement including key topics & concerns raised during such engagement |
|-------------------------|--|---|---|--|
| Shareholders/ Investors | No | Meetings, analyst/ earnings calls, emails, telecommunication, post/ courier, website of Company, Stock Exchanges,, RTA, Newspaper publication | Regular / Ongoing | <ol style="list-style-type: none"> 1) Periodic information sharing about operations & performance of the Company, 2) updates on Company Policies/Codes, payment of dividend & claiming of unpaid/unclaimed dividend, statutory filings & correspondence |
| Customers | No | Customer perception Survey, Business Meetings, Email communications, Training Programs, Webinars, Advertisement | Regular / Ongoing | <ol style="list-style-type: none"> 1) To collect customer feedback on our products and services 2) To market features of our products and update about new products 3) Impart training on safe & responsible usage of our products |
| Suppliers | No | Supplier meets, Business Meetings, Email communications, Training Programs, Webinars, Supplier Quality Improvement Program | Regular / Ongoing | <ol style="list-style-type: none"> 1) To collect their need and expectations 2) To update about our strategies, business plans, new product development & ESG initiatives 3) To resolve their concerns related to business and payment if any 4) Assess their processes through supplier quality improvement program |

| Stakeholder Group | Whether identified as Vulnerable & Marginalised Group (Yes/No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other | Frequency of engagement Annually/ Half yearly/ Quarterly / others – please specify) | Purpose & scope of engagement including key topics & concerns raised during such engagement |
|------------------------|--|--|---|---|
| Dealers and retailers | No | Dealer Meets, Email communications, Leaflets, Presentations, Online & physical meetings, Training programs, Conferences, Dealer portal, KBL website etc. | Regular / Ongoing | <ol style="list-style-type: none"> 1) To collect their need and expectations 2) To update about our strategies, business plans, new product development & ESG initiatives 3) To resolve their concerns related to business and payment if any |
| Employees and Workers | No | Employee Engagement Survey, Performance Management reviews, Monthly Reviews, E-mail communications, Mahasabha, Speak-out sessions, Newsletter, website, Tele communication & SMS, various training/awareness programs etc. | Regular / Ongoing | <ol style="list-style-type: none"> 1) To collect their feedback on growth, work-life balance, and other facilities 2) To update about our annual and long-range business plans 3) To review the performance on monthly basis 4) Collect training needs and impart trainings |
| Financial Institutions | No | Meetings (Virtual/personal), E-mail communications, Newsletter, website, Tele-communication & SMS | Regular / Ongoing | <ol style="list-style-type: none"> 1) To understand their need & expectations 2) To resolve their concerns related to business and payment if any 3) To seek continuity in their financial support |
| Communities | No | Focused Group Interactions, Impact Surveys, Grievance Redressal channels, NGO partners | Need-based | <ol style="list-style-type: none"> 1) To gather needs and expectations of various components of society 2) Contribute in well-being through CSR activities |
| Government Agencies | No | Annual Reports, Compliance Reports, Meetings and discussions by regulatory bodies | Regular, Ongoing | <ol style="list-style-type: none"> 1) To understand their need & expectations 2) To resolve their concerns if any 3) To ensure compliance to regulatory requirements |

LEADERSHIP INDICATORS

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

We have a Corporate Sustainability Committee that is working under the guidance of CMD and consist non-board members with the Chairmanship of the Associate Vice President and Head - Corporate Sustainability & Excellence. This committee evaluates relevant aspects of environmental, social & governance (ESG) topics for all stakeholders, initiate necessary actions and report its progress to the Board twice a year. Board suggestions are acted upon for further improvement of our ESG performance.



2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, we consult our stakeholders once in every three years for identification of impact of material issues on our business. We work collaboratively with all stakeholder groups for the management of identified issues thereby utilising opportunities and mitigating the risks related to environment, social and governance aspects. We also deliberate each material issue based on its impact and identify goals to reduce its impact.

For more details, refer to Section A (General Disclosures) and Materiality section on Page 22.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalised stakeholder groups.

We take special efforts to help and uplift the underserved and unprivileged groups of society. We work for benefits of women, differently abled, vulnerable, disadvantaged, and marginalised groups and take extra efforts to address their concerns and grievances. Our CSR activities are focused in the areas of education, health and hygiene, environment, disaster management and rural development for above groups.

During the reporting period, no critical issues were reported by vulnerable / marginalised stakeholder groups.

PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

ESSENTIAL INDICATORS

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

| Category | FY 2023-24 | | | FY 2022-23 | | |
|------------------------|--------------|--|------------|--------------|---------------------------------------|------------|
| | Total (A) | No. of employees / workers covered (B) | % (B/A) | Total (C) | No. of employees /workers covered (D) | % (D/C) |
| Employees | | | | | | |
| Permanent | 1,503 | 1,503 | 100 | 1,434 | 1,434 | 100 |
| Other than permanent | 91 | 91 | 100 | 78 | 78 | 100 |
| Total Employees | 1,594 | 1,594 | 100 | 1,512 | 1,512 | 100 |
| Workers | | | | | | |
| Permanent | 1,096 | 1,096 | 100 | 1,140 | 1,140 | 100 |
| Other than permanent | 93 | 93 | 100 | 108 | 108 | 100 |
| Total Workers | 1,189 | 1,189 | 100 | 1,248 | 1,248 | 100 |

2. Details of minimum wages paid to employees and workers, in the following format:

| Category | FY 2023-24 | | | | | FY 2022-23 | | | | |
|-----------------------------|------------|-----------------------|---------|------------------------|---------|------------|-----------------------|---------|------------------------|---------|
| | Total (A) | Equal to Minimum wage | | More than Minimum wage | | Total (D) | Equal to minimum Wage | | More than Minimum Wage | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | | No. (E) | % (E/D) | No. (F) | % (F/D) |
| Employees | | | | | | | | | | |
| Permanent | | | | | | | | | | |
| Male | 1,394 | NA | NA | 1,394 | 100 | 1,322 | NA | NA | 1,322 | 100 |
| Female | 109 | NA | NA | 109 | 100 | 112 | NA | NA | 112 | 100 |
| Other than Permanent | | | | | | | | | | |
| Male | 84 | NA | NA | 84 | 100 | 68 | NA | NA | 68 | 100 |
| Female | 7 | NA | NA | 7 | 100 | 10 | NA | NA | 10 | 100 |
| Workers | | | | | | | | | | |
| Permanent | | | | | | | | | | |
| Male | 1,037 | NA | NA | 1,037 | 100 | 1,078 | NA | NA | 1,078 | 100 |
| Female | 59 | NA | NA | 59 | 100 | 62 | NA | NA | 62 | 100 |
| Other than Permanent | | | | | | | | | | |
| Male | 64 | NA | NA | 64 | 100 | 78 | NA | NA | 78 | 100 |
| Female | 29 | NA | NA | 29 | 100 | 30 | NA | NA | 30 | 100 |

3. Details of remuneration/salary/wages, in the following format:
a. Median remuneration/ wages:

| | Male | | Female | |
|--|--------|---|--------|---|
| | Number | Median remuneration/ salary/ wages of respective category | Number | Median remuneration/ salary/ wages of respective category |
| Board of Directors (BoD)* | 8 | ₹ 2.96 mn | 3 | ₹ 3.30 mn |
| Key Managerial Personnel (Excluding CMD) | 2 | ₹ 9.34 mn | - | NA |
| Employees other than BoD and KMP | 1,475 | ₹ 1.01 mn | 115 | ₹ 0.79 mn |
| Workers | 1,101 | ₹ 0.86 mn | 88 | ₹ 0.29 mn |

* These details include independent directors who ceased to be on the Board of the Company during FY 2023-24.

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

| | FY 2023-24 | FY 2022-23 |
|---|------------|------------|
| Gross wages paid to females as % of total wages | 4.96 | 5.21 |

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, HR Head through the functional heads of the departments / unit heads of the Company is responsible for addressing human right related issues.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

- We have a robust grievance mechanism that helps us to have a stronger and stable workforce. It helps to resolve all concerns and facilitate in communicating people suggestions to the management through different channels.
- Speak out session are organised giving opportunity to our employees to raise their grievances.
- Our Whistle Blower Policy help employees to report to the management, instances of any unethical behaviour, actual or suspected fraud or violation of the company's code of conduct.
- Buddy system helps new employees to learn their jobs and roles in a better way and to make them understand various processes and systems of the organisation.
- Different committees are formed like safety, canteen, IR, PF, and joint council committee to resolve grievances and also to improve the process.

6. Number of Complaints on the following made by employees and workers:

| | FY 2023-24 | | | FY 2022-23 | | |
|-----------------------------------|-----------------------|---------------------------------------|---------|-----------------------|---------------------------------------|---------|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Sexual Harassment | 0 | 0 | NA | 0 | 0 | NA |
| Discrimination at workplace | 0 | 0 | NA | 0 | 0 | NA |
| Child Labour | 0 | 0 | NA | 0 | 0 | NA |
| Forced Labour/Involuntary Labour | 0 | 0 | NA | 0 | 0 | NA |
| Wages | 0 | 0 | NA | 0 | 0 | NA |
| Other human rights related issues | 0 | 0 | NA | 0 | 0 | NA |

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013, in the following format

| | FY 2023-24 | FY 2022-23 |
|--|------------|------------|
| Total Complaints reported under Sexual Harassment of Women at Workplace (prevention, prohibition and Redressal) Act, 2013 (POSH) | 0 | 0 |
| Complaints on POSH as a % of female employees/workers | 0 | 0 |
| Complaints on POSH upheld | 0 | 0 |



8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

As part of Whistle-blower Policy and POSH Policy, we protect the identity of the complainant. All such matters are dealt in strict confidence. Also, as part of our Code of Ethics, we do not tolerate any form of retaliation against anyone reporting legitimate concerns. Any efforts of targeting such individuals are strictly dealt with disciplinary action.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, we expect our business partners to comply all applicable laws and regulations including human right requirements. For example, pertinent clause in Purchase order - The Supplier shall comply with all statutory and regulatory provisions as are applicable to its establishment, including but not limited to the Factories Act, 1948, the Child Labour (Prohibition and Regulation) Act, 1986 and the applicable Human Right requirements as spelt in KBL Human Right Policy uploaded at <https://www.kirloskarpumps.com/investors/policies>

10. Assessments for the year:

| | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------|--|
| Child labour | 100 |
| Forced/involuntary labour | 100 |
| Sexual harassment | 100 |
| Discrimination at workplace | 100 |
| Wages | 100 |
| Others – please specify | NA |

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.

Not Applicable, as no significant risks/concerns were identified as a part of the assessments undertaken.

LEADERSHIP INDICATORS

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

We extend our commitment to responsible business practices by integrating fair working conditions and good environmental practices throughout the value chain. We strive to find business partners that share our values concerning human rights, labour standards and health and safety. Labour practices assessment is part of our new evaluation system for suppliers. Suppliers, who fail to comply with labour practices requirement are asked to implement the same.

Our Human Right policy is also extended to our value chain and we ensure compliance by our partners through ESG assessment.

2. Details of the scope and coverage of any Human rights due-diligence conducted.

The scope and coverage of human rights due diligence is detailed across the indicators of Principle 3 and Principle 5.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, at every premise / office, we have provided facilities at entry & exit points, washrooms, workstations, canteen, and vehicle parking spaces near the entry gate.

4. Details on assessment of value chain partners:

| | % of value chain partners (by value of business done with such partners) that were assessed | |
|--|---|-------------|
| | Key Suppliers | Key dealers |
| Sexual Harassment | | |
| Discrimination at workplace | | |
| Child Labour | | |
| Forced Labour/Involuntary Labour | 56.07 | 73.6 |
| Wages | | |
| Others – Statutory Deductions like PF & ESIC | | |

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

As per our supplier assessment process, no major non-compliance observed in terms of Occupational Health and Safety practices and working conditions. We do not engage with suppliers if we observe major deviation with respect to above.

PRINCIPLE 6: BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT
ESSENTIAL INDICATORS
1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

| Parameter | FY 2023-24 | FY 2022-23 |
|--|----------------|----------------|
| From renewable sources | | |
| Total electricity consumption (A) GJ | 28,849.87 | 28,955.10 |
| Total fuel consumption (B) GJ | - | - |
| Energy consumption through other sources (C) GJ | - | - |
| Total energy consumption renewable sources (A+B+C) GJ | 28,849.87 | 28,955.10 |
| From non- renewable sources | | |
| Total electricity consumption (D) GJ | 116,795.40 | 100,247.84 |
| Total fuel consumption (E) GJ | 40,798.37 | 44,890.38 |
| Energy consumption through other sources (F) GJ | - | - |
| Total energy consumed from non-renewable sources (D+E+F) (GJ) | 157,593.77 | 145,138.21 |
| Total energy consumed (GJ) (A+B+C+D+E+F) | 186,443.64 | 174,093.31 |
| Energy intensity per rupee of turnover in GJ / ₹ of turnover (Total energy consumption/ Revenue from operations) | 0.0000068542 | 0.0000068542 |
| Energy intensity in GJ per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumption/ Revenue from operations adjusted for PPP) | 0.0000018881 | 0.0000019836 |
| Energy intensity in GJ per unit of product sold | 0.15 | 0.15 |
| Energy intensity- optional – the relevant metric may be selected by the entity | Not Applicable | Not Applicable |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, independent Sustainability Assessment and Assurance has been carried out by M/S TUV (Nord) India Pvt Ltd., Pune

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

No

3. Provide details of the following disclosures related to water, in the following format:

| Parameter | FY 2023-24 | FY 2022-23 |
|---|-----------------------|-----------------------|
| Water withdrawal by source (in Kilolitres) | | |
| (i) Surface water (open well + river water) | 312,819 | 323,785 |
| (ii) Groundwater (bore well) | 37,453 | 31,947 |
| (iii) Third party water (tanker + bottles) | 1177 | 1,087 |
| (iv) Seawater / desalinated water | NA | NA |
| (v) Others | NA | NA |
| Total volume of water withdrawal (in Kilolitres) (i + ii + iii + iv + v) | 351,449 | 356,819 |
| Total volume of water consumption (in Kilolitres) | 351,449 | 356,819 |
| Water intensity in Kilolitres per rupee of turnover in kl / ₹ of turnover (Water consumed / turnover) | 0.0000129203 | 0.0000140484 |
| Water intensity in Kilolitres per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption/ Revenue from operations adjusted for PPP) | 0.0000035590 | 0.0000040655 |
| Water intensity in Kilolitres per unit of product sold | 0.28 | 0.31 |
| Water intensity- optional – the relevant metric may be selected by the entity | Not Applicable | Not Applicable |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, independent Sustainability Assessment and Assurance has been carried out by M/S TUV (Nord) India Pvt Ltd., Pune

4. Provide the following details related to water discharged:

Our corporate office and manufacturing plants have effluent and/or sewage treatment plants and water treated in these treatment plants is reused for domestic / industrial purpose.



5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Our corporate office and manufacturing plants have facilities to treat wastewater and/or effluent generated during operations through sewage / effluent treatment plants (STP/ETP) and then reused for domestic/industrial purposes.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

| Parameter | Please specify unit | FY 2023-24 | FY 2022-23 |
|-------------------------------------|---------------------|------------|------------|
| NOx | MT/ Year | 1.4678 | 1.536 |
| SOx | MT/ Year | 1.0422 | 1.264 |
| Particulate Matter (PM) | MT/ Year | 25.113 | 36.395 |
| Persistent organic pollutants (POP) | - | NA | NA |
| Volatile organic compounds (VOC) | MT/ Year | 2.236 | - |
| Others- Please specify | - | - | - |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. –

Yes, independent Sustainability Assessment and Assurance has been carried out by M/S TUV (Nord) India Pvt Ltd., Pune

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

| Parameter | Unit | FY 2023-24 | FY 2022-23 |
|---|---|--------------|--------------|
| Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tonnes of CO ₂ equivalent | 4,044.89 | 4,099.09 |
| Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tonnes of CO ₂ equivalent | 22,685.63 | 19,811.34 |
| Total Scope 1 and Scope 2 emissions per rupee of turnover in MT / ₹ of turnover (Total Scope 1 & Scope 2 GHG emissions/ Revenue from operations) | Metric tonnes of CO ₂ equivalent per ₹ of turnover | 0.0000009827 | 0.0000009414 |
| Total scope 1 & 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 & Scope 2 GHG emissions/ Revenue from operations adjusted for PPP) | Metric tonnes of CO ₂ equivalent per ₹ of turnover | 0.0000002707 | 0.0000002724 |
| Total Scope 1 and Scope 2 emission intensity in terms of physical output (MT per unit of product sold) | Metric tonnes of CO ₂ equivalent per product | 0.02 | 0.02 |
| Total Scope 1 and Scope 2 emission intensity- optional – the relevant metric may be selected by the entity | Not Applicable | | |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. –

Yes, independent Sustainability Assessment and Assurance has been carried out by M/S TUV (Nord) India Pvt Ltd., Pune

8. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

Yes, we are working on multiple fronts that shall help us in reducing GHG emission, few of those are listed below -

- GHG scope 1, 2 & 3 emission inventorisation has been completed for all our plants and office locations. This shall now help us to further formalise our carbon Net Zero roadmap in FY 2024-25.
- Renewable Energy (RE) from Rooftop solar plants and Windmills is already contributing around 20-22% of our total energy consumption and we are further working to enhance it up to 70% through open access and rooftop solar solutions within next 2 years. This shall result in reduction of scope 1 & 2 emissions by around 40-50%.
- We have installed High-Pressure Molding Line (HPML) for our Cast Iron foundry at Dewas that has resulted in reduction of foundry related emissions
- We have installed induction furnaces at our Kirloskarvadi plant, which has reduced emissions as compared to earlier Cupola furnaces that were using fossil fuel.
- Our corporate office is a Platinum rated LEED Certified Green Building which helps us to achieve reduced water consumption, optimised energy efficiency, conservation of natural resources, waste management and providing healthier space for occupants, as compared to a conventional building space

- We have achieved CII GreenCo certification for our four manufacturing plants. This will help us to further drive GHG emission reduction initiatives across products and processes.
- In consultation with CII, we have earlier conducted a Life Cycle Assessment (LCA) to evaluate the environmental impact of Monobloc pump-set series manufactured at Dewas plant. In continuation of the same, this year we have further conducted LCA for our cast Iron foundry, Alloy Cast Steel foundry, DBxe End suction pump series and LLC™ Horizontal Split Case Pumps of our Kirloskarvadi plant. This study helped us to ascertain the environmental impact of pumps' different life-cycle stages and potential environmental benefits through process improvement. Due to the efforts taken towards greening our processes and products, we also received GreenPro Ecolabel certification for these four product groups of Kirloskarvadi plant.
- We have taken various initiatives related to energy saving, green procurement, VA/VE, developing energy efficient and low lifecycle products, etc as part of our ESG initiatives and commitments.
- Energy Conservation (ENCON) assessment is conducted through independent assessors across our group companies to promote reduction in specific energy consumption and analyse the opportunities for improvement wherever applicable
- Miyawaki afforestation in Dewas plant and plantation initiatives in other plants act as carbon sinks and also fosters biodiversity

9. Provide details related to waste management by the entity, in the following format:

| Parameter | FY 2023-24 | FY 2022-23 |
|--|-----------------|-----------------|
| Total Waste generated (in MT) | | |
| Plastic waste (A) | 12.90 | 14.14 |
| E-waste (B) | 2.59 | 3.08 |
| Bio-medical waste (C) | 0.02 | 0.02 |
| Construction and demolition waste (D) | NA | NA |
| Battery waste (E) | 9.15 | 2.80 |
| Radioactive waste (F) | * | * |
| Other Hazardous waste. Please specify, if any. (G) – Paint sludge, used oil, ETP sludge | 155.85 | 67.86 |
| Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector) – Food waste, metal scrap, wooden scrap, burnt sand, corrugated sheets | 3,306.33 | 5,399.00 |
| Total (A+B + C + D + E + F + G + H) | 3,486.85 | 5,486.9 |
| Waste intensity per rupee of turnover in MT / ₹ of turnover (Total waste generated/Revenue from operations) | 0.00000012819 | 0.00000021603 |
| Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Waste generated / Revenue from operations adjusted for PPP) | 0.00000003531 | 0.00000006252 |
| Waste intensity per unit of product sold | 0.003 | 0.005 |
| Waste intensity- optional – the relevant metric may be selected by the entity | Not Applicable | Not Applicable |
| For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in MT) | | |
| Category of waste in MT | | |
| (i) Recycled | 3,387.08 | 5,412.90 |
| (ii) Re-used | 0 | 0 |
| (iii) Other recovery operations (Co-processing) | 1.17 | 0.07 |
| Total | 3,388.25 | 5,412.97 |
| For each category of waste generated, total waste disposed by nature of disposal method (in MT) | | |
| Category of waste in MT | | |
| (i) Incineration | 86.52 | 66.63 |
| (ii) Landfilling | - | - |
| (iii) Other disposal operations | 12.08 | 7.30 |
| Total | 98.60 | 73.93 |

*We manage radioactive wastes in line with AERB (Atomic Energy Regulatory Board) rules and dispose it back to original suppliers. The weight of radioactive wastes generated in current year is negligible (50 gm approx.)

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, independent Sustainability Assessment and Assurance has been carried out by M/S TUV (Nord) India Pvt Ltd., Pune



10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

We have implemented specific initiatives to promote the principles of the 3R's (Reduce, Reuse, Recycle) for effective waste management. Hazardous waste is regularly disposed of through agencies authorised by the State Pollution Control Board. Our waste generation is well within the limits prescribed under the consent of the State Pollution Control Board (SPCB) or the Central Pollution Control Board (CPCB).

All our manufacturing plants hold ISO 14001:2015 (Environmental Management System) Standard certification. We have established dedicated procedures that align with ISO requirements and statutory obligations. These systems and processes are designed to minimise hazardous waste generation, and they undergo internal audits twice a year and annual external audit through an authorised agency. By maintaining a sound waste management system, we go beyond mere compliance with state regulations.

Our waste management approach involves comprehensive monitoring of hazardous and non-hazardous waste generation streams at each plant. Waste is segregated and stored separately in designated waste management sheds. Disposal of waste follows the prescribed conditions set by the State Pollution Control Board. Moreover, organic waste generated in our kitchens are utilised to derive energy.

We are also in the process of assessing our waste management practices to explore further scope of improvement and as a next step towards achieving Zero Waste to Landfill certification for our plants.

Process for Waste management -

- (a) Plastics (including packaging) – Procedure in place at all the manufacturing locations as per ISO 14001:2015 certification
- (b) E-waste – Corporate guidelines are available for safe disposal of e-waste
- (c) Hazardous waste – Procedure in place at all the manufacturing locations as per ISO 14001:2015 certification
- (d) Other waste (Metal Waste) – Procedure in place at all the manufacturing locations as per ISO 14001:2015 certification for Metal waste. Most of the metal scrap is recycled in our foundry units

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Not Applicable

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

This is not applicable for us as none of our plants are located in ecologically sensitive areas.

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, and Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes, we are complying with all the applicable laws.

LEADERSHIP INDICATORS

1. Water withdrawal, consumption, and discharge in areas of water stress (in kilolitres):

For each facility/plant located in areas of water stress, provide the following information:

- I. Name of the area
- II. Nature of operations
- III. Water withdrawal, consumption and discharge in the following format:

Not Applicable as we do not have operations in water stress areas.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

| Parameter | Unit | FY 2023-24 | FY 2022-23 |
|--|--|--------------|--------------|
| Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric Tonnes of CO ₂ equivalent | 177,765.70 | 167,395.78 |
| Total Scope 3 emissions per rupee of turnover | Tonnes of CO ₂ equivalent / ₹ of turnover | 0.0000065352 | 0.0000065906 |

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

- The scope 3 emission for FY 2022-23 has been evaluated in consultation and guidance of CII team. Same process, which includes few assumptions in some of the categories, has been used to evaluate scope 3 emissions for FY 2023-24 internally.
- All applicable categories of scope 3 emissions are considered except category 11, whereas for category 15, investment only in India has been considered.

3. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

| Sr. No | Initiative undertaken | Details of the initiative (Web-link, if any, may be provided along-with summary) | Outcome of the initiative |
|--------|---|--|--|
| 1 | CII GreenPro Eco Label certification for our pumps and castings | We have conducted Life Cycle Analysis for our Cast Iron foundry castings, Alloy Cast Steel Foundry castings, DBxe End Suction Pumps and LLC™ Horizontal Axially Split Case pumps. Various features in our products and processes like use of renewable energy, high efficiency, low maintenance, less reduction in efficiency due to wear & tear in operations, has resulted in achieving GreenPro Eco Label Certification from CII for our castings from two foundries and two products as above. | GreenPro Eco Label Certification from CII demonstrating our leadership in Product Stewardship and Innovation |
| 2 | High efficiency motor - IE4/ IE5 motors for Monoblock pumps | Energy efficient motor driven monoblock pump. Refer our website for more details at below link - https://www.kirloskarpumps.com/kirloskar-pumps/products/product_type/Monobloc-Pumps/ | Reduced carbon footprints / Energy saving due to higher efficiency |
| 3 | Development of FGD pumps | These pumps are used for flue-gas desulphurisation application in thermal power plants. | Used in power plants to minimise sulphur content in flue gas |
| 4 | Solar pumping system | Pump-set driven by solar energy https://www.kirloskarpumps.com/kirloskar-pumps/product/SOLAR+PUMPING+SYSTEM/ | Zero carbon emission during operation phase |
| 5 | Micro hydro power generator - PAT/PICO | KBL's Pump as Turbine (PAT) is a unique pumping solution that can be operated in reverse as a turbine for generating micro hydroelectricity (up to 100 kW) PICO pump, like PAT, is designed for meeting energy requirements in industries https://www.kirloskarpumps.com/PICO/ https://www.kirloskarpumps.com/product/PAT/ | Generation of clean hydroelectric power |
| 6 | Submersible pumps for desalination industry - CW | Pumping water at high pressure across the membrane https://www.kirloskarpumps.com/kirloskar-pumps/wp-content/uploads/2020/07/KVM-Leaflet.pdf | Import substitution reducing transportation and cost |
| 7 | Products for nuclear industry | We are leading manufacturer of pumping solutions for various critical applications in the nuclear industry | Import substitution reducing transportation and cost |



| Sr. No | Initiative undertaken | Details of the initiative (Web-link, if any, may be provided along-with summary) | Outcome of the initiative |
|--------|--|--|--|
| 8 | Fire-fighting pumps with FM/UL approval | FM/UL approvals to meet quality norms of The National Fire Protection Association (NFPA) https://www.kirloskarpumps.com/product/FM-approved+and+UL-listed+Fire+Fighting+Pump/ | International approvals have greater reliability when preventing property damage in case of fire |
| 9 | Induction Furnace for CI Foundry | We have replaced our cupola furnaces with induction furnaces, which shall now avoid the use of high GHG emission fossil fuel like coke | Reduction in emission |
| 10 | BEE star rating certification for borewell submersible pumps | Energy efficient borewell submersible pumps meeting BIS specifications and star rating from Bureau of Energy Efficiency https://www.kirloskarpumps.com/kirloskar-pumps/products/market/Submersible-Pumps/ | Energy saving / lower life cycle cost |
| 11 | Development of high-efficient DBxe end suction pump series | Developed Energy efficient end suction DBxe pumps with MEI Norms https://www.kirloskarpumps.com/product/End+Suction+Pump+-+DBxe/ | Energy saving / lower life cycle cost |
| 12 | HPML Technology for Cast Iron foundry at Dewas | We have installed High Pressure Molding Line (HPML) technology for Cast Iron foundry at our Dewas plant. This is expected to improve the accuracy and productivity of castings. This shall also result in around 15% reduction in Specific Energy consumption and 3% reduction in rejection of castings. | Reduction in carbon emission |
| 13 | High efficiency product for process application | Energy efficient End Suction Process Pumps – KPD Series https://www.kirloskarpumps.com/product/End+Suction+Process+Pump+-+KPD/ | Energy saving |

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Post-pandemic, we have thoroughly revamped our business continuity plan keeping in mind the uncertainties. We augmented and channelised our HR capabilities to manage & mitigate the impact post the pandemic resulting in proactive actions, long-term planning, supporting employees for hybrid working model, making employee communication as a key for our business. We have ensured all necessary structural changes required to align roles as per people capabilities must be in place for dealing with future uncertainties as a part of new-normal. We utilised People Direct - Learning Management System (LMS) to allow our employees to upgrade and enhance their skills. Our commitment to society is well established and we are frontrunners in responding to the need of communities where we do our business. We are proud that our employees adopted to new normal very quickly and ensured business continuity with great agility and resilience. We are hopeful that with the help of science, discipline, and self-restraint of our employees, we would be able to hold ourselves resiliently against the new unforeseen uncertainties.

We also have a robust “Emergency Preparedness and Response Plan” in place for our manufacturing plants which include procedures for critical locations / sections of the plant covering aspects like possible emergency scenarios such as fire hazards, accident cases, emission of toxic gases, oil spillage, water & land pollution, etc. The plan also lays out preventive measures, response action plans and mock drills to deal with such situations.

Apart from this, we have an “Onsite Emergency Plan” for our project sites. It lays down the Code of Conduct for all personnel in the event of emergency like fire, explosion, and natural calamity. The objective of this plan is to safeguard the life of personnel working in project site and also ensures safety concerning our operational assets ensuring business continuity.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard

We do not envisage any adverse impact from the activities of our value chain.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Key suppliers & dealers with 56.07% & 73.6% of business share respectively have been assessed for environmental parameters.

PRINCIPLE 7: BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT

ESSENTIAL INDICATORS

1. a. Number of affiliations with trade and industry chambers/ associations.

There are 15 + number of affiliations with trade and industry chambers/ associations

- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

| S. No. | Name of the trade and industry chambers/ associations | Reach of trade and industry chambers/ associations (State/National) |
|--------|--|---|
| 1 | Hydraulic Institute (HI) | International |
| 2 | Confederation of Indian Industry (CII) | National |
| 3 | Federation of Indian Chambers of Commerce & Industry (FICCI) | National |
| 4 | Indian Pump Manufacturers Association (IPMA) | National |
| 5 | Indian Electrical and Electronics Manufacturers' Association (IEEMA) | National |
| 6 | Indian Foundry Association | National |
| 7 | Central Board of Irrigation and Power (CBIP) | National |
| 8 | Bureau of Indian Standards (BIS) | National |
| 9 | Mahratta Chamber of Commerce & Industries (MCCIA) | State |
| 10 | Indore Management Association | State |

2. Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities.

| Name of authority | Brief of the case | Corrective action taken |
|---|-------------------|-------------------------|
| None, as we did not receive any adverse order related to anti-competitive conduct | | |

LEADERSHIP INDICATORS

1. Details of public policy positions advocated by the entity:

| S. No. | Public policy advocated | Method resorted for such advocacy | Whether information available in public domain? (Yes/No) | Frequency of Review by Board (Annually/ Half yearly/ Quarterly/ Others – please specify) | Web Link, if available |
|--------|---|--|--|--|--|
| 1 | Standard formulations and Amendments in Indian Standards on centrifugal pumps | Updating/amending the standards based on advancement of technology such as energy efficiency through BIS Technical Committee | Yes, after the final draft is approved | - | - |
| 2 | Standards formulations, changes, guidebooks | Through Hydraulic Institute (ANSI/HI) committee meetings | Yes, once documents are published | - | www.pumps.org |
| 3 | Policy related pumps/ pumping systems/scheme | Through IPMA/BEE committee meetings and discussions | Yes, once policy is formulated it is made available in public domain | - | - |
| 4 | Use of Energy efficient products, like LLC™ IE3/ IE4/IE5 products | CII conferences/BEE/ National conferences held by Educational Institutes/ Industrial forums | No | - | - |



PRINCIPLE 8: BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

ESSENTIAL INDICATORS

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

| Name and brief details of project | SIA Notification No. | Date of notification | Whether conducted by independent external agency (Yes /No) | Results communicated in public domain (Yes / No) | Relevant Web link |
|-----------------------------------|----------------------|----------------------|--|--|-------------------|
| Not Applicable | | | | | |

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

| S. No. | Name of Project for which R&R is ongoing | State | District | No. of Project Affected Families (PAFs) | % of PAFs covered by R&R | Amounts paid to PAFs in the FY (In INR) |
|----------------|--|-------|----------|---|--------------------------|---|
| Not Applicable | | | | | | |

3. Describe the mechanisms to receive and redress grievances of the community.

We have implemented a well-defined process to receive and address concerns and grievances from the community. At the site level, a committee is formed comprising members from different functions such as administration, security, HR, and other functions. This committee is responsible for receiving concerns, whether in written or verbal form, and diligently working towards their resolution. To ensure a thorough investigation and resolution, joint field visits are conducted, and the concerns are appropriately addressed in a timely manner. Throughout this process, the concerns are documented, recorded, and actively tracked to ensure closure and satisfactory resolution.

In addition, committee members as well as our senior leadership proactively engage with the community as a part of the development work. Throughout the year, a number of informal and formal sessions are conducted which help interactions with the community apart from program specific meetings to facilitate working together. There is a targeted approach for engaging with various sections viz. youth, women, and community leaders.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

| | FY 2023-24 | FY 2022-23 |
|--|------------|------------|
| Directly sourced from MSMEs/ small producers (SME) | 43 | 32 |
| Directly from within India | 95 | 86 |

5. Job creation in small towns- Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent/on contract basis) in the following locations, as % of total wage cost

| Location | FY 2023-24 | FY 2022-23 |
|---|------------|------------|
| Rural | Nil | Nil |
| Semi-urban | 39.03 | 38.25 |
| Urban | 14.31 | 13.22 |
| Metropolitan | 46.65 | 48.53 |
| Place to be categorised as per RBI Classification System-rural/semi-urban/urban/metropolitan) | | |

LEADERSHIP INDICATORS

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Not Applicable

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

We have not undertaken any projects in aspirational districts

| S. No. | State | Aspirational District | Amount spent (In INR) |
|----------------|-------|-----------------------|-----------------------|
| Not Applicable | | | |

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised /vulnerable groups? (Yes/No)

Our sustainable sourcing policy encourage local sourcing of goods and services. However, we do not have any preferential procurement policy for purchasing from marginalised/vulnerable suppliers.

(b) From which marginalised /vulnerable groups do you procure?

Whenever feasible, we procure from socially disadvantaged sections of the society like Karnataka Khadi Gram Udyog, Khadi Gram-udyog Sahakari Bhandar

(c) What percentage of total procurement (by value) does it constitute?

< 0.01%

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

| S. No. | Intellectual Property based on traditional knowledge | Owned/ Acquired (Yes/No) | Benefit shared (Yes / No) | Basis of calculating benefit share |
|----------------|--|--------------------------|---------------------------|------------------------------------|
| Not Applicable | | | | |

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

| Name of authority | Brief of the Case | Corrective action taken |
|-------------------|-------------------|-------------------------|
| Not Applicable | | |

6. Details of beneficiaries of CSR Projects:

| S. No. | CSR Project | No. of persons benefitted from CSR Projects | % of beneficiaries from vulnerable and marginalised groups |
|--------|---|--|--|
| 1 | Bio-Diversity Projects | Though not evaluated, number of people benefitted from each activity would vary from few hundreds to few thousands | Though not evaluated, % of beneficiaries from vulnerable and marginalised groups would vary for each activity from 20% to 100% |
| 2 | School Infrastructure Development of Rural Schools | | |
| 3 | Disaster Management Projects & Programs | | |
| 4 | Prevention of HIV transmission | | |
| 5 | Infrastructure Development for Educational Institutions | | |
| 6 | Specialized Wildlife Technical Rescue Vehicle | | |

PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CONSUMERS IN A RESPONSIBLE MANNER

ESSENTIAL INDICATORS

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

To enhance customer support, we have established a dedicated customer call centre and a user-friendly online portal. These platforms enable existing customers to conveniently log product and service-related complaints. Depending on the nature of each complaint, appropriate escalation procedures are in place, ensuring that all issues are addressed within specified timeframes. We also have a customer care toll-free number 1800 123 4443 to connect with our technical experts for hassle-free customer service and technical support. Apart from this, we have provided an email ID (kblcare@kbl.co.in) and WhatsApp number (+91 9922710710) to facilitate our customers for resolving service related concerns and feedback. These facilities are available 24*7.

Customers can also scan the QR code on their pumps & pump boxes and they can get all the technical details and specifications of the pump on their smartphone instantly.



2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

| | As a percentage to total turnover |
|---|---|
| Environmental and social parameters relevant to the product | 18.5 (BEE Star rated and other energy efficient pumps) |
| Safe and responsible usage | 100 |
| Recycling and /or safe disposal | We have established separate procedure guiding our customers about end-of-life treatment for our products and same has been uploaded on our website |

3. Number of consumer complaints in respect of the following:

| | FY 2023-24 | | | FY 2022-23 | | |
|--------------------------------|--------------------------|---------------------------------------|---------|--------------------------|---------------------------------------|------------------|
| | Received during the year | Pending resolution at the end of year | Remarks | Received during the year | Pending resolution at the end of year | Remarks |
| Data privacy | 0 | 0 | NA | 0 | 0 | NA |
| Advertising | 0 | 0 | NA | 0 | 0 | NA |
| Cyber security | 0 | 0 | NA | 0 | 0 | NA |
| Delivery of essential services | 0 | 0 | NA | 0 | 0 | NA |
| Restrictive trade practices | 0 | 0 | NA | 0 | 0 | NA |
| Unfair trade practices | 0 | 0 | NA | 0 | 0 | NA |
| Others-Legal | 1 | 0 | NA | 4 | 2* | Under resolution |

Notes *

• All Legal Cases, except two, received during the reporting year FY 2022-23 have been resolved successfully in a fair and transparent manner. Open grievances are under evaluation and are expected to get resolved in FY 2024-25

4. Details of instances of product recalls on account of safety issues:

| | Number | Reasons for recall |
|-------------------|--------|--------------------|
| Voluntary recalls | 0 | NA |
| Forced recalls | 0 | NA |

5. Does the entity have a framework /policy on cyber security and risks related to data privacy? (Yes/No) if available, provide a web-link to the policy.

Yes, we have internal guideline document on cyber security and data privacy and same has been uploaded on our Company's intranet for internal reference.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/ services.

None, as no such major issue has been observed by us.

7. Provide the following information relating to data breaches-

- Number of instances of data breaches along – Nil
- Percentage of data breaches involving personally identifiable information of Customers- Nil
- Impact, if any, of the data breaches- Nil

LEADERSHIP INDICATORS**1. Channels/ platforms where information on products and services of the entity can be accessed (provide web link, if available).**

Information related to all the products and services provided by us are available on our website, <https://www.kirloskarpumps.com/>. Technical and service-related information about the products is also available in hard print in the form of brochures, flyers, manuals etc.

We actively use various social media and digital platforms to disseminate information about our products and services. We have introduced an effective and faster medium where customers / stakeholders can call our toll-free number 1800 123 4443 and connect with the experts for hassle-free customer service and technical support.

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/ or services.

The Installation and Operation Manual (IOM) containing details of our products is provided to all customers during delivery of product. Also, customers are informed and educated on the safe and responsible usage of the products.

We provide Augmented reality/Virtual reality trainings to educate our customer and stakeholders. We also conduct customer meets and exhibitions to inform and educate our customers about safe & responsible usage of our products.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Not applicable, as we are not in the business of providing essential services.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/no/not Applicable) If yes, provide details in brief. Did your entity carry out any survey about consumer satisfaction relating to the major products/ services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/ No)

Yes, we provide information relating to products over and above mandatory requirements wherever relevant for safe and responsible usage of our products.

We regularly undertake customer perception survey (CPS) to know customer satisfaction level with respect to our brand, manufacturing capabilities, products, and services. This survey is generally conducted biennial across all business verticals and prompt improvement measures are implemented against feedback received.



BOARD'S REPORT

TO THE MEMBERS

Your Directors present the 104th Board Report and the Audited Financial Statements of the Company for the Financial Year ended March 31, 2024 together with the reports of the Auditors thereon.

FINANCIAL RESULTS

The financial results of the Company for the Financial Year 2023-24 as compared with the previous Financial Year are as under:

| | (₹ in Million) | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2024 | Year ended March 31, 2023 |
| Revenue from operations | 27,201 | 25,399 |
| Other income | 359 | 330 |
| Total | 27,560 | 25,729 |
| Profit before tax | 3,225 | 2,073 |
| Tax expense | 791 | 547 |
| Profit for the period | 2,434 | 1,526 |
| Other comprehensive income | (72) | (25) |
| Surplus in Profit & Loss Account brought forward from previous year | 6,152 | 4,889 |
| Dividend | (357) | (238) |
| Available surplus | 8,157 | 6,152 |

DIVIDEND

The Board of Directors have recommended a Dividend of ₹ 6/- per equity share i.e. @ 300% of face value of ₹ 2/- each, for the Financial Year 2023-24 (₹ 4.50/- per equity share as Dividend for the Financial Year 2022-23) as per the Dividend Distribution Policy.

The total outflow towards dividend recommended for the Financial Year 2023-24 will be ₹ 476.45 Million as against ₹ 357.34 Million for the previous financial year.

Your Company has formulated a policy for Dividend Distribution which is disclosed on the website of the Company and can be accessed at <https://www.kirloskarpumps.com/wp-content/uploads/2021/09/Dividend-Distribution-Policy-2021.pdf>

OPERATIONS OF THE COMPANY

The revenue from operations for the year under review is ₹ 27,201 Million, which represents an increase of 7% as compared to the previous financial year.

The Financial Year 2023-24 witnessed a significant revival of the economy, facilitating the successful operation of all the Company plants throughout the year. This, in turn, allowed the Company to provide its customers with the best possible products and services.

The Company experienced substantial growth in various industry sectors, including building & construction, water, irrigation, power, chemical, pharma, steel, oil & gas, sugar and retail business. This growth was driven by a focus on value-added and sustainable products such as Lowest Life-cycle Cost (LLC™) pumps, pressure boosting systems, dewatering pumps, micro-hydropower generator-PICO, process pumps and Autoprime pump sets. The Company's signature IoT-based remote pump monitoring system – KirloSmart™ also continued to gain acceptance, further contributing to the Company's success.

In the dynamic realm of water pumping technology, the Company has introduced the latest iteration of its renowned Lifter pumps series, meticulously crafted for shallow wells. This new advancement boasts of an extraordinary discharge rate that is 260% higher than our closest competitors, solidifying the Company's commitment to excellence in water solutions. The mini-series pump selection is further enhanced by the addition of the Aqua Torrent 10 FCL, as well as the Jalhasti and Jaltara 1 HP pumps and borewell oil-filled submersible pump (KU6i) to consolidate its position in the agricultural and residential segments. For the industrial segment, the Company has launched the vertical inline short-coupled pump set, the KW-SC, and an enhanced version of the DBxe SS pump.

As Kirloskarvadi steps into its 114th year, it faces new challenges and opportunities. The industrial landscape is rapidly evolving, with Industry 4.0 ushering in automation and digitalisation. The Company is adapting to these changes by embracing new technologies and investing in research and development and the manufacturing process. All the plants had record number of sales with highest number of despatches. The Total Productive Maintenance (TPM) journey has been a resounding success. The formation of cross-functional teams dedicated to enhancing equipment performance, employed a systematic approach to identify and eliminate losses that hinders equipment effectiveness.

The Company is proud to be associated with national projects of significance. We have contributed to the Shri Ram Mandir, Ayodhya by supplying over 100 pumps for firefighting and water supply to Millions of devotees. Additionally, our pumps have been used for fire protection systems in the New Parliament House and the Surat Diamond Bourse. The Company's contribution extends to public transportation infrastructure, having supplied pumps to the recently inaugurated Kolkata and Agra Metro projects. Our HVAC pumps also ensure cooling comfort to visitors of Yashobhoomi Convention Centre and Bharat Mandapam in Delhi. Recognising the critical role of nuclear energy in the future, the Company has supplied moderator coolant pumps to the Kakrapar Nuclear

Power Plant in Gujarat, and circulating Water Metallic Volute pumps to Rajasthan Atomic Power Plant, underscoring our commitment to supporting India's infrastructure development across various sectors.

The Company's international businesses delivered a strong performance despite the challenges posed by the increasing inflation and the global supply chain issues. The Company has signed a Memorandum of Understanding with the Ministry of Lands, Agriculture, Fisheries, Water & Rural Development of Zimbabwe. This strategic partnership aims to accelerate irrigation development across the country, contributing to increased agricultural productivity and food security. Our group company, SPP Pumps Ltd. has become the first company in the world to offer a Factory Mutual (FM) approved Multi-stage Multi-outlet pump set. This pump is specifically designed to provide reliable, efficient, and cost-effective fire protection for high-rise buildings.

The Company has strengthened the capabilities of its channel partners for faster product delivery and service. To serve better and reduce timelines of product deliveries, the Company has opened Authorised Pump set Original Equipment Manufacturer plants across the country.

Furthermore, through its Vikas Charitable Trust (VCT), the Company actively engaged in various CSR initiatives, reflecting its commitment to giving back to the Community.

AWARDS AND RECOGNITION

The Company has garnered numerous awards and recognitions that reaffirm its dedication to innovation and excellence. Among these, the notable patents that have been awarded for its pioneering contributions to technology, include:

- The PICO turbine: a groundbreaking system in hydropower generation.
- The innovative design of two key components in its mini pump: the delivery casing and the mounting casing volute.
- An innovative shaft sealing mechanism in the triple offset valves.

Our Sanand factory has been the recipient of several prestigious awards, highlighting its manufacturing prowess and innovative practices. It was awarded the Silver medal for the assessment year 2023 in the National Awards for Manufacturing Competitiveness (NAMC), conducted by the International Research Institute for Manufacturing. The factory received the 'Par Excellence Award' for its 5S Kaizen Case Study Presentation at the 9th National Conclave on 5S, organised by the Quality Circle Forum of India Ahmedabad Chapter. It was named 'Winner - Excellence in Engineering & Design' as well as the 'Winner - Excellence in Innovation' in the large category at the Manufacturing Today Conference & Awards 2023.

Meanwhile, our Kaniyur plant has distinguished itself in various categories. It received one Gold and one Silver award at the National Convention on Quality Concepts Nagpur chapter. It was awarded a Silver award in the NAMC audit. The plant earned one Gold award for a quality case study conducted by the Coimbatore Productivity Council. Additionally, it won two Silver awards for the best productivity improvement project conducted by the Coimbatore Productivity Council.

Furthermore, SPP Pumps, our group company, won the esteemed Manufacturer of the Year Award in Great Britain for the second year in a row. Ben Warren winning the Rising Star Award was another feather in their cap. Both these achievements speak volumes about SPP Pump's relentless pursuit of excellence.

Collectively, these achievements not only reflect the Company's innovative edge and competitive spirit but also its role as a leader in the global pump manufacturing industry.

There were no material changes or commitments to report that affected the Company's financial position that occurred between the end of the Financial Year and the date of this report.

TRANSFER TO RESERVE

The Board has decided to retain the entire amount of profit for the Financial Year 2023-24 and not to transfer any amount to general reserve.

STATUTORY DISCLOSURES

1. SHARE CAPITAL

The Paid-up Equity Share Capital of the Company as on March 31, 2024 was ₹ 158.82 Million comprising of 79,408,926 equity shares of ₹ 2/- each. The Company does not have any shares with differential voting rights or sweat equity.

2. ANNUAL RETURN

As per provisions of Section 92(3) read with Section 134 of the Companies Act, 2013 ('the Act'), the Annual Return of the Company is placed on the website of the Company at <https://www.kirloskarpumps.com/investors/shareholders-meetings/>

3. NUMBER OF MEETINGS OF THE BOARD

During the Financial Year under review, 6 Board meetings were held, the details of which are appearing in the Report on Corporate Governance.

4. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Act, the Board of Directors to the best of its knowledge and ability confirm that:

- (a) in preparation of the annual accounts, the applicable accounting standards have been followed.
- (b) they have selected such accounting policies and applied them consistently and made judgments



and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the Company for that period.

- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) they have prepared the annual accounts on a going concern basis.
- (e) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively.
- (f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

5. INDEPENDENT DIRECTORS' DECLARATION

All Independent Directors of the Company have given declaration under Section 149(7) of the Act, that they meet the criteria laid down in Section 149(6) of the Act.

6. DISCLOSURE REQUIRED UNDER SECTION 134(3)(e)

The Board has adopted a Board Diversity Policy which sets the criterion for appointment as well as continuance of Directors, at the time of re-appointment of director in the Company. As per the policy, the Board has an optimum combination of members with appropriate balance of skill, experience, background, gender and other qualities as required by the directors for the effective functioning of the Board.

The Nomination and Remuneration Committee recommends remuneration of the Directors, subject to overall limits set under the Act, as outlined in the Remuneration Policy. As per the policy, the Executive Directors are entitled to a fixed salary, commission based on performance evaluation and other non-monetary benefits. In case of Non-Executive Directors, apart from receiving sitting fees, they are entitled to commission on the basis of criterion as per the policy.

The Remuneration Policy is available on the website of the Company at <https://www.kirloskarpumps.com/wp-content/uploads/2023/01/Remuneration-Policy.pdf>. The salient features of this policy are as follows:

- **Philosophy:** The Company strongly believes that the system of Corporate Governance protects the interest of all stakeholders by inculcating transparent business operations and accountability from management towards fulfilling the consistently

high standards of Corporate Governance in all facets of the Company's operations.

- **Objective:** Transparent process of determining remuneration at the Board and Senior Management level and appropriate balance between the elements comprising the remuneration.
- **Coverage:** The policy covers remuneration to Executive, Non-Executive Directors, Key Managerial Personnel and Senior Managerial Personnel.

7. REPORT OF AUDITORS

During the Financial Year under review, there are no qualifications, adverse remarks, or disclaimers made by the Statutory Auditors on the financial statements of the Company and by the Secretarial Auditor in his Secretarial Audit Report, which is annexed herewith as **Annexure V**. There are no cases of fraud detected and reported by the Auditor under Section 143(12) during the Financial Year.

M/s. Sharp & Tannan Associates, Chartered Accountants (Firm Registration No. 109983W) have been appointed as Statutory Auditors of the Company for the second term of 5 consecutive years by the shareholders with effect from the conclusion of 102nd Annual General Meeting till the conclusion of 107th Annual General Meeting.

Mr. Shyamprasad Limaye (CP No. 572), Practicing Company Secretary was the Secretarial Auditor of the Company as per Section 204 of the Act, for the Financial Year 2023-24. M/s. Dinesh Birla & Associates (CP No. 13029), Practicing Company Secretary have been appointed as Secretarial Auditors of the Company for the Financial Year 2024-25.

M/s. Parkhi Limaye & Co. (Firm Registration No. 000191) was the Cost Auditor of the Company for the Financial Year 2023-24. M/s. Harshad S. Deshpande & Associates, (Firm Registration No. 00378) have been appointed as the Cost Auditors, as per Section 148 of the Act, read with applicable rules made thereunder, for the Financial Year 2024-25. Their remuneration is subject to the approval by the Members at the ensuing Annual General Meeting.

8. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The details of loans, guarantees or investments under Section 186 of the Act, are available under Note no. 5, 7, 35E and 36 of notes to accounts, attached to the Standalone Financial Statements.

The full particulars are available in the Register maintained under Section 186 of the Act, which is available for inspection during business hours on all working days (except Saturday and Sunday).

9. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Company during the Financial Year 2023-24 with the related parties were in the ordinary course of business and at arm's length basis. There were no transactions required to be disclosed in Form AOC-2 (**Annexure IV**). During the Financial Year, the Company has not entered into contracts / arrangements / transactions with the related parties which could be considered material in accordance with the Company's 'Policy on Related Party Transactions'. The said policy is available on the website of the Company.

Further, attention is drawn to Note no. 35 of the Standalone Financial Statements of the Company for details of related party transactions.

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

Details of energy conservation, technology absorption, research and development and foreign exchange earnings and outgo as required under Section 134(3)(m) of the Act, read with the applicable rules, are given as an **Annexure I** to this Report.

11. RISK MANAGEMENT

The Risk Management Committee of the Company meets at regular intervals and identifies the top risks and prioritises those risks. Particulars of the Committee and salient features of the Risk Management Policy of the Company, are given in the Report on Corporate Governance. The Risk Management Policy, inter alia, includes identification of major risks and also those risks which in the opinion of the Board may threaten the existence of the Company.

12. CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORT

The Company has a CSR Policy as per the requirements of the Act and the same is available on the website of the Company.

The key drivers of this policy are as follows:

- The Company believes that serving society is a primary purpose.
- Perceivable improvement in attitude, culture and values amongst employees and community.
- Conservation of natural resources and commitment to Green Environment.
- Developing business processes which are environmentally and socially sustainable.

The details of CSR Policy of the Company and the status of implementation of CSR initiatives are covered in the

Corporate Social Responsibility Report in the required format, annexed as **Annexure II** to this report.

13. BOARD EVALUATION

The Board has formulated a Board Evaluation Policy for evaluation of individual Directors as well as the entire Board and Committees thereof. The evaluation framework is divided into parameters based on various performance criteria. The evaluation process for the Financial Year ended on March 31, 2024 has been carried out.

As a part of the evaluation process, the Directors submitted their feedback regarding the evaluation of the Board and its Committees and other individual Directors of the Company for the Financial Year 2023-24, through an online platform. The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The performance evaluation of the Chairman and the Managing Director was also carried out by the Independent Directors, taking into account the views of the Executive and Non-Executive Directors. The performance evaluation of the Joint Managing Director of the Company was carried out by the Independent Directors. The results of the said evaluation were shared with the Board, Chairman of the respective Committees and individual directors. The results showed high level of commitment and engagement of the Board and its various committees.

In compliance with the requirements under Schedule IV of the Act, read with Regulation 25(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the SEBI Listing Regulations, 2015'), a meeting of Independent Directors was held on March 29, 2024 primarily to discuss the matters mentioned under the said Schedule.

14. PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES

Following are the highlights of performance of subsidiaries, associate and joint venture companies and their contribution to the overall performance of the Company during the period under review.

i. Karad Projects and Motors Limited

The revenue for the year under review is ₹ 5,065 Million which is 1.70% less as compared to the previous year. This constitutes 12.66% of consolidated revenue of your Company.

ii. The Kolhapur Steel Limited

The revenue for the year under review is ₹ 534 Million which is 17.20% more as compared to the previous year. This constitutes 1.33% of consolidated revenue of your Company.



iii. Kirloskar Corrocoat Private Limited

The revenue for the year under review is ₹ 405 Million which is 14.90% more as compared to the previous year. This constitutes 1% of consolidated revenue of your Company.

iv. Kirloskar Brothers International B.V. (consolidated)

The revenue for the year under review is ₹ 12,577 Million which is 6.80% more as compared to the previous year. This constitutes 31.43% of consolidated revenue of your Company.

v. Kirloskar Ebara Pumps Limited (Joint Venture)

The revenue for the year under review is ₹ 3,013 Million which is 30.44% more as compared to the previous year.

The financial position of the subsidiaries and joint venture companies is given in AOC-1, in this Integrated Annual Report.

15. OTHER STATUTORY DISCLOSURES AS REQUIRED UNDER RULE 8(5) OF THE COMPANIES (ACCOUNTS) RULES, 2014

- (i) Financial summary/highlights are included elsewhere in the Report.
- (ii) There was no change in the nature of business during the year under review.
- (iii) Details of Directors are given in the Report of Corporate Governance, forming part of this Integrated Annual Report.
 - Ms. Rama Kirloskar (DIN 07474724) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.
 - Mr. Amitava Mukherjee (DIN 00003285) ceased to be Director with effect from July 03, 2023, due to his demise.
 - Mr. Vinayak Deshpande (DIN 00036827) was appointed as an Additional Director and Independent Director with effect from August 02, 2023. The Shareholders vide resolution passed through Postal Ballot on September 10, 2023, have approved his appointment as Independent Director of the Company with effect from August 02, 2023 for a term of 5 years upto August 01, 2028. The Board is of the opinion that Mr. Vinayak Deshpande possesses requisite qualifications, experience, expertise and proficiency.
 - During the year under review, there was no change in the Key Managerial Personnel (KMP) of the Company.

Mr. Sanjay Kirloskar - Chairman and Managing Director, Mr. Chittaranjan Mate - Chief Financial Officer (CFO) and Mr. Devang Trivedi - Company Secretary, are the KMP of the Company during the year under review.

Mr. Ravish Mittal has been appointed as CFO and KMP with effect from May 15, 2024 in place of Mr. Chittaranjan Mate, who resigned as CFO and KMP with effect from May 14, 2024.

- (iv) KBL Synerge LLP ceases to be an associate of the Company consequent upon its striking off by the Registrar of Companies, Pune on July 03, 2023. During the year under review, the Company has acquired the remaining equity shares of TKSL. Resultantly, TKSL has become a wholly owned subsidiary of the Company. Apart from this, no company has become or ceased to be a subsidiary, joint venture or associate company of the Company.

Material Subsidiaries

Regulation 16 of the SEBI Listing Regulations 2015 defines a 'material subsidiary' to mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Under this definition, Karad Projects & Motors Limited, Karad, Maharashtra ('KPML'), incorporated on 2nd April 2001, an Unlisted Indian Subsidiary and SPP Pumps Limited ('SPP'), UK, incorporated on 21st July, 2003, an Unlisted Foreign Subsidiary, are material subsidiaries of the Company.

The subsidiaries of the Company function independently, under the supervision and control of the Board of Directors of respective companies. The minutes of Board Meetings of subsidiaries of the Company are placed before the Board of Directors of the Company for their review, at every quarterly Meeting.

In addition to the above, Regulation 24 of the SEBI Listing Regulations, 2015 requires that at least one Independent Director on the Board of Directors of the listed entity shall be a Director on the Board of Directors of an unlisted material subsidiary, whether incorporated in India or not. For this provision, material subsidiary means a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year. However, there is no such Subsidiary which falls under this definition of unlisted material subsidiary for the financial year ended March 31, 2024.

M/s. Sharp & Tannan Associates, Chartered Accountants, Pune, are the statutory auditors of KPML. Saffery Champness, Chartered Accountants, UK, are the statutory auditors of SPP.

The other requirements as prescribed under Regulation 24 of the SEBI Listing Regulations, 2015 for Subsidiary Companies have been complied with.

Secretarial Audit of Material Unlisted Indian Subsidiary

KPML, a material subsidiary of the Company carried out Secretarial Audit for the Financial Year 2023-24 pursuant to Section 204 of the Act and Regulation 24A of the SEBI Listing Regulations, 2015. The Secretarial Audit Report of KPML submitted by Mr. Yogesh Kandalgaonkar, Practicing Company Secretary is attached as **Annexure VI** to this Report and it does not contain any qualification, reservation or adverse remark or disclaimer.

(v) **Details relating to Deposits:**

The Company has neither accepted nor renewed matured deposits since January 2003 and there were no deposits accepted by the Company as covered under Chapter V of the Act read with Rules made thereunder.

(vi) The details of Deposit which are not in compliance with the requirement of the Chapter V of the Act – NA.

(vii) No significant and material orders were passed by the regulators or court or tribunals impacting the going concern status and Company's operations in future.

(viii) **Details in respect of adequacy of internal financial controls with reference to the financial statements:**

The Company has adequate internal financial control systems in place. The control systems are regularly reviewed by the external auditors and their reports are presented to the Audit Committee.

The Company has an Internal Audit Charter specifying mission, scope of work, independence, accountability, responsibility and authority of Internal Audit Department. The internal audit reports are placed before the Audit Committee meeting along with management response.

(ix) Your Company is required to maintain the cost records as required under Section 148(1) of the Act and accordingly, such accounts and records are maintained by the Company for the Financial Year ended on March 31, 2024.

(x) The details of application made or any proceedings pending under the Insolvency and Bankruptcy

Code, 2016 (31 of 2016) during the year along with their status as at the end of the Financial Year – Nil.

(xi) The details of the difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reason thereof - Nil.

(xii) **Other disclosures required under the Companies Act, 2013 as may be applicable:**

- Composition of the Audit Committee has been disclosed in Corporate Governance Report. All the recommendations of the Audit Committee were accepted by the Board.
- Establishment of Vigil Mechanism: The Company has already in place a 'Whistle Blower Policy' as a Vigil Mechanism since 2008. During the year, the Policy was amended, the details of which are reported in Corporate Governance Report.
- Disclosure as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given as **Annexure III**. Details of employees pursuant to Rule 5(2) of the said rules, will be provided on request by the Company Secretary.

(xiii) **Other Disclosure:**

- The Company has filed a suit against Kirloskar Proprietary Limited (KPL) relating to the use, assignment and ownership of the trademark "Kirloskar". The Company has made appropriate pleadings in the said Suit as advised by the Legal Advisors of KBL and has inter-alia, challenged the unlawful termination and sought declaration, injunction and other appropriate relief/s. KPL subsequently has withdrawn the termination letters with effect from March 3, 2020.
- The Company has, without prejudice to its rights and contentions, including those in the pending proceedings, in compliance with the directions of the Order dated 05.12.2023 of the Hon'ble Commercial Court, Pune, deposited the claimed Royalty amount with the Court from October 2018 onwards until 3rd quarter of FY 2023-24. Pending dispute, the Hon'ble Commercial Court, has directed its treasury to invest the said deposited royalty amount in a Nationalised bank for a fixed term of three years.



- In terms of the requirement under Regulation 30A(2) of the SEBI Listing Regulations, 2015, the details of the said agreements, are given below:

| Sl. No. | Nature of Agreement and parties to the same | Salient Features of the Agreement | Web link to full Agreement |
|---------|--|---|---|
| 1. | Deed of Family Settlement (DFS) dated 11 th September, 2009 and the Amendment Agreement to DFS dated 12 th October, 2009 entered between promoter shareholders of the Company. | The DFS was entered into between certain members of the Kirloskar Family viz. Mr. Atul Kirloskar, Mr. Vikram Kirloskar [now deceased], Mr. Rahul Kirloskar, Mr. Gautam Kulkarni [now deceased] and Mr. Sanjay Kirloskar, on behalf of themselves & their respective nuclear families so that 'the ownership, control and management by each branch of the Kirloskar Family gets clearly defined for smooth functioning of the business and further to preserve peace, harmony, goodwill, prestige and properties of the family, and to avoid unpleasant happenings such as court litigations etc. Significant terms of DFS can be referred in Recital B, D, E of the DFS and clause 1, 2, 8,12,15 & 16. The said DFS can be accessed at the given web link. | https://www.kirloskarpumps.com/investors/regulation-30a-disclosures/ |
| 2. | Renouncing Agreement entered into between the Company and Kirloskar Oil Engines Limited, a member of the promoter group of the Company, dated 20 th October, 1947. | The agreement was entered into for the sale of Kirloskar Brothers Limited's business of manufacturing and/or producing oil engines and imposing certain restrictions on both Kirloskar Brothers Limited and Kirloskar Oil Engines Limited. The significant terms of this agreement, including those imposing restrictions on both the companies are in Clauses 2, 4, 5 & 6 of the said agreement. The said agreement can be accessed at the given web link. | |
| 3. | Shareholders' Agreement (SHA) entered into between the Company, Better Value Holdings Private Limited, Corrocoat Limited, UK and Kirloskar Corrocoat Private Limited (Joint Venture Company) dated 8 th April, 2006 | SHA was entered into between the parties to record the agreement to regulate their future relationship as shareholders of and joint venture partners in the Joint Venture Company. The significant terms of SHA, including those imposing restrictions on the Company are in Clauses 7.9, 9.1, 17.1, 18 and 29 of the SHA. The said SHA can be accessed at the given web link. | https://www.kirloskarpumps.com/wp-content/uploads/2023/08/KCPL_JVDisclosure.pdf |
| 4. | Joint Venture Agreement (JVA) entered into between the Company and Ebara Corporation (a corporation duly organised and existing under the laws of Japan), dated 27 th January, 1988 | JVA was entered between the parties to establish a limited joint venture to be operated under and by virtue of the laws of the Republic of India in order to promote, manufacture and sell industrial process pumps and/ or such other products. The significant terms of JVA, including those imposing restrictions on the Company are in Clause 18.02 of the JVA. The said JVA can be accessed at the given web link. | https://www.kirloskarpumps.com/wp-content/uploads/2023/08/KEPL_JVDisclosure.pdf |

16. CASH FLOW

Cash flow statement for the Financial Year ended on March 31, 2024 forms part of the Financial Statements attached to this report.

17. SECRETARIAL STANDARDS

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating efficiently.

SAFETY, HEALTH AND ENVIRONMENT

Safety and Health

- Reporting of Safety opportunities shows the safety maturity of the plant. Employees of Safety matured industries, report all safety opportunities to eliminate the chances of accidents. The Company's employees have been reporting safety opportunities in order to make the Company a safer place to work.
- Reporting of safety opportunities merely will not eliminate workplace hazards, but compliance of relevant corrective and preventive actions are required.

The Company has complied with more than 90% corrective and preventive actions.

- The Company has developed internal audit process, and all safety officers are trained to carry out safety audit. A semi quantitative methodology is developed for the safety audit with reference to IS14489. All manufacturing plants of the Company are audited by cross plant safety auditors.
- To improve safety awareness, safety training is one of the important tool which also improves the skill and knowledge of safety. The Company has provided more than 4 man hours safety training to the employees, which has surpassed the target of 3.5 man hours per employee.
- The Company has introduced the Suraksha Mitra (Safety Stewards) concept. Selected employees from workmen and staff are nominated as Suraksha Mitra. A specialized training is provided to them. These Suraksha Mitra work as extended hand to Safety officers.
- Behavioural Based Safety (BBS) is one of the modern time tool to change the mind set of employees leading towards safer culture. BBS systems helps the company to improve its safety culture. The Company's employees have given tremendous response to this system and carried out more than 6500 safety BBS checks this year which are almost 10% more than the previous year.
- Small injuries are the indication of safety performance. Control over small injuries leads to less chance of any big injury. There is 15% reduction in first aid injuries in year 2023-24 as compared to year 2022-23.

Environment and Energy

The Company's values are the pillars that hold its beliefs and help it to fulfil its Purpose, Vision and Mission. "Commitment towards the Environment" is one of the Company's values that guide its actions towards the path of green future. Under sustainability drive, the Company focuses upon continual improvement of the environment and energy performance through short-term and long-term goals.

The Company has been evaluating scope 1 & 2 GHG emissions since long, however from FY 2023-24, it has also started evaluation of scope 3 GHG emissions. This will help in identifying areas of improvement for prioritising the actions. This is a significant step towards finalising the Company's Net Zero roadmap in line with India's commitment of being Net Zero by 2070.

The Company has continued its focus towards other green aspects like enhancing biodiversity, recycling of resources, water conservation, waste disposal, green procurement and developing green / energy efficient products to name a few. The four manufacturing plants viz. Kirloskarvadi, Sanand, Dewas and Kaniyur, are now GreenCo Certified that validates the efforts towards green manufacturing. The Company has

also obtained Green Product Certification for few of its products, which will set a benchmark for manufacturing industry.

The Company has achieved around 22% of its energy consumption through renewable sources like wind and solar power. The Company has initiated actions to enhance this share up to 70% within next two years. Apart from improving the clean energy contribution, it will help in reducing energy cost as well as related scope 2 GHG emissions.

All the manufacturing plants of the Company are ISO-50001 Certified for Energy Management Systems. Apart from this, the Company continues energy saving drive through ENCON (Energy Conservation) competition across the group. This initiative improves awareness of employees, motivates them to suggest ideas towards energy saving and facilitates sharing of good practices followed by other group companies. The Company encourages its employees to contribute in ENCON journey by appreciating and rewarding their efforts. Further, the Company is also working to improve energy performance through few other initiatives like conducting energy audits and implementing digital energy monitoring systems.

The Company is committed to contribute towards a clean and energy efficient world while preserving green aspects of the planet through its actions.

REPORTS ON MANAGEMENT DISCUSSION AND ANALYSIS, CORPORATE GOVERNANCE

Pursuant to the SEBI Listing Regulations, 2015, Management Discussion and Analysis Report, Report on Corporate Governance, Auditor's Certificate on Corporate Governance, Certificate pursuant to Schedule V read with Regulation 34 (3) and the declaration by the Chairman and Managing Director regarding affirmations for compliance with the Company's Code of Conduct are annexed to this report.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

Your Company has been reporting its sustainability performance for the past 14 years. Further, the Company started presenting Integrated Annual Report since 2018-19. The Annual Report for the Financial Year 2023-24 is the 6th Integrated Annual Report of the Company. Pursuant to the provisions of Regulation 34(2)(f) of the SEBI Listing Regulations, 2015, the Business Responsibility and Sustainability Report for the Financial Year 2023-24 is annexed to this report.

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

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



22 of this Act, read with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013. We report that for the Financial Year ended on March 31, 2024:

| | | |
|---|---|-----|
| 1 | No. of complaints received in the year | Nil |
| 2 | No. of complaints disposed-off in the year | NA |
| 3 | Cases pending for more than 90 days | NA |
| 4 | No. of workshops and awareness programmes conducted in the year | 1 |
| 5 | Nature of action by employer or District Officer, if any | NA |

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for the support and co-operation given by the banks and financial institutions. Your Directors would also like to record their appreciation for the persistent efforts by the employees of the Company and wish to express their gratitude to the Members for their continued trust and support.

For and on behalf of the Board of Directors,

Sanjay C. Kirloskar

Chairman & Managing Director
DIN 00007885

Pune: May 14, 2024

Annexure I

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

A) CONSERVATION OF ENERGY:

(i) Steps taken or impact on conservation of energy

- Existing reciprocating compressors are replaced with screw compressors resulting in saving of 3,99,024 kWh/year.
- Spindle DC analog drive of various CNC machines converted into digital system resulting into savings of 63,015 kWh/year.
- Modification of contactor logic conducted in Moranda VTL to 2.0 PLC Logic with Motor VFD saving 67,588 kWh/year.
- 8 HP hydraulic motor replaced in Pensotti machine with new energy efficient 1 HP hydraulic motor saving 33,906 kWh/year.
- Coke charged Cupola furnace replaced with Induction furnace resulting in saving of 82,484 kWh/year.
- As an outcome of Life Cycle Analysis study, existing foundry line technology is upgraded to “High Pressure Moulding Line” (HPML) technology which has helped plant to reduce carbon emission by around 2-9% for major impact categories, yielded 15% improvement in Specific Energy Consumption and 3% reduction in material utilization.
- A series of products developed for low ecological footprint like Lowest Life Cycle Cost (LLC™) Products which has led to savings of ₹ 22.5 Million and CO2 reduction of 2,200 Metric Tons equivalent to 10 years’ Carbon footprint of a pump.
- Dbxe pumps developed which offer superior efficiency, superior performance and more reliable design conforming to EN733. It complies the European Minimum Efficiency Index (MEI) of ≥ 0.7 for water pumps as per EN 16480.
- Energy Conservation (ENCON) Assessment for energy saving competition within KBL group of companies. Through this initiative, the Company has saved around 1000 GWh till date.

(ii) Steps taken by the Company for utilizing alternate sources of energy

- Development of hydro-turbine gensets like PICO, PAT which act as a Micro Hydro Power Generator when operated in reverse direction as a turbine for generating electricity. It is designed for meeting energy requirements in industries.
- Using solar energy for emergency lamps in 2nd & 3rd shift operations.

- Maximum usage of natural light during daytime on shop floor through sky light sheets.
- Enhancing renewable energy contribution for the group companies from existing 23% to around 70% by FY 2025-26.

(iii) The capital investment on energy conservation:

| Particulars | Amount (₹ in Million) |
|---|--------------------------|
| Coke charged Cupola furnace replaced with Induction furnace | 27.00 |
| Introduction of new melting power panel with Insulated Gate Bipolar Transistor (IGBT) technology at ACS furnace | 9.77 |
| Reciprocating compressors replaced with screw compressors | 9.00 |
| Installed new high efficient 1,010 KVA DG at powerhouse | 8.90 |
| Upgradation of CED PLC system | 2.00 |
| Modification of contactor logic conducted in Moranda VTL to 2.0 PLC Logic with Motor VFD | 0.90 |
| Spindle DC analog drive of various CNC machines converted into digital system | 0.60 |
| Installation Harmonic filter panel for 300 kVA | 0.50 |
| IOT based inspection system for component inspection in machine shop | 0.50 |
| 30 HP pump replaced by 2HP at CED Manufacturing | 0.34 |
| Total | 59.51 |

B) TECHNOLOGY ABSORPTION:

i) Efforts made towards technology absorption

- Developed dry pit submersible pump which can work as dry pit as well as wet pit.
- To cater to the market needs of energy efficient products, the Company has developed Monobloc pumps and Self Priming pump sets with IE4/IE5 ultra-premium efficiency motors.
- The Company has developed 150 mm borewell submersible pumps with Advanced Sand Fighter arrangement and energy efficient oil filled motors to cater to the customers’ need for enhanced protection against the sandy bores.
- To address special export requirement, the Company has developed SCT250/40VT Pump with vertical execution.



- The Company has extended its sewage handling pump range (9 models) to enhance market penetration.
- The Company has revived existing pumps' range for improved head rise to shut off.
- To enhance NPSHr characteristics, the Company has developed new models.
- For mobile flood handling applications, the Company has developed Autoprime Trolley mounted pump sets.
- To meet customers' requirements, extended versions in vertical turbine pump range have been developed.
- To enhance product basket, the Company has developed Butterfly valves 3100mm PN10, 3100mm PN16, 1400mm PN6, new E- Series 1000 mm PN30, High performance butterfly valve DN80 CL300, DN200 CL150, Centric Butterfly Valve DN150 PN16, DN300 PN16.
- The Company has developed Ball Valves (Floating) DN50 CL150, DN150 CL150, DN300 CL150, 3800mm PN2.5 Turbine inlet Valve fabricated and hydraulic operated with ground mounted cylinder arrangement to extend its product range.
- Extended non rising sluice valve product range by developing 1600mm PN2.0 EO, 1400mm PN2.0.

ii) Benefits derived like product improvement, cost reduction, product development or import substitution

- Competitive edge with Ultra-premium efficiency products.
- Most efficient pumps in the market.

- Capability enhancement / range extension to meet customer requirements.
- Import substitution.
- Addressing export market.
- Reduction in product development time and cost.

iii) In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year) - NIL

| | |
|--|----------------|
| Details of technology imported | Not Applicable |
| Year of import | |
| Whether the technology been fully absorbed | |
| If not fully absorbed, area where absorption has not taken place, and the reason thereof | |

iv) Expenditure incurred on Research and Development

| (₹ in Million) | |
|---------------------|---------------|
| Revenue expenditure | 284.79 |
| Capital Expenditure | 4.79 |
| TOTAL | 289.58 |

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

| (₹ in Million) | |
|--|---------|
| Foreign Exchange earned in terms of actual inflows during the year | 1713.73 |
| Foreign Exchange outgo during the year in terms of actual outflows | 902.21 |

Annexure II

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the Company:

Kirloskar Brothers Limited enjoys a legacy of over a century of making a positive difference in the area of socio-economic development of the less privileged communities and other stakeholders, by being a responsible business house through adoption of appropriate business processes and strategies and by carrying out various initiatives towards its social obligations for the society in the vicinity of all its manufacturing locations. The activities are carried out by the Company and its implementing agency, Vikas Charitable Trust.

2. Composition of CSR Committee:

| Sl. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---------|-------------------------|--------------------------------------|--|--|
| 1. | Mr. Vivek Pendharkar | Chairman | 1 | 1 |
| 2. | Mr. Sanjay C. Kirloskar | Member | 1 | 1 |
| 3. | Ms. Rama Kirloskar | Member | 1 | 1 |
| 4. | Ms. Rekha Sethi | Member | 1 | 1 |

3. Provide the web-link where following are disclosed on the website of the Company:

Composition of CSR committee:

<https://www.kirloskarpumps.com/composition-of-various-committes-of-board/>

CSR Policy:

<https://www.kirloskarpumps.com/wp-content/uploads/2020/01/CSR-policy-Ammended-upto-May-2017.pdf>

CSR projects approved by the board:

<https://www.kirloskarpumps.com/wp-content/uploads/2024/02/Corporate-Social-Responsibility-Revised-Annual-Action-Plan-2023-24-1.pdf>

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable. Not applicable. As the average CSR obligation of the Company, in the three immediately preceding financial years, is less than ₹ 10 Crores.

| | | |
|--------|---|--------------------|
| 5. (a) | Average net profit of the company as per sub-section (5) of section 135 of the Companies Act, 2013, ('the Act') | ₹ 1,59,83,51,023/- |
| (b) | Two percent of average net profit of the Company as per sub-section (5) of section 135 of the Act | ₹ 3,19,67,020/- |
| (c) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years. | Nil |
| (d) | Amount required to be set off for the financial year, if any. | Nil |
| (e) | Total CSR obligation for the financial year [(b) + (c) – (d)] | ₹ 3,19,67,020/- |
| 6. (a) | Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project). | ₹ 3,21,80,527/- |
| (b) | Amount spent in Administrative Overheads | 0 |
| (c) | Amount spent on Impact Assessment, if applicable | 0 |
| (d) | Total amount spent for the Financial Year [(a) + (b) + (c)] | ₹ 3,21,80,527 |



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

| Total Amount Spent for the Financial Year (in ₹) | Amount Unspent (in ₹) | | | | |
|--|---|------------------|---|--------|------------------|
| | Total Amount transferred to Unspent CSR Account as per sub-section (6) of Section 135 | | Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section 5 of section 135 | | |
| | Amount | Date of transfer | Name of the Fund | Amount | Date of transfer |
| 3,21,80,527 | Nil | NA | NA | Nil | NA |

(f) Excess amount for set off, if any – NA

| Sl. No. | Particulars | Amount (in ₹) |
|---------|---|---------------|
| i. | Two percent of average net profit of the Company as per sub-section (5) of section 135 | 3,19,67,020 |
| ii. | Total amount spent for the Financial Year | 3,21,80,527 |
| iii. | Excess amount spent for the Financial Year [(ii)-(i)] | 2,13,506 |
| iv. | Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any | Nil |
| v. | Amount available for set off in succeeding Financial Years [(iii)-(iv)] | Nil |

7. Details of Unspent CSR amount for the preceding three financial years: NIL

| Sl. No. | Preceding Financial Year | Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹) | Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹) | Amount Spent in the Financial Year (in ₹) | Amount transferred to a fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any | | Amount remaining to be spent in succeeding Financial Years (in ₹) | Deficiency, if any |
|---------|--------------------------|---|---|---|--|------------------|---|--------------------|
| | | | | | Amount (in ₹) | Date of transfer | | |
| 1 | FY - 1 | | | | | | | |
| 2 | FY - 2 | | | | | | | |
| 3 | FY - 3 | | | | | | | |

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

If Yes, enter the number of Capital assets created/ acquired: -

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year

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

Not Applicable

9. Specify the reason(s), if the company has failed to spend two per cent of the average net 'profit' as per Section 135(5): Not Applicable.

Sd/-

Sanjay C. Kirloskar

Chairman and Managing Director
(DIN 00007885)

Sd/-

Vivek Pendharkar

Chairman CSR Committee
(DIN 02791043)

Annexure III

Disclosure as required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of The Companies (Appointment and Remuneration of the Managerial Personnel) Rules, 2014

| | | Name of Director / Key Managerial Personnel | Designation | Ratio to Median remuneration (times) | Increase / (Decrease) % |
|-------|---|---|--------------------------------|--------------------------------------|-------------------------|
| (i) | The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial Year | | | | |
| (ii) | The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year | Mr. Sanjay Kirloskar | Chairman and Managing Director | 94.61 | 25.79 |
| | | Ms. Rama Kirloskar | Joint Managing Director | 89.67 | 25.69 |
| | | Mr. Alok Kirloskar | Non Executive Director | 3.32 | 39.29 |
| | | Mr. M.S.Unnikrishnan | Independent Director | 4.08 | 37.14 |
| | | Mr. Shobinder Duggal | Independent Director | 3.74 | 33.33 |
| | | Mr. Shrinivas Dempo | Independent Director | 3.40 | 42.86 |
| | | Ms. Ramni Nirula | Independent Director | 3.74 | 62.96 |
| | | Mr. Amitava Mukherjee | Independent Director | * | * |
| | | Mr. Vivek Pendharkar | Independent Director | 3.32 | 39.29 |
| | | Ms. Rekha Sethi | Independent Director | 3.49 | 46.43 |
| | | Mr. Vinayak Deshpande | Independent Director | * | * |
| | | Mr. Chittaranjan Mate | Chief Financial Officer | NA | 18.67 |
| | | Mr. Devang Trivedi | Company Secretary | NA | 19.11 |
| (iii) | The percentage increase in the median remuneration of employees in the Financial Year | 0.01% | | | |
| (iv) | The number of permanent employees on the rolls of the Company | As on March 31, 2024 Staff – 1,503 Workmen – 1,096 | | | |
| (v) | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out, if there are any exceptional circumstances for increase in the managerial remuneration | Average percentile increase in the salary of employees (other than Key Managerial Personnel) for the Financial Year 2023-24, as compared to Financial Year 2022-23 is 12.1% (including performance-based incentive). Refer abovementioned point no.(ii) for comparison with the percentile increase in the managerial remuneration. | | | |
| (vi) | Affirmation that the remuneration is as per the remuneration policy of the Company | Yes | | | |

Notes:

- 1) The aforesaid details are calculated on the basis of remuneration for the Financial Year 2023-24.
- 2) Remuneration to Non-Executive Directors include sitting fees paid during the Financial Year 2023-24.
- 3) The median remuneration of employees of the Company for the Financial Year 2023-24 is ₹ 881,712.
- 4) *The % increase in remuneration is provided only for those Directors and Key Managerial Personnel who have drawn remuneration from the Company for the entire Financial Year 2022-23 and 2023-24. The ratio to median remuneration is provided only for those Directors who have drawn remuneration from the Company for the entire Financial Year 2023-24.
- 5) Mr. Amitava Mukherjee ceased to be Non-Executive Independent Director of the Company w.e.f. July 3, 2023 due to his demise. Mr. Vinayak Deshpande has been appointed as Non-Executive Independent Director w.e.f. August 2, 2023.



Annexure IV

Form No. AOC-2

[Pursuant to clause (h) of sub section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

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

| Name(s) of the related party and nature of relationship | Nature of contracts/ arrangements/ transactions | Duration of the contracts / arrangements/ transactions | Salient terms of the contracts or arrangements or transactions including the value, if any | Justification for entering into such contracts or arrangements or transactions | Date(s) of approval by the Board | Amount paid as advances, if any | Date on which the resolution was passed in general meeting as required under first proviso to Section 188 |
|---|---|--|--|--|----------------------------------|---------------------------------|---|
| - NIL - | | | | | | | |

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

| Name(s) of the related party and nature of relationship | Nature of contracts/ arrangements/ transactions | Duration of the contracts / arrangements/ transactions | Salient terms of the contracts or arrangements or transactions including the value, if any | Date(s) of approval by the Board | Amount paid as advances, if any |
|---|---|--|--|----------------------------------|---------------------------------|
| - NIL - | | | | | |

Please refer Note No. 35 of the Standalone Financial Statements of the Company.

Annexure V**FORM NO. MR-3****SECRETARIAL AUDIT REPORT**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For the financial year ended 31st March, 2024.

To,
The Members of,
Kirloskar Brothers Limited
(CIN: L29113PN1920PLC000670)
"Yamuna", S No.98/3 - 7
Plot No.3 Baner, Pune - 411045

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kirloskar Brothers Limited** (hereinafter called as "the Company"). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, and subject to letter annexed herewith, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2024, complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2024, according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable: -
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
 - (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

- (i) Secretarial Standards pursuant to section 118(10) of the Act, issued by the Institute of Company Secretaries of India.
- (ii) Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



During the period under review the Company has complied with the provisions of the Act, rules, regulations, guidelines, standards, etc. mentioned above, wherever applicable.

I further report that the Board of Directors of the Company is duly constituted with proper balance of executive directors, non-executive directors and independent directors including a woman director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all directors to schedule the Board Meetings including Committees thereof, alongwith agenda and detailed notes on agenda at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the

meeting by the directors. The decisions at the meeting were carried unanimously.

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

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

Place : Pune

Dated: May 14, 2024

UDIN: F001587F000363454

Shyamprasad D. Limaye

F.C.S. 1587 C.P. 572

To,
The Members,
Kirloskar Brothers Limited
(CIN: L29113PN1920PLC000670)
"Yamuna", S No.98/3 - 7
Plot No.3 Baner, Pune - 411045

My Secretarial Audit Report for Financial Year ended on 31st March 2024 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records, Accounting Standards and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of event etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Pune

Dated: May 14, 2024

Shyamprasad D. Limaye

F.C.S. 1587 C.P. 572



Annexure VI

FORM NO. MR-3

Secretarial Audit Report For the Financial Year Ended 31.03.2024

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Karad Projects and Motors Limited,
Plot No. B-67/68, MIDC, Karad Industrial Area,
Tasawade, Satara, Karad - 415109

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Karad Projects and Motors Limited (CIN: U45203PN2001PLC149623)** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on **31st March 2024** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March 2024** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder (during the year under review not applicable to the Company);
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder (during the year under review not applicable to the Company, as the shares of the company are not in dematerialized form);
 - (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (during the year under review not applicable to the Company as the Company does not have any foreign direct investment, overseas direct investment and external commercial borrowings);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (during the year under review not applicable to the Company as the Company is an unlisted company);
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (during the year under review not applicable to the Company as the Company is an unlisted company);
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (during the year under review not applicable to the Company as the Company is an unlisted company and not proposing to get its securities listed);
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (during the year under review not applicable to the Company as the Company is an unlisted company);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (during the year under review not applicable to the Company as the Company is an unlisted company);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with Client (during the year under review not applicable to the Company as the Company is not availing services of Registrars to an Issue and Share Transfer Agents);
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (during the year under review not applicable to the Company as the Company has not done delisting of shares);

- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (during the year under review not applicable to the Company as the Company is an unlisted company); and
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (during the year under review not applicable to the Company as the Company is an unlisted company).
- (vi) As informed to me, no other law(s) is applicable specifically to the Company.

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

- (i) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India.

I have not examined compliance with the applicable clauses of the following since it is not applicable to the Company during the period under review as the Company is an unlisted Company:

- (i) The Listing Agreements entered into by the Company with Stock Exchange(s);

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

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Director and Non-Executive Directors. There were no changes in the composition of the Board of Directors during the period under review. Being an

unlisted public company, which is a wholly owned subsidiary, appointment of independent directors is exempted.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings were carried out unanimously. As per the records provided by the Company, none of the members of the Board or Committees of the Board dissented on any resolution(s) passed at the meetings.

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

There were no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc.

Yogesh Kandalgaonkar**Company Secretary**

FCS No. 6197, C.P. No. 20316

Unique Document Identification Number (UDIN):
F006197F000203196

Peer Review Certificate Number: 2620/2022

Place: Pune

Date: April 22, 2024

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



Annexure to the Secretarial Audit Report

To,
The Members,
Karad Projects and Motors Limited,
Plot No. B-67/68, MIDC, Karad Industrial Area,
Tasawade, Satara, Karad - 415109

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

1. Maintenance of secretarial records is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Yogesh Kandalgaonkar

Company Secretary

FCS No. 6197, C.P. No. 20316

Unique Document Identification Number (UDIN): F006197F000203196

Peer Review Certificate Number: 2620/2022

Place: Pune

Date: April 22, 2024

REPORT ON CORPORATE GOVERNANCE

1. THE COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

The Company strongly believes that the system of Corporate Governance protects the interest of all the stakeholders by inculcating transparent business operations and accountability from management towards fulfilling consistently the high standard of Corporate Governance in all facets of the Company's operations.

2. BOARD OF DIRECTORS:

As on March 31, 2024, there were 10 (Ten) directors on the Board, comprising of Managing Director, Joint Managing Director and 8 (Eight) (80.00%) Non-Executive Directors of whom, 7 (Seven) (70.00%) were Independent Directors. There were 3 (three) Woman Directors including 2 (Two) as Independent Directors.

The Board's composition is an optimal complement of independent professionals having an in-depth knowledge of business.

During the year under review, 6 (Six) Board meetings were held on the following dates:

May 11, 2023, August 01, 2023, August 25, 2023, November 07, 2023, February 14, 2024 and March 21, 2024.

According to the provisions of Regulation 17A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations, 2015'), none of the Directors on the Board hold the office of director, including an alternate directorship if any, in more than 7 listed entities at the same time.

None of the Directors are holding directorship in more than 7 listed entities or holding membership of committees of the Board in more than 10 committees or chairpersonship of more than 5 committees across all listed entities in which he/she is a Director. Necessary disclosures regarding committee positions in other public companies as on March 31, 2024 have been made by the Directors.

The above limits are determined as follows:

- a. the limit of the committees on which a director is serving in all public limited companies, whether listed or not, are included and all other companies including private limited companies, foreign companies and companies formed under Section 8 of the Companies Act, 2013, are excluded.
- b. for the purpose of determination of the limit, chairpersonship and membership of only Audit Committee and Stakeholders' Relationship Committee, are considered.

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations, 2015 read with Section 149(6) of the Companies Act, 2013 ('the Act'). The maximum tenure of independent directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations, 2015 read with Section 149(6) and 150 of the Act read with relevant Rules thereunder.

The Chairman and Managing Director of the Company was serving as an Independent Director in two listed companies during the year.

None of the Directors except Mr. Sanjay C. Kirloskar, Mr. Alok Kirloskar (son of Mr. Sanjay C. Kirloskar) and Ms. Rama Kirloskar (daughter of Mr. Sanjay C. Kirloskar), are related to each other.



The details of Directors, their Directorship/Committee positions, Attendance etc. are furnished in the Table below:

| Name of Director | Designation / Category of Directorship [@] | Board Meetings attended | Attendance at last AGM | No. of other Directorships held* | No. of Committees of which Member / Chairperson in other Companies | Names of the listed Companies where the person is director | Category of directorship in other listed companies [@] |
|-------------------------------------|---|-------------------------|------------------------|----------------------------------|--|--|---|
| Mr. Sanjay Kirloskar | CMD (P) | 6 | Present | 5 | 2/1 | 1) KPT Industries Limited [^] 2) DCM Shriram Industries Limited | INED INED |
| Ms. Rama Kirloskar | JMD (P) | 6 | Present | 3 | 0/0 | -- | -- |
| Mr. Alok Kirloskar | NED (P) | 6 | Present | 17 | 0/0 | -- | -- |
| Mr. M.S. Unnikrishnan | INED | 6 | Present | 2 | 0/0 | KEC International Limited | INED |
| Mr. Shobinder Duggal | INED | 6 | Present | 3 | 3/1 | 1) SBI Life Insurance Company Ltd. 2) PI Industries Ltd. | INED INED |
| Mr. Shrinivas Dempo | INED | 5 | Present | 13 | 1/0 | 1) Automobile Corporation of Goa Ltd. 2) Hindustan Foods Ltd. 3) Goa Carbon Ltd. | INED NED NED |
| Ms. Ramni Nirula | INED | 6 | Present | 4 | 1/0 | 1) DCM Shriram Ltd. 2) Usha Martin Ltd. 3) HEG Ltd. | INED INED INED |
| Mr. Amitava Mukherjee [#] | INED | 1 | NA | NA | NA | NA | NA |
| Mr. Vivek Pendharkar | INED | 6 | Present | 0 | 0/0 | -- | -- |
| Ms. Rekha Sethi | INED | 6 | Present | 5 | 3/0 | 1) CESC Ltd. 2) Samvardhana Motherson International Limited 3) Spencer's Retail Ltd. 4) Firstsource Solutions Limited | INED INED INED INED |
| Mr. Vinayak Deshpande ^{##} | INED | 4 | NA | 5 | 3/2 | 1) Kennametal India Limited 2) Voltas Limited 3) Praj Industries Limited | INED NED INED |

[@] CMD – Chairman and Managing Director, JMD - Joint Managing Director, NED – Non-Executive Director, INED – Independent Non-Executive Director and P – Promoter.

- (1) *Directorships and committee positions in private and public limited companies, foreign companies are included in the above table excluding Kirloskar Brothers Limited and Section 8 Companies.
- (2) All the relevant information suggested under Schedule II of the SEBI Listing Regulations, 2015 is furnished to the Board from time to time.
- (3) [#]Ceased to be a Director with effect from July 03, 2023 due to demise.
- (4) ^{##}Appointed as a Director with effect from August 02, 2023.
- (5) [^]Ceased to be a Director with effect from April 01, 2024.

During the year under review, meeting of the Independent Directors was held on March 29, 2024. The Independent Directors, inter-alia, reviewed the performance of non-independent directors, Chairman of the Company and the Board as a whole including Committees thereof.

Statement showing number of Equity Shares of ₹ 2/- each of the Company, held by the Non-Executive Directors as on March 31, 2024:

| Non-Executive Directors | No. of Shares | % of Paid up Capital |
|--------------------------|---------------|----------------------|
| Mr. Alok Kirloskar | 6,187 | 0.01 |
| Mr. M.S. Unnikrishnan | 0 | 0.00 |
| Mr. Shobinder Duggal | 0 | 0.00 |
| Mr. Shrinivas Dempo | 0 | 0.00 |
| Ms. Ramni Nirula | 0 | 0.00 |
| Mr. Amitava Mukherjee * | 0 | 0.00 |
| Mr. Vivek Pendharkar | 0 | 0.00 |
| Ms. Rekha Sethi | 0 | 0.00 |
| Mr. Vinayak Deshpande ** | 0 | 0.00 |

* Ceased to be a Director with effect from July 03, 2023 due to demise.

** Appointed as a Director with effect from August 02, 2023.

The details of familiarisation programme imparted to the Directors are available at <https://www.kirloskarpumps.com/investors/familiarisation-programme-for-independent-directors/>

The List of core skills/expertise/competencies identified by the Board as required in the context of its business(es) and sector(s) for the Company to function effectively and those actually available with the Board:

The Board has formulated a Policy on Board Skill Matrix of the Company. In terms of the said policy, the Board of the Company comprising of directors who collectively, have the skills, knowledge and experience to effectively govern and direct the organization as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the Board. The List of core skills/expertise/competencies identified and collectively possessed by the Board are as under:

- Governance skills (that is, skills directly relevant in performing the Board's key functions);
- Industry skills (that is, skills relevant to the industry or sector in which the organization predominantly operates); and
- Personal attributes or qualities that are generally considered desirable to be an effective director.

| Personnel Details | | | Committee [@] | | | | | Areas of expertise | | | | | | | |
|-------------------------|----------------|--------------|------------------------|------------------|------------------|-----|-----|--------------------|--------|---------|-----------------|-----|-------------|------------|---------------|
| Name | Director since | NED/EXE/INED | Audit | NRC | SRC | CSR | RMC | Strategy | Policy | Finance | Legal Framework | IT | Exec. Mgmt. | Commercial | International |
| Mr. Sanjay Kirloskar | 1985 | EXE | - | Yes | Yes | Yes | - | Yes | - | - | - | - | Yes | - | Yes |
| Mr. Alok Kirloskar | 2012 | NED | - | - | Yes | - | - | Yes | - | - | - | - | Yes | - | Yes |
| Ms. Rama Kirloskar | 2017 | EXE | - | - | - | Yes | Yes | Yes | - | - | - | Yes | Yes | - | - |
| Mr. M.S. Unnikrishnan | 2020 | INED | Yes | Yes | - | - | Yes | Yes | Yes | Yes | Yes | - | Yes | Yes | Yes |
| Mr. Shobinder Duggal | 2021 | INED | Yes | - | - | - | - | Yes | - | Yes | - | - | Yes | Yes | Yes |
| Mr. Shrinivas Dempo | 2021 | INED | - | Yes | Yes | - | - | Yes | - | - | - | - | Yes | - | Yes |
| Ms. Ramni Nirula | 2021 | INED | Yes | - | - | - | - | - | - | Yes | - | - | Yes | Yes | - |
| Mr. Amitava Mukherjee* | 2021 | INED | Yes* | Yes* | Yes* | - | - | Yes | - | Yes | - | - | Yes | Yes | Yes |
| Mr. Vivek Pendharkar | 2021 | INED | - | - | - | Yes | - | Yes | - | - | - | Yes | Yes | - | Yes |
| Ms. Rekha Sethi | 2021 | INED | - | Yes | - | Yes | - | Yes | - | - | - | - | Yes | - | Yes |
| Mr. Vinayak Deshpande** | 2023 | INED | Yes [#] | Yes [#] | Yes [#] | - | - | Yes | - | Yes | Yes | - | Yes | Yes | Yes |

EXE- Executive Director, NED – Non-Executive Director and INED – Independent Non-Executive Director.

* Ceased to be a Director & Committee Member from July 03, 2023 due to demise.

** Appointed as a Director w.e.f. August 02, 2023.

[#] Appointed as the Committee Member w.e.f. November 07, 2023.

@ NRC - Nomination and Remuneration Committee, SRC – Stakeholders' Relationship Committee, CSR - Corporate Social Responsibility, RMC - Risk Management Committee.



Confirmation from the Board on Independent Directors:

In the opinion of the Board, the Independent Directors fulfil the conditions specified in SEBI Listing Regulations, 2015 and are independent of the management.

Resignation of Independent Director:

None of the Independent Directors have resigned during the Financial Year ended at March 31, 2024.

3. AUDIT COMMITTEE:

The Audit Committee is constituted in compliance with the requirements under Regulation 18 of the SEBI Listing Regulations, 2015 read with Section 177 of the Act.

The terms of reference of the Audit Committee include the matters specified in Schedule II (Part C) of the SEBI Listing Regulations, 2015. The terms of reference of the Audit Committee include the following:

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

- Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
 - To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 - To review the functioning of the Whistle Blower mechanism.
 - Approval for appointment of CFO (i.e. the Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
 - Carrying out any other function as is mentioned in the terms of reference of the Committee by the Board and to carry out investigation in relation to the items specified above.
 - To review the following information:
 - 1) management discussion and analysis of financial condition and results of operations.
 - 2) statement of significant related party transactions (as defined by the audit committee), submitted by the management.
 - 3) management letters / letters of internal control weaknesses issued by the statutory auditors.
 - 4) internal audit reports relating to internal control weaknesses.
 - 5) the appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the audit committee.
 - 6) statement of deviations:
 - (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s).
 - (b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice.
- B)
- Power to investigate any activity within its terms of reference.
 - Power to seek information from any employee.
 - Power to obtain outside legal or other professional advice.
 - Power to secure attendance of outsiders with relevant expertise, if considered necessary.

Mr. Shobinder Duggal - Chairman, Mr. M. S. Unnikrishnan, Ms. Ramni Nirula and Mr. Vinayak Deshpande are the Members of the Committee.

Mr. Amitava Mukherjee ceased to be the Member of the Committee on July 03, 2023 due to demise.

The Committee was re-constituted during the year. Mr. Vinayak Deshpande was appointed as a Member of the Committee with effect from November 07, 2023.

Mr. Shobinder Duggal is a Non-Executive Independent Director and was present at the AGM of the Company held for the Financial Year 2022-23 as the Chairman of the Committee.

During the year, 6 (Six) meetings of Audit Committee were held on May 10, 2023, July 31, 2023, August 24, 2023, November 06, 2023, February 13, 2024 and March 20, 2024.

Attendance at Audit Committee meetings:

| Member's Name | No. of Meetings attended | Member's Name | No. of Meetings attended |
|------------------------|--------------------------|-------------------------|--------------------------|
| Mr. Shobinder Duggal | 6 | Ms. Ramni Nirula | 6 |
| Mr. Amitava Mukherjee* | 1 | Mr. Vinayak Deshpande** | 2 |
| Mr. M.S. Unnikrishnan | 6 | | |

* Ceased to be a Member since July 03, 2023.

** Appointed as a Member with effect from November 07, 2023.



4. NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee is constituted in compliance with the requirements under Regulation 19 of the SEBI Listing Regulations, 2015 read with Section 178 of the Act.

The terms of reference of the Committee are as follows:

- Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes.
- To identify and nominate for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- To evaluate the balance of skills, knowledge, experience and diversity of the person to be appointed on the Board and in the light of this evaluation prepare a description of the role and capabilities for a particular appointment.
- To make recommendations to the Board concerning suitable candidates for the role of Senior Independent Director.
- To formulate policy relating to the remuneration of the Directors and Key Managerial Personnel.
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
- Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors.
- Devising a Policy on diversity of Board of Directors.
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal.
- To recommend to the Board, whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

The Committee was re-constituted during the year. Mr. Amitava Mukherjee who was appointed as the Member of the Committee from May 11, 2023, ceased to be the Member on July 03, 2023 due to his demise. Mr. Vinayak Deshpande was appointed as a Member of the Committee with effect from November 07, 2023.

Mr. Shrinivas Dempo - Chairman, Mr. M. S. Unnikrishnan, Mr. Sanjay Kirloskar, Ms. Rekha Sethi and Mr. Vinayak Deshpande are the Members of the Committee.

Mr. Shrinivas Dempo is a Non-Executive Independent Director. He was present at the AGM of the Company for the Financial Year 2022-23.

During the year, 2 (two) Nomination and Remuneration Committee meetings were held on May 10, 2023 and August 01, 2023.

Attendance at the meeting:

| Member's Name | No. of Meetings attended | Member's Name | No. of Meetings attended |
|------------------------|--------------------------|-------------------------|--------------------------|
| Mr. Shrinivas Dempo | 2 | Mr. Sanjay Kirloskar | 2 |
| Mr. Amitava Mukherjee* | NA | Mr. Vinayak Deshpande** | NA |
| Mr. M.S. Unnikrishnan | 2 | Ms. Rekha Sethi | 2 |

* Ceased to be a Member since July 03, 2023.

** Appointed as a Member with effect from November 07, 2023.

Criteria for performance evaluation of Independent Directors

As required under Regulation 19 (4) & Schedule II Part D of the SEBI Listing Regulations, 2015 and in terms of the Act, the criteria for performance evaluation of the Independent Directors and Board of Directors have been laid down in the 'Board Evaluation Policy' formulated by the Company. This policy prescribes criteria for evaluation of the performance of the Board, including its Committees and individual directors. Evaluation criteria include ethical conduct, objectivity, value addition, participation, attendance and various other qualitative as well as quantitative parameters which have had an impact on the Board process becoming more and more effective.

5. REMUNERATION TO DIRECTORS:

Remuneration policy has been formulated for the Directors, Key Managerial Personnel (KMP) and Senior Managerial Personnel. The major objectives of the policies are transparent process of determining remuneration at Board and Senior Management level of the Company which would strengthen confidence of stakeholders in the Company and its management and help in creation of long-term value for them and appropriate balance between the elements comprising the remuneration so as to attract potentially high performing candidates for critical positions in the Company for attaining continual growth in business. The revisions in the remunerations of the KMP and Senior Managerial Personnel will be made as per the terms of the policy.

- There are no pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the Company.
- The payments made to the Executive Directors have been reviewed by the Nomination and Remuneration Committee from time to time and confirmed by the Board of Directors.
- All elements of remuneration package for all Directors have been provided in the statement hereinafter.
- The salient features and a link on the website of the Company regarding the remuneration policy of the Directors, KMP and Senior Management has been included elsewhere, in the Annual Report.
- Except whatever is stated in the statement, there is no other fixed component or performance linked incentives to any director.

Criteria of making payment to Non-Executive Directors

Non-Executive Directors have been paid sitting fees for attending Board / Committee meetings. On recommendation of Nomination and Remuneration Committee, the Board approves the payment of commission to Non-Executive Directors.

The Company does not have any employee stock options scheme.

Details of remuneration paid to Directors for the Financial Year 2023-24 are as follows:

(₹ In Million)

| Name of Director | Sitting Fees | Commission/Bonus on Profits | Salary | Contribution to Statutory Funds | Perquisites | Others | Total |
|---------------------------------|--------------|-----------------------------|--------|---------------------------------|-------------|--------|-------|
| Executive Directors | | | | | | | |
| Mr. Sanjay Kirloskar | - | 59.00 | 9.00 | 3.18 | 12.24 | - | 83.42 |
| Ms. Rama Kirloskar | - | 69.00 | 6.00 | 0.99 | 3.08 | - | 79.07 |
| Non -Executive Directors | | | | | | | |
| Mr. Alok Kirloskar | 0.53 | 2.40 | - | - | - | - | 2.93 |
| Mr. M.S. Unnikrishnan | 1.20 | 2.40 | - | - | - | - | 3.60 |
| Mr. Shobinder Duggal | 0.90 | 2.40 | - | - | - | - | 3.30 |
| Mr. Shrinivas Dempo | 0.60 | 2.40 | - | - | - | - | 3.00 |
| Ms. Ramni Nirula | 0.90 | 2.40 | - | - | - | - | 3.30 |
| Mr. Amitava Mukherjee* | 0.23 | 0.60 | - | - | - | - | 0.83 |
| Mr. Vivek Pendharkar | 0.53 | 2.40 | - | - | - | - | 2.93 |
| Ms. Rekha Sethi | 0.68 | 2.40 | - | - | - | - | 3.08 |
| Mr. Vinayak Deshpande** | 0.45 | 1.60 | - | - | - | - | 2.05 |

Figures are rounded off to the next figure.

* Ceased to be a Director since July 03, 2023.

** Appointed as a Director with effect from August 02, 2023.

The Board of Directors of the Company decides the remuneration of Directors on the basis of recommendation from Nomination and Remuneration Committee (NRC) subject to the overall limits provided under the Act, rules made thereunder and as per the SEBI Listing Regulations, 2015 including any amendments, modifications and re-enactments thereto and compliance of related provisions provided therein.



Directors' Service Contract Details:

| Executive Director | Service Contract and Period | Severance Fees |
|-------------------------|---|---|
| Mr. Sanjay C. Kirloskar | Agreement dt.03.02.2021 Period: 19.11.2020 to 18.11.2025 | Three years or unexpired period, whichever is less. |
| Ms. Rama Kirloskar | Agreement dt.09.09.2021 Period: 03.08.2021 to 02.08.2026 | |

6. PARTICULARS OF DIRECTORS TO BE RE-APPOINTED AT THE ENSUING ANNUAL GENERAL MEETING:

Ms. Rama Kirloskar (DIN 07474724) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

Her brief profile, shareholdings and other directorship details are included in the Notice for the 104th Annual General Meeting.

7. STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Stakeholders Relationship Committee is constituted in compliance with the requirements under Regulation 20 of the SEBI Listing Regulations, 2015 read with Section 178 of the Act.

The terms of reference of the Committee are as follows:

- Specifically looks into the mechanism of redressal of grievances of shareholders.
- Looks into the redressal of investors' complaints relating to transfer / transmission of shares, non-receipt of Annual Reports, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Considers and resolves the grievances of security holders of the Company.
- Approves transmission of shares held in physical mode beyond threshold limit of 1500 shares of ₹ 2/- each without the succession certificate, probate, letter of administration or Court Decree, subject to the fulfilment of other conditions as may be deemed necessary.
- Considers the issue of duplicate share certificates under the Common Seal of the Company in terms of the requirements of the Companies (Share Capital and Debenture) Rules, 2014.
- Review of measures taken for effective exercise of voting rights by the shareholders.
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the R&T agent.
- Review of various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual report / statutory notices by the shareholders of the Company.

The Committee was re-constituted during the year. Mr. Amitava Mukherjee ceased to be a Member of the Committee on July 03, 2023. Mr. Vinayak Deshpande was appointed as a Member of the Committee with effect from November 07, 2023.

The Committee consists of Mr. Shrinivas Dempo – Chairman, Mr. Sanjay C. Kirloskar, Mr. Alok Kirloskar and Mr. Vinayak Deshpande as Members.

Mr. Shrinivas Dempo is a Non-Executive Independent Director. He was present at the AGM of the Company for the Financial Year 2022-23.

During the year, 1 (one) Stakeholders' Relationship Committee meeting was held on May 11, 2023.

Attendance at the meeting:

| Member's Name | No. of Meeting(s) attended | Member's Name | No. of Meeting(s) attended |
|------------------------|----------------------------|-------------------------|----------------------------|
| Mr. Shrinivas Dempo | 1 | Mr. Sanjay Kirloskar | 1 |
| Mr. Amitava Mukherjee* | 1 | Mr. Vinayak Deshpande** | NA |
| Mr. Alok Kirloskar | 1 | | |

* Ceased to be a Member since July 03, 2023.

** Appointed as a Member since November 07, 2023.

The Company Secretary is designated as a "Compliance Officer" who oversees the redressal of the investors' grievances.

Name and designation of Compliance Officer:

Mr. Devang Trivedi, Company Secretary
Associate Vice President and Head – Corporate Secretarial

The Company has always valued its relationship with its stakeholders. This philosophy has been extended to investors' relationship. The Company's Secretarial department is continuously monitoring the complaints / grievances of the investors and is always taking efforts to reduce the response time in resolving the complaints / grievances.

Details of Shareholders' complaints received:

1 (One) complaint was received and disposed-off during the year ended March 31, 2024.

With reference to Regulation 13 of the SEBI Listing Regulations, 2015, the Company is registered on the SCORES platform, which enables handling of Investor Complaints electronically.

The Company has also designated an exclusive e-mail id grievance.redressal@kbl.co.in for investors to register their grievances, if any. This helps the Company to resolve investors' grievances, immediately. The Company has displayed the said e-mail id on its website.

The 'Frequently Asked Questions' by the shareholders along with the requisite formats are placed under the Investors Section of the website of the Company at <https://www.kirloskarpumps.com/investors/faq-to-shareholders/>

The shareholders are requested to give their feedback through the 'feedback form', which is available in the FAQs to Shareholders on the website of the Company.

The shareholders may also use "iConnect" portal of Company's RTA at <https://iconnect.bigshareonline.com/Account/Login> for efficient communication of their complaints, requests and tracking the same on real-time.

8. RISK MANAGEMENT COMMITTEE:

The Risk Management Committee is constituted in compliance with the requirements under Regulation 21 of the SEBI Listing Regulations, 2015.

The terms and references of the Committee are as under:

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

The Committee comprises of Mr. M. S. Unnikrishnan- Chairman, Ms. Rama Kirloskar and Mr. C.M. Mate being the Members. The Committee was not re-constituted during the year.

The Committee inter alia reviews the business risk including strategic, operational, financial, sustainability (particularly, ESG related risks), information, cyber security and compliance risks and approves its mitigation plans and monitors



effectiveness thereof. The Company has an Enterprise Risk Management framework to identify emerging risk, assign ownership and assessing and monitoring of controls.

Chief Internal Auditor, who also functions as Chief Risk Officer, is a permanent invitee for the Committee meetings. Members of Senior Management team also attend the meetings depending on the agenda.

During the year, 2 (Two) Risk Management Committee meetings were held on July 05, 2023 and December 20, 2023.

Attendance at the meeting:

| Member's Name | No. of Meetings attended | Member's Name | No. of Meetings attended |
|-----------------------|--------------------------|--------------------|--------------------------|
| Mr. M.S. Unnikrishnan | 2 | Ms. Rama Kirloskar | 2 |
| Mr. C.M. Mate | 1 | | |

9. GENERAL MEETINGS:

Details of last three Annual General Meetings held:

- i) **101st Annual General Meeting** (Pursuant to MCA circulars Virtual AGM was held due to COVID-19)
September 09, 2021: 11.00 A.M.
Yamuna, Survey No. 98(3-7),
Baner, Pune - 411 045.
No special resolution was passed at this meeting.
- ii) **102nd Annual General Meeting** (Virtual AGM was held pursuant to MCA circulars)
August 10, 2022: 11.00 A.M.
Yamuna, Survey No. 98(3-7),
Baner, Pune - 411 045.
No special resolution was passed at this meeting.
- iii) **103rd Annual General Meeting** (Virtual AGM was held pursuant to MCA circulars)
August 01, 2023: 02.00 P. M.
Yamuna, Survey No. 98(3-7),
Baner, Pune - 411 045.
No special resolution was passed at this meeting.

Postal Ballot

The Company had sought the approval of the shareholders by way of a Special Resolution [subject to Regulation 25(2A) of the SEBI Listing Regulations, 2015] through notice of postal ballot dated August 1, 2023 for the appointment of Mr. Vinayak Deshpande (DIN 00036827), as an Independent Director of the Company. The Resolution was duly passed with requisite majority and the results were announced on September 11, 2023. The Board of Directors had appointed Mr. Shyamprasad D. Limaye, Company Secretary in Practice (ICSI Membership No. FCS 1587; Certificate of Practice No.: 572) as the scrutinizer to conduct the process of the postal ballot by voting through electronic means only (remote e-voting) in a fair and transparent manner.

Procedure for postal ballot:

The postal ballot was carried out as per the provisions of Sections 108 and 110 and other applicable provisions of the Act, read with the Rules framed thereunder and read with the General Circulars No. 14/2020 dated April 8, 2020, No. 17/2020 dated April 13, 2020, No. 22/2020 dated June 15, 2020, No. 33/2020 dated September 28, 2020, No. 39/2020 dated December 31, 2020 read with other relevant circulars, including General Circulars No.10/2021 dated June 23, 2021, No. 20/2021 dated December 8, 2021, No.3/2022 dated May 5, 2022 and No. 11/2022 dated December 28, 2022 issued by the Ministry of Corporate Affairs, Government of India (the "MCA Circulars") and all the applicable rules framed under the Act, and Regulation 44 of the SEBI Listing Regulations, 2015.

The Company had engaged the services of National Securities Depository Limited for providing remote e-Voting facilities to the Members, enabling them to cast their vote electronically and in a secure manner.

In accordance with the MCA Circulars, the Postal Ballot Notice, was sent only through electronic mode on August 11, 2023 to those members whose e-mail addresses were registered with the Company/Depositories/Registrar and Share Transfer Agent and whose names were recorded in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the Depositories as on August 04, 2023 ('Cut-off date'). Members exercised their vote(s) by e-voting during

the period from Saturday, August 12, 2023 at 9.00 A.M. (IST) and ended on Sunday, September 10, 2023 at 5.00 P.M. (IST). The Scrutinizer submitted its report on September 11, 2023 after the completion of scrutiny and result of the e-voting was announced on September 11, 2023. The summary of voting result is given below:

| Resolution passed through Postal Ballot | Resolution Required | % of Votes in favour on votes polled | % of Votes against on votes polled | Result |
|---|---|--------------------------------------|------------------------------------|---------------------------------|
| Appointment of Mr. Vinayak Deshpande (DIN 00036827), as an Independent Director of the Company. | Special Resolution [subject to Regulation 25(2A) of the SEBI Listing Regulations, 2015] | 66.66 | 33.34 | Passed with requisite majority. |

The voting results are available on Company's website at <https://www.kirloskarpumps.com/investors/shareholders-meetings/>

No Special Resolution(s) requiring a Postal Ballot is being proposed at the ensuing AGM of the Company.

10. MEANS OF COMMUNICATION:

- The Company promptly discloses information and other events as required under the SEBI Listing Regulations, 2015. The Company disseminates such information through various channels of communications like online portal of the Stock Exchanges, Press Releases, Annual Reports and by placing relevant information on its website.
- Quarterly, half-yearly and annual financial results are displayed on the Company's website 'www.kirloskarpumps.com' immediately after its submission to the Stock Exchanges. The Company's website also displays official news releases.
- The financial results are published in the newspapers viz. Financial Express and Loksatta.
- Presentations for analysts are uploaded on the Company's website.
- Reminders to Investors - Reminders are sent to shareholders for registering their PAN, KYC & Nomination details and for claiming unclaimed dividend and shares to be transferred to IEPF.
- Green Initiatives - In compliance with the provisions of Section 20 of the Act and as a continuing endeavour towards the 'Go Green' initiative, the Company proposes to send all correspondence/communications through email to those shareholders who have registered their email id with their depository participants/Company's RTA.

11. GENERAL SHAREHOLDERS INFORMATION:

104th Annual General Meeting (through VC/OVAM)

| | |
|-----------------------------------|---|
| Day & Date | : Friday, August 02, 2024 |
| Time | : 2.00 P.M. (IST) |
| Deemed Venue | : Registered Office at "Yamuna" Survey No. 98 (3 to 7), Plot No.3, Baner, Pune – 411 045. |
| Financial Year | : 1 st April to 31 st March |
| Record Date for dividend | : July 26, 2024 |
| Dividend payment date | : August 31, 2024 |
| Corporate Identification No.(CIN) | : L29113PN1920PLC000670 |
| Listing on Stock Exchanges | : Company's equity shares are listed on BSE Limited and National Stock Exchange of India Limited, Mumbai. |
| ISIN | : INE732A01036 |
| Stock codes / Symbol | : BSE Limited – 500241 National Stock Exchange of India Limited – KIRLOS BROS –EQ |

Addresses of stock exchanges:

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001.
Tel. No. (022) 2272 1233/34
Fax No. (022) 2272 1919

National Stock Exchange of India Limited

Exchange Plaza, Plot No. C/1,G Block
Bandra-Kurla Complex,Bandra (East) Mumbai – 400 051.
Tel. No. (022) 2659 8100/8114
Fax No. (022) 2659 8120

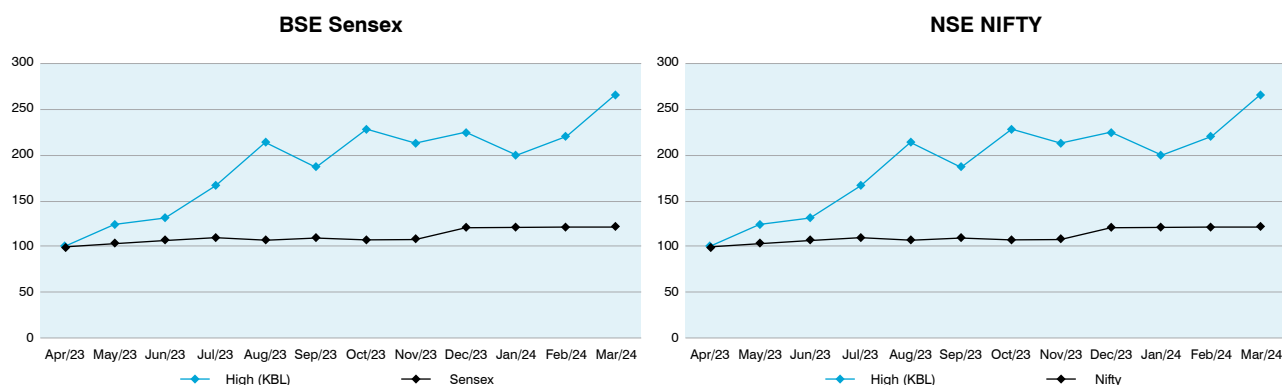


The Annual Listing Fees have been paid to both BSE Limited and National Stock Exchange of India Limited (NSE).

Market Price data:

| Month | Quotations on BSE | | Quotations on NSE | |
|----------------|-------------------|---------|-------------------|---------|
| | High (₹) | Low (₹) | High (₹) | Low (₹) |
| April 2023 | 465.10 | 399.05 | 467.70 | 400.15 |
| May 2023 | 581.00 | 414.10 | 581.85 | 415.00 |
| June 2023 | 617.35 | 554.40 | 617.95 | 557.00 |
| July 2023 | 779.85 | 593.10 | 776.10 | 598.60 |
| August 2023 | 994.45 | 765.80 | 992.70 | 765.50 |
| September 2023 | 875.00 | 763.10 | 877.45 | 762.10 |
| October 2023 | 1,060.00 | 803.05 | 1,061.55 | 805.85 |
| November 2023 | 989.95 | 805.15 | 989.95 | 803.25 |
| December 2023 | 1,044.05 | 873.15 | 1,047.80 | 873.20 |
| January 2024 | 942.20 | 838.10 | 942.85 | 837.00 |
| February 2024 | 1,029.35 | 887.95 | 1,034.00 | 890.00 |
| March 2024 | 1,235.35 | 914.50 | 1,240.90 | 914.75 |

Performance in comparison to broad based indices:



Registrar and Transfer Agent (RTA):

M/s. Bigshare Services Private Limited has been appointed as RTA of the Company.

Share Transmission, issuance of duplicate share certificates, dematerialisation of shares, dividend payment and all other investor related activities are attended and processed at the office of the RTA at the following address:

M/s. Bigshare Services Private Limited

(Unit: Kirloskar Brothers Limited),
Office No. S6-2, 6th Floor, Pinnacle Business Park,
Next to Ahura Centre, Mahakali Caves Road,
Andheri (East) Mumbai – 400 093.
Email id: investor@bigshareonline.com
Tel.: 022-62638200

Share transfer system:

Pursuant to Regulation 40 of SEBI Listing Regulations, 2015 shares held in dematerialised (demat) form only can be transferred. In compliance with these Regulations, every year a Practising Company Secretary audits the system of transfer and a certificate to that effect is issued.

Out of total paid-up share capital, 98.40% share capital is held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited as on March 31, 2024.

The Company has established connectivity with both the Depositories through its RTA, M/s. Bigshare Services Private Limited.

Shareholders are advised to notify to the Company or RTA, any change of address and Bank details, immediately.

Dematerialisation of equity shares and liquidity as on 31st March, 2024:

| Equity shares | Number of shares | % of total shares |
|-------------------------------------|--------------------|-------------------|
| Held in dematerialised form in NSDL | 7,46,03,814 | 93.95 |
| Held in dematerialised form in CDSL | 35,38,081 | 4.45 |
| Physical | 12,67,031 | 1.60 |
| Total | 7,94,08,926 | 100.00 |

Distribution of Shareholding as on March 31, 2024:

| Nominal value of shares (In ₹) | | Number of holders | % to total holders | Total face value (In ₹) | % to total face value |
|--------------------------------|--------|-------------------|--------------------|-------------------------|-----------------------|
| From | To | | | | |
| 1 | 5000 | 42,640 | 97.71 | 1,05,53,966 | 6.65 |
| 5001 | 10000 | 517 | 1.18 | 36,63,286 | 2.31 |
| 10001 | 20000 | 242 | 0.55 | 34,10,142 | 2.15 |
| 20001 | 30000 | 62 | 0.14 | 15,29,246 | 0.96 |
| 30001 | 40000 | 50 | 0.11 | 17,74,772 | 1.12 |
| 40001 | 50000 | 29 | 0.07 | 13,08,012 | 0.82 |
| 50001 | 100000 | 45 | 0.10 | 31,05,994 | 1.96 |
| 100001 and above | | 59 | 0.14 | 13,34,72,434 | 84.03 |
| TOTAL | | 43,644 | 100.00 | 15,88,17,852 | 100.00 |

Outstanding GDRs/ ADRs / warrants or any convertible instruments etc.:

As of date, the Company has not issued these types of Securities.

Foreign Exchange and Commodity Risk:

During the Financial Year 2023-24, the Company has managed the foreign exchange risk and hedged to the extent considered necessary. The details of foreign currency exposure are disclosed in Note No. 40(D) to the Financial Statements.

The Company manages financial risks emanating from commodity price movements through various tools such as price variation clauses embedded in the contracts with customers, price increases for made to stock products, bulk procurement etc., if required.

Plant locations:

| | |
|--|--|
| 1. Kirloskarvadi Dist. Sangli – 416 308, Maharashtra. Tel. No. (02346) 222301 – 05, 222361 – 222365 | 2. Dewas Opp. Railway Station, Ujjain Road, Dewas- 455 001, Madhya Pradesh. Tel. No. (07272) 227397 |
| 3. Shirwal Gat No. 117, Shindevadi, Tal. Khandala, Dist. Satara – 412 801, Maharashtra. Tel. No. (02169) 244360 / 244370 / 244322 | 4. Kondhapuri Gat No. 252/2 + 254/2, Kondhapuri, Tal. Shirur, Dist. Pune – 412 208, Maharashtra. Tel. No. (02137) 240041, 240025, 240047 |
| 5. Kaniyur Village S.F. No. 324/1, Moperipalayam Road, Thattampudur, Kaniyur Village, Karumathampatti – PO, Coimbatore – 641 659, Tamil Nadu. Tel. No. 08111018180 | 6. Sanand Sr. No. 254/1/B, Ahmedabad-Viramgam Highway, Village Chharodi, Tal. Sanand, Dist. Ahmedabad – 382 170, Gujarat. Tel. No. (02717) 273310 |

Investor contacts:

| | |
|---|---|
| Company Address (Registered Office) Secretarial Department, Kirloskar Brothers Limited, “Yamuna”, Survey No. 98 (3 to 7), Plot No. 3, Baner, Pune – 411 045. Tel. No. (020) 2721 1030 Fax No. (020) 2721 1136 E-mail : grievance.redressal@kbl.co.in | Registrar and Transfer Agent Bigshare Services Private Limited, Office No S6-2, 6 th Floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East) Mumbai – 400 093. Tel.: 022-6263 8200 Fax No.: 022-6263 8299 Email id: investor@bigshareonline.com |
|---|---|



Depositories for equity shares:

| | |
|---|---|
| National Securities Depository Limited Trade World – A Wing, 4 th & 5 th Floor, Kamala Mills Compound, Lower Parel, Mumbai – 400 013. Tel. No. (022) 4886 7000 | Central Depository Services (India) Ltd. Marathon Futurex, A-Wing, 25 th floor, NM Joshi Marg, Lower Parel, Mumbai - 400 013. Tel. No. (022) 2305 8640 |
|---|---|

Credit Rating obtained by the entity along with revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilisation of funds whether in India or abroad:

The Company received credit rating of “CRISIL A1+(CRISIL A one plus rating)” on ₹100 Crore Commercial Paper programme / short term bank loan facilities. During the year, CRISIL has upgraded rating for long term bank loan facilities of the Company to “CRISIL AA/Stable” from “CRISIL AA-/Positive”.

12. OTHER DISCLOSURES:

- i. There were no materially significant transactions entered into by the Company with its promoters, directors or their relatives or with the management, subsidiaries etc. during the year which have potential conflict with the interests of the Company at large.
- ii. The details of transactions of the Company with persons, entities belonging to the promoter/promoter group which hold 10% or more shareholding in the Company:

The details of transactions with Mr. Sanjay Kirloskar and Mrs. Pratima Kirloskar, during the Financial Year 2023-24 are provided in Note No. 35 to the Financial Statements attached to the Board’s Report. A dividend amounting to ₹85.44 Million was paid to Kirloskar Industries Limited during the Financial Year 2023-24.

- iii. The details of material subsidiaries of the Company and their statutory auditors are provided in the Board’s Report.
- iv. Loans and advances by Company / subsidiaries in entities where directors are interested - Nil
- v. There is no non-compliance by the Company, no penalties and strictures imposed on the Company by the Stock Exchange(s) or SEBI or any statutory authority on any matter related to capital markets, during the last three years, except a delay in submission of RPT for period ended March 31, 2022 within stipulated time under Regulation 23 of the SEBI Listing Regulations, 2015. The BSE and NSE each had levied a fine of ₹ 45,000/- for deviation of compliance of Regulation 23 of the SEBI Listing Regulations, 2015 which the Company had paid.
- vi. a. Whistle Blower Policy:

The Company has revised its existing Whistle Blower Policy (‘the Policy’) on February 14, 2024. This inter alia provides a mechanism for employees of the Company and other persons dealing with the Company to approach the Chief Ethics Counsellor / the Chairperson of the Audit Committee or other channels set out in the Policy to report any instance of illegal or unethical behaviour or violation of the Company’s code of conduct. Thus, any employee / stakeholder has access to the Audit Committee. During the year, no personnel has been denied access to the audit committee.

The Policy has been communicated to all the employees of the Company and other persons dealing with the Company, through circular/display on the Notice Board/ display on the Intranet and through training programmes from time to time. The Policy has also been uploaded on the Company’s website.

- b. Policy for prevention of sexual harassment at work:

The Company has also in place and implemented a policy for prevention of sexual harassment at work. This provides a mechanism to prevent or deter the commission of acts of sexual harassment or inappropriate behaviour at work and to ensure that all employees are treated with respect and dignity. Under the said policy, the procedures for the resolution, settlement or prosecution of acts or instances of Sexual Harassment have also been provided for.

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

In terms of Section 22 of the above-mentioned Act, read with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013, during the year ended on March 31, 2024, the status of complaint(s) is as follows:

1. No. of Complaints received in the year: Nil
2. No. of Complaints disposed off in the year: NA
3. Cases pending for more than 90 days: NA
4. No. of workshops and awareness programmes conducted in the year: 01
5. Nature of action by employer or District Officer, if any: NA

c. Code of Ethics:

The Company released its 'Code of Ethics' on March 10, 2019. This is one of the most important documents of the Company and a guide to ethical behaviour for personnel with the Company.

- vii. The Board has adopted certain policies viz. Code of Conduct for Board of Directors and Senior Management, Code of Corporate Governance, Corporate Disclosure Policy (amended on November 7, 2023), Legitimate Purpose Policy under SEBI (Prohibition of Insider Trading) Regulations, 2015.

viii. **Web links for following on www.kirloskarpumps.com:**

- a) Familiarisation programme of Independent Directors:
<https://www.kirloskarpumps.com/investors/familiarisation-programme-for-independent-directors/>
- b) Policy for determining 'material' subsidiaries :
https://www.kirloskarpumps.com/wp-content/uploads/2020/01/Policy_Material-Subsidiary-Company.pdf
- c) Policy on dealing with related party transactions :
<https://www.kirloskarpumps.com/wp-content/uploads/2022/04/Related-Party-Policy-18.03.2022.pdf>

ix. **Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):**

The Company has not raised any fund through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

x. **Separate meeting of Independent Directors:**

Independent Directors of the Company met on March 29, 2024 to review and discuss on the matters required under SEBI Listing Regulations, 2015.

xi. **Payment of consolidated fees to the Statutory Auditor:**

The Company has paid fees of ₹10.66 Million on consolidated basis to Statutory Auditor M/s. Sharp and Tannan Associates (Firm Registration No.109983W)-Chartered Accountants, Mumbai, during the Financial Year ended on March 31, 2024.



xii. The particulars of senior management as on date of this report and the changes therein:

| Name | Designation |
|------------------------|--|
| Mr. Vikas Agarwal | Vice President and Head Water, Irrigation & Power Sector |
| Mr. Vinay Bhatt | Vice President & Head - Kirloskarvadi Operations |
| Mr. Supriyo Bhowmik | Vice President & Head - Engineered Service Division & Customer Support & Services (Service & Spares) |
| Mr. Ravindra Birajdar | Vice President & Head - R&D (Special Projects) |
| Mr. Suman Chakraborty | Vice President & Head- SPB Sales |
| Mr. Kiran Gosavi | Vice President & Head – Research and Development |
| Mr. Ashok Jade | Global CIO (CIC) |
| Mr. Subodh Karmarkar | Head - Corporate Legal |
| Mr. Sudhir Mali | Vice President & Head - R&D - Small Pump Business |
| Mr. Chittaranjan Mate* | Chief Financial Officer and Sr. Vice President - Finance |
| Mr. Ravish Mittal* | Chief Financial Officer and Vice President - Finance |
| Mr. Sunil Nair | Vice President and Head - Procurement & Strategic Projects |
| Mr. Shingo Nakamura | Vice President & Head - Total Quality & Productivity Maintenance (TQPM) |
| Mr. Devang Trivedi | Company Secretary |
| Mr. Mangesh Kulkarni | Vice President-Organization Transformation (ceased w.e.f. November 22, 2023) |
| Mr. Ravi Bhushan Sinha | Vice President & Head - CHRM&C (ceased w.e.f. January 15, 2024) |

* ceased as CFO & KMP w.e.f. May 14, 2024. Mr. Ravish Mittal has been appointed as CFO & KMP w.e.f. May 15, 2024

xiii. All mandatory requirements of the SEBI Listing Regulations, 2015 have been complied with by the Company.

The extent of adoption of non-mandatory requirements is given hereunder:

Discretionary requirements as per Schedule II Part E:

1. The Board:

The Company has an Executive Chairman and the office with required facilities is provided and maintained at the Company's expenses for use by the Chairman.

2. Shareholders' Rights:

The quarterly, half-yearly and annual financial results are published in the English and Vernacular newspapers and are also displayed on the Company's website. No separate circulation of the financial performance was sent to the shareholders for the year under consideration.

3. Modified Opinion in Audit Report:

The Company is already in the regime of financial statements with unmodified audit opinion.

4. Reporting of Internal Auditor:

The Internal Auditor's reports are presented to the Audit Committee, on a regular periodical basis.

DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT

To the members of **KIRLOSKAR BROTHERS LIMITED**

Pursuant to Regulation 34 (3) read with Schedule V Para D of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations, 2015), I hereby declare that all Board members and Senior Management Personnel are aware of the provisions of the Code of Conduct laid down by the Board. All Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct.

For **Kirloskar Brothers Limited**



Sanjay C. Kirloskar

Chairman and Managing Director

DIN: 00007885

Pune: May 14, 2024



PRACTICING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

[pursuant to Clause E of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The members of
KIRLOSKAR BROTHERS LIMITED
Pune

I have examined, the compliance of Corporate Governance by **Kirloskar Brothers Limited** ('the Company'), for the year ended 31st March, 2024, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as SEBI Listing Regulations, 2015).

The compliance of Corporate Governance is the responsibility of the Company's Management. The Examination of compliance was carried out and was limited to the methods, processes, procedures and implementation thereof, adopted by the company for ensuring the compliance of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to us, I certify that the company has complied with the Corporate Governance as stipulated in the abovementioned applicable Listing Regulations.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Pune
Date 14th May, 2024
UDIN: F001587F000363531

Shyamprasad D. Limaye
F.C.S 1587 C.P 572
Practicing Company Secretary

**PRACTICING COMPANY SECRETARY'S CERTIFICATE ON APPOINTMENT /
RE-APPOINTMENT OF DIRECTORS**

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

In the matter of Kirloskar Brothers Limited (CIN: L29113PN1920PLC000670) having its Registered Office at Yamuna, S No.98/3 – 7, Plot No.3 Baner, Pune – 411045.

On the basis of examination of the books, minute books, forms and returns filed and other records maintained by the Company and declarations made by the directors and explanations given by the Company;

I certify that the following persons were Directors of the Company (during 01/04/2023 to 31/03/2024) and none of them have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

| Sr. No. | Name of Director | DIN | Designation |
|---------|-----------------------------------|----------|------------------------|
| 1 | Mr. Sanjay Chandrakant Kirloskar | 00007885 | Managing Director |
| 2 | Mr. Alok Sanjay Kirloskar | 05324745 | Non-Executive Director |
| 3 | Ms. Rama Sanjay Kirloskar | 07474724 | Jt. Managing Director |
| 4 | Mr. Mangalath Unnikrishnan | 01460245 | Independent Director |
| 5 | Mrs. Ramni Nirula | 00015330 | Independent Director |
| 6 | Mr. Shobinder Duggal | 00039580 | Independent Director |
| 7 | Mr. Shrinivas Vasudeva Dempo | 00043413 | Independent Director |
| 8 | Mr. Vivek Sharad Pendharkar | 02791043 | Independent Director |
| 9 | Ms. Rekha Sethi | 06809515 | Independent Director |
| 10 | Mr. Vinayak Kashinath Deshpande * | 00036827 | Independent Director |
| 11 | Mr. Amitava Mukherjee ** | 00003285 | Independent Director |

* Mr. Vinayak Kashinath Deshpande (DIN 00036827) appointed as Director on August 02, 2023.

** Mr. Amitava Mukherjee (DIN 00003285) expired and hence ceased to be Director on July 03, 2023.

Place: Pune

Date: 14th May, 2024

UDIN: F001587F000363509

Shyamprasad D. Limaye

F.C.S 1587 C.P 572

Financial Statements

Standalone
190-263

Consolidated
264-334



INDEPENDENT AUDITOR'S REPORT

To the members of **KIRLOSKAR BROTHERS LIMITED**

Report on the audit of the standalone financial statements

OPINION

We have audited the accompanying standalone financial statements of **Kirloskar Brothers Limited** (hereinafter referred as "the Company"), which comprise the balance sheet as at 31 March 2024, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year ended on that date and notes to the standalone financial statements, including a summary of material accounting policies and significant accounting policies, and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (hereinafter referred as "the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended (hereinafter referred as "Ind AS") and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31 March 2024, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (hereinafter referred as "SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

KEY AUDIT MATTER

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit

of the standalone financial statements taken as a whole, in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the key audit matter as described below:

Accounting treatment for customer contracts where performance obligations are satisfied over time

Description of key audit matter:

Revenue amounting to ₹ 618 Million reported in the Company's standalone financial statements pertains to customer specific long-term contracts and the same are required to satisfy the recognition and measurement criteria as enunciated in IND AS 115, 'Revenue from Contracts with Customers'. In case of these contracts the revenue is recognised over time and is based on a percentage completion method (POC) for each of such contracts. The stage of project completion is determined based on a ratio of project costs actually incurred till the period / year end to the planned / estimated total cost to complete the said project. This necessarily involves estimations and certain assumptions to be made by the management in determining the total planned costs and an appropriate allocation of costs actually incurred on each project. This inherently creates certain uncertainties and results in complexities in accounting treatment wherein incorrect assumptions and estimates can lead to revenue being recognised in incorrect accounting periods thereby impacting the results. In addition, in POC method revenue recognition and respective collections do not follow a linear trend irrespective of stage completion determined by the company. Collections do depend on satisfaction of certain other performance obligations as laid down in the respective project agreements. Consequently, those amounts that remain as receivables whose due dates for payments depend on other conditions give rise to certain receivables that are due and others not due for payment, requiring the Company to adopt a differential accounting classification and treatment. While assessing the contractual obligations as at any period close, change orders and / or cancellations are required to be considered by the Company to adopt an appropriate accounting treatment for revenues already recognised, valuation of work in progress and respective receivables. Considering these factors, in the context of our audit this matter was of significance and hence a key audit matter (Refer note 30 to the standalone financial statements).

Description of Auditor's response:

With a view to verify the alignment of the Company's project accounting system with the actual progress of the project and its status at any period close, we designed our audit procedures related to this area to obtain an understanding of project acceptance and execution process and the related accounting controls including verification of compliance with IND AS 115 – 'Revenue from contracts with customers'. These included inter-alia, reading through the material contracts and formation of a standard checklist to note the terms and conditions and considerations required to be taken



note of for appropriate financial accounting till a project is finally executed and closed. We discussed with the management the risks associated with the project execution to understand requirement of any specific recognition of financial accounting considerations and developed requisite key controls requiring audit attention and review. The Company has automated through its accounting software the method of calculating the percentage of completion method which we have verified on test basis. We reviewed planned costs, their latest estimates, rationale for revision in estimates based on information shared by the management in our discussions, approvals to such revisions in the estimates and compared them with latest costs to complete, related mathematical accuracy and, on a sample, basis validated resulting recognition of revenue. We discussed with management the status of amount receivable and have verified the evidence supporting the recoverability in sample cases. We verified the calculations of expected credit loss provisions and corroborated with specific management discussions on major projects.

INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the Board's report and management discussion and analysis included in the annual report but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT'S AND BOARD OF DIRECTOR'S RESPONSIBILITIES FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

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

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

- A. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the central government of India in terms of sub-section (11) of section 143 of the

Act, we give in the "**Annexure A**", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143 (3) of the Act and based on our audit, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The balance sheet, the statement of profit and loss (including other comprehensive income), statement of changes in equity and the statement of cash flows dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
 - e) On the basis of the written representations received from the directors as on 31 March 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of section 164 (2) of the Act;
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**"; our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
 - g) With respect to the other matters to be included in the auditor's report in accordance with the requirements of section 197(16) of the Act, as amended, we report that in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and
 - h) With respect to the other matters to be included in the auditor's report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at 31 March 2024 on



its financial position in its standalone financial statements - refer note 28 to the standalone financial statements.

- ii. The Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long term contracts including derivative contracts - refer note 38 to the standalone financial statements.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. Reporting on rule 11(e):
 - (a) The Management has represented that, to the best of its knowledge and belief, as stated in note no. 47B(2), no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (b) The Management has represented, that, to the best of its knowledge and belief, as stated in note no. 47B(3), no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused

us to believe that the representations under sub-clause (i) and (ii) of rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- v. The dividend for the previous year, declared and paid by the Company during the year is in accordance with section 123 of the Act, as applicable.
- vi. The reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is applicable from 1 April 2023.

Based on our examination which included test checks, the Company, has used an accounting software, for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that no audit trail (edit log) facility/feature was enabled at the database level to log any direct changes. During the course of our audit, we did not come across any instance of audit trail feature being tampered with.

Further, the Company uses services of third-party service provider for payroll processing and in absence of Service Organisation Control Type 2 report, specifically covering the maintenance of audit trail, we are unable to comment whether audit trail feature of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software or whether there are any instances of the audit trail feature been tampered with. – Refer note 47B (4) to the standalone financial statements.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

For **Sharp & Tannan Associates**
Chartered Accountants
Firm's Registration no. 109983W
by the hand of

CA Pramod Bhise
Partner
Membership no.(F) 047751
UDIN: 24047751BKAAQX2630
Pune, 14 May 2024

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under the heading, "Report on Other Legal and Regulatory Requirements" of our report on even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- (i) (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company is maintaining proper records showing full particulars of intangible assets.
- (b) The Property, Plant and Equipment have been physically verified by the management at regular intervals based on the programme of verification in a phased manner which in our opinion is reasonable. No material discrepancies were noticed during such physical verification conducted by the Company during the year.
- (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee, and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.
- (d) The Company has neither revalued its Property, Plant and Equipment (including Right of Use assets) nor intangible assets during the year. Accordingly, reporting under paragraph 3(i)(d) of the Order is not applicable.
- (e) No proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under paragraph 3(i)(e) of the Order is not applicable.
- (ii) (a) Physical verification of inventory, except goods-in-transit has been conducted at reasonable intervals by the management and in our opinion the coverage and procedure of such verification is appropriate. Discrepancies noticed on physical verification were less than 10% in the aggregate for each class of inventory and the same have been properly dealt with in the books of account.
- (b) During the year, the Company has been sanctioned working capital limits in excess of five Crore rupees, in aggregate, from banks or financial institutions on the basis of security of current

assets. The management of the Company has provided us the quarterly returns/ statements, which they have represented to us have been filed by the Company with such banks or financial institutions. These quarterly returns/ statements are in agreement or have been reconciled with the books of account.

- (iii) The Company has not provided any security or granted any secured loans or secured or unsecured advances in the nature of loans, to companies, firms, limited liability partnerships or any other parties during the year. The Company has made investment or provided guarantee to companies & and has not made investment or provided guarantee to firms, limited liability partnerships or any other parties during the year.
- (a) During the year, the Company has provided guarantee to its subsidiaries and other than subsidiaries (direct and indirect). Details of guarantees provided are as follows (also refer note 35E for details):

| Particulars | Guarantees | |
|----------------------------------|---------------------------|---------------------------------------|
| | Provided during the year* | Balance outstanding as at 31 Mar 2024 |
| Aggregate amount during the year | | |
| - Subsidiaries | ₹ 2,426.08 Million | ₹ 3,699.50 Million |
| - Other than Subsidiaries | ₹ 764.00 Million | ₹ 3,072.70 Million |

* Excludes cancelled during the year [refer note no. 35C, (14) and (15)].

- (b) The unsecured loan given to The Kolhapur Steel Limited (TKSL) in FY 2008-09 was under an order from Board for Industrial and Financial Reconstruction (BIFR), without any specific agreed terms for charge of interest and repayment. Unsecured loan given to TKSL during FY 19-20 is with specified terms and conditions.

Considering the above-mentioned facts and materiality of the amounts, in our opinion the terms and conditions of all loans and advances in the nature of loans and guarantees provided, investment made are prima facie, not prejudicial to the Company's interest.



- (c) Schedule of repayment of principal and payment of interest has been stipulated for loan given to TKSL during the financial year 2019-20 and repayments/receipts are regular.
- (d) No amount is overdue for more than ninety days. Accordingly, the reporting under para 3(iii)d is not applicable.
- (e) No loan or advance in the nature of loan granted has fallen due during the year. Accordingly, the reporting under para 3(iii)(e) is not applicable.
- (f) The unsecured loan given to TKSL in FY 2008-09 was under an Order from Board for Industrial and Financial Reconstruction (BIFR), without any specific agreed terms for charge of interest and repayment, details are as follows.
- (iv) The Company has complied with provisions of sections 185 and 186 in respect of grants of loans, making investments and providing guarantees and securities, as applicable.
- (v) The Company has not accepted deposits or deemed deposits to which the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 of the Act and the rules framed there under, are applicable. Accordingly, reporting under para 3(v) is not applicable.
- (vi) The Central Government has specified maintenance of cost records under section 148(1) of the Act. We have broadly reviewed these records relating to materials, labour and other items of cost maintained by the Company and are of the opinion that, prima facie; the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of records with a view to determine whether they are accurate and complete.

(Amount in ₹ Million)

| Particulars | TKSL |
|---|-------------|
| Aggregate amount of loans/ advances in nature of loans to related party (other than promoters) | |
| - Repayable on demand (A) | - |
| - Agreement does not specify any terms or period of repayment (B) | 9.51 |
| Total (A+B) | 9.51 |
| Loans granted during the year | - |
| Percentage of loans/ advances in nature of loans to the total loans outstanding Note: Advance against purchases is not considered as advance in the nature of loan. | 10.45% |

- (vii) In respect of statutory dues:

- (a) The Company is generally regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, and any other statutory dues, as applicable, to the appropriate authorities. On test basis, there are no arrears of statutory dues outstanding as on the last day of the financial year concerned for a period of more than six months from the date, they became payable except as follows.

Statement of Arrears of Statutory Dues Outstanding for More than Six Months

| Name of the Statute | Nature of the Dues | Amount in (₹) | Period to which the amount relates | Due Date | Date of Payment | Remarks, if any |
|---|--------------------|---------------|------------------------------------|----------------|-----------------|---|
| Employees provident fund organisation India | Provident fund | 2,72,902 | April 2023 to September 2023 | Various | | - Mismatched of data as per aadhar database of some employees maintained online at UIDAI. |
| Goods & services taxes | GST (RCM) | 79,956 | May 2023 | 20 June 2023 | | - GST RCM not included in GSTR 3B |
| Goods & services taxes | GST (RCM) | 1,06,794 | July 2023 | 20 August 2023 | | - GST RCM not included in GSTR 3B |

(b) The details of statutory dues referred to in sub- paragraph (a) above which have not been deposited with the concerned authorities as on 31 March, 2024, on account of dispute are given below:

| Name of Statute | Nature of dues | Amount involved ₹ Million | Amount unpaid ₹ Million | Period to which amount Relates | Forum where Dispute is Pending |
|-----------------------------------|--|------------------------------|----------------------------|--|--------------------------------|
| Local Sales Tax of Various States | LST, GST, Sales Tax, CST, VAT, WCT (including interest, penalty etc. if any) | 36.54 | 36.54 | 2003-04, 2004-05, 2005-06, 2008-09, 2009-10, 2010-11 & 2013-14 | C.T.O., Telangana |
| | | 4.24 | 4.24 | 2007-08, 2016-17, 2017-18 | Commissioner of Appeal |
| | | 90.25 | 90.25 | 2009-10, 2011-12 | High court |
| | | 40.37 | 40.37 | 2013-14 | Tribunal |
| | | 7.52 | 7.52 | 2009-13 | Appeal Tribunal |
| Chapter V of Finance Act, 1994 | (Tax including interest, penalty etc. if any) | 95.73 | 95.73 | 2004-08 | CESTAT |
| | | 1.14 | 1.14 | 2012-13 | Superintendent |
| | | 902.52 | 902.52 | 2012-13 | Supreme Court |
| | | 1.05 | 1.05 | 2003-04 | CESTAT |
| Central Excise Act, 1944 | (Tax including interest, penalty etc. if any) | 6.36 | 6.36 | 2013-17 | DGGI |
| | | 0.14 | 0.14 | 1996-97 | Deputy Commissioner |
| | | 6.06 | 6.06 | 2015-16 & 2017 | Assistant commissioner |
| | | 10.62 | 10.62 | 2017-18 | High court |
| The Income Tax Act, 1961 | (Tax including interest, penalty etc. if any) | 119.08 | 119.08 | 2017-18,2018-19 | CIT (Appeals) |
| Total | | 1,321.62 | 1,321.62 | | |

(viii) The Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income tax act, 1961 as income during the year. Accordingly, reporting under para 3(viii) is not applicable.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender. Accordingly, reporting under para 3(ix)(a) is not applicable.

(b) The Company has not been declared as wilful defaulter by any bank or financial institution or other lender. Accordingly, reporting under para 3(ix)(b) is not applicable.

(c) No additional term loans availed by the Company during the year, Accordingly, reporting under para 3(ix)(c) is not applicable.

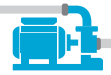
(d) Funds raised on short term basis have not been utilised for long term purposes. Accordingly, reporting under para 3(ix)(d) is not applicable.

(e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Accordingly, reporting under para 3(ix)(e) is not applicable.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Accordingly, reporting under para 3(ix)(f) is not applicable.

(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, reporting on para 3(x)(a) is not applicable.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, reporting on para 3(x)(b) is not applicable.



- (xi) (a) No fraud by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) During the year, we have taken into consideration the whistle blower complaints received by the company during the year while determining the nature, timing and extent of audit procedures.
- (xii) The Company is not a Nidhi Company. Accordingly, reporting on para 3(xii) of the order is not applicable.
- (xiii) All transactions with the related parties are in compliance with sections 177 and 188 of the Act, wherever applicable, and the details have been disclosed in the financial statements as required by the applicable IND AS.
- (xiv) (a) The company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered, the internal audit reports issued during the year and pertaining to the year under audit.
- (xv) The company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the company. Accordingly, reporting on para 3(xv) of the order is not applicable.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting on para 3(xvi)(a) is not applicable.
- (b) The company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934. Accordingly, reporting on para 3(xvi)(b) is not applicable.
- (c) The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, reporting on para 3(xvi)(c) of the order is not applicable.
- (d) The group does not have CIC as part of the group. Accordingly, reporting on para 3(xvi)(d) of the order is not applicable.
- (xvii) The company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Accordingly, reporting on para 3(xvii) of the order is not applicable.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting on para 3(xviii) of the order is not applicable.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- (xx) (a) There is no unspent amount towards Corporate Social Responsibility (CSR) on other than ongoing projects which required a transfer to a Fund specified in Schedule VII to the companies Act in compliance with second proviso to sub section (5) of section 135 of the Act. Accordingly, reporting on para 3(xx)(a) of the order is not applicable.
- (b) There is no unspent amount towards Corporate Social Responsibility (CSR) in respect of ongoing projects requiring a transfer to a special account in compliance with sub-section (6) of section 135 of the Act. Accordingly, reporting on para 3(xx)(b) of the order is not applicable.

For **Sharp & Tannan Associates**
Chartered Accountants
Firm's Registration no. 109983W
by the hand of

CA Pramod Bhise
Partner

Membership no.(F) 047751
UDIN: 24047751BKAAQX2630
Pune, 14 May 2024

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 2 (F) under the heading, "Report on other legal and regulatory requirements" of our report on even date:

REPORT ON THE INTERNAL FINANCIAL CONTROLS [UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")]

OPINION

We have audited the internal financial controls over financial reporting of **Kirloskar Brothers Limited** (hereinafter referred as "the Company") as of 31 March 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2024, based on the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (hereinafter referred as "the guidance note") issued by the Institute of Chartered Accountants of India (hereinafter referred as "ICAI").

MANAGEMENTS AND BOARD OF DIRECTORS RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's Management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the

guidance note and the Standards on Auditing issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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



Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control

over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **Sharp & Tannan Associates**

Chartered Accountants

Firm's Registration no. 109983W

by the hand of

CA Pramod Bhis

Partner

Membership no.(F) 047751

UDIN: 24047751BKAAQX2630

Pune, 14 May 2024

BALANCE SHEET

 AS AT 31ST MARCH 2024

(Amounts in Million ₹)

| Particulars | Note No. | As at 31 March 2024 | As at 31 March 2023 |
|--|----------|------------------------|------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3A | 4,169.426 | 3,224.568 |
| Capital work-in-progress | | 236.842 | 784.771 |
| Investment property | 4 | 5.020 | 5.020 |
| Other intangible assets | 3A | 29.140 | 35.857 |
| Right to use assets | 3B | 96.748 | 89.710 |
| Financial assets | | | |
| Investments | 5 | 2,975.416 | 2,975.420 |
| Trade receivables | 6 | 258.206 | 373.330 |
| Loans | 7 | 31.528 | 81.528 |
| Other financial assets | 8 | 149.693 | 101.069 |
| Deferred tax assets (net) | 19 | 479.609 | 479.761 |
| Other non-current assets | 9 | 662.805 | 656.449 |
| Total non-current assets | | 9,094.433 | 8,807.483 |
| Current assets | | | |
| Inventories | 10 | 4,918.322 | 4,393.781 |
| Financial assets | | | |
| Investments | 5 | 2,292.212 | 1,937.400 |
| Trade receivables | 6 | 4,442.664 | 3,690.010 |
| Cash and cash equivalents | 11 A | 1,516.701 | 1,484.366 |
| Other bank balances | 11 B | 32.130 | 16.100 |
| Loans | 7 | 59.514 | 59.614 |
| Other financial assets | 8 | 822.578 | 869.647 |
| Other current assets | 9 | 2,393.851 | 2,587.705 |
| Total current assets | | 16,477.972 | 15,038.623 |
| TOTAL ASSETS | | 25,572.405 | 23,846.106 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 12 | 158.818 | 158.818 |
| Other equity | 13 | 14,363.385 | 12,358.121 |
| Total equity | | 14,522.203 | 12,516.939 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 14 | - | 492.505 |
| Lease liabilities | 46 | 44.432 | 52.751 |
| Trade payables | 15 | 79.148 | 77.534 |
| Other financial liabilities | 16 | - | - |
| Provisions | 17 | 257.170 | 208.804 |
| Other non-current liabilities | 18 | 689.611 | 702.586 |
| Total non-current liabilities | | 1,070.361 | 1,534.180 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 14 | 391.257 | 658.858 |
| Lease liabilities | 46 | 59.405 | 41.812 |
| Trade payables | | | |
| - Micro, small and medium enterprises | 15 | 944.327 | 752.678 |
| - Others | 15 | 4,064.544 | 3,796.442 |
| Other financial liabilities | 16 | 971.966 | 1,157.888 |
| Other current liabilities | 18 | 3,046.652 | 2,894.055 |
| Provisions | 17 | 501.690 | 493.254 |
| Total current liabilities | | 9,979.841 | 9,794.987 |
| Total liabilities | | 11,050.202 | 11,329.167 |
| TOTAL EQUITY AND LIABILITIES | | 25,572.405 | 23,846.106 |
| Corporate information | 1 | | |
| Material accounting policies | 2 | | |
| See accompanying notes to financial statements | 3 - 47 | | |

The accompanying notes 1 to 47 (B) form an integral part of the financial statements

As per our report of even date attached

 For **SHARP & TANNAN ASSOCIATES**

 Chartered Accountants
(ICAI Firm Regn. No. 109983W)

Pramod Bhise

 Partner
Membership No: (F) - 047751

Pune : 14 May 2024

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Chittaranjan Mate
Chief Financial Officer

Pune : 14 May 2024

For and on behalf of the Board of Directors

Rama Kirloskar
Joint Managing Director
DIN: 07474724

Devang Trivedi
Company Secretary

Pune : 14 May 2024



STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

| Particulars | Note No. | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|----------|-----------------------------|-----------------------------|
| Income | | | |
| Revenue from operations | 20 | 27,201.250 | 25,399.345 |
| Other income | 21 | 358.629 | 330.206 |
| Total income | | 27,559.879 | 25,729.551 |
| Expenses | | | |
| Cost of raw materials consumed | 22 A | 14,079.109 | 13,258.764 |
| Purchases of stock-in-trade | | 1,145.246 | 1,553.811 |
| Changes in inventories of finished goods, stock -in- trade and work-in-progress | 22 B | (432.974) | (72.215) |
| Employee benefits expense | 23 | 3,431.294 | 2,873.390 |
| Finance costs | 24 | 58.085 | 138.264 |
| Depreciation and amortisation expense | 25 | 490.682 | 424.386 |
| Other expenses | 26 | 5,556.492 | 5,341.788 |
| Total expenses | | 24,327.934 | 23,518.188 |
| Profit before exceptional items and tax | | 3,231.945 | 2,211.363 |
| Less : Exceptional items | 5 | 6.900 | 138.516 |
| Profit before tax | | 3,225.045 | 2,072.847 |
| Tax expenses | 19 | | |
| (1) Current tax | | 790.756 | 660.939 |
| (2) Deferred tax | | 0.154 | (114.019) |
| (3) Short provision of earlier years | | - | - |
| Total tax expenses | | 790.910 | 546.920 |
| Profit after tax for the year | | 2,434.135 | 1,525.927 |
| Other comprehensive income | 27 | | |
| Items that will not be reclassified to profit or loss | | (95.587) | (44.115) |
| Income tax relating to items that will not be reclassified to profit or loss | | 24.056 | 19.427 |
| Items that will be reclassified to profit or loss | | - | - |
| Income tax relating to items that will be reclassified to profit or loss | | - | - |
| Other comprehensive income | | (71.531) | (24.688) |
| Total comprehensive income for the year (comprising of profit for the year and other comprehensive income for the year) | | 2,362.604 | 1,501.239 |
| Earnings per equity share | 32 | | |
| (1) Basic | | 30.65 | 19.22 |
| (2) Diluted | | 30.65 | 19.22 |

Corporate information

1

Material accounting policies

2

See accompanying notes to financial statements

3 - 47

The accompanying notes 1 to 47 (B) form an integral part of the financial statements

As per our report of even date attached

For and on behalf of the Board of Directors

For **SHARP & TANNAN ASSOCIATES**

Chartered Accountants
(ICAI Firm Regn. No. 109983W)

Pramod Bhise

Partner
Membership No: (F) - 047751

Pune : 14 May 2024

Sanjay Kirloskar

Chairman and Managing Director
DIN: 00007885

Chittaranjan Mate

Chief Financial Officer

Pune : 14 May 2024

Rama Kirloskar

Joint Managing Director
DIN: 07474724

Devang Trivedi

Company Secretary

Pune : 14 May 2024

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| A Cash flow from operating activities | | |
| Profit before tax | 3,225.045 | 2,072.847 |
| Adjustments for :- | | |
| 1 Depreciation / amortization | 490.682 | 424.386 |
| 2 (Profit) /loss on sale / write-off of fixed assets | 0.699 | 8.653 |
| 3 Bad debts written off | 313.787 | 27.282 |
| 4 Advances, deposits and claims written off | 0.172 | 0.545 |
| 5 Liquidated damages | 73.021 | 34.031 |
| 6 Provision for loss on long term contracts | 2.377 | (2.265) |
| 7 Provision slow-non moving inventory | (24.410) | 33.001 |
| 8 Provision for doubtful debts, advances and claims | (66.177) | 406.232 |
| 9 Interest income | (70.346) | (65.869) |
| 10 Dividend income | (174.267) | (112.877) |
| 11 Interest expenses | 23.541 | 99.690 |
| 12 Unrealized exchange (gain)/ loss - others | 50.873 | 42.274 |
| 13 Profit on sale of mutual funds | (67.173) | (42.496) |
| 14 Impairment of investment | 6.900 | 138.516 |
| Operating profit before working capital changes | 3,784.724 | 3,063.950 |
| Adjustments for :- | | |
| 1 (Increase)/ decrease in inventories | (500.131) | (234.201) |
| 2 (Increase)/ decrease in trade receivables | (1,004.255) | (387.581) |
| 3 (Increase)/ decrease in financial assets | (19.048) | (15.127) |
| 4 (Increase)/ decrease in non-financial assets | 135.350 | 304.604 |
| 5 Increase/ (decrease) in trade payable | 470.709 | 46.477 |
| 6 Increase/ (decrease) in financial liabilities | (183.410) | 324.239 |
| 7 Increase/ (decrease) in non-financial liabilities | 139.622 | (142.470) |
| 8 Increase/ (decrease) in provisions | (20.971) | 48.983 |
| Cash generated from operations | 2,802.590 | 3,008.874 |
| 9 Income tax (paid) / refunded (net) | (714.549) | (516.088) |
| Net cash from operating activities | 2,088.041 | 2,492.786 |
| B Cash flow from investing activities | | |
| 1 Purchase of fixed assets (Including right to use lease assets as per Ind AS 116) | (894.020) | (855.093) |
| 2 Sale of fixed assets | 5.386 | 9.478 |
| 3 Investment in subsidiary company | (6.900) | - |
| 4 Investment in mutual funds and deposits with NBFC | (11,041.835) | (7,891.062) |
| 5 Sale of investment in mutual funds and deposits with NBFC | 10,754.396 | 8,530.354 |
| 6 Interest received | 69.719 | 47.234 |
| 7 Dividend received | 174.267 | 112.877 |
| 8 Repayment of loans from subsidiaries | 50.100 | 18.472 |
| Net cash from/ (used in) investment activities | (888.887) | (27.740) |



STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| C Cash flow from financing activities | | |
| 1 Proceeds from borrowing | 391.257 | 326.625 |
| 2 Repayment of borrowings | (1,151.363) | (1,539.596) |
| 3 Interest paid | (17.457) | (100.039) |
| 4 Payment of dividend and tax thereon | (356.662) | (237.772) |
| Net cash used in financing activities | (1,134.225) | (1,550.782) |
| Unrealized exchange gain / (loss) in cash and cash equivalents | (32.594) | (28.560) |
| Net increase / (decrease) in cash and cash equivalents | 64.929 | 914.264 |
| 1 Cash & cash equivalents at beginning of year | 1,484.366 | 598.662 |
| 2 Cash & cash equivalents at end of year (refer note 11A) | 1,516.701 | 1,484.366 |

Note :- The above statements of cash flow has been prepared using the "indirect method" as per Ind AS 7.

There are no reconciliation items in relation to financing activities for which disclosure is required as per Ind AS 7.

Refer note 43 for cash outflow on account of corporate social responsibility.

As per our report of even date attached

For **SHARP & TANNAN ASSOCIATES**
Chartered Accountants
(ICAI Firm Regn. No. 109983W)

Pramod Bhise
Partner
Membership No: (F) - 047751
Pune : 14 May 2024

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Chittaranjan Mate
Chief Financial Officer
Pune : 14 May 2024

For and on behalf of the Board of Directors

Rama Kirloskar
Joint Managing Director
DIN: 07474724

Devang Trivedi
Company Secretary
Pune : 14 May 2024

STATEMENT OF CHANGES IN EQUITY

 FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

A. EQUITY SHARE CAPITAL

| Balance as at 1 April 2022 | Changes in equity share capital during the year | Balance as at 31 March 2023 |
|----------------------------|---|-----------------------------|
| 158.818 | - | 158.818 |

| Balance as at 1 April 2023 | Changes in equity share capital during the year | Balance as at 31 March 2024 |
|----------------------------|---|-----------------------------|
| 158.818 | - | 158.818 |

B. OTHER EQUITY

| | Reserves and Surplus | | | | | Total |
|------------------------------------|----------------------|----------------------------|--------------------|------------------|-------------------|-------------------|
| | Capital Reserve | Capital Redemption reserve | Securities Premium | General Reserve | Retained Earnings | |
| Balance as at 1 April 2022 | 0.172 | 4.000 | 414.604 | 5,787.407 | 4,888.926 | 11,095.109 |
| Profit for the year | - | - | - | - | 1,525.927 | 1,525.927 |
| Other comprehensive income | - | - | - | - | (24.688) | (24.688) |
| Dividend | - | - | - | - | (238.227) | (238.227) |
| Balance as at 31 March 2023 | 0.172 | 4.000 | 414.604 | 5,787.407 | 6,151.938 | 12,358.121 |
| Profit for the year | - | - | - | - | 2,434.135 | 2,434.135 |
| Other comprehensive income | - | - | - | - | (71.531) | (71.531) |
| Dividend | - | - | - | - | (357.340) | (357.340) |
| Balance as at 31 March 2024 | 0.172 | 4.000 | 414.604 | 5,787.407 | 8,157.202 | 14,363.385 |

As per our report of even date attached

 For **SHARP & TANNAN ASSOCIATES**

 Chartered Accountants
(ICAI Firm Regn. No. 109983W)

Pramod Bhise

 Partner
Membership No: (F) - 047751

Pune : 14 May 2024

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Chittaranjan Mate
Chief Financial Officer

Pune : 14 May 2024

For and on behalf of the Board of Directors

Rama Kirloskar
Joint Managing Director
DIN: 07474724

Devang Trivedi
Company Secretary

Pune : 14 May 2024



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

MATERIAL ACCOUNTING POLICIES

(All amounts are in Indian rupees rounded in Millions, unless otherwise stated)

1. CORPORATE INFORMATION

Kirloskar Brothers Limited (“KBL” or “the Company”) is a public limited company domiciled in India and incorporated under the provisions of the Indian Companies Act. KBL is engaged in providing fluid management solutions globally. The core products of the company are Engineered Pumps, Industrial Pumps, Agriculture and Domestic Pumps, Valves, and Hydro turbines.

2. MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with the provisions of Indian Accounting Standards (Ind-AS) notified under the Companies Act, 2013 (“the Act”) (to the extent notified and as amended from time to time) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS have been prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.

In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment.

Company maintains its accounts on accrual basis following historical cost convention except for certain financial instruments which are measured at fair values. The financial statements have been prepared on accrual and going concern basis.

The financial statements have been approved for issue by the Board of Directors at its meeting held on 14 May 2024.

2.2 Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items, which are measured on an alternative basis in accordance with Ind AS on each reporting date.

| Items | Measurement basis |
|------------------------------------|-------------------|
| Financial instruments – FVTPL | Fair value |
| Defined benefit plan – plan assets | Fair value |

2.3 Current or non-current classification

All assets and liabilities have been classified as current or non-current as per the Company’s normal operating

cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013.

Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities for product business. In case of project business, operating cycle is dependent on life of specific project/ contract/ service, hence current non-current bifurcation relating to project is based on expected completion date of project which generally exceeds 12 months.

2.4 Functional and presentation currency

These financial statements are presented in Indian Rupees (₹), which is the Company’s functional currency. All financial information is presented in ₹ MN rounded off to three decimal places, except share and per share data, unless otherwise stated.

2.5 Use of judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, current assets, non-current assets, current liabilities, non-current liabilities and disclosure of the contingent liabilities at the end of each reporting period. The estimates are based on management’s best knowledge of current events and actions, however, due to uncertainty about these assumptions and estimates, actual results may differ from these estimates.

This note provides an overview of the areas that involved a higher degree of judgement or complexity and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Critical estimates and judgements

The areas involving critical estimates or judgements are:

- Estimation of defined benefit obligation – The cost of the defined benefit gratuity and pension plan, and the present value of the gratuity/pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

may differ from actual developments in the future. (Refer note – 34)

- Estimation of leave encashment provision - The cost of the leave encashment and the present value of the leave encashment obligation are determined using actuarial valuations. (Refer note 38)
- Impairment of receivables - The impairment provisions for financial receivables disclosed are based on assumptions about risk of default and expected credit loss. (Refer note 40)
- Decommissioning liability – Initial estimate of dismantling and restoration liability requires significant judgement about cost inflation index and other factors. (Refer note 38)
- Provision for warranty claims – Provision is recognised based on the key assumptions about likelihood and magnitude of an outflow of resources. (Refer note 38)
- Estimation of provision for loss on long term contract – The provision is recognised when the estimated cost exceeds the estimated revenue for constructions contracts as per Ind AS 115. (Refer note 38)
- Recognition of deferred tax asset – Availability of future taxable profit against which deductible temporary differences can be utilized
- Revenue recognition – Variable consideration such as discounts, rebates is recognized considering historical trend of payout as adjusted for any amendment in rebate scheme.

2.6 Inventories

Inventories are valued at the lower of cost and net realizable value. The cost is calculated on moving weighted average method. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- **Raw materials:** cost includes cost of purchase excluding taxes subsequently recoverable from tax authorities and other costs incurred in bringing the inventories to their present location and condition. However, these items are considered to be realizable at cost if the finished products in which they will be used, are expected to be sold at or above cost.
- **Finished goods and work in progress:** cost includes cost of direct materials, labour and a systematic allocation of fixed and variable production overhead that are incurred in converting raw material into work in progress / finished goods based on the normal operating capacity and actual capacity respectively.
- **Traded goods:** Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- **Stores and spares:** Inventories of consumable stores and spare parts are carried at the lower of cost and net realizable value.

Based on ageing of inventory and it's future potential to generate economic benefit, company provides for slow and non-moving inventory using provision matrix. This provision is reversed once such inventory is consumed or expected to be consumed.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Assessment of net-realizable value is made at regular intervals (each reporting period) and at change of events.

2.7 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks, cash on hand and highly liquid short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

The deposits maintained by the Company with banks and financial institutions comprise time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

While other bank balances include, margin money, deposits, earmarked balances with bank, unclaimed dividend balances and other bank balances with bank which have restrictions on repatriation.

2.8 Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method, adjusting the profit before tax for the effects of:

- changes during the period in inventories and operating receivables and payables transactions of a non-cash nature;
- non-cash items such as depreciation, provisions, unrealized foreign currency gains and losses; and
- all other items for which the cash effects are investing or financing cash flows.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as at the date of Balance Sheet.

2.9 Property, plant and equipment (PPE)

Measurement

The cost of an item of PPE, shall be recognized as an asset only if it is probable that future economic benefits associated with the item will flow to the company and cost of the item can be measured reliably.

Freehold land is carried at historical cost. All other items of PPE are measured at cost of acquisition or construction less accumulated depreciation and accumulated impairment loss, if any.

The cost of an item of PPE comprises its purchase price, including import duties net of credits and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use, after deducting any discounts, rebates and estimated costs of dismantling and removing the item and restoring the site on which it is located and borrowing costs directly attributable to the construction or acquisition of a qualifying asset upto completion or acquisition are capitalised as part of the cost.

Own manufactured PPE is capitalized at cost including an appropriate share of overheads. Administrative and other general overhead expenses that are specifically attributable to construction or acquisition of PPE or bringing the PPE to working condition are allocated and capitalized as a part of the cost of the PPE.

When parts of an item of PPE have different useful lives, they are accounted for as separate items (major components) of PPE.

PPE under construction are disclosed as capital work-in-progress.

Advances paid towards the acquisition of PPE outstanding at each reporting date are disclosed under "Other non-current assets".

Subsequent costs

The cost of replacing a part of an item of PPE is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost

can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of PPE are recognised in the statement of profit and loss as incurred.

Disposal

An item of PPE is derecognized upon disposal or when no future benefits are expected from its use or disposal. Gains and losses on disposal of an item of PPE are determined by comparing the proceeds from disposal with the carrying amount of PPE, and are recognised within other income/expenses in the statement of profit and loss.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

The residual values, useful lives and method of depreciation of PPE is reviewed at each financial year end and adjusted prospectively, if appropriate. Depreciation on additions to/deductions from owned assets is calculated pro rata to the period of use. Further, extra shift depreciation is provided wherever applicable. Depreciation charge for impaired assets if any is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

Depreciation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of PPE as prescribed in Schedule II of the Companies Act 2013 except in the case of patterns as mentioned below where the management based on the technical evaluation have estimated the life to be lower than the life prescribed in schedule II.

Patterns – Useful life 1-7 Years

Life of assets considered as per schedule II -

| Particulars | Life |
|------------------------|------------|
| Building | 60 Years |
| Factory Building | 30 Years |
| Plant and Equipment | 3-22 Years |
| Furniture and Fixtures | 10 Years |
| Vehicles | 8 Years |
| Office equipment | 5 Years |
| Railway Siding | 15 Years |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

2.10 Investment property

Investment property is a property, being land or building or part of it, (including those under construction) that is held to earn rental income or for capital appreciation or both but not held for sale in ordinary course of business, use in manufacturing or rendering services or for administrative purposes.

Upon initial recognition, investment property is measured and reported at cost, including transaction costs. The cost of investment property includes its purchase price and directly attributable expenditure, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment loss, if any. The estimated useful life and residual values are reviewed at each financial year end and the effect of any change in the estimates of useful life/ residual value is accounted on prospective basis. Investment property in the form of land is not depreciated.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

The fair value of investment property is disclosed in the notes. Fair value is determined by an independent valuer.

2.11 Intangible assets

Recognition and measurement

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

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

Intangible assets with indefinite useful lives (Goodwill) are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.

Subsequent measurement

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The method of amortisation and useful life is reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Computer software is amortised over the period of three years.

Amortization on impaired assets is provided by adjusting the amortization charge in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

Research and development costs –

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss.

During the period of development, the asset is tested for impairment annually.

2.12 Interest in joint operations

The company as joint operator recognizes in relation to its interest in a joint operation, its share in the assets/liabilities held / incurred jointly with the other parties of the joint arrangements. Revenue is recognised for its share of revenue from the sale of output by the joint operator. Expenses are recognised for its share of expenses incurred jointly with the other parties of the joint arrangements..

2.13 Borrowing costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised in the cost of that asset. Qualifying assets are those assets which necessarily takes a substantial period of time to get ready for its intended use or sale.

All other borrowing costs are expensed in the period in which they are incurred.

2.14 Revenue recognition

Company recognizes revenue from contracts with customers when it satisfies a performance obligation.

Revenue is measured at transaction price i.e. Consideration to which Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and after considering effect of variable consideration, significant financing component, if any.

For contracts with multiple performance obligations, transaction price is allocated to different performance obligations based on their standalone selling price. In such case, revenue recognition criteria is applied separately to different performance obligations, in order to reflect the substance of the transaction and revenue is recognised separately for each obligation as and when the recognition criteria for the component is fulfilled.

Sale of goods

Revenue from the sale of goods is recognized when control of the goods is transferred to the buyer. For contracts that permit the customer to return an item, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Amounts included in revenue are net of returns, trade allowances, rebates, goods and service tax, value added taxes.

Customer loyalty programs

The Company allocates a portion of the consideration received to loyalty points. This allocation is based on the relative stand-alone selling prices. The amount allocated to the loyalty programs is deferred, and is recognized as revenue when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points becomes remote. The deferred revenue is included in contract liabilities.

Rendering of services

Revenue is recognized over the time as and when customer receives the benefit of company's performance and the company has an enforceable right to payment for services transferred.

Construction Contracts

Contract revenue includes initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably.

Contract revenue and contract cost arising from fixed price contract are recognized in accordance with the percentage completion method (POC).

The stage of completion is measured with reference to cost incurred to date as a percentage of total estimated cost of each contract. Until such time (50% of project cost in case of civil projects outside India and 25% of project cost in case of other projects) where the outcome of the contract cannot be ascertained reliably, the Company recognizes revenue equal to actual cost.

Full provision is made for any loss estimated on a contract in the year in which it is first foreseen.

Where the Company is involved in providing operation and maintenance services under a single construction contract, then the consideration is allocated on a relative stand-alone price basis between various obligations of a contract.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

For contracts where progress billing exceeds the aggregate of contract costs incurred to-date and recognized profits (or recognized losses, as the case may be), the surplus is shown as the amount due to customers.

For contracts where the aggregate of contract costs incurred to-date and recognized profits (or recognized losses, as the case may be) exceed progress billing, the deficit is shown as the amount due from customers. Amount due from customers is shown as part of other non-financial assets as the contractual right for consideration is dependant on completion of contractual milestones.

Amounts received before the related work is performed are disclosed in the Balance Sheet as a liability towards advance received. Amounts billed for work performed but yet to be paid by the customer are disclosed in the Balance Sheet as trade receivables.

The amount of retention money held by the customers is disclosed as part of other current assets

2.15 Other income

Interest is recognized on a time proportion basis determined by the amount outstanding and the rate applicable using the effective interest rate (EIR) method. Dividend income and export benefits are recognised in the statement of profit and loss on the date that the Company's right to receive payment is established.

Interest receivable on customer dues is recognised as income in the Statement of Profit and Loss on accrual basis provided there is no uncertainty towards its realization

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

2.16 Foreign currencies transactions

Transactions and balances

Transactions in foreign currency are recorded at exchange rates prevailing at the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss of the year.

Monetary assets and liabilities denominated in foreign currencies which are outstanding, as at the reporting period are translated at the closing exchange rates and the resultant exchange differences are recognised in the statement of profit and loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

2.17 Employee benefits

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the services are classified as short-term employee benefits. Benefits such as salaries, wages, expected cost of bonus and short term compensated absences, leave travel allowance etc. are recognized in the period in which the employee renders the related service.

Post-employment benefits

Defined contribution plans

The company's superannuation scheme, state governed provident fund scheme related to Dewas, Kaniyur, Sanand factories and employee state insurance scheme are defined contribution plans. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

Defined Benefit Plans

The employees' gratuity fund schemes and provident fund scheme managed by a trust and pension scheme are the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income (OCI) in the period in which they occur. Remeasurements are



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

not reclassified to the statement of profit and loss in subsequent periods.

In case of funded plans, the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on net basis.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The company recognises gains/ losses on settlement of a defined plan when the settlement occurs.

The Company pays contribution to a recognized provident fund trust in respect of above-mentioned PF schemes.

Other long-term employee benefit

Compensated absences liabilities mean, the liabilities for earned leave that are not expected to be settled wholly within twelve months after the end of the reporting period in which the employee render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating the terms of the related obligation. Re-measurements as a result of experience adjustments and change in actuarial assumptions are recognised in the statement of profit and loss.

2.18 Income taxes

Income tax expense comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to a business combination or items recognised directly in equity or in OCI.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that were enacted at the reporting date in the country where the company operates and generates taxable income. Current tax assets and liabilities are offset only if certain criteria are met and such offsetting is legally enforceable.

Deferred tax

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year. The tax effect is calculated on the accumulated timing differences at the end of the accounting period based on prevailing enacted or subsequently enacted regulations.

Deferred tax liabilities are recognized for all timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset only if certain criteria are met.

2.19 Provisions

A Provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the statement of profit and loss.

Warranty provisions

A provision for warranty is recognised when the underlying products and services are sold to the

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

customer based on historical warranty data and at its best estimate using expected value method. The initial estimate of warranty-related costs is revised annually.

Provision for decommissioning and site restoration

The Company has a legal obligation for decommissioning of windmills and restoring the site back to its original condition. Decommissioning and restoration costs are measured initially at its best estimate using expected value method. The present value of initial estimates is provided as a liability and corresponding amount is capitalised as a part of the windmill. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Contingent liabilities

Contingent liability is disclosed when,

- company has a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; or
- present obligation arising from past events, when no reliable estimate is possible; or
- A possible obligation arising from past events where the probability of outflow of resources is not remote.

Provisions and contingent liabilities are reviewed at each Balance Sheet date.

2.20 Leases

Lease is a contract that provides to the customer (lessee) the right to use an asset for a period of time in exchange for consideration.

- **Company as a Lessee**

A lessee is required to recognise assets and liabilities for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and to recognise depreciation of leased assets separately from interest on lease liabilities in the statement of Profit and Loss.

Initial Measurement**Right to use asset**

At the commencement date, the Company measures the right-of-use asset at cost.

The cost of the right-of-use asset shall comprise:

- the amount of the initial measurement of the lease liability

- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Lease liability

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

Subsequent measurement**Right to use assets**

Subsequently the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

Lease Liability

Subsequently the Company measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability at the interest rate implicit in the lease, if that rate can be readily determined or the Company's incremental borrowing rate.
- reducing the carrying amount to reflect the lease payments made; and
- re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments.

Company as a Lessor

Leases in which the company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases or another systematic basis is available. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the company's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

2.21 Impairment of non-financial assets

The company assesses at each balance sheet date whether there is any indication that an asset or cash generating unit (CGU) may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal or its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market

assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in the statement of profit and loss.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.22 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 considers 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.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

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 categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

2.23 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 and measurement

All financial assets except trade receivables are recognized initially at fair value plus or minus the transaction cost. Trade receivables that do not contain financial component are measured at transaction price in accordance with Ind AS 115. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Financial assets are subsequently measured at amortised cost if,

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Impairment of financial asset

Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Financial assets that are debt instruments and are measured as at FVTOCI
- Lease receivables
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.
- Loan commitments which are not measured as at FVTPL
- Financial guarantee contracts which are not measured as at FVTPL

The company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 116

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

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, lifetime ECL is used.

Financial liabilities

Initial recognition and measurement

The company initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the company becomes a party to the contractual provisions of the instrument.

A financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Financial guarantee contracts

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined and the amount recognised less cumulative amortisation.

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 or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention

to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

2.24 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted EPS adjust the figures used in the determination of basic EPS to consider

- The after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares (if any).

2.25 Segment reporting

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

The board of directors of the company assesses the financial performance and position of the company and makes strategic decisions. The Board of Directors, which are identified as a CODM, consists of chief executive officer, chief financial officer and all other executive directors.

Company operates in single reporting segment of 'Fluid Machinery and Systems'

2.26 Recent accounting pronouncement

MCA has not issued any standards/ amendments to accounting standards which are effective from 1 April 2024

NOTES TO THE FINANCIAL STATEMENTS

 FOR THE YEAR ENDED 31ST MARCH 2024

NOTE 3A: PROPERTY, PLANT AND EQUIPMENT

| | (Amounts in Million ₹) | | | | | | | | | | | |
|-----------------------------------|------------------------|-----------------|------------------|-------------------|----------------------|------------------|----------------|----------------|------------------|-------------------|---------------------------|----------------|
| | Land free hold | Land lease hold | Buildings | Plant & equipment | Furniture & fixtures | Office equipment | Vehicles | Railway siding | Total | Computer software | Sales tax deferral rights | Total |
| Gross Block | | | | | | | | | | | | |
| As at 1 April 2022 | 425.049 | 75.157 | 1,935.557 | 5,713.508 | 146.753 | 59.868 | 104.483 | 1.528 | 8,461.903 | 295.769 | 31.730 | 327.499 |
| Additions | - | - | 11.818 | 158.754 | 0.167 | 20.582 | 2.140 | - | 193.461 | 28.314 | - | 28.314 |
| Disposals | - | - | (13.634) | (14.514) | (0.486) | (0.584) | (0.520) | - | (29.738) | - | - | - |
| As at 31 March 2023 | 425.049 | 75.157 | 1,933.741 | 5,857.748 | 146.434 | 79.866 | 106.103 | 1.528 | 8,625.626 | 324.083 | 31.730 | 355.813 |
| Additions | - | - | 340.902 | 954.829 | 12.115 | 36.994 | 24.139 | - | 1,368.979 | 13.745 | - | 13.745 |
| Disposals | - | - | - | (103.613) | (1.569) | (0.292) | (13.503) | - | (118.977) | - | - | - |
| As at 31 March 2024 | 425.049 | 75.157 | 2,274.643 | 6,708.964 | 156.980 | 116.568 | 116.739 | 1.528 | 9,875.628 | 337.828 | 31.730 | 369.558 |
| Depreciation/ Amortisation | | | | | | | | | | | | |
| As at 1 April 2022 | - | 7.640 | 533.376 | 4,263.889 | 128.445 | 36.877 | 69.350 | 1.526 | 5,041.103 | 272.993 | 31.730 | 304.723 |
| Charge for the year | - | 1.003 | 47.846 | 301.275 | 4.469 | 9.249 | 7.718 | 0.002 | 371.562 | 15.233 | - | 15.233 |
| Depreciation on disposal | - | - | (1.231) | (8.786) | (0.486) | (0.584) | (0.520) | - | (11.607) | - | - | - |
| As at 31 March 2023 | - | 8.643 | 579.991 | 4,556.378 | 132.428 | 45.542 | 76.548 | 1.528 | 5,401.058 | 288.226 | 31.730 | 319.956 |
| Charge for the year | - | 1.003 | 54.762 | 337.481 | 4.357 | 12.367 | 8.066 | - | 418.036 | 20.462 | - | 20.462 |
| Depreciation on disposal | - | - | - | (102.874) | (1.569) | (0.207) | (8.242) | - | (112.892) | - | - | - |
| As at 31 March 2024 | - | 9.646 | 634.753 | 4,790.985 | 135.216 | 57.702 | 76.372 | 1.528 | 5,706.202 | 308.688 | 31.730 | 340.418 |
| Net block | | | | | | | | | | | | |
| As at 1 April 2022 | 425.049 | 67.517 | 1,402.181 | 1,449.619 | 18.308 | 22.991 | 35.133 | 0.002 | 3,420.800 | 22.776 | - | 22.776 |
| As at 31 March 2023 | 425.049 | 66.514 | 1,353.750 | 1,301.370 | 14.006 | 34.324 | 29.555 | - | 3,224.568 | 35.857 | - | 35.857 |
| As at 31 March 2024 | 425.049 | 65.511 | 1,639.890 | 1,917.979 | 21.764 | 58.866 | 40.367 | - | 4,169.426 | 29.140 | - | 29.140 |

Notes:

- Plants and machineries acquired out of proceeds of term loan, are pledged as security against the loan.
- During the year no provision envisaged for impairment loss.
- Refer note no 29 for estimated amount of contract remaining to be executed on capital account.
- Company has not revalued any property, plant and equipment during the FY 2023-24 and FY 2022-23
- All title deeds of immovable properties are held in the name of company



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 3B : RIGHT TO USE ASSETS

| Particulars | Amt |
|--|-----------------|
| Opening balance as at 1 April 2022 | 64.329 |
| Net addition / (deletion) during the year | 62.972 |
| Depreciation | (37.591) |
| Balance as at 31 March 2023 | 89.710 |
| Net addition / (deletion) during the year | 59.222 |
| Depreciation | (52.184) |
| Balance as at 31 March 2024 | 96.748 |

NOTE 4 : INVESTMENT PROPERTY

| Particulars | Amt |
|------------------------------------|--------------|
| Land | |
| Gross Block | |
| As at 1 April 2022 | 5.020 |
| Additions | - |
| Disposals | - |
| As at 31 March 2023 | 5.020 |
| Additions | - |
| Disposals | - |
| As at 31 March 2024 | 5.020 |
| Depreciation and Impairment | |
| As at 1 April 2022 | - |
| Charge for the year | - |
| Depreciation on disposals | - |
| As at 31 March 2023 | - |
| Charge for the year | - |
| Depreciation on disposals | - |
| As at 31 March 2024 | - |
| Net block | |
| As at 1 April 2022 | 5.020 |
| As at 31 March 2023 | 5.020 |
| As at 31 March 2024 | 5.020 |

Fair Value

The company obtains independent valuations for its investment property. The valuation model considers current prices in active market.

The main inputs used are the rental growth rates, expected vacancy rates, terminal yields and discount rates based on comparable transactions and industry data. All resulting fair value estimates for investment properties are included in level 3.

Fair value as at 31 March 2023 was ₹ 60.717 and there is no significant movement in fair value in FY 23-24.

NOTES TO THE FINANCIAL STATEMENTS

 FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 5 : FINANCIAL ASSETS: INVESTMENTS

| Particulars | | As at 31 March 2024 | As at 31 March 2023 |
|-------------|---|------------------------|------------------------|
| I | Long term investments - at cost | | |
| | Trade Investments | | |
| | (a) Investment in Equity and Preference instruments | 2,975.416 | 2,975.420 |
| | (b) Capital contribution in partnership firm | 0.000 | 0.000 |
| II | Current investment | 2,292.212 | 1,937.400 |
| | Total | 5,267.628 | 4,912.820 |

| Particulars | | As at 31 March 2024 | As at 31 March 2023 |
|--|--|------------------------|------------------------|
| Aggregate amount of quoted investments | | 1,492.012 | 1,437.400 |
| Aggregate amount of unquoted investments | | 3,775.616 | 3,475.420 |

| Sr No | Particulars | Face Value | Partly Paid / Fully paid | Extent of holding (%) | | No. of Shares / Units | | Amount in Million ₹ | |
|--------------------------------|---|-----------------|--------------------------|-----------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|
| | | | | As at 31 March 2024 | As at 31 March 2023 | As at 31 March 2024 | As at 31 March 2023 | As at 31 March 2024 | As at 31 March 2023 |
| Non-current investments | | | | | | | | | |
| (1) | Investments at fair value through Other comprehensive income | | | | | | | | |
| | Investment in Structured Entities | | | | | | | | |
| | Kirloskar Proprietary Limited * | ₹ 100 | Fully Paid | - | - | 2 | 2 | - | - |
| (2) | Investment in equity shares (unquoted) accounted at cost | | | | | | | | |
| a | Investment in Joint venture | | | | | | | | |
| 1 | Kirloskar Ebara Pumps Limited | ₹ 10 | Fully Paid | 45% | 45% | 225,000 | 225,000 | 2.747 | 2.747 |
| b | Investment in Subsidiaries | | | | | | | | |
| 1 | The Kolhapur Steel Limited ** | ₹ 10000/ ₹ 1 | Fully Paid | 100% | 99.7% | 34,200 | 266,315,115 | 425.790 | 343.884 |
| 2 | Kirloskar Corrocoat Private Limited | ₹ 10 | Fully Paid | 65% | 65% | 3,250,000 | 3,250,000 | 94.000 | 94.000 |
| 3 | Kirloskar Brothers International B V | Euro 100 | Fully Paid | 100% | 100% | 236,851 | 236,851 | 1,398.025 | 1,398.025 |
| 4 | Karad Projects & Motors Ltd. | ₹ 10 | Fully Paid | 100% | 100% | 13,952,450 | 13,952,450 | 1,480.643 | 1,480.643 |
| (3) | Investment in 6% non cumulative convertible preference shares (unquoted) accounted at cost | | | | | | | | |
| 1 | The Kolhapur Steel Limited | ₹ 1 | Fully Paid | 100% | 100% | 75,000,000 | 150,000,000 | 75.000 | 150.000 |
| | Investment in Partnership Firm | | | | | | | | |
| 1 | KBL Synerge LLP*** | N A | N A | 0% | 50% | N A | N A | 0.000 | 0.005 |
| | Provision for impairment of investment (##) | | | | | | | (500.789) | (493.884) |
| | Total investment in equity shares of subsidiaries and joint venture | | | | | | | 2,975.416 | 2,975.420 |



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

| Sr No | Particulars | Face Value | Partly Paid / Fully paid | Extent of holding (%) | | No. of Shares / Units | | Amount in Million ₹ | |
|----------------------------|---|------------|--------------------------|-----------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|
| | | | | As at 31 March 2024 | As at 31 March 2023 | As at 31 March 2024 | As at 31 March 2023 | As at 31 March 2024 | As at 31 March 2023 |
| Current investments | | | | | | | | | |
| (4) | Investments at amortised cost | | | | | | | | |
| | Investment in fixed deposit with financial institutions - (Int rate - 7.25% to 8.15%) | | | | | | | 800.200 | 500.000 |
| (5) | Investments at fair value through profit and loss | | | | | | | | |
| | Investment in mutual funds | | | | | | | 1,492.012 | 1,437.400 |
| | Total current investment | | | | | | | 2,292.212 | 1,937.400 |

* The investment in unquoted equity shares is ₹200/- and therefore not seen in the above table.

All subsidiaries, joint venture and associate companies are incorporated and have place of business as India except, the Kirloskar Brothers International B.V. is incorporated and has place of business as Netherland.

** During the year, 'The Kolhapur Steel Limited' (TKSL) issued 7,50,00,000 equity shares of Re. 1/- each to KBL pursuant to conversion of 7,50,00,000 preference shares of Re 1 each, as per the terms of the issue.

NCLT vide its order dated 23.02.2024 approved the consolidation of the Issued, subscribed and paid up equity shares in the share capital of subsidiary company 'TKSL' by increasing the value of the equity shares from Re. 1/- (Rupee One Only) each to ₹ 10,000/- (Rupees Ten Thousand Only) each by consolidating existing 10,000 equity shares of Re.1/- each into new 1 equity share ₹ 10,000/- (Rupees Ten Thousand Only) each. Thereby, KBL has made payment of ₹ 6.9 Million towards minority shareholders. Consequent to this, TKSL has now become wholly owned subsidiary.

(##) Company has made provision for investment in the subsidiary company viz. 'The Kolhapur Steel Limited' and associate company viz. 'KBL Synerge LLP'. This provision is treated and disclosed as an exceptional item in FY 2023-24 and FY 2022-23

*** KBL Synerge LLP, a limited liability partnership was formed in year 2017 between Kirloskar Brothers Ltd, Mrs. Sneha Phatak and Synerge Overseas Pte. Ltd. KBL Synerge LLP was inoperative and did not carry out any operations and had applied for striking off its name to the Registrar of Companies, Pune. The said application has been approved on 3 July 2023 and accordingly the said LLP ceased to be an associate of the Company. Following were the details of total capital and share of each partner in it.

| Name of Partner | Capital Contributed (₹) | Share in Partnership and profit (%) |
|----------------------------|-------------------------|-------------------------------------|
| Kirloskar Brothers Limited | 5,000 | 50 |
| Synerge Overseas Pte. Ltd | 2,600 | 26 |
| Mrs. Sneha Phatak | 2,400 | 24 |
| Total | 10,000 | 100 |

NOTE 6 : FINANCIAL ASSETS: TRADE RECEIVABLES

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|--|---------------------|---------------------|
| Non-current | | |
| Unsecured, considered good | 258.206 | 373.330 |
| Doubtful | 1,217.555 | 1,152.466 |
| | 1,475.761 | 1,525.796 |
| Less : Provision for significant increase in credit risk and credit impaired receivables | 1,217.555 | 1,152.466 |
| | 258.206 | 373.330 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|--------------------------------|------------------------|------------------------|
| Current | | |
| Unsecured, considered good | | |
| From related parties | 1,312.166 | 1,066.288 |
| Others | 3,130.498 | 2,623.722 |
| | 4,442.664 | 3,690.010 |
| Total trade receivables | 4,700.870 | 4,063.340 |

Trade receivables are non-interest bearing and are generally on terms of 1 to 90 days. Refer note 44 (A) for ageing and 40 (A) for movement in loss allowance.

NOTE 7 : FINANCIAL ASSETS: LOANS

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| Non-current | | |
| Advances to related parties (Refer note 36) | | |
| Unsecured, considered good | 31.528 | 81.528 |
| | 31.528 | 81.528 |
| Current | | |
| Advances to related parties (Refer note 36) | | |
| Unsecured, considered good | 59.514 | 59.614 |
| | 59.514 | 59.614 |
| Total loans | 91.042 | 141.142 |

NOTE 8 : FINANCIAL ASSETS: OTHER FINANCIAL ASSETS

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Non-current | | |
| (a) Claims receivable | | |
| Unsecured, considered good | | |
| Other Miscellaneous Claim | 0.593 | 13.777 |
| Doubtful | 19.361 | 12.552 |
| | 19.954 | 26.329 |
| Less : Provision for significant increase in credit risk and credit impaired claims | 19.361 | 12.552 |
| | 0.593 | 13.777 |
| (b) Fixed deposits with the original maturity of more than 12 months | 88.318 | 26.621 |
| (c) Security deposits | | |
| Unsecured, considered good | 60.782 | 60.671 |
| Doubtful | 12.588 | 10.884 |
| | 73.370 | 71.555 |
| Less : Provision for significant increase in credit risk and credit impaired deposits | 12.588 | 10.884 |
| | 60.782 | 60.671 |
| | 149.693 | 101.069 |



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|------------------------------------|------------------------|------------------------|
| Current | | |
| (a) Claims receivable | | |
| Unsecured, considered good | 14.423 | 14.584 |
| (b) Interest accrued | 28.170 | 27.543 |
| (c) Security deposits | 779.985 | 827.520 |
| Unsecured, considered good | | |
| | 822.578 | 869.647 |
| Total other financial asset | 972.271 | 970.716 |

NOTE 9 : OTHER ASSETS

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Non-current | | |
| (a) Advances to supplier of capital goods | 158.646 | 5.301 |
| (b) Advances to supplier and others | | |
| Unsecured, considered good | 239.251 | 238.289 |
| Doubtful | 71.878 | 72.190 |
| | 311.129 | 310.479 |
| Less : Provision for significant increase in credit risk and credit impaired advances | 71.878 | 72.190 |
| | 239.251 | 238.289 |
| (c) Prepaid expenses | 17.516 | 6.553 |
| (d) Retention (Net of provision) | 181.579 | 288.342 |
| (e) Advance income tax (Net of provision) | 65.813 | 117.964 |
| | 662.805 | 656.449 |
| Current | | |
| (a) Advances to supplier and others | | |
| Unsecured, considered good | | |
| Advances to related parties | 97.633 | 97.633 |
| Others | 130.928 | 203.827 |
| | 228.561 | 301.460 |
| (b) Prepaid expenses | 142.845 | 100.579 |
| (c) Gross amount due from customer for project related work | 164.122 | 186.843 |
| (d) Retention | 1,141.288 | 1,215.310 |
| (e) Balances with government authorities | 717.035 | 783.513 |
| | 2,393.851 | 2,587.705 |
| Total other assets | 3,056.656 | 3,244.154 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 10 : INVENTORIES

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|-------------------------------------|------------------------|------------------------|
| (a) Raw Materials * | 1,211.693 | 1,159.990 |
| (b) Work-in-progress | 1,698.783 | 1,708.990 |
| (c) Finished goods | 1,443.157 | 1,101.240 |
| (d) Stock-in-trade | 413.511 | 312.247 |
| (e) Stores and spares | 151.178 | 111.314 |
| (Mode of valuation refer note 2.6) | | |
| Total inventories | 4,918.322 | 4,393.781 |

* Include goods in transit - ₹ 39.09 MN (PY 2022-23 : ₹24.086 MN)

Amounts recognised in profit or loss

Write-down/(back) of inventories to net realizable value/ any loss due to it's obsolete nature (net of reversal) amounted to (₹ 24.097 MN) (PY 2022-23: ₹34.126 MN) These were recognised as expenses during the year.

NOTE 11 A : CASH AND CASH EQUIVALENTS

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| (a) Balances with bank | | |
| In current account | 328.973 | 390.441 |
| In EEFC accounts | 146.137 | 232.167 |
| Fixed deposits | 1,040.431 | 859.836 |
| (b) Cash on hand | 1.160 | 1.922 |
| Total cash and cash equivalents | 1,516.701 | 1,484.366 |

NOTE 11 B : OTHER BANK BALANCES

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| (a) Earmarked balances with bank | | |
| Unpaid dividend accounts | 12.733 | 12.055 |
| (b) Margin money | 19.397 | 4.045 |
| Total other bank balances | 32.130 | 16.100 |

NOTE 12: EQUITY SHARE CAPITAL

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| Authorised | | |
| 250,000,000 (250,000,000) equity shares of ₹2/- each (₹2/-) each | 500.000 | 500.000 |
| Issued, subscribed & fully paid up | | |
| 79,408,926 (79,408,926) equity shares of ₹2/- each (₹2/-) each | 158.818 | 158.818 |
| Total equity share capital | 158.818 | 158.818 |



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

(a) Terms/ rights attached to equity shares

The company has only one class of equity shares, having face value of ₹ 2/- per share. Each holder of equity share is entitled to one vote per share and has a right to receive dividend as recommended by the board of directors subject to the necessary approval from the shareholders. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

For the year ended 31 March 2024 the board of directors have proposed final dividend of ₹ 6 (2023: ₹ 4.50) per share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

(b) Reconciliation of share capital

| Particulars | As at | As at | As at | As at |
|---|---------------|-----------------------|---------------|-----------------------|
| | 31 March 2024 | 31 March 2024 | 31 March 2023 | 31 March 2023 |
| | Number | Amount (Million ₹) | Number | Amount (Million ₹) |
| Shares outstanding at the beginning of the year | 79,408,926 | 158.818 | 79,408,926 | 158.818 |
| Shares Issued during the year under ESOS | - | - | - | - |
| Shares outstanding at the end of the year | 79,408,926 | 158.818 | 79,408,926 | 158.818 |

(c) Details of shareholder holding more than 5% shares

| Particulars | As at | As at | As at | As at |
|--|---------------|---------------|---------------|---------------|
| | 31 March 2024 | 31 March 2024 | 31 March 2023 | 31 March 2023 |
| | No. of Shares | % of Holding | No. of Shares | % of Holding |
| Kirloskar Industries Limited | 18,988,038 | 23.91% | 18,988,038 | 23.91% |
| Mr. Sanjay Chandrakant Kirloskar * | 17,847,465 | 22.48% | 17,847,465 | 22.48% |
| Mrs. Pratima Sanjay Kirloskar | 13,849,488 | 17.44% | 13,849,488 | 17.44% |
| Nippon Life India Trustee Ltd. (A/C Nippon India Small Cap Fund) | 4,384,076 | 5.52% | 4,300,851 | 5.42% |

(d) Details of shares held by promoters

| Particulars | As at | As at | As at | As at |
|------------------------------------|---------------|---------------|---------------|---------------|
| | 31 March 2024 | 31 March 2024 | 31 March 2023 | 31 March 2023 |
| | No. of Shares | % of Holding | No. of Shares | % of Holding |
| Mr. Sanjay Chandrakant Kirloskar * | 17,847,465 | 22.48% | 17,847,465 | 22.48% |
| Mr. Rahul Chandrakant Kirloskar | 404,501 | 0.51% | 404,501 | 0.51% |
| Mr. Atul Chandrakant Kirloskar | 466,499 | 0.59% | 398,888 | 0.50% |
| Ms. Jyotsna Gautam Kulkarni | 441,805 | 0.56% | 441,805 | 0.56% |
| Ms. Geetanjali Vikram Kirloskar | 2,625 | 0.00% | 2,625 | 0.00% |

There is no change in shares held by promoters' during the FY 2023-24 and 2022-23, except 67,611 equity shares held by Mrs. Mrinalini S. Kirloskar as a Trustee of Rooplekha Life Interest Trust were transferred to another Trustee of Rooplekha Life Interest Trust, namely Mr. Atul Kirloskar. Details of shares held by promoter's group are available on Company's website.

* includes 1,761,919 (PY: 1,761,919), 2% (PY: 2%) shares held in the capacity of a trustee.

For the period of five years immediately preceding the date as at which the balance sheet is prepared, no shares are

- allotted as fully paid up pursuant to contracts without payment being received in cash
- allotted as fully paid shares by way of bonus shares
- bought back.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 13: OTHER EQUITY

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| (a) Capital reserve | 0.172 | 0.172 |
| (b) Capital redemption reserve | 4.000 | 4.000 |
| (c) Securities premium | 414.604 | 414.604 |
| (d) General reserves | 5,787.407 | 5,787.407 |
| (e) Retained Earnings | | |
| Opening balance | 6,151.938 | 4,888.926 |
| Add : Total comprehensive income for the year | 2,362.604 | 1,501.239 |
| Balance available for appropriation | 8,514.542 | 6,390.165 |
| Less : Appropriations : | | |
| Final and interim dividend | 357.340 | 238.227 |
| Sub total | 357.340 | 238.227 |
| Closing balance | 8,157.202 | 6,151.938 |
| Total other equity | 14,363.385 | 12,358.121 |

Capital reserve:

The company had recognised profit or loss on purchase, sale, issue or forfeiture/ cancellation of own equity instrument to capital reserve.

Capital redemption reserve:

The Company had recognised capital redemption reserve on redemption of preference shares from its retained earnings as per the then applicable provisions of Companies Act, 1956.

Securities premium :

The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium.

General reserve:

The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

Retained earnings:

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 14 : FINANCIAL LIABILITIES: BORROWINGS

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Non-current | | |
| Secured | | |
| (a) Term loan from HDFC bank | - | 599.738 |
| (Terms of loan: Term loan of ₹ 599.738 is repaid fully on prepayment basis in the month of April 2023.) | | |
| Less- Current maturities of non-current borrowings | - | 257.233 |
| | - | 342.505 |
| (b) Term loan from EXIM bank | - | 225.000 |
| (Term loan of ₹ 225 Million is repaid fully on prepayment basis in the month of May 2023.) | | |
| Less- Current maturities of non-current borrowings | - | 75.000 |
| | - | 150.000 |
| Total non-current borrowings | - | 492.505 |
| Current | | |
| Secured | | |
| 1) Loans repayable on demand from bank | | |
| (i) Cash / export credit facilities | 391.257 | 326.625 |
| (Export packing credit loans: Loans carrying interest @ 7.00% to 8.00% per annum and secured against the inventory and receivables) | | |
| Total secured loan - Current | 391.257 | 326.625 |
| Current maturities of long term loan | - | 332.233 |
| Total current borrowings | 391.257 | 658.858 |
| Total borrowings | 391.257 | 1,151.363 |

- The quarterly returns or statements filed by the Company for working capital limits whenever availed with such banks and financial institutions are in agreement with the books of account of the Company
- The company has utilized loans for the specific purpose for which same are availed.
- The Company is not declared as wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof or other lender in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.
- The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond the statutory period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 15 : FINANCIAL LIABILITIES: TRADE PAYABLES

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| Non-current | | |
| (a) Total outstanding dues of creditors other than micro, small and medium enterprises | 79.148 | 77.534 |
| | 79.148 | 77.534 |
| Current | | |
| (a) Total outstanding dues of micro, small and medium enterprises (refer note 42) | 944.327 | 752.678 |
| (b) Total outstanding dues of creditors other than micro, small and medium enterprises | 4,064.544 | 3,796.442 |
| Total | 5,008.871 | 4,549.120 |
| Total trade payables | 5,088.019 | 4,626.654 |

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 60-day terms except dues to micro and small enterprises which are settled in 45 days or contractual term whichever is earlier. Refer note 44(B) for ageing.

NOTE 16: OTHER FINANCIAL LIABILITIES

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Non-current | | |
| (a) Financial guarantee contracts with banks for subsidiary company | - | - |
| | - | - |
| Current | | |
| (a) Investor Education & Protection fund (will be credited as and when due). | | |
| Unclaimed dividends | 12.733 | 12.055 |
| (b) Others | | |
| Trade deposits | 149.814 | 141.126 |
| Interest accrued | 34.850 | 28.766 |
| Salary and reimbursements | 403.969 | 483.996 |
| Payables on account of purchases of fixed assets | 29.321 | 49.831 |
| Provision for expenses | 328.785 | 429.309 |
| Financial guarantee contracts with bank for subsidiaries | 11.499 | 12.805 |
| Forward contract liability | 0.995 | |
| | 959.233 | 1,145.833 |
| | 971.966 | 1,157.888 |
| Total other financial liabilities | 971.966 | 1,157.888 |

Terms and conditions of the above financial liabilities:

- 1) Other payables are non-interest bearing.
- 2) For explanations on the Company's credit risk management processes, (refer note 40)



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 17: PROVISIONS

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Non-current | | |
| Provisions for employee benefits | | |
| (a) Compensated absences (refer note 38) | 191.719 | 135.464 |
| (b) Pension scheme (refer note 34) | 21.823 | 22.372 |
| | 213.542 | 157.836 |
| Other provisions (refer note 38) | | |
| (a) Provision for product warranty | 33.216 | 41.347 |
| (b) Provision for decommissioning and restoration costs | 10.412 | 9.621 |
| | 43.628 | 50.968 |
| | 257.170 | 208.804 |
| Current | | |
| Provisions for employee benefits | | |
| (a) Compensated absences (refer note 38) | 211.582 | 153.622 |
| (b) Gratuity and provident fund (refer note 34) | 5.186 | 60.819 |
| | 216.768 | 214.441 |
| Other provisions (refer note 38) | | |
| (a) Provision for product warranty | 271.135 | 267.404 |
| (b) Provision for loss on long term contracts | 13.787 | 11.409 |
| | 284.922 | 278.813 |
| | 501.690 | 493.254 |
| Total provisions | 758.860 | 702.058 |

NOTE 18: OTHER LIABILITIES

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Non-current | | |
| (a) Gross amount due to customers for project related contract work | 156.797 | 165.947 |
| (b) Advances from customer | 532.814 | 536.639 |
| | 689.611 | 702.586 |
| Current | | |
| (a) Gross amount due to customers for project related contract work | 1,449.432 | 1,392.870 |
| (b) Advances from customer | 1,440.229 | 1,321.010 |
| (c) Contribution to provident fund and superannuation fund | 5.035 | 2.243 |
| (d) Statutory dues | 90.588 | 126.757 |
| (e) Deferred revenue | 61.368 | 51.175 |
| | 3,046.652 | 2,894.055 |
| Total other non-financial liabilities | 3,736.263 | 3,596.641 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 19 : INCOME TAX

(1) The major components of income tax expense for the year ended 31 March 2024 and 31 March 2023 are:

(a) Statement of profit and loss

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Current income tax: | | |
| Current income tax charge | 790.756 | 660.939 |
| Adjustments in respect of income tax of previous year | - | - |
| Deferred tax: | | |
| Relating to origination and reversal of temporary differences | 0.154 | (114.019) |
| Income tax expense reported in the statement of profit and loss | 790.910 | 546.920 |

(b) Statement of other comprehensive income (OCI)

Current tax related to items recognised in OCI during the year:

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---------------------------------------|-----------------------------|-----------------------------|
| Income tax charged/ (credited) to OCI | (24.056) | (19.427) |

(2) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31 March 2024 and 31 March 2023:

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Accounting profit before tax | 3,225.045 | 2,072.847 |
| At India's statutory income tax rate of 25.168% (a) | 811.679 | 521.694 |
| Adjustments for - | | |
| Dividend / adjustment for deduction in respect of certain inter-corporate dividends u/s 80 M of income tax act | 174.267 | 112.877 |
| Subtotal (b) | 174.267 | 112.877 |
| Non deductible expenses | | |
| Provision for advances/ deposits and write off | 8.513 | 0.035 |
| Interest payable to MSMED vendors | 8.277 | 2.737 |
| Fines and penalties | 0.200 | 0.001 |
| Donation | 46.312 | 24.224 |
| Provision for impairment of investment | 6.900 | 138.516 |
| Subtotal (c) | 70.202 | 165.513 |
| Sub total (d) = (b-c) | 104.065 | (52.636) |
| Tax impact of above adjustments | 26.191 | (13.247) |
| Other items | (5.422) | (11.979) |
| Total (e) | 20.769 | (25.226) |
| Tax expenses at effective rate (a-e) | 790.910 | 546.920 |
| Tax expenses recorded in books | 790.910 | 546.920 |



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

(3) Movement in deferred tax

(a) Balance sheet

| Deferred tax relates to the following: DTL/ (DTA) | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Property, plant and equipment (Depreciation) | 75.032 | 70.890 |
| Employee benefits | (124.909) | (102.165) |
| Provision for doubtful debts and advances | (430.230) | (449.442) |
| Others - DTA/DTL | 0.498 | 0.956 |
| | (479.609) | (479.761) |
| Net deferred tax liabilities/(assets) | (479.609) | (479.761) |

| Reflected in balance sheet as | As at 31 March 2024 | As at 31 March 2023 |
|-------------------------------|------------------------|------------------------|
| Deferred tax asset | 555.139 | 551.607 |
| Deferred tax liability | 75.530 | 71.846 |
| Net deferred tax asset | 479.609 | 479.761 |

(b) Statement of profit and loss

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Property, plant and equipment (Depreciation) | 4.142 | (1.312) |
| Employee benefits - compensated absences | (22.744) | (10.946) |
| Provision for doubtful debts and advances | 19.212 | (102.357) |
| Others | (0.456) | 0.596 |
| Deferred tax expense/(income) | 0.154 | (114.019) |

(4) Movement in Current tax

(a) Balance sheet

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--------------------------|-----------------------------|-----------------------------|
| Non- current advance tax | 65.813 | 117.964 |

(b) Statement of profit and loss and other comprehensive income

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| Current tax (asset)/ liability as at beginning of year | (117.964) | (243.388) |
| Add: Additional provision during the year - Statement of Profit and loss account | 790.756 | 660.939 |
| Add/ (Less): Additional provision during the year - Other comprehensive income | (24.056) | (19.427) |
| Less: Current tax paid during the year (Net of refund received for previous year and adjustment for TDS receivable for previous years) | (714.549) | (516.088) |
| Non Current tax (asset)/ liability as at end of year | (65.813) | (117.964) |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 20: REVENUE FROM OPERATIONS

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| (a) Sale of products (Refer note 30 for the construction contract revenue) | 26,475.651 | 24,754.000 |
| (b) Sale of services | 410.218 | 371.847 |
| | 26,885.869 | 25,125.847 |
| (c) Other operating revenues (majorly includes scrap sales and exports benefits) | 315.381 | 273.498 |
| Total | 27,201.250 | 25,399.345 |

NOTE 21: OTHER INCOME

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| (a) Interest Income | | |
| From customers and others | 93.127 | 94.028 |
| (b) Release of deferred income | 10.983 | 20.529 |
| (c) Profit on sale of mutual fund investment | 67.173 | 42.496 |
| (d) Dividend income from subsidiary and joint venture companies | 174.267 | 112.877 |
| (e) Foreign exchange difference (net) | 4.140 | 48.835 |
| (f) Other non-operating income | 8.939 | 11.441 |
| Total | 358.629 | 330.206 |

NOTE 22: COST OF RAW MATERIALS CONSUMED , CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK -IN- TRADE AND WORK-IN-PROGRESS

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| (A) Cost of raw material consumed | 14,079.109 | 13,258.764 |
| (B) Changes in inventories of finished goods, work-in-progress and stock-in-trade | | |
| Opening Stock (refer note 10) | | |
| Finished goods | 1,101.240 | 1,201.655 |
| Work-in- progress | 1,708.990 | 1,606.401 |
| Stock in trade | 312.247 | 242.206 |
| | 3,122.477 | 3,050.262 |
| Closing Stock (refer note 10) | | |
| Finished goods | 1,443.157 | 1,101.240 |
| Work-in- progress | 1,698.783 | 1,708.990 |
| Stock in trade | 413.511 | 312.247 |
| | 3,555.451 | 3,122.477 |
| Total change in inventories | (432.974) | (72.215) |



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 23: EMPLOYEE BENEFITS EXPENSE

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| (a) Salaries, wages and bonus | 3,079.384 | 2,540.290 |
| (b) Defined contribution plans | | |
| Contribution to provident fund, superannuation fund and ESIC | 59.138 | 53.588 |
| (c) Defined benefit plans | | |
| Gratuity, Provident fund and Pension | 145.419 | 121.362 |
| (d) Welfare expenses | 147.353 | 158.150 |
| Total | 3,431.294 | 2,873.390 |

NOTE 24: FINANCE COSTS

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| (a) Interest expense (at effective interest rate/ market rate of interest) | 23.541 | 99.690 |
| (b) Other borrowing costs (includes bank guarantee commission, LC charges, loan processing charges) | 34.544 | 38.574 |
| Total | 58.085 | 138.264 |

NOTE 25: DEPRECIATION AND AMORTISATION EXPENSE

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| (a) Depreciation on property, plant and equipment | 418.036 | 371.562 |
| (b) Amortization of intangible assets | 20.462 | 15.233 |
| (c) Amortisation of right to use assets (Lease) | 52.184 | 37.591 |
| Total | 490.682 | 424.386 |

NOTE 26: OTHER EXPENSES

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|-------------------------------------|-----------------------------|-----------------------------|
| Other Manufacturing Expenses | | |
| Stores and spares consumed | 1,133.776 | 1,045.910 |
| Processing charges | 577.327 | 478.126 |
| Power and fuel | 434.658 | 390.447 |
| Repairs and maintenance | | |
| Plant and machinery | 179.868 | 169.550 |
| Buildings | 40.825 | 68.445 |
| Other | 46.194 | 42.774 |
| Other expenses | | |
| Rent | 38.443 | 28.393 |
| Rates and taxes | 30.008 | 62.715 |
| Travelling and conveyance | 268.096 | 210.609 |
| Communication expenses | 61.013 | 69.105 |
| Insurance | 30.777 | 42.518 |
| Directors' sitting fees | 6.000 | 7.201 |
| Royalties and fees * | 66.477 | 61.887 |
| Freight and forwarding charges | 311.891 | 385.134 |
| Brokerage and commission | 52.842 | 50.721 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Advertisements and publicity | 182.670 | 169.652 |
| Provision for product warranty | 228.383 | 255.364 |
| Loss on sale/disposal of fixed assets | 1.169 | 12.601 |
| Provision for doubtful debts, advances and claims | -59.369 | 406.232 |
| Bad debts written off | 313.787 | 27.282 |
| Advances, deposits and claims written off | 0.386 | 0.545 |
| Auditor's remuneration (refer note 31) | 8.898 | 8.627 |
| Professional, consultancy and legal expenses | 550.594 | 487.395 |
| Security services | 57.662 | 54.692 |
| Computer services | 307.361 | 246.908 |
| Non-executive directors remuneration | 19.000 | 14.375 |
| Stationery and Printing | 9.782 | 9.274 |
| Training course expenses | 8.134 | 6.885 |
| Outside labour charges | 452.128 | 373.774 |
| Corporate social responsibility expenses (refer note 43) | 32.187 | 24.165 |
| Other miscellaneous expenses | 165.525 | 130.482 |
| Total | 5,556.492 | 5,341.788 |

* As specified in the note given in the Board's Report in respect of legal proceedings pending against KPL, the company has in the interim, without prejudice to all its rights and contentions, including those in the pending proceedings, in compliance with the directions of the Order dated 05.12.2023 of the Hon'ble Commercial Court, Pune, KBL has deposited the claimed royalty amount with the Court from the quarter ended October 2018 onwards until 3rd quarter of 23-24. Pending dispute, the Hon'ble Commercial Court, has directed its treasury to invest the said deposited royalty amount in a Nationalized bank for a fixed term of three years.

NOTE 27: OTHER COMPREHENSIVE INCOME

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Items that will not be reclassified to profit or loss | | |
| Remeasurements gains and losses on post employment benefits | (95.587) | (44.115) |
| Tax on remeasurements gains and losses | 24.056 | 19.427 |
| Total | (71.531) | (24.688) |

NOTE 28 : CONTINGENT LIABILITIES

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| a) Claims against the company not acknowledged as debt | | |
| Other legal cases | 199.009 | 225.688 |
| Other money for which the company is contingently liable for (Matter Subjudice) | | |
| a) Central excise, service tax and GST | 1,031.144 | 1,047.213 |
| b) Sales tax | 171.413 | 198.566 |
| c) Income tax | 119.080 | 132.511 |
| d) Labour matters | 47.711 | 37.543 |
| Total | 1,568.357 | 1,641.521 |

The company does not expect any reimbursement in respect of the above contingent liabilities. It is not practicable to estimate the timing of cash flow if any with respect to above matters.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 29 : COMMITMENTS

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances) | 755.893 | 516.953 |
| b) Letters of credit outstanding | 653.436 | 865.040 |

NOTE 30 : ADDITIONAL DISCLOSURES AS REQUIRED BY IND AS 115 'REVENUE FROM CONTRACTS WITH CUSTOMERS'

A) Additional details in relation to contracts satisfied over the period

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| a) Contract revenue recognised as revenue for the year | 618.211 | 1,219.619 |
| b) Advances received | 1,034.743 | 1,040.495 |
| c) Amount of retentions | 1,322.867 | 1,503.652 |
| d) Gross amount due from customer | | |
| Contract costs incurred | 4,210.682 | 7,765.211 |
| Recognised profits less recognised losses | 629.986 | 2,862.222 |
| Less: Progress billing | 4,635.722 | 10,364.917 |
| Less: Provision for gross amount due from customer | 40.824 | 75.673 |
| Total gross amount due from customer | 164.122 | 186.843 |
| e) Gross amount due to customer | | |
| Contract costs incurred | 24,796.071 | 27,312.291 |
| Recognised profits less recognised losses | 4,659.498 | 4,680.577 |
| Less: Progress billing | 31,061.798 | 33,551.685 |
| Total gross amount due to customer | (1,606.229) | (1,558.817) |

i. Movement in gross amount due from customer and due to customer is due to difference in revenue recognition as compared to progress billings.

B) Disaggregation of revenue from sale of products / services

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|------------------|-----------------------------|-----------------------------|
| a) Within India | 25,139.456 | 23,367.885 |
| b) Outside India | 1,746.413 | 1,757.962 |
| Total | 26,885.869 | 25,125.847 |

C) Reconciliation of revenue from sale of products / services with the contracted price

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| a) Contracted price | 27,324.262 | 25,442.610 |
| Less - trade discounts, volume rebates, late delivery charges etc | 438.393 | 316.763 |
| Total | 26,885.869 | 25,125.847 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Opening contracted price of orders as at start of the year | 54,767.803 | 54,857.436 |
| Add - Fresh orders/change orders received (net) including exchange rate movement | 290.975 | - |
| Less- Orders completed during year | (6,464.840) | (89.633) |
| Closing contracted price of orders as at the end of the year | 48,593.938 | 54,767.803 |
| a. Revenue out of orders completed during the year | 4.070 | 3.527 |
| b. Revenue out of orders under execution at the end of the year (I) | 614.141 | 1,216.093 |
| Total Revenue recognised during the year | 618.211 | 1,219.620 |
| Revenue recognised upto previous year (from orders pending completion at the end of the year) (II) | 36,375.604 | 42,286.285 |
| Balance revenue to be recognised in future (III) | 11,604.193 | 11,265.425 |
| Closing contracted price of orders as at the end of the year (I+II+III) | 48,593.938 | 54,767.803 |

D) Cost to obtain the contract

Amount recognised as asset as at 31st March 2024 is Nil (PY: Nil)

Amount of amortisation recognised in the statement of profit and loss during the year is Nil (PY: Nil)

Information about the Company's performance obligations are summarised below:

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31st March are, as follows

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Balance revenue to be recognised in future | | |
| Revenue to be recognised within 1 year | 1,476.220 | 2,986.935 |
| Revenue to be recognised after 1 year | 10,127.973 | 8,278.490 |
| | 11,604.193 | 11,265.425 |

NOTE 31: REMUNERATION TO AUDITORS

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---------------------------|-----------------------------|-----------------------------|
| a) Audit fees | 5.600 | 5.600 |
| b) Limited review fees | 2.400 | 2.400 |
| c) Certification services | 0.450 | 0.206 |
| d) Expenses reimbursed | 0.448 | 0.421 |
| | 8.898 | 8.627 |

NOTE 32 : EARNING PER SHARE (BASIC AND DILUTED)

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| a) Profit before tax | 3,225.045 | 2,072.847 |
| Less : Tax expenses | 790.910 | 546.920 |
| Profit after tax | 2,434.135 | 1,525.927 |
| b) Weighted average number of equity shares used as denominator | 79,408,926 | 79,408,926 |
| c) Basic and diluted earning per share of nominal value of ₹ 2/- each | 30.65 | 19.22 |



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 33: EXPENDITURE ON RESEARCH & DEVELOPMENT ACTIVITIES

| Particulars | | Year ended 31 March 2024 | Year ended 31 March 2023 |
|-------------|---------------------|-----------------------------|-----------------------------|
| a) | Revenue expenditure | 284.790 | 248.245 |
| b) | Capital Expenditure | 4.789 | 2.308 |
| | | 289.579 | 250.553 |

NOTE 34 : EMPLOYEE BENEFITS

i. Defined Contribution Plans:

Amount of ₹59.138 MN (PY - ₹ 53.588 MN.) is recognised as an expense towards defined contribution plan and included in Employees benefits expense (Note-23 in the Profit and Loss Statement.)

ii. Defined Benefit Plans:

a) The amounts recognised in Balance Sheet are as follows: Funded Plan

| Particulars | As at 31 March 2024 | | As at 31 March 2023 | |
|---|---------------------|-------------------|---------------------|-------------------|
| | Gratuity Plan | Provident Fund | Gratuity Plan | Provident Fund |
| | (Funded) | (Funded) | (Funded) | (Funded) |
| A. Amount to be recognised in Balance Sheet | | | | |
| Present Value of Defined Benefit Obligation | 726.235 | 2,050.830 | 606.971 | 1,834.826 |
| Less: Fair Value of Plan Assets | 698.914 | 2,072.965 | 512.558 | 1,868.485 |
| Amount to be recognised as liability or (asset) | 27.321 | (22.135) | 94.413 | (33.659) |
| B. Amounts reflected in the Balance Sheet | | | | |
| Liabilities | 27.321 | - | 94.413 | - |
| Assets | - | 22.135 | - | 33.659 |
| Net Liability/(Assets) | 27.321 | (22.135) | 94.413 | (33.659) |

b) The amounts recognised in the Profit and Loss Statement are as follows: Funded Plan

| Particulars | As at 31 March 2024 | | As at 31 March 2023 | |
|---|---------------------|-------------------|---------------------|-------------------|
| | Gratuity Plan | Provident Fund | Gratuity Plan | Provident Fund |
| | (Funded) | (Funded) | (Funded) | (Funded) |
| 1 Current Service Cost | 47.274 | 72.687 | 38.196 | 59.660 |
| 2 Acquisition (gain)/ loss | - | - | - | - |
| 3 Past Service Cost | - | - | - | - |
| 4 Net Interest (income)/expenses | 0.003 | (10.131) | 1.842 | (7.475) |
| 5 Actuarial Losses/(Gains) | - | - | - | - |
| 6 Curtailment (Gain)/ loss | - | - | - | - |
| 7 Settlement (Gain)/loss | - | - | - | - |
| 8 Others (Transfer In / (Out)) | - | - | 1.213 | - |
| Net periodic benefit cost recognised in the statement of profit & loss- (Employee benefit expenses - Note 23) | 47.276 | 62.556 | 41.252 | 52.185 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

c) The amounts recognised in the statement of other comprehensive income (OCI) : Funded Plan

| Particulars | 2023-24 | | 2022-23 | |
|--|---------------|----------------|---------------|----------------|
| | Gratuity Plan | Provident Fund | Gratuity Plan | Provident Fund |
| | (Funded) | (Funded) | (Funded) | (Funded) |
| 1 Opening amount recognised in OCI outside profit and loss account | - | - | - | - |
| 2 Remeasurements for the year - Obligation (Gain)/loss | 77.607 | 24.672 | 55.541 | 87.367 |
| 3 Remeasurement for the year - Plan assets (Gain) / Loss | (3.666) | (4.122) | (2.994) | (95.774) |
| 4 Total Remeasurements Cost / (Credit) for the year recognised in OCI | 73.941 | 20.550 | 52.547 | (8.407) |
| 5 Less: Accumulated balances transferred to retained earnings | 73.941 | 20.550 | 52.547 | (8.407) |
| Closing balances (remeasurement (gain)/loss recognised OCI | - | - | - | - |

d) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows: Funded Plan

| Particulars | As at 31 March 2024 | | As at 31 March 2023 | |
|--|---------------------|------------------|---------------------|------------------|
| | Gratuity Plan | Provident Fund | Gratuity Plan | Provident Fund |
| | (Funded) | (Funded) | (Funded) | (Funded) |
| 1 Balance of the present value of Defined benefit Obligation at the beginning period | 606.971 | 1,834.826 | 511.767 | 1,586.091 |
| 2 Acquisition adjustment | - | - | - | - |
| 3 Transfer in/ (out) | - | (6.113) | 1.287 | (10.069) |
| 4 Interest expenses | 43.113 | 130.570 | 33.711 | 107.119 |
| 5 Past Service Cost | - | - | - | - |
| 6 Current Service Cost | 47.274 | 72.687 | 38.196 | 59.660 |
| 7 Curtailment Cost / (credit) | - | - | - | - |
| 8 Settlement Cost/ (credit) | - | - | - | - |
| 9 Benefits paid | (48.729) | (140.720) | (33.531) | (111.645) |
| 10 Employee Contribution | - | 134.908 | - | 116.303 |
| 11 Remeasurements on obligation - (Gain) / Loss | 77.607 | 24.672 | 55.541 | 87.367 |
| Present value of obligation as at the end of the period | 726.236 | 2,050.830 | 606.971 | 1,834.826 |



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

- e) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows: **Funded Plan**

| Particulars | As at 31 March 2024 | | As at 31 March 2023 | |
|---|---------------------|----------------|---------------------|----------------|
| | Gratuity Plan | Provident Fund | Gratuity Plan | Provident Fund |
| | (Funded) | (Funded) | (Funded) | (Funded) |
| 1 Fair value of the plan assets as at beginning of the period | 512.558 | 1,868.485 | 458.990 | 1,605.918 |
| 2 Acquisition adjustment | - | - | - | - |
| 3 Transfer in/(out) | - | (6.113) | 0.073 | (10.070) |
| 4 Interest income | 43.110 | 140.701 | 31.869 | 114.594 |
| 5 Contributions | 186.126 | 206.490 | 52.776 | 173.914 |
| 6 Benefits paid | (46.106) | (140.720) | (33.531) | (111.645) |
| 7 Mortality Charges and Taxes | (0.441) | - | (0.613) | - |
| 8 Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss) | 3.666 | 4.122 | 2.994 | 95.774 |
| Fair value of plan assets as at the end of the period | 698.913 | 2,072.965 | 512.558 | 1,868.485 |

- f) **Net interest (Income) /expenses: Funded Plan**

| Particulars | 2023-24 | | 2022-23 | |
|--|---------------|----------------|---------------|----------------|
| | Gratuity Plan | Provident Fund | Gratuity Plan | Provident Fund |
| | (Funded) | (Funded) | (Funded) | (Funded) |
| 1 Interest (Income) / Expense – Obligation | 43.113 | 130.570 | 33.711 | 107.119 |
| 2 Interest (Income) / Expense – Plan assets | (43.110) | (140.701) | (31.869) | (114.594) |
| 3 Net Interest (Income) / Expense for the year | 0.003 | (10.131) | 1.842 | (7.475) |

- g) **The broad categories of plan assets as a percentage of total plan assets of Employee's Gratuity Scheme are as under:**

Majority of plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. Company has also invested part of it's fund with private life insurance company ICICI prudential.

- h) **The amounts pertaining to defined benefit plans are as follows: Funded Plan**

| Particulars | As at 31 March 2024 | | As at 31 March 2023 | |
|----------------------------|---------------------|----------------|---------------------|----------------|
| | Gratuity Plan | Provident Fund | Gratuity Plan | Provident Fund |
| | (Funded) | (Funded) | (Funded) | (Funded) |
| Defined Benefit Obligation | 726.235 | 2,050.830 | 606.971 | 1,834.826 |
| Plan Assets | 698.914 | 2,072.965 | 512.558 | 1,868.485 |
| Surplus/(Deficit) | (27.321) | 22.135 | (94.413) | 33.659 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

i) The amounts recognised in Balance Sheet are as follows: Non-Funded Plan

| Particulars | As at | As at |
|---|--------------------------------|--------------------------------|
| | 31 March 2024 | 31 March 2023 |
| | Pension Scheme (Non-Funded) | Pension Scheme (Non-Funded) |
| A. Amount to be recognised in Balance Sheet | | |
| Present Value of Defined Benefit Obligation | 21.823 | 22.372 |
| Less: Fair Value of Plan Assets | - | - |
| Amount to be recognised as liability or (asset) | 21.823 | 22.372 |
| B. Amounts reflected in the Balance Sheet | | |
| Liabilities | 21.823 | 22.372 |
| Assets | - | - |
| Net Liability/(Assets) | 21.823 | 22.372 |

j) The amounts recognised in the Profit and Loss Statement are as follows: Non-Funded Plan

| Particulars | 2023-24 | 2022-23 |
|--|----------------|----------------|
| | Pension Scheme | Pension Scheme |
| | (Non-Funded) | (Non-Funded) |
| 1 Current Service Cost | - | - |
| 2 Acquisition (gain)/ loss | - | - |
| 3 Past Service Cost | - | - |
| 3 Net Interest (income)/expenses | 1.558 | 1.612 |
| 5 Actuarial Losses/(Gains) | - | - |
| 6 Curtailment (Gain)/ loss | - | - |
| 7 Settlement (Gain)/loss | - | - |
| 8 Others | - | - |
| Net periodic benefit cost recognised in the statement of profit & loss- (Employee benefit expenses - Note 23) | 1.558 | 1.612 |

k) The amounts recognised in the statement of other comprehensive income (OCI) : Non-Funded Plan

| Particulars | 2023-24 | 2022-23 |
|---|----------------|----------------|
| | Pension Scheme | Pension Scheme |
| | (Non-Funded) | (Non-Funded) |
| 1 Opening amount recognised in OCI outside profit and loss account | - | - |
| 2 Remeasurements for the year - Obligation (Gain)/loss | 1.096 | (0.025) |
| 3 Remeasurement for the year - Plan assets (Gain) / Loss | - | - |
| 4 Total Remeasurements Cost / (Credit) for the year recognised in OCI | 1.096 | (0.025) |
| 5 Less: Accumulated balances transferred to retained earnings | 1.096 | (0.025) |
| Closing balances (remeasurement (gain)/loss recognised OCI) | - | - |



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

- l) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows: Non Funded Plan

| Particulars | As at | As at |
|--|--------------------------------|---------------------------------|
| | 31 March 2024 | 31 March 2023 |
| | Pension Scheme (Non-Funded) | Pension Scheme (Non- Funded) |
| 1 Balance of the present value of Defined benefit Obligation as at beginning of the period | 22.372 | 23.987 |
| 2 Acquisition adjustment | - | - |
| 3 Transfer in/ (out) | - | - |
| 4 Interest expenses | 1.558 | 1.612 |
| 5 Past Service Cost | - | - |
| 6 Current Service Cost | - | - |
| 7 Curtailment Cost / (credit) | - | - |
| 8 Settlement Cost/ (credit) | - | - |
| 9 Benefits paid | (3.202) | (3.202) |
| 10 Remeasurements on obligation - (Gain) / Loss | 1.096 | (0.025) |
| Present value of obligation as at the end of the period | 21.824 | 22.372 |

- m) Net interest (Income) /expenses Non Funded Plan

| Particulars | Pension Scheme | Pension Scheme |
|--|----------------|----------------|
| | (Non-Funded) | (Non- Funded) |
| | 2023-24 | 2022-23 |
| 1 Interest (Income) / Expense – Obligation | 1.558 | 1.612 |
| 2 Interest (Income) / Expense – Plan assets | - | - |
| 3 Net Interest (Income) / Expense for the year | 1.558 | 1.612 |

- n) The amounts pertaining to defined benefit plans are as follows:Non Funded Plan

| Particulars | Pension Scheme | Pension Scheme |
|----------------------------|----------------|----------------|
| | (Non-Funded) | (Non- Funded) |
| | 2023-24 | 2022-23 |
| Defined Benefit Obligation | 21.823 | 22.372 |
| Plan Assets | - | - |
| Surplus/(Deficit) | (21.823) | (22.372) |

Basis used to determine the overall expected return:

The net interest approach effectively assumes an expected rate of return on plan assets equal to the beginning of the year Discount Rate. Expected return of 7.4% (PY 6.8%) has been used for the valuation purpose.

- o) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

- Discount rate as at 31-03-2024 - 7.20% (PY- 7.40%)
- Expected return on plan assets as at 31-03-2024- 7.40%(PY- 6.80%)
- Salary growth rate : For Gratuity Scheme - 10% (PY - 10%). Impact for change in accounting estimate along with other remeasurmnt impact is recognised in other comprehensive income.
- Attrition rate: For gratuity scheme the attrition rate is taken at 11% (PY - 11%)
- The estimates of future salary increase considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- Weighted average duration of the Gratuity plan (based on discounted cash flows using mortality, withdrawal rate and interest rate) is 7.06 years and for Pension plan 6.56 years.

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FOR THE YEAR ENDED 31ST MARCH 2024

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p) General descriptions of defined plans:

1 Gratuity Plan:

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

2 Company's Pension Plan:

The company operates a Pension Scheme for specified ex-employees wherein the beneficiaries are entitled to defined monthly pension.

q) The Company expects to fund ₹ 27.230 MN (P.Y ₹ 94.41 MN) towards its gratuity plan in the year 2024-25

r) Sensitivity analysis

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation (PVO). Sensitivity analysis is done by varying (increasing/ decreasing) one parameter at a time and studying its impact

One percentage point change in actuarial assumptions would have the following effects on the defined benefit obligation

| Change in assumption | Effect on Gratuity obligation | |
|------------------------------------|-------------------------------|------------------------|
| | As at 31 March 2024 | As at 31 March 2023 |
| 1 Discount rate | | |
| Increase by 1% to 8.2% (PY - 8.4%) | 692.183 | 578.074 |
| Decrease by 1% to 6.2% (PY- 6.4%) | 763.858 | 638.925 |
| 2 Salary increase rate | | |
| Increase by 1% to 11% (PY- 11%) | 756.327 | 632.671 |
| Decrease by 1% to 9% (PY- 9%) | 698.371 | 583.194 |
| 3 Withdrawal rate | | |
| Increase by 1% to 12.0% (PY - 12%) | 722.090 | 603.634 |
| Decrease by 1% to 10.0% (PY - 10%) | 730.763 | 610.617 |

Half percentage point change in actuarial assumptions would have the following effects on the defined benefit obligation

| Change in assumption | Effect on Provident Fund obligation | |
|---|-------------------------------------|------------------------|
| | As at 31 March 2024 | As at 31 March 2023 |
| 1 Discount rate | | |
| Increase by 0.5% to 7.7% (PY- 7.9%) | 2,031.472 | 1,824.784 |
| Decrease by 0.5% to 6.7% (PY- 6.9%) | 2,071.133 | 1,853.797 |
| 2 Interest rate | | |
| Increase by 0.50% to 8.75% (PY- 8.65%) | 2,070.158 | 1,853.191 |
| Decrease by 0.50% to 7.75% (PY - 7.65%) | 2,031.502 | 1,824.784 |

One percentage point change in actuarial assumptions would have the following effects on the defined benefit obligation

| Change in assumption | Effect on Provident Fund obligation | |
|------------------------------------|-------------------------------------|------------------------|
| | As at 31 March 2024 | As at 31 March 2023 |
| 1 Discount rate | | |
| Increase by 1% to 8.2% (PY - 8.5%) | 20.796 | 21.293 |
| Decrease by 1% to 6.2% (PY- 6.5%) | 22.950 | 23.558 |



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- iii. The Company will assess the impact of Code on Wages, 2019 and the Code on Social Security, 2020 and give effect in the financial statements when the date of implementation of these codes and the Rules/Schemes thereunder are notified.

NOTE 35 :RELATED PARTY DISCLOSURES

(A) Names of the related party and nature of relationship where control/ significant influence exists

| Sr. No. | Name of the related party | Nature of relationship |
|---------|--|---|
| 1 | Karad Projects and Motors Limited | Subsidiary Company |
| 2 | The Kolhapur Steel Limited | Subsidiary Company |
| 3 | Kirloskar Corrocoat Private Limited | Subsidiary Company |
| 4 | Kirloskar Brothers International BV | Subsidiary Company |
| 5 | SPP Pumps Limited | Subsidiary of Kirloskar Brothers International B.V. |
| 6 | Kirloskar Brothers(Thailand) Limited | Subsidiary of Kirloskar Brothers International B.V. |
| 7 | SPP Pumps (MENA) LLC | Subsidiary of Kirloskar Brothers International B.V. |
| 8 | Kirloskar Pompen BV | Subsidiary of Kirloskar Brothers International B.V. |
| 9 | Micawber 784 (Proprietary) Limited | Subsidiary of Kirloskar Brothers International B.V. |
| 10 | SPP Pumps International (Proprietary) Limited | Subsidiary of Kirloskar Brothers International B.V. |
| 11 | Rotaserve Limited | Subsidiary of Kirloskar Brothers International B.V. |
| 12 | SPP Pumps France S.A.S | Subsidiary of SPP Pumps Limited |
| 13 | SPP Pumps Inc. | Subsidiary of SPP Pumps Limited |
| 14 | SPP Pumps (South Africa) (Proprietary) Limited | Subsidiary of SPP Pumps International (Proprietary) Limited |
| 15 | Braybar Pumps (Proprietary) Limited | Subsidiary of SPP Pumps International (Proprietary) Limited |
| 16 | Rodelta Pumps International BV | Subsidiary of Kirloskar Brothers International B.V. |
| 17 | Rotaserve BV | Subsidiary of Kirloskar Pompen BV |
| 18 | SPP Pumps Real Estate LLC | Subsidiary of SPP Pumps Inc |
| 19 | SyncroFlo Inc. | Subsidiary of SPP Pumps Inc |
| 20 | SPP Pumps (Asia) Ltd | Subsidiary of Kirloskar Brothers (Thailand) Ltd |
| 21 | SPP Pumps (Singapore) Pte. Ltd | Subsidiary of Kirloskar Brothers (Thailand) Ltd |
| 22 | Rotaserve Mozambique | Subsidiary of SPP Pumps International (Proprietary) Limited |
| 23 | KBL Synerge LLP * | Associate of Kirloskar Brothers Limited |
| 24 | Kirloskar Ebara Pumps Limited | Joint venture of Kirloskar Brothers Limited |

(B) : Names of related parties with whom transactions have been entered into:

| Sr. No. | Name of the related party | Nature of relationship |
|---------|---------------------------|--|
| 1) | Subsidiary Companies | Karad Projects and Motors Limited The Kolhapur Steel Limited Kirloskar Corrocoat Private Limited SPP Pumps Limited SPP Pumps Inc. Kirloskar Pompen B.V Kirloskar Brothers (Thailand) Limited Rodelta Pumps International BV SPP Pumps International (Proprietary) Limited SyncroFlo Inc. Rotaserve B.V. SPP Pumps (MENA) LLC Braybar Pumps (Proprietary) Limited |

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| Sr. No. | Name of the related party | Nature of relationship |
|---------|---|---|
| 2) | Joint Venture | Kirloskar Ebara Pumps Limited |
| 3) | Key Management Personnel | Mr. Sanjay Kirloskar Mr. Alok Kirloskar Ms. Rama Kirloskar Mr. M. S. Unnikrishnan Mr. Amitava Mukherjee (Upto 03 July 2023) Ms. Rekha Sethi Mr. Vivek Pendharkar Mr. Shobinder Duggal Mr. Shrinivas Dempo Ms. Ramni Nirula Mr. Vinayak Deshpande (From 02 August 2023) Mr. Chittaranjan Mate Mr. Devang Trivedi |
| 4) | Close Members of family of Key Management Personnel | Mrs. Pratima Kirloskar (wife of Mr. Sanjay Kirloskar) |
| 5) | Post Employee Benefit Plans | Kirloskar Brothers Ltd Employees Prov. Fund For Engg. Factory Kirloskar Brothers Ltd Staff Members Prov. Fund Kirloskar Brothers Limited, Kirloskarvadi Employee Gratuity Fund Kirloskar Brothers Executive Staff Superannuation fund |

* KBL Synerge LLP ceased to be an associate of the Company from 3 July 2023.

(C) Disclosure of related parties transactions

| Sr No | Nature of transaction/relationship/major parties | 2023-24 | | 2022-23 | |
|-------|---|------------------|---------------------------|------------------|---------------------------|
| | | Amount | Amount for Major parties* | Amount | Amount for Major parties* |
| 1 | Purchase of goods | 4,229.180 | | 4,309.018 | |
| | Subsidiary/Fellow subsidiary Companies | | | | |
| | Karad Projects and Motors Limited | | 3,937.309 | | 3,928.559 |
| 2 | Sale of goods/contract revenue | 1,429.672 | | 1,426.033 | |
| | Subsidiary/Fellow subsidiary Companies | | | | |
| | SPP Pumps Limited | | 356.808 | | 414.896 |
| | Kirloskar Brothers (Thailand) Ltd. | | 355.088 | | 366.296 |
| | SPP Pumps Inc. | | 261.120 | | 255.803 |
| | The Kolhapur Steel Limited | | 220.316 | | 191.583 |
| 3 | Rendering Services | 140.352 | | 134.844 | |
| | Subsidiary/Fellow subsidiary Companies/Joint venture | | | | |
| | Kirloskar Brothers (Thailand) Ltd. | | 12.393 | | 13.848 |
| | Kirloskar Ebara Pumps Limited | | 44.923 | | 45.687 |
| | SPP Pumps Limited | | 42.021 | | 35.357 |
| 4 | Receiving Services | 92.870 | | 107.897 | |
| | Subsidiary/Fellow subsidiary Companies /Joint Venture | | | | |
| | Kirloskar Brothers (Thailand) Ltd. | | 0.204 | | 15.410 |
| | Rodelta Pumps International BV | | 50.700 | | 59.230 |
| | Kirloskar Ebara Pumps Limited | | 23.036 | | 15.767 |
| | Close Members of family of Key Management Personnel | | | | |
| | Mrs Pratima Kirloskar | | 6.941 | | 5.125 |



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

| Sr No | Nature of transaction/relationship/major parties | 2023-24 | | 2022-23 | |
|----------|---|----------------|---------------------------|----------------|---------------------------|
| | | Amount | Amount for Major parties* | Amount | Amount for Major parties* |
| 5 | Interest Received | 9.586 | | 12.572 | |
| | The Kolhapur Steel Limited | | 9.586 | | 12.572 |
| 6 | Dividend Paid | 142.664 | | 95.169 | |
| | Key Management Personnel | | | | |
| | Mr. Sanjay Kirloskar (**) | | 80.314 | | 53.542 |
| | Close Members of family of Key Management Personnel | | | | |
| | Mrs. Pratima Kirloskar | | 62.323 | | 41.548 |
| 7 | Dividend Received | 174.267 | | 112.877 | |
| | Subsidiary/Fellow subsidiary Companies/Joint Venture | | | | |
| | Karad Projects & Motors Limited | | 156.267 | | 94.877 |
| | Kirloskar Ebara Pumps Limited | | 18.000 | | 18.000 |
| 8 | Remuneration Paid | 206.162 | | 168.406 | |
| | Key Management Personnel | | | | |
| | Short Term Employee Benefit | | | | |
| | Mr. Sanjay Kirloskar | | 80.241 | | 65.027 |
| | Ms. Rama Kirloskar | | 78.080 | | 62.057 |
| | Mr. Chittaranjan Mate | | 12.023 | | 10.044 |
| | Mr. Devang Trivedi | | 5.044 | | 4.244 |
| | Commission on profits | | | | |
| | Mr. Pratap Shirke | | - | | 1.500 |
| | Mr. Alok Kirloskar | | 2.400 | | 1.500 |
| | Mr. Rakesh Mohan | | - | | 0.500 |
| | Mrs. Shailaja Kher | | - | | 0.188 |
| | Mr. Pradyumna Vyas | | - | | 0.188 |
| | Mr. M.S. Unnikrishnan | | 2.400 | | 1.500 |
| | Mr. Shobinder Duggal | | 2.400 | | 1.500 |
| | Mr. Shrinivas Dempo | | 2.400 | | 1.500 |
| | Ms. Ramni Nirula | | 2.400 | | 1.500 |
| | Mr. Amitava Mukherjee | | 0.600 | | 1.500 |
| | Mr. Vivek Pendharkar | | 2.400 | | 1.500 |
| | Ms. Rekha Sethi | | 2.400 | | 1.500 |
| | Mr. Vinayak Deshpande | | 1.600 | | - |
| | Key Management Personnel | | | | |
| | Sitting Fees | | | | |
| | Mr. Pratap Shirke | | - | | 0.825 |
| | Mr. Alok Kirloskar | | 0.525 | | 0.600 |
| | Mr. Rakesh Mohan | | - | | 0.300 |
| | Mr. Pardyumn Vyas | | - | | 0.075 |
| | Mr. M.S. Unnikrishnan | | 1.200 | | 1.125 |
| | Mr. Shobinder Duggal | | 0.900 | | 0.975 |
| | Mr. Shrinivas Dempo | | 0.600 | | 0.600 |
| | Ms. Ramni Nirula | | 0.900 | | 0.525 |
| | Mr. Amitava Mukherjee | | 0.225 | | 0.975 |
| | Mr. Vivek Pendharkar | | 0.525 | | 0.600 |
| | Ms. Rekha Sethi | | 0.675 | | 0.600 |
| | Mr. Vinayak Deshpande | | 0.450 | | - |

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FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

| Sr No | Nature of transaction/relationship/major parties | 2023-24 | | 2022-23 | |
|-----------|--|------------------|---------------------------|----------------|---------------------------|
| | | Amount | Amount for Major parties* | Amount | Amount for Major parties* |
| | Post Employment Benefit | | | | |
| | Mr. Sanjay Kirloskar | | 3.180 | | 3.180 |
| | Ms. Rama Kirloskar | | 0.987 | | 0.848 |
| | Mr. Chittaranjan Mate | | 1.158 | | 1.063 |
| | Mr. Devang Trivedi | | 0.449 | | 0.367 |
| 9 | Reimbursement Received | 8.176 | | 12.979 | |
| | Subsidiary/ Fellow Subsidiary Company/Joint Venture | | | | |
| | Kirloskar Ebara Pumps Limited | | 4.223 | | 4.250 |
| | SPP Pumps Limited | | 1.301 | | 4.696 |
| | Kirloskar Brothers (Thailand) Ltd. | | 1.628 | | 0.326 |
| | Kirloskar Pompen B.V. | | - | | 1.491 |
| 10 | Reimbursement Paid | 0.283 | | 2.366 | |
| | Subsidiary/ Fellow Subsidiary Company | | | | |
| | Kirloskar Pompen B.V. | | 0.121 | | 0.966 |
| | Rodelta Pumps International BV | | 0.099 | | 0.909 |
| | Kirloskar Brothers (Thailand) Ltd. | | - | | 0.966 |
| | Rotaserve B.V. | | - | | 0.494 |
| | Braybar Pumps (Proprietary) Limited | | - | | 0.909 |
| 11 | Advance given to vendors/ adjusted against customers | 95.323 | | 79.299 | |
| | i) Business advance | | | | |
| | Subsidiary/ Fellow Subsidiary Company | | | | |
| | The Kolhapur Steel Limited | | 90.562 | | 79.299 |
| | Karad Projects & Motors Ltd | | 3.389 | | - |
| | Kirloskar Brothers (Thailand) Ltd. | | 0.188 | | - |
| | Kirloskar Pompen B.V. | | 0.979 | | - |
| | Rotaserve B.V. | | 0.152 | | - |
| | SPP Pumps Limited | | 0.054 | | - |
| | ii) Capital Advance/ | 137.000 | | - | |
| | Subsidiary/ Fellow Subsidiary Company | | | | |
| | The Kolhapur Steel Limited | | 137.000 | | - |
| 12 | Advance received from customers / adjusted against vendors (Business advance) | 133.356 | | 18.472 | |
| | Subsidiary/ Fellow Subsidiary Company | | | | |
| | The Kolhapur Steel Limited | | 129.813 | | 18.472 |
| | Karad Projects & Motors Ltd | | 2.508 | | - |
| | Kirloskar Brothers (Thailand) Ltd. | | 0.056 | | - |
| | Kirloskar Pompen B.V. | | 0.979 | | - |
| 13 | Contribution Paid for Post Employment Benefit Plan | 260.748 | | 113.195 | |
| | Provident Fund | | 72.723 | | 58.558 |
| | Superannuation Trust | | 1.899 | | 1.860 |
| | Gratuity | | 186.126 | | 52.776 |
| 14 | Corporate Guarantees Given | 2,426.083 | | - | |
| | SPP Pumps Limited | | 1,431.985 | | - |
| | Kirloskar Brothers(Thailand) Limited | | 375.183 | | - |
| | Kirloskar Pompen B.V. | | 378.916 | | - |
| | Kirloskar Corrocoat Pvt Ltd. | | 240.000 | | - |



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

| Sr No | Nature of transaction/relationship/major parties | 2023-24 | | 2022-23 | |
|-------|--|------------------|---------------------------|---------|---------------------------|
| | | Amount | Amount for Major parties* | Amount | Amount for Major parties* |
| 15 | Corporate Guarantees Cancelled | 3,366.387 | | - | |
| | SPP Pumps Ltd. - UK | | 2,341.763 | | - |
| | SPP Pumps Ltd. - UK | | 369.765 | | - |
| | Kirloskar Pompen B.V. | | 654.859 | | - |
| | Kirloskar Corrocoat Pvt Ltd. | | 190.000 | | - |

(**) Includes dividend received in capacity of trustee of ₹ 7.929 Million. (PY- ₹ 5.285 Million.)

Purchases and sales reported are net of discounts, returns etc.

* Major parties denote entities who account for 10% or more of the aggregate for that category of transaction.

The above transactions have been entered at arms length price.

(D) Amount due to/from related parties

| Sr No | Nature of transaction/relationship/major parties | 31 March 2024 | | 31 March 2023 | |
|-------|---|------------------|--------------------------|------------------|--------------------------|
| | | Amount | Amount for Major parties | Amount | Amount for Major parties |
| 1 | Accounts receivable | | | | |
| | Subsidiary/Fellow subsidiary Companies/Joint Venture | 1,312.166 | | 1,066.288 | |
| | SPP Pumps Ltd. | | 72.113 | | 97.463 |
| | Kirloskar Brothers (Thailand) Ltd. | | 207.662 | | 205.969 |
| | SPP Pumps (MENA) L.L.C. | | 5.741 | | 0.388 |
| | Braybar Pumps (Proprietary) Limited | | 0.006 | | - |
| | SPP Pumps (South Africa) (Proprietary) Limited | | - | | 5.616 |
| | SPP Pumps Inc. | | 42.644 | | 73.831 |
| | Kirloskar Ebara Pumps Limited | | 53.676 | | 70.222 |
| | Rodelta Pumps International BV | | 9.982 | | 3.618 |
| | The Kolhapur Steel Ltd | | 865.285 | | 512.819 |
| | SPP Pumps International (Proprietary) Limited | | 21.025 | | - |
| | Kirloskar Brothers Pompen BV | | 32.719 | | 71.442 |
| | Rotaserve B.V. | | 1.311 | | 13.342 |
| | Karad Projects And Motors Limited | | - | | 11.578 |
| | Advance/ loan receivable | | | | |
| | The Kolhapur Steel Ltd | | 91.042 | | 141.142 |
| 2 | Accounts payable | | | | |
| (a) | Subsidiary/Fellow subsidiary Companies/Joint Venture | 1,152.866 | | 846.901 | |
| | Karad Projects And Motors Limited | | 1,057.860 | | 722.217 |
| | Kirloskar Corrocoat Pvt Ltd. | | 5.005 | | 8.825 |
| | Rodelta Pumps International BV | | 4.628 | | 6.199 |
| | SPP Pumps Ltd. | | 5.033 | | 3.963 |
| | Kirloskar Brothers (Thailand) Ltd. | | 0.086 | | 7.235 |
| | SPP Pumps Inc. | | 0.241 | | - |
| | Kirloskar Brothers Pompen BV | | 0.121 | | 3.515 |
| | Rotaserve B.V. | | 0.671 | | 0.671 |
| | Kirloskar Ebara Pumps Limited | | 78.312 | | 93.367 |
| | Braybar Pumps (Proprietary) Limited | | 0.909 | | 0.909 |

NOTES TO THE FINANCIAL STATEMENTS

 FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

| Sr No | Nature of transaction/relationship/major parties | 31 March 2024 | | 31 March 2023 | |
|------------|--|----------------|--------------------------|----------------|--------------------------|
| | | Amount | Amount for Major parties | Amount | Amount for Major parties |
| (b) | Key Management Personnel (#) | 147.000 | | 114.376 | |
| | Mr. Sanjay Kirloskar | | 59.000 | | 47.000 |
| | Mr. Pratap Shirke | | - | | 1.500 |
| | Mr. Alok Kirloskar | | 2.400 | | 1.500 |
| | Mr. Rakesh Mohan | | - | | 0.500 |
| | Ms. Rama Kirloskar | | 69.000 | | 53.000 |
| | Mrs. Shailaja Kher | | - | | 0.188 |
| | Mr. Pradyumna Vyas | | - | | 0.188 |
| | Mr. M. S. Unnikrishnan | | 2.400 | | 1.500 |
| | Mr. Amitava Mukherjee | | 0.600 | | 1.500 |
| | Ms. Rekha Sethi | | 2.400 | | 1.500 |
| | Ms. Ramni Nirula | | 2.400 | | 1.500 |
| | Mr. Shrinivas Dempo | | 2.400 | | 1.500 |
| | Mr. Shobinder Duggal | | 2.400 | | 1.500 |
| | Mr. Vivek Pendharkar | | 2.400 | | 1.500 |
| | Mr. Vinayak Deshpande | | 1.600 | | - |

(#) Commission to Chairman- Managing Director and Non-Executive Directors is approved in board meeting held on 14th May, 2024. Payment will be made in the year 2024-25

(E) Corporate Guarantees: Below mentioned guarantees have been provided by the company to banks on behalf of subsidiary companies for availing financial facilities.

| Sr No | Particulars | 31 March 2024 | 31 March 2023 |
|-------|---|------------------|------------------|
| | | Amount | Amount |
| 1 | By the company to ICICI Bank Ltd. on behalf of Kirloskar Pompen B.V. (CY : EURO 4,200,000 , PY : EURO 7,350,000) | 378.916 | 654.859 |
| 2 | By the company to ICICI Bank Ltd. on behalf of The Kolhapur Steel Limited. | 185.500 | 185.500 |
| 3 | By the company to ICICI Bank Ltd. on behalf of SPP Pumps Ltd. (CY : GBP 13,600,000 , PY : GBP 23,100,000) | 1,431.985 | 2,341.763 |
| 4 | By the company to ICICI Bank Ltd. on behalf of Kirloskar Corrocoat Private Limited. | 240.000 | 190.000 |
| 5 | By the company to Sinhan Bank Ltd. on behalf of Kirloskar Corrocoat Private Limited. | 14.850 | 14.850 |
| 6 | By the company to Axis Bank on behalf of SPP Pumps International (Proprietary) Limited (USD 14,30,000) | 119.225 | 117.503 |
| 7 | By the company to Axis Bank on behalf of Kirloskar Brothers (Thailand) Ltd. (USD 66,00,000) | 550.268 | 542.322 |
| 8 | By the company to Citi Bank on behalf of SPP Pumps Ltd.(PY : USD 4,500,000) | - | 369.765 |
| 9 | By the company to Citi Bank on behalf of Kirloskar Pompen B.V. (USD 1,000,000) | 83.374 | 82.170 |
| 10 | By the company to Citi Bank on behalf of Kirloskar Brothers (Thailand) Ltd. (CY : USD 5,500,000 , PY : USD 1,000,000) | 458.557 | 82.170 |
| 11 | By the company to ICICI Bank Ltd. on behalf of Rodelta Pumps International B.V. (EURO 2,625,000) | 236.822 | 233.878 |
| | | 3,699.497 | 4,814.780 |



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 36 : DISCLOSURE PURSUANT TO SCHEDULE V READ WITH REGULATIONS 34(3) AND 53(F) OF THE SEBI(LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 :

A Loans and advances in the nature of loans for working capital requirements :

| Name of the Company | Balance as at | | Maximum outstanding | |
|------------------------------|---------------|---------------|---------------------|---------------|
| | 31 March 2024 | 31 March 2023 | 31 March 2024 | 31 March 2023 |
| To Subsidiary Companies | | | | |
| The Kolhapur Steel Limited * | 91.042 | 141.142 | 141.142 | 159.614 |
| To Associates | | | | |
| KBL Synerge LLP | - | - | - | - |

* Consists of ₹ 9.510 Million unsecured loan given under order from Board for Industrial and Financial Reconstructions (BIFR) in 2008-09 without any specific agreed terms for charge of interest and repayment. Balance loan of ₹ 81.532 Million with interest rate of 8.5% and other specified terms and conditions.

B Loans and advances in the nature of loans to firms/companies in which directors are interested: NIL

C Investment by the loanee (borrower) in the shares of the Company or subsidiary of the Company : NIL

Note:- Loans to employees under various schemes of the company (such as housing loan, furniture loan, education loan etc.) have been considered to be outside the purview of this disclosure requirements.

NOTE 37 : JOINT VENTURE AND JOINTLY CONTROLLED OPERATIONS

a) List of Joint Venture

| Sr No | Name of the Joint Venture | Description | Ownership Interest | Country of Incorporation |
|-------|-------------------------------|---------------------------|--------------------|--------------------------|
| 1 | Kirloskar Ebara Pumps Limited | Jointly controlled entity | 45% | India |

b) Financial Interest in Jointly controlled entities

| Sr. No | Name of the Joint Venture | Summarized financial information | As at | As at |
|--------|-------------------------------|----------------------------------|----------------|----------------|
| | | | 31 March 2024 | 31 March 2023 |
| 1 | Kirloskar Ebara Pumps Limited | Assets | 4,000.504 | 2,941.938 |
| | | Liabilities | 1,856.865 | 975.784 |
| | | | 2023-24 | 2022-23 |
| | | Income | 3,105.635 | 2,409.472 |
| | | Expenses(including tax expenses) | 2,880.097 | 2,171.623 |
| | | Profit after tax | 225.538 | 237.849 |
| | | Other comprehensive income | (8.053) | (1.780) |
| | | Total comprehensive income | 217.485 | 236.069 |

c) Contingent liabilities, if any, incurred in relation to interest in Joint Ventures: Nil (PY: ₹ Nil Million)

d) Capital commitments, if any, in relation to interest in Joint Ventures: ₹ 7.177 Million (PY: ₹ 10.110 Million)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

e) List of Jointly controlled operations :

| Sr No | Name of the Jointly controlled operation | Description | Ownership Interest | Country of Incorporation |
|-------|--|-------------------------------|--------------------|--------------------------|
| 1 | HCC - KBL * | Jointly controlled operations | N A | India |
| 2 | KBL - MCCL | Jointly controlled operations | N A | India |
| 3 | KCCPL - IHP - BRC - TAIPPL - KBL JV * | Jointly controlled operations | N A | India |
| 4 | IVRCL - KBL JV | Jointly controlled operations | N A | India |
| 5 | Maytas - KBL JV | Jointly controlled operations | N A | India |
| 6 | Larsen & Toubro - KBL JV | Jointly controlled operations | N A | India |
| 7 | KBL-MEIL-KCCPL JV | Jointly controlled operations | N A | India |
| 8 | KBL - PLR JV | Jointly controlled operations | N A | India |
| 9 | KBL - Koya - VA Tech JV | Jointly controlled operations | N A | India |
| 10 | KBL - PIL Consortium | Jointly controlled operations | N A | India |
| 11 | Larsen & Toubro - KBL - Maytas JV | Jointly controlled operations | N A | India |
| 12 | IVRCL - KBL - MEIL JV | Jointly controlled operations | N A | India |
| 13 | Pioneer - Avantica - ZVS - KBL JV | Jointly controlled operations | N A | India |
| 14 | AMR - Maytas - KBL - WEG JV * | Jointly controlled operations | N A | India |
| 15 | Indu - Shrinivasa Constructions - KBL - WEG JV | Jointly controlled operations | N A | India |
| 16 | MEIL - KBL - IVRCL JV | Jointly controlled operations | N A | India |
| 17 | MEIL - Maytas - KBL JV | Jointly controlled operations | N A | India |
| 18 | KCCPL - TAIPPL - KBL JV | Jointly controlled operations | N A | India |
| 19 | KBL-SPML JV | Jointly controlled operations | N A | India |
| 20 | MEIL - KBL JV * | Jointly controlled operations | N A | India |
| 21 | MAYTAS - MEIL - KBL JV | Jointly controlled operations | N A | India |
| 22 | Gondwana - KBL JV | Jointly controlled operations | N A | India |
| 23 | MEIL -PRASAD-KBL CONSORTIUM | Jointly controlled operations | N A | India |
| 24 | JCPL - MEIL - KBL CONSORTIUM | Jointly controlled operations | N A | India |
| 25 | KBL -PTIL UJV | Jointly controlled operations | N A | India |
| 26 | KBL - RATNA - JOINT VENTURE | Jointly controlled operations | N A | India |
| 27 | MEIL-KBL-WEG CONSORTIUM | Jointly controlled operations | N A | India |
| 28 | MEIL-KBL- (KDWSP) JV | Jointly controlled operations | N A | India |
| 29 | KBL and TCIPL JOINT VENTURE | Jointly controlled operations | N A | India |
| 30 | ACPL & KBL JV * | Jointly controlled operations | N A | India |
| 31 | Kirloskar Brothers Ltd. JV * | Jointly controlled operations | N A | India |
| 32 | ITD CEMENTATION INDIA LIMITED JV | Jointly controlled operations | N A | India |
| 33 | GSJ - KBL JV | Jointly controlled operations | N A | India |
| 34 | JBL-KBL-GSJ JV | Jointly controlled operations | N A | India |

* These JVs are operationally and financially closed, however formal dissolution of JV is in progress



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 38 : DETAILS OF PROVISIONS AND MOVEMENTS IN EACH CLASS OF PROVISIONS

| Particulars | Provision for compensated absences | Provision for product warranty | Provision for decommissioning and restoration cost | Provision for loss on long term contracts |
|---|------------------------------------|--------------------------------|--|---|
| Carrying amount as at 1 April 2022 | 285.613 | 264.659 | 8.892 | 13.674 |
| Add: Provision during the year 2022-23 (net of excess/ short provision of earlier year) | 33.702 | 255.364 | - | 1.773 |
| Add: Unwinding of discounts | - | 4.753 | 0.729 | - |
| Less: Amount utilized during the year 2022-23 | (30.229) | (216.025) | - | (4.038) |
| Carrying amount as at 31 March 2023 | 289.086 | 308.751 | 9.621 | 11.409 |
| Add: Provision during the year 2023-24 (net of excess/ short provision of earlier year) | 147.545 | 228.383 | - | 4.179 |
| Add: Unwinding of discounts | - | 25.792 | 0.791 | - |
| Less: Amount utilized during the year 2023-24 | (33.330) | (258.575) | - | (1.801) |
| Carrying amount as at 31 March 2024 | 403.301 | 304.351 | 10.412 | 13.787 |
| Non-current provision | 191.719 | 33.216 | 10.412 | - |
| Current provision | 211.582 | 271.135 | - | 13.787 |

Compensated absences

The cost of the leave encashment and the present value of the leave encashment obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates.

Provision for warranty

Provision for warranty is made for estimated warranty claims in respect of products sold, which are under warranty at the end of the reporting period. These claims are expected to be settled as per schedule of warranty i.e. upto 18 months. Management records the provision based on the historical warranty claims information and any recent trends that may suggest future claims could differ historical amount.

Provision for decommissioning and restoration cost

A provision has been recognised for decommissioning and restoration costs associated with windmills on lease hold land. The company is committed to restore the site at the end of useful life of windmills.

Provision for long term contract

A provision is made for the expected loss of the projects, where the estimated cost is more than the estimated revenue. Changes in estimated cost and estimated revenue are assessed by the management at the end of reporting period based on the price variation received/ given, change in the scope of project and revision of estimates regarding date of completion, expected costs to be incurred, changes in external circumstances such as applicable tax rates etc.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 39 : FAIR VALUE MEASUREMENTS

As per assessments made by the management fair values of all financial instruments carried at amortised costs (except as specified below) are not materially different from their carrying amounts since they are either short term nature or the interest rates applicable are equal to the current market rate of interest.

The Company has not performed a fair valuation of its investment in unquoted ordinary shares which are classified as FVTOCI (refer Note 5), as the Company believes that impact of change on account of fair value is insignificant.

| Sr. No | Particulars | Carrying value | |
|--------|--|---------------------|---------------------|
| | | As at 31 March 2024 | As at 31 March 2023 |
| | Financial Asset | | |
| | Levelled at Level 1 | | |
| a) | Carried at fair value through profit and loss | | |
| | Investment in mutual funds | 1,492.012 | 1,437.400 |
| | Levelled at Level 2 | | |
| b) | Carried at amortized cost | | |
| | Investment in long fixed deposits with financial institution | 800.200 | 500.000 |
| | Trade receivables | 4,700.870 | 4,063.340 |
| | Advances to subsidiaries | 91.042 | 141.142 |
| | Other financial assets | 972.271 | 970.716 |
| | Cash and cash equivalent | 1,516.701 | 1,484.366 |
| | Other bank balances | 32.130 | 16.100 |
| | Levelled at Level 3 | | |
| c) | Investments in unquoted equity shares (FVTOCI) * | 0.000 | 0.000 |
| | Financial Liabilities | | |
| a) | Levelled at Level 2 | | |
| | Carried at fair value through Profit and loss (FVTPL) | | |
| | Forward contract liability | 0.995 | - |
| b) | Carried at amortized cost | | |
| | Non-current borrowings | - | 492.505 |
| | Current borrowings | 391.257 | 658.858 |
| | Trade payables | 5,088.019 | 4,626.654 |
| | Other current financial liabilities | 959.472 | 957.249 |
| | Lease liability | 103.837 | 94.563 |
| c) | Financial guarantee contracts | 11.499 | 12.805 |

* The investment in unquoted equity shares is ₹200/- and therefore not seen in the above table.

NOTE 40: FINANCIAL RISK MANAGEMENT POLICY AND OBJECTIVES

Company's principal financial liabilities, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance company's operations and to provide guarantees to support its operations. Company's principal financial assets include advances to subsidiaries, trade and other receivables, security deposits and cash and cash equivalents, that derive directly from its operations.



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(Amounts in Million ₹)

In order to minimize any adverse effects on the financial performance of the company, it has taken various measures. This note explains the source of risk which the entity is exposed to and how the entity manages the risk and impact of the same in the financial statements.

| Risk | Exposure arising from | Measurement | Management |
|------------------------------------|---|---|--|
| Credit risk | Cash and cash equivalents, trade receivables, financial assets measured at amortised cost, corporate guarantees issued to group companies | Aging analysis, External credit rating (wherever available) | Diversification of bank deposits, credit limits and letters of credit |
| Liquidity risk | Borrowings and other liabilities | Rolling cash flow forecasts | Availability of committed credit lines and borrowing facilities |
| Market risk- Interest rate risk | Long term borrowings at variable rate | Sensitivity Analysis | Mixed portfolio of fixed and variable interest rate loans |
| Market risk -Foreign Currency Risk | Recognised financial assets and liabilities not denominated in Indian rupee (₹) | Sensitivity Analysis | Management follows established risk management policies, including use of derivatives like foreign exchange forward contracts, where the economic conditions match the company's policy. |

The company's risk management is carried out by management, under policies approved by the board of directors. Company's treasury identifies, evaluates and hedges financial risks in close cooperation with the company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, and investment of excess liquidity. No major change in assumptions and methods used for risk assessments is made during the year.

(A) Credit Risk

Credit risk in case of the Company arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

Credit risk management

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly. The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward looking information such as:

- (i) Actual or expected significant adverse changes in business,
- (ii) Actual or expected significant changes in the operating results of the counterparty,
- (iii) Financial or economic conditions that are expected to cause a significant change to counterparty's ability to meet its obligations,
- (iv) Significant increases in credit risk on other financial instruments of the same counterparty,
- (v) Significant changes in the value of collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

The company provides for expected credit loss in case of trade receivables, claims receivable as and security deposits when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the company etc.

For the security deposits and claims receivable, provision for expected loss is made considering 12 months expected credit loss. Provision for lifetime credit loss is made if there is significant increase in credit risk for such financial assets.

In respect of trade receivable, company uses the simplified approach for the provision for expected loss. The lifetime expected loss provision is recognised based on the provision matrix as decided by the management, based on the historical experience of recoverability. The company categorizes a receivable for provision for doubtful debts/write off when a debtor fails to make contractual payments greater than 1 year past due in case product business and 4 years past due in case of project business. In addition to this company also provides the expected loss based on the overdue number of days for receivables as per the provision matrix. Where loans or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Provision for expected credit loss

Financial assets for which loss allowance is measured using Expected Credit Losses (ECL) model as per Ind AS 109,

| Exposure to Risk | As at 31 March 2024 | As at 31 March 2023 |
|----------------------|------------------------|------------------------|
| Trade Receivables | 5,918.425 | 5,215.806 |
| Less : Expected Loss | 1,217.555 | 1,152.466 |
| | 4,700.870 | 4,063.340 |
| Security Deposits | 853.355 | 899.075 |
| Less : Expected Loss | 12.588 | 10.884 |
| | 840.767 | 888.191 |
| Claims Receivable | 34.377 | 40.913 |
| Less : Expected Loss | 19.361 | 12.552 |
| | 15.016 | 28.361 |

Trade receivable ageing used in the provision matrix for life time expected credit loss is as -

| Exposure to Risk | As at 31 March 2024 | As at 31 March 2023 |
|-------------------------------|------------------------|------------------------|
| Trade Receivables | | |
| Neither past due nor impaired | 2,624.678 | 2,349.139 |
| Past due but not impaired | | |
| Less than 180 days | 723.772 | 347.921 |
| 181 - 365 days | 403.495 | 358.365 |
| More than 365 days | 948.925 | 1,007.915 |
| Total | 4,700.870 | 4,063.340 |

Reconciliation of loss provision

| Exposure to Risk | Trade receivables | Others |
|---|----------------------|---------------|
| Loss allowance as at 1 April 2022 | 764.443 | 23.699 |
| Changes in loss allowance* | 388.023 | (0.263) |
| Loss allowance as at 31 March 2023 | 1,152.466 | 23.436 |
| Changes in loss allowance* | 65.089 | 8.513 |
| Loss allowance as at 31 March 2024 | 1,217.555 | 31.949 |

* Movement in loss allowance is primarily on account of additional ECL provision based on ageing.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

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 and to close out market positions. Due to the dynamic nature of the underlying businesses, company maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is carried out in accordance with practice and limits set by the company. In addition, the company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

| Exposure to Risk | As at 31 March 2024 | As at 31 March 2023 |
|------------------------------------|------------------------|------------------------|
| Interest bearing borrowings | | |
| On demand | 91.257 | 326.625 |
| Less than 180 days | 300.000 | 332.233 |
| 181 - 365 days | - | - |
| More than 365 days | - | 492.505 |
| Total | 391.257 | 1,151.363 |
| Other financial liabilities | | |
| On demand | 162.547 | 153.181 |
| Less than 180 days | 802.675 | 998.305 |
| 181 - 365 days | 5.749 | 6.402 |
| More than 365 days | - | - |
| Total | 970.971 | 1,157.888 |
| Lease liability | | |
| On demand | - | - |
| Less than 180 days | 29.703 | 20.906 |
| 181 - 365 days | 29.702 | 20.906 |
| More than 365 days | 44.432 | 52.751 |
| Total | 103.837 | 94.563 |
| Trade & other payables | | |
| Not due | 3,173.080 | 2,636.554 |
| Less than 180 days | 743.315 | 638.282 |
| 181 - 365 days | 233.944 | 238.694 |
| More than 365 days | 937.680 | 1,113.124 |
| Total | 5,088.019 | 4,626.654 |

The company has access to following undrawn fund based facilities at the end of the reporting year (Interest rates 6% - 9%)

| | As at 31 March 2024 | As at 31 March 2023 |
|--------------------------|------------------------|------------------------|
| Expiring within one year | 1,610.000 | 1,880.000 |
| Expiring beyond one year | - | - |

C) Market risk - Interest rate risk

The company's exposure to the risk of changes in market interest rates relates to borrowings with floating interest rates. To manage the risk, company has created balance portfolio of fixed and variable interest rate borrowings. Change of 0.5%, in the base rates will have effect of ₹ 1.956 MN on the company's profitability.

NOTES TO THE FINANCIAL STATEMENTS

 FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

(D) Foreign Currency Risk

The company is exposed to foreign exchange risk mainly through its sales to overseas customers and purchases from overseas suppliers in various foreign currencies.

The company evaluates exchange rate exposure arising from foreign currency transactions and the company follows established risk management policies, including use of natural hedge between receivables and payables, use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk, where the economic conditions match the company's policy.

Foreign currency exposure :

| Financial Assets | Currency | Amount in Foreign Currency (MN) | | Amount in ₹ (MN) | |
|---------------------------|----------|---------------------------------|------------------------|------------------------|------------------------|
| | | As at 31 March 2024 | As at 31 March 2023 | As at 31 March 2024 | As at 31 March 2023 |
| Trade Receivables | EUR | 0.562 | 1.065 | 50.560 | 94.876 |
| | GBP | 0.249 | 0.115 | 26.173 | 11.675 |
| | ZAR | 1.728 | 1.069 | 7.606 | 4.940 |
| | USD | 8.351 | 8.444 | 696.499 | 693.843 |
| Bank Accounts | EGP | 0.327 | 0.841 | 0.576 | 2.243 |
| | EUR | 0.466 | 0.364 | 41.887 | 32.450 |
| | GBP | 0.191 | 0.792 | 20.071 | 80.255 |
| | USD | 1.423 | 1.831 | 118.677 | 150.450 |
| Other Deposits | XOF | - | 0.014 | - | 0.002 |
| | EGP | 0.083 | 0.083 | 0.147 | 0.222 |
| | USD | 0.003 | 0.003 | 0.225 | 0.222 |
| Amount Due from Employees | EUR | - | 0.003 | - | 0.276 |
| | GBP | - | 0.011 | - | 1.124 |
| | THB | - | 0.002 | - | 0.005 |
| | USD | 0.030 | 0.011 | 2.506 | 0.888 |

| Financial Liabilities | Currency | Amount in Foreign Currency (MN) | | Amount in ₹ (MN) | |
|-------------------------|----------|---------------------------------|------------------------|------------------------|------------------------|
| | | As at 31 March 2024 | As at 31 March 2023 | As at 31 March 2024 | As at 31 March 2023 |
| Trade Payables | EGP | 0.731 | 0.731 | 1.287 | 1.949 |
| | EUR | 0.388 | 0.985 | 34.911 | 87.731 |
| | GBP | 0.052 | 0.033 | 5.501 | 3.392 |
| | USD | 2.966 | 3.283 | 247.350 | 269.789 |
| | JPY | 13.324 | - | 7.337 | - |
| | VND | 15,649.974 | 15,649.974 | 53.210 | 45.385 |
| | XOF | 149.102 | 150.041 | 20.308 | 20.436 |
| | ZAR | 0.190 | - | 0.838 | - |
| | SGD | 0.003 | 0.004 | 0.154 | 0.217 |
| Amount Due to Employees | EUR | - | 0.003 | - | 0.262 |
| | USD | 0.011 | 0.002 | 0.921 | 0.187 |



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

Currency wise net exposure (assets - liabilities)

| Particulars | Amount in Foreign Currency (MN) | | Amount in ₹ (MN) | |
|--------------|---------------------------------|------------------------|------------------------|------------------------|
| | As at 31 March 2024 | As at 31 March 2023 | As at 31 March 2024 | As at 31 March 2023 |
| EGP | (0.404) | 0.110 | (0.711) | 0.294 |
| EUR | 0.640 | 0.445 | 57.537 | 39.609 |
| GBP | 0.387 | 0.884 | 40.743 | 89.662 |
| USD | 6.830 | 7.003 | 569.637 | 575.428 |
| JPY | (13.324) | - | (7.337) | - |
| VND | (15,649.974) | (15,649.974) | (53.210) | (45.385) |
| XOF | (149.102) | (150.027) | (20.308) | (20.434) |
| SGD | (0.003) | (0.004) | (0.154) | (0.217) |
| THB | - | 0.002 | - | 0.005 |
| ZAR | 1.537 | 0.879 | 6.768 | 4.060 |
| Total | | | 592.965 | 643.022 |

Sensitivity Analysis

| Currency | Amount in ₹ (MN) | | Sensitivity % (*) (2023-24) | Sensitivity % (*) (2022-23) |
|--------------|------------------|----------------|--------------------------------|--------------------------------|
| | 2023-24 | 2022-23 | | |
| EGP | (0.711) | 0.294 | 12.68% | 4.25% |
| EUR | 57.537 | 39.609 | 3.03% | 2.12% |
| GBP | 40.743 | 89.662 | 3.09% | 2.08% |
| USD | 569.637 | 575.428 | 3.91% | 4.89% |
| JPY | (7.337) | - | -2.18% | 0.36% |
| VND | (53.210) | (45.385) | 2.96% | 0.49% |
| XOF | (20.308) | (20.434) | 3.81% | 3.44% |
| SGD | (0.154) | (0.217) | 3.80% | 4.58% |
| THB | - | 0.005 | 0.98% | 2.91% |
| ZAR | 6.768 | 4.060 | 1.25% | 2.73% |
| Total | 592.965 | 643.022 | | |

| Currency | Impact on profit (strengthen) | | Impact on profit (weakening) | |
|--------------|-------------------------------|-----------------|------------------------------|---------------|
| | 2023-24 | 2022-23 | 2023-24 | 2022-23 |
| EGP | 0.090 | (0.012) | (0.090) | 0.012 |
| EUR | (1.743) | (0.840) | 1.743 | 0.840 |
| GBP | (1.259) | (1.865) | 1.259 | 1.865 |
| USD | (22.273) | (28.138) | 22.273 | 28.138 |
| JPY | (0.160) | - | 0.160 | - |
| VND | 1.575 | 0.222 | (1.575) | (0.222) |
| XOF | 0.774 | 0.703 | (0.774) | (0.703) |
| SGD | 0.006 | 0.010 | (0.006) | (0.010) |
| THB | - | - | - | - |
| ZAR | (0.085) | (0.111) | 0.085 | 0.111 |
| Total | (22.990) | (29.920) | 22.990 | 29.920 |

(EGP- Egyptian Pound, EUR- Euro, GBP - Great Britain Pound, , USD - US Dollar, JPY - Japanese Yen VND- Vietnamese Dong, , XOF- CFA Franc, SGD - Singapore dollar , THB - Thai Bhat, ZAR - Zuid-Afrikaanse Rand)

* Sensitivity % are derived based on variation in the exchange rates over the period of last 5 years.

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(Amounts in Million ₹)

NOTE 41: CAPITAL MANAGEMENT

a) Risk management

The company's objectives when managing capital are to

- safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, change debt. Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents, mutual funds and other bank balances) divided by Total 'equity' plus net debt.

The company's strategy is to maintain a gearing ratio within 30%. The gearing ratios were as follows:

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Loans and borrowings (Including current maturities of long term debt) | 391.257 | 1,151.363 |
| Less: Cash and cash equivalents (Including other bank balances) | 1,548.831 | 1,500.466 |
| Less: Investment in mutual funds | 2,292.212 | 1,937.400 |
| Net debt | (3,449.786) | (2,286.503) |

Gearing ratio is not applicable as net debt of company is negative.

b) Dividend

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| Equity Shares | | |
| (i) Interim dividend for the year | Nil | Nil |
| (ii) Dividends not recognised at the end of the reporting year | 476.454 | 357.340 |

Since year end the directors have recommended the payment of a final dividend of ₹ 6.0 per fully paid equity share (31 March 2023 - ₹ 4.5). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

NOTE 42 : DISCLOSURE IN RESPECT OF MICRO, SMALL AND MEDIUM ENTERPRISES

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at 31 March 2024. The disclosure pursuant to the said Act is as under:

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Total outstanding amount in respect of micro, small and medium enterprises | 944.327 | 752.678 |
| Other disclosures in respect of micro and small enterprises | | |
| Principal amount due and remaining unpaid | 31.943 | 4.692 |
| Interest due on above and unpaid interest | 0.603 | 0.049 |
| Interest paid | - | - |
| Payment made beyond appointment day | 1,242.585 | 392.490 |
| Interest due and payable for the period of delay | 7.674 | 2.785 |
| Interest accrued and remaining unpaid (excluding interest accrued for earlier years) | 8.277 | 2.834 |
| Amount of further interest remaining due and payable in succeeding years | 8.277 | 2.834 |

The identification of suppliers as micro, small and medium enterprise as defined under the Micro, Small and Medium Enterprises Development Act 2006, was done on the basis of information to the extent provided by the suppliers of company.

Delay in payment is mainly on account of quality issues.



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NOTE 43 : CORPORATE SOCIAL RESPONSIBILITY EXPENDITURES

- (a) Amount required to be spent by the Company during the current year is ₹ 31.967 Million (PY - ₹ 23.685 Million)
- (b) Amount spent by the Company during the current year is ₹ 32.187 Million (PY - ₹ 24.165 Million)

There is no shortfall as per provision of Sec 135 of The Companies Act 2013 either at the beginning or end of year.

The company as per its policy on Corporate Social Responsibility (CSR) and recommendation and approval of the CSR committee has contributed ₹25 Million towards Disaster Management Projects & Programs through it's implementing agency Vikas Charitable Trust, ₹ 1.998 Million on Specialized Wildlife Technical Rescue Vehicle, ₹ 3.1 Million on Infrastructure Development for Educational Institutions and balance amount on Prevention of HIV transmission, bio-diversity restoration project, etc. The company has not spent any amount towards construction or acquisition of asset.

Refer board report for detailed disclosure.

NOTE 44 A : TRADE RECEIVABLES AGEING

Trade receivables as at 31 March 2024

| Particulars | Not due | Outstanding for following periods from due date of payment | | | | | Total |
|--|------------------|--|--------------------|----------------|----------------|-------------------|------------------|
| | | Less than 6 months | 6 months to 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed trade receivable | | | | | | | |
| Considered good | 2,623.207 | 723.558 | 379.601 | 372.866 | 299.200 | 283.554 | 4,681.986 |
| Which have significant increase in credit risk | - | - | 23.849 | 118.421 | 105.349 | 872.850 | 1,120.469 |
| Credit impaired | | | | | | | |
| Total undisputed trade receivables (a) | 2,623.207 | 723.558 | 403.450 | 491.287 | 404.549 | 1,156.404 | 5,802.455 |
| Disputed trade receivables | | | | | | | |
| Considered good | 1.471 | 0.214 | 0.034 | - | - | 17.165 | 18.884 |
| Which have significant increase in credit risk | - | - | 0.011 | 0.367 | 58.270 | 38.438 | 97.086 |
| Credit impaired | - | - | - | - | - | - | - |
| Total Disputed trade receivables (b) | 1.471 | 0.214 | 0.045 | 0.367 | 58.270 | 55.603 | 115.970 |
| Total trade receivables (a+b) | 2,624.678 | 723.772 | 403.495 | 491.654 | 462.819 | 1,212.007 | 5,918.425 |
| Provision for increase in significant risk and credit impaired | | | | | | | 1,217.555 |
| Net trade receivables | | | | | | | 4,700.870 |

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 FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

Trade receivables as at 31 March 2023

| Particulars | Not due | Outstanding for following periods from due date of payment | | | | | Total |
|--|------------------|--|--------------------|----------------|----------------|-------------------|------------------|
| | | Less than 6 months | 6 months to 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed trade receivable | | | | | | | |
| Considered good | 2,348.670 | 347.921 | 336.318 | 460.218 | 129.038 | 422.645 | 4,044.810 |
| Which have significant increase in credit risk | - | - | 22.043 | 118.473 | 78.277 | 792.667 | 1,011.460 |
| Credit impaired | | | | | | | |
| Total undisputed trade receivables (a) | 2,348.670 | 347.921 | 358.361 | 578.691 | 207.315 | 1,215.312 | 5,056.270 |
| Disputed trade receivables | | | | | | | |
| Considered good | 0.469 | - | - | 0.417 | - | 17.648 | 18.534 |
| Which have significant increase in credit risk | - | - | 0.004 | 37.597 | 35.976 | 57.961 | 131.538 |
| Credit impaired | - | - | - | - | - | 9.464 | 9.464 |
| Total Disputed trade receivables (b) | 0.469 | - | 0.004 | 38.014 | 35.976 | 85.073 | 159.536 |
| Total trade receivables (a+b) | 2,349.139 | 347.921 | 358.365 | 616.705 | 243.291 | 1,300.385 | 5,215.806 |
| Provision for increase in significant risk and credit impaired | | | | | | | 1,152.466 |
| Net trade receivables | | | | | | | 4,063.340 |

Note 44 B : Trade payables ageing

| Particulars | Year | Not due | Outstanding for following periods from due date of payment | | | | | Total |
|---------------------------|-------------|------------------|--|--------------------|---------------|----------------|-------------------|------------------|
| | | | Less than 6 months | 6 months to 1 year | 1-2 years | 2-3 years | More than 3 years | |
| 1 . MSME - Non disputed | 2024 | 846.624 | 54.427 | 4.778 | 13.050 | 3.973 | 21.475 | 944.327 |
| | 2023 | 680.243 | 32.220 | 12.111 | 1.238 | 8.986 | 17.880 | 752.678 |
| 2. MSME - disputed | 2024 | - | - | - | - | - | - | - |
| | 2023 | - | - | - | - | - | - | - |
| 3 . Others - Non disputed | 2024 | 2,326.384 | 688.888 | 229.166 | 51.239 | 230.908 | 604.524 | 4,131.109 |
| | 2023 | 1,938.876 | 606.062 | 226.583 | 428.572 | 32.351 | 608.253 | 3,840.697 |
| 4 . Others - disputed | 2024 | 0.072 | - | - | - | - | 12.511 | 12.583 |
| | 2023 | 17.435 | - | - | - | - | 15.844 | 33.279 |

Unearned revenue i.e. gross amount due to customer is not considered in above table being in nature of non-financial liability and disclosed in note 18.

Note 44 C : Capital work- in- progress

| Particulars | Year | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|--------------------------------|-------------|------------------|---------------|---------------|-------------------|----------------|
| Projects in progress | 2024 | 120.475 | 75.492 | 37.100 | 3.775 | 236.842 |
| | 2023 | 418.088 | 326.997 | 7.858 | 28.750 | 781.693 |
| Projects temporarily suspended | 2024 | - | - | - | - | - |
| | 2023 | - | - | 3.078 | - | 3.078 |

Following projects which were expected to be completed by March 24, got delayed and now expected to get completed as per following table.

| Particulars | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---|------------------|-----------|-----------|-------------------|--------|
| Expansion of manufacturing plant and Load enhancement | 70.850 | - | - | - | 70.850 |



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NOTE 45: SEGMENT REPORTING

Company operates in single reporting segment of 'Fluid Machinery and Systems'. Information in respect of other disclosures as required by 'Ind AS 108- Operating Segments' is given in consolidated financial statements.

NOTE 46: DISCLOSURE IN RESPECT OF IND AS 116, 'LEASES'

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| Opening right-to-use asset | 89.710 | 64.329 |
| Net addition / (deletion) during the year | 59.222 | 62.972 |
| Depreciation charged during the year | (52.184) | (37.591) |
| Closing right-to-use asset | 96.748 | 89.710 |

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Opening lease liability | 94.563 | 66.764 |
| Net addition / (deletion) during the year | 59.205 | 62.973 |
| Finance cost | 9.625 | 7.499 |
| Lease payments including lease termination | (59.556) | (42.673) |
| Closing lease liability | 103.837 | 94.563 |
| Non-Current | 44.432 | 52.751 |
| Current | 59.405 | 41.812 |

The expenses relating to payments not included in the measurement of lease liability and recognised as expense in the Statement of Profit and Loss during the year as follows:

- Low value leases - ₹ 2.319 Million (PY : ₹ 1.937 Million)
- Short-term leases - ₹ 36.123 Million (PY: ₹ 26.456 Million)

Where the company is a lessee

- The company has taken on lease various assets such as plant & equipments and buildings. Generally, leases are renewed only on mutual consent and at a prevalent market price.
- Details with respect to right-to-use assets:

| Class of Asset | Year | Depreciation for the year | Additions during the year | Carrying Amount |
|-----------------------|------|---------------------------|---------------------------|-----------------|
| 1. Plant & Equipments | 2024 | 6.661 | 13.554 | 20.290 |
| | 2023 | 4.383 | 11.265 | 13.398 |
| 2. Buildings | 2024 | 45.523 | 45.669 | 76.458 |
| | 2023 | 33.209 | 51.706 | 76.312 |

Contractual maturities of lease payments

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|--------------------|------------------------|------------------------|
| Less than one year | 57.293 | 47.267 |
| Between 1-2 years | 35.368 | 35.988 |
| More than 2 years | 24.110 | 23.273 |

- Short term leases and leases for low value assets are continued to be accounted for as rent expenses.
- Total cash outflow for lease arrangements during the year is ₹ 97.999 Million (PY 2022-23 - ₹ 71.066 Million) including expenses on low value assets and short term lease.
- Company has not entered into any sublease arrangements.

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FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

| Particulars (Reasons where variation is more than 25%) | Year ended 31 March 2024 | | | Year ended 31 March 2023 | | | Absolute Variance (%) |
|--|--------------------------|-------------|---------|--------------------------|-------------|---------|--------------------------|
| | Numerator | Denominator | % | Numerator | Denominator | % | |
| | Days | | | Days | | | |
| Current Ratio [Current assets / Current Liability] | 16,477.972 | 9,979.841 | 1.651 | 15,038.623 | 9,794.987 | 1.535 | 7.557% |
| Debt-Equity Ratio [Debt/Equity] (Reduction in borrowings along with increase in net worth due to higher profits) | 391.257 | 14,522.203 | 0.027 | 1,151.363 | 12,516.939 | 0.092 | 70.652% |
| Debt Service Coverage Ratio [(PBID + Exceptional items) / (Interest + Principal repayment due in next year)] (Reduction in borrowings along with higher profits) | 2,955.258 | 414.798 | 7.125 | 2188.519 | 758.548 | 2.885 | 146.967% |
| Return on Equity Ratio [(PAT + exceptional items) / (Total op. Equity + Total cl. Equity) / 2] (Higher profits due to better operational performance) | 2,441.035 | 13,519.571 | 18.056% | 1664.443 | 11,885.433 | 14.004% | 28.935% |
| Inventory Turnover [Consumption / (op. Inventory + cl. Inventory) / 2] | 14,791.381 | 4,656.052 | 3.177 | 14,740.360 | 4,293.181 | 3.433 | 7.457% |
| Trade Receivables Turnover [Revenue from operations / (op. receivable + cl. receivables) / 2] | 27,201.250 | 4,382.105 | 6.207 | 25,399.345 | 4,126.809 | 6.155 | 0.845% |
| Trade Payable Turnover [Purchases / (op. payables + cl. payables) / 2] | 15,315.922 | 4,857.337 | 3.153 | 14,941.560 | 4,610.490 | 3.241 | 2.715% |
| Net Capital Turnover ratio [Revenue from operations / working capital] | 27,201.250 | 6,498.131 | 4.186 | 25,399.345 | 5,243.636 | 4.844 | 13.584% |
| Net profit Ratio [PAT before exceptional items / Revenue from operations] (Higher profits due to better operational performance) | 2,441.035 | 27,201.250 | 8.974% | 1,664.443 | 25,399.345 | 6.553% | 36.945% |
| Return on Capital Employed [PBIT before exceptional items / Total capital employed (NW-DTA + debt + DTL)] (Higher profits due to better operational performance along with optimum utilisation of capital employed) | 3,255.486 | 14,433.851 | 22.555% | 2,311.053 | 13,188.541 | 17.523% | 28.717% |
| Return on Investment (quoted) [ROI = (Income received on FD + MF) / (Average outside investment)] | 123.873 | 3,122.409 | 3.967% | 95.458 | 2,679.603 | 3.562% | 11.370% |



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 47 B: AUDIT TRAIL

The access to the database for accounting and consolidation software is restricted only to single CIC basis admin user (changes if any are allowed only with prior approval of committee of senior management) depending on Company's operating and business needs after appropriately designing the internal controls and ensuring the operating effectiveness of such controls. Audit trail function for database level is disabled by default in SAP. Enabling that feature, can affect the performance of SAP system as whole. Considering above facts, management has not enabled audit trail at database level.

The Company uses services of third-party service provider (ADP India Private Limited) for payroll processing and said organisation has provided SOC 1 report covering sustainability of the design and operating effectiveness of controls.

Further, outsourced vendor is ISO 9001:2013 and ISO 27001:2013 certified. Rule A.12.4, of ISO 27001:2013 requires, maintaining the audit trail of all events / logs including the changes in payroll products – user access controls, change management, etc. Auditors of third-party service provider had verified these controls and issue certificate for ISO standards. Further, there is no direct integration between third party payroll system and KBL accounting system. Processed payroll data received from third party service provider, is duly verified by KBL's internal team before accounting the same.

Above mentioned does not impact the internal control environment of the Company.

NOTE 47 C: OTHERS

1. The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
2. The company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
3. The Company has not received any fund from any person(s) or entity(is), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
4. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
5. No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
6. Company has not entered any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956
7. Company has not made any contribution to the political parties during FY 2023-24. (PY: NIL)
8. Previous year's figure have been regrouped, wherever required.

For and on behalf of the Board of Directors

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Rama Kirloskar
Joint Managing Director
DIN: 07474724

Chittaranjan Mate
Chief Financial Officer

Pune : 14 May 2024

Devang Trivedi
Company Secretary

Pune : 14 May 2024

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Venture

| Sr. No | Name of the Subsidiary Company | Date of acquisition | Reporting period | Reporting Currency | Relevant Exchange Rate (BS / PL) | Share Capital | Reserves & Surplus | Total Assets | Total Liabilities | Total Investment | Turnover | Profit before Taxation | Provision for Taxation | Profit after Taxation | Proposed Dividend | Country | % of Holding |
|--------|--|---------------------|-------------------------|--------------------|----------------------------------|---------------|--------------------|--------------|-------------------|------------------|-----------|------------------------|------------------------|-----------------------|-------------------|-----------------|--------------|
| | | | | | | | | | | | | | | | | | |
| 1 | Karad Projects & Motors Ltd. | 9-Sep-06 | 1-Apr-23 to 31-March-24 | INR | 1 / 1 | 139.525 | 2,219.762 | 3,369.809 | 1,010.523 | 815.128 | 5,064.935 | 743.732 | 214.044 | 529.687 | - | India | 100.00 |
| 2 | The Kolhapur Steel Limited | 2-Aug-08 | 1-Apr-23 to 31-March-24 | INR | 1 / 1 | 417.000 | (1,255.640) | 562.373 | 1,401.013 | 0.000 | 534.470 | (255.982) | (13.286) | (242.716) | - | India | 100.00 |
| 3 | Kirloskar Corrocoat Pvt. Ltd. | 12-Nov-09 | 1-Apr-23 to 31-March-24 | INR | 1 / 1 | 50.000 | 98.348 | 240.688 | 92.340 | 25.425 | 405.364 | 60.970 | 15.049 | 45.921 | 30.000 | India | 65.00 |
| 4 | Kirloskar Brothers International BV | 30-Aug-07 | 1-Apr-23 to 31-March-24 | Euro | 90.14 / 90.16 | 2,134.892 | (677.611) | 1,626.401 | 169.120 | 1,248.608 | 0.000 | 94.732 | 0.000 | 94.732 | - | The Netherlands | 100.00 |
| 5 | SPP Pumps Ltd. | 15-Feb-10 | 1-Apr-23 to 31-March-24 | GBP | 105.41 / 105.29 | 316.231 | 1,604.773 | 3,598.156 | 1,672.152 | 30.202 | 5,700.172 | 833.605 | 185.680 | 647.925 | - | UK | 100.00 |
| 6 | Kirloskar Brothers (Thailand) Ltd. | 1-Jan-11 | 1-Apr-23 to 31-March-24 | Baht | 2.29 / 2.33 | 145.570 | (132.708) | 747.105 | 734.244 | 86.543 | 859.448 | (16.042) | (0.032) | (16.010) | - | Thailand | 100.00 |
| 7 | SPP Pumps (MENA) L.L.C. | 13-Sep-11 | 1-Apr-23 to 31-March-24 | EGP | 1.76 / 2.32 | 51.262 | (60.986) | 52.472 | 62.195 | 0.000 | 43.643 | 23.511 | (0.240) | 23.751 | - | Egypt | 100.00 |
| 8 | Kirloskar Pompen B.V. | 10-Apr-08 | 1-Apr-23 to 31-March-24 | Euro | 90.14 / 90.16 | 90.137 | (87.891) | 186.206 | 183.961 | 2.253 | 254.395 | 134.052 | 0.000 | 134.052 | - | The Netherlands | 100.00 |
| 9 | Micawber 784 (Proprietary) Ltd. | 29-Oct-09 | 1-Apr-23 to 31-March-24 | Rand | 4.39 / 4.4 | 0.000 | 50.328 | 157.729 | 107.400 | 0.000 | 0.000 | 5.552 | 1.499 | 4.053 | - | South Africa | 100.00 |
| 10 | SPP Pumps International (PTY) Limited | 3-Dec-13 | 1-Apr-23 to 31-March-24 | Rand | 4.39 / 4.4 | 0.001 | 60.723 | 273.691 | 212.967 | 92.234 | 341.900 | 26.696 | 6.879 | 19.817 | - | South Africa | 100.00 |
| 11 | SPP Pumps France S A S | 11-Jun-13 | 1-Apr-23 to 31-March-24 | Euro | 90.14 / 90.16 | 25.085 | (17.587) | 35.549 | 28.051 | 0.000 | 138.383 | 6.686 | 0.000 | 6.686 | - | France | 100.00 |
| 12 | SPP Pumps Inc. | 17-Jul-15 | 1-Apr-23 to 31-March-24 | USD | 83.37 / 83.03 | 322.940 | 319.259 | 1,259.948 | 617.749 | 194.586 | 3,359.992 | 515.612 | 76.776 | 438.836 | - | U S A | 100.00 |
| 13 | SPP Pumps (South Africa) (Proprietary) Limited | 24-Oct-14 | 1-Apr-23 to 31-March-24 | Rand | 4.39 / 4.4 | 0.001 | 9.144 | 21.690 | 12.545 | 0.000 | 266.522 | 24.529 | 2.407 | 22.122 | - | South Africa | 100.00 |
| 14 | Braybar Pumps (Pty.) Limited | 13-Oct-14 | 1-Apr-23 to 31-March-24 | Rand | 4.39 / 4.4 | 0.000 | 55.571 | 71.301 | 15.730 | 0.000 | 170.131 | 15.257 | 3.663 | 11.594 | - | South Africa | 100.00 |
| 15 | Rodelta Pumps International BV | 14-Jul-15 | 1-Apr-23 to 31-March-24 | Euro | 90.14 / 90.16 | 1.622 | (153.233) | 278.512 | 430.122 | 0.000 | 231.660 | (126.429) | 0.000 | (126.429) | - | The Netherlands | 100.00 |
| 16 | Rotaserve Overhaul B.V. | 4-Jan-16 | 1-Apr-23 to 31-March-24 | Euro | 90.14 / 90.16 | 2.253 | 56.404 | 84.743 | 26.086 | 0.000 | 106.910 | 27.917 | 0.000 | 27.917 | - | The Netherlands | 100.00 |



| Sr. No | Name of the Subsidiary Company | Date of acquisition | Reporting period | Reporting Currency | Relevant Exchange Rate (BS / PL) | Share Reserves & Capital | Total Assets | Total Liabilities | Total Investment | Turnover | Profit before Taxation | Provision for Taxation | Profit after Taxation | Proposed Dividend | Country | % of Holding |
|--------|--------------------------------|---------------------|-------------------------|--------------------|----------------------------------|--------------------------|--------------|-------------------|------------------|-----------|------------------------|------------------------|-----------------------|-------------------|-----------|--------------|
| 17 | SPP Pumps Real Estate LLC | 16-Aug-12 | 1-Apr-23 to 31-March-24 | USD | 83.37 / 83.03 | 106.725 | 626.509 | 481.233 | 0.000 | 0.000 | 8.952 | 0.000 | 8.952 | - | U S A | 100.00 |
| 18 | SyncroFlo Inc. | 28-Feb-14 | 1-Apr-23 to 31-March-24 | USD | 83.37 / 83.03 | 103.667 | 736.804 | 276.370 | 0.000 | 1,732.594 | 267.906 | 66.394 | 201.512 | - | U S A | 100.00 |
| 19 | SPP Pumps (Asia) Ltd | 27-May-16 | 1-Apr-23 to 31-March-24 | Baht | 2.29 / 2.33 | 4.574 | 22.136 | 32.253 | 0.059 | 41.126 | (10.555) | (0.004) | (10.551) | - | Thailand | 100.00 |
| 20 | SPP Pumps (Singapore) Pte. Ltd | 29-Jun-16 | 1-Apr-23 to 31-March-24 | SGD | 61.51 / 61.68 | 97.838 | 53.490 | 22.436 | 0.000 | 388.041 | (8.776) | 0.000 | (8.776) | - | Singapore | 100.00 |

PART "B": ASSOCIATES AND JOINT VENTURES

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Venture

| Name of Associates/Joint Ventures | (₹ in Million) |
|--|--|
| 1. Latest audited Balance Sheet Date | Kirloskar Ebara Pumps Limited 31 st March 2024 |
| 2. Shares of Associate/Joint Ventures held by the company on the year end | |
| No. | 225,000 |
| Amount of Investment in Associates/Joint Venture | 2.75 |
| Extend of Holding % | 45% |
| 3. Date of acquisition of shares | 27 th January 1988 |
| 4. Description of how there is significant influence | It is Jointly Controlled entity |
| 5. Reason why the associate/joint venture is not consolidated | consolidated to the extend of 45% |
| 6. Networth attributable to Shareholding as per latest audited Balance Sheet | 2,143.64 |
| 7. Profit / Loss for the year | |
| (i) Considered in Consolidation | 101.49 |
| (ii) Not Considered in Consolidation | 124.05 |
| 8. Total comprehensive income for the year | |
| (i) Considered in Consolidation | 97.87 |
| (ii) Not Considered in Consolidation | 119.62 |

Details of associate KBL Synergy LPP are not provided since LLP is ceased to be an associate of the Company, consequent to striking off it's name from Registrar of Companies.

INDEPENDENT AUDITOR'S REPORT

To the members of **KIRLOSKAR BROTHERS LIMITED**

Report on the audit of the consolidated financial statements

OPINION

We have audited the accompanying consolidated financial statements of **Kirloskar Brothers Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which includes Group's share of profit/loss in its associates and its joint-ventures, which comprise the consolidated balance sheet as at 31 March 2024, the consolidated statement of profit and loss (including other comprehensive income), the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and notes to consolidated financial statements, including a summary of material accounting policies and significant accounting policies, and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on financial statements (separate/consolidated) of subsidiaries including associates and joint-ventures as was audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (hereinafter referred to as "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 and Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended, of consolidated state of affairs (financial position) of the Group including its associates and joint-ventures as at 31 March 2024, the consolidated profit (financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year then ended.

BASIS FOR OPINION

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group including associates and joint-ventures in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated 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 along with the consideration of audit report of the other auditors referred to in "Other matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

KEY AUDIT MATTERS

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

Accounting treatment for customer contracts where performance obligations are satisfied over time

Description of key audit matter:

Revenue amounting to ₹ 618 million reported in the company's standalone financial statements pertains to customer specific long-term contracts and the same are required to satisfy the recognition and measurement criteria as enunciated in IND AS 115, 'Revenue from Contracts with Customers'. In case of these contracts the revenue is recognised over time and is based on a percentage completion method (POC) for each of such contracts. The stage of project completion is determined based on a ratio of project costs actually incurred till the period / year end to the planned / estimated total cost to complete the said project. This necessarily involves estimations and certain assumptions to be made by the management in determining the total planned costs and an appropriate allocation of costs actually incurred on each project. This inherently creates certain uncertainties and results in complexities in accounting treatment wherein incorrect assumptions and estimates can lead to revenue being recognised in incorrect accounting periods thereby impacting the results. In addition, in POC method revenue recognition and respective collections do not follow a linear trend irrespective of stage completion determined by the company. Collections do depend on satisfaction of certain other performance obligations as laid down in the respective project agreements. Consequently, those amounts that remain as receivables whose due dates for payments depend on other conditions give rise to certain receivables that are due and others not due for payment, requiring the company to adopt a differential accounting classification and treatment. While assessing the contractual obligations as at any period close, change orders and / or cancellations are required



to be considered by the company to adopt an appropriate accounting treatment for revenues already recognised, valuation of work in progress and respective receivables. Considering these factors, in the context of our audit this matter was of significance and hence a key audit matter (Refer note 30 to the consolidated financial statements).

Description of Auditor's response:

With a view to verify the alignment of the company's project accounting system with the actual progress of the project and its status at any period close, we designed our audit procedures related to this area to obtain an understanding of project acceptance and execution process and the related accounting controls including verification of compliance with IND AS 115 – 'Revenue from contracts with customers'. These included inter-alia, reading through the material contracts and formation of a standard checklist to note the terms and conditions and considerations required to be taken note of for appropriate financial accounting till a project is finally executed and closed. We discussed with the management the risks associated with the project execution to understand requirement of any specific recognition of financial accounting considerations and developed requisite key controls requiring audit attention and review. The company has automated through its accounting software the method of calculating the percentage of completion method which we have verified on test basis. We reviewed planned costs, their latest estimates, rationale for revision in estimates based on information shared by the management in our discussions, approvals to such revisions in the estimates and compared them with latest costs to complete, related mathematical accuracy and, on a sample, basis validated resulting recognition of revenue. We discussed with management the status of amount receivable and have verified the evidence supporting the recoverability in sample cases. We verified the calculations of expected credit loss provisions and corroborated with specific management discussions on major projects.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Holding Company's Management and Board of Directors are responsible for the preparation of other information. The other information comprises the Board's report and management discussion and analysis included in the Holding Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information

and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit reports of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT'S AND BOARD OF DIRECTOR'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to preparation and presentation of these consolidated financial statements in term of the requirements of the Act, that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates and joint-ventures in accordance with the accounting principles generally accepted in India, including the Ind AS. The respective management and Board of Directors of the companies included in the consolidated financial statements are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of each 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 the 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/consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group including its Associates and joint-ventures are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group including its associates and joint-ventures are responsible for overseeing the financial reporting process of each Company.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

- A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statement and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group including its associates and joint-ventures to cease to continue as a going concern.

- E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group including its associates and joint-ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Holding Company and such other entities included in consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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



OTHER MATTERS

- A. The Statement includes the Ind AS financial statements of two domestic subsidiaries, whose Ind AS financial statements reflect total assets of ₹ 803 million as at 31 March 2024; as well as the total revenue of ₹ 940 million, total comprehensive income of ₹ (197) million and net cash inflow of ₹ 25 million, for the year ended 31 March 2024. The Statement also includes the Group's share of profit of ₹ 101 million for the year ended 31 March 2024, in respect of a joint venture. These Ind AS financial statements have been audited by their respective independent auditors whose audit reports have been furnished to us by the Holding Company's management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the reports of such other auditors and the procedures performed by us are as stated in paragraph above.
- B. The Statement includes the consolidated Ind AS financial statements of one foreign subsidiary, whose consolidated Ind AS financial statements reflects total assets of ₹ 7,956 million as at 31 March 2024, total revenue of ₹ 12,577 million, total profit after tax (net) of ₹ 697 million, other comprehensive income of ₹ 94 million, net cash inflow of ₹ 591 million, for the year ended 31 March 2024. These consolidated Ind AS financial statements have been reviewed by other auditor whose special purpose audit report has been furnished to us, and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this entity, is based solely on the report of such other auditor and the procedures performed by us as stated in paragraph above.

Consolidated Ind AS financial statements as mentioned in above paragraph contains eighteen step-down foreign subsidiaries. These components follow different reporting date being 31 December. Their financial statements have been audited by their respective auditors for the year ended 31 December 2023. Respective management of these components have prepared financial information for the period from 01 January 2024 to 31 March 2024 only for the purpose of consolidation with the Ultimate Holding Company.

- Financial information of fifteen foreign subsidiaries has been prepared by the respective Company's management for the period from 1 January 2024 to 31 March 2024 only for the purpose of consolidation with the Ultimate Holding Company. It reflects total assets of ₹ 4,362 million as at 31 March 2024; as well as the total revenue of ₹ 1,923 million, total comprehensive income of ₹ (39) million and net cash inflow of ₹ 211 million for the said period.
 - Financial information of one foreign subsidiary for the period from 1 January 2024 to 31 March 2024
- has been reviewed by their respective auditor and has issued a limited review report on which we have placed our reliance. It reflects total assets of ₹ 3,593 million as at 31 March 2024; as well as the total revenue of ₹ 1,296 million, total comprehensive income of ₹ 204 million and net cash inflow of ₹ 4.25 million for the said period.
- According to the information and explanations given to us by the Holding Company's management, two foreign subsidiaries are non-operative and their financial information of total assets as at 31 December 2023 and 31 March 2024, total revenue, total comprehensive income and net cash inflow/outflow for the year/period then ended are not material to the group.
- C. These step-down subsidiaries are located outside India and their separate/consolidated financial statements have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by local auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of these step-down subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. These conversion adjustments made by the Holding Company's management have been reviewed by other auditor.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in the other matter paragraph, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Our opinion on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by section 143 (3) of the Act, based on our audit and on the consideration of report of other auditors on financial statements (separate/consolidated) of such companies as was audited by them and as mentioned in the 'Other Matters' paragraph, we report, to the extent applicable, that:
 - A. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

- B. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of other auditors.
- C. The consolidated balance sheet, the consolidated statement of profit and loss, the consolidated cash flow statement and consolidated statement of changes in equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- D. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
- E. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2024 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of subsidiary companies including associates and joint-ventures which are companies incorporated in India, none of the directors of the subsidiary companies, associates and joint-ventures which are companies incorporated in India, is disqualified as on 31 March 2024 from being appointed as a director in terms of section 164(2) of the Act;
- F. With respect to the adequacy of internal financial controls over financial reporting of the Group including its associates and joint-ventures which are companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting.
- G. With respect to the other matters to be included in the auditor's report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Group including associates and joint-ventures, which are companies incorporated in India, where applicable, to its directors during the year is in accordance with the provisions of section 197 of the Act.
- H. With respect to the other matters to be included in the auditor's report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the consolidated financial statements disclose the impact of pending litigations as at 31 March 2024 on the consolidated financial position of the Group including its associates and joint-ventures (refer note 28 to the consolidated financial statements);
 - ii. the Group including associates and joint-ventures have made provision in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long term contracts including derivative contracts (refer note 38 to the consolidated financial statements);
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group including its associates and joint-ventures, which are companies incorporated in India.
 - iv. Reporting on rule 11(e):
 - (a) The Management has represented that, to the best of its knowledge and belief, as stated in note no. 48(5) no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (b) The Management has represented, that, to the best of its knowledge and belief, as stated in note no. 48(6) no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee,



security or the like on behalf of the Ultimate Beneficiaries.

- (c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The dividend for the previous year, declared and paid by the Company during the year is in accordance with section 123 of the Act, as applicable.
- vi. The reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is applicable from 1 April 2023.

Based on examination which included test checks of the Holding Company and one subsidiary and as communicated by the respective auditor of two subsidiaries and a joint venture which are companies incorporated in India whose financial statements have been audited under the Act, the Holding Company and these subsidiaries and joint venture have used an accounting software for maintaining its books of account and consolidation which has a feature of recording audit trail (editlog) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that no audit trail (edit log) facility/feature was enabled at the database level to log any direct changes. During the course of our audit, we and respective auditors of the above referred subsidiaries and joint venture did not come across any instance of audit trail feature being tampered with.

Further, the Holding Company, these subsidiaries and joint venture uses services of third-party service provider for payroll processing and in absence of Service Organisation Control Type 2 report, specifically

covering the maintenance of audit trail, we and respective auditors are unable to comment whether audit trail feature of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software or whether there are any instances of the audit trail feature been tampered with. – Refer note 48(7) to the consolidated financial statements.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 01, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

2. With respect to the matters specified in clause (xxi) of paragraph (3) and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the statutory auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Holding Company, we report that in respect of those companies where audits have been completed under section 143 of the Act, there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements. (Refer note 48(8) to the consolidated financial statements.)

For Sharp & Tannan Associates
Chartered Accountants
Firm's Registration no. 109983W
by the hand of

CA Pramod Bhise
Partner
Membership no.(F) 047751
UDIN: 24047751BKAAQY8255
Pune, 14 May 2024

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph (F) under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date:

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")**OPINION**

We have audited the Internal Financial Controls over Financial Reporting of Kirloskar Brothers Limited (hereinafter referred as "the Holding Company"), its subsidiary companies (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and joint-ventures, which are companies incorporated in India, as of 31 March 2024 in conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended on that date.

In our opinion and to the best of our information and according to the explanations given to us and based on consideration of reports of other auditors referred to in other matters paragraph below, the Group including its associates and joint-ventures, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2024, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI').

MANAGEMENT'S AND BOARD OF DIRECTOR'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Company's Management and Board of Directors of the of the Holding company and its subsidiary companies, associates and joint-ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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

Our responsibility is to express an opinion on the Group's including its associates and joint-ventures, which are companies incorporated in India, internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary companies, associates and joint-ventures, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group's including its associates and joint-ventures which are companies incorporated in India, internal financial controls system over financial reporting.

OTHER MATTERS

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to three subsidiaries and a joint-venture, which are companies incorporated in India, is solely based on corresponding reports of the auditors of such Companies.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in



accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility

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

For **Sharp & Tannan Associates**
Chartered Accountants
Firm's Registration no. 109983W
by the hand of

CA Pramod Bhise
Partner
Membership no.(F) 047751
UDIN: 24047751BKAAQY8255
Pune, 14 May 2024

CONSOLIDATED BALANCE SHEET

 AS AT 31ST MARCH 2024

(Amounts in Million ₹)

| Particulars | Note No. | As at 31 March 2024 | As at 31 March 2023 |
|--|----------|---------------------|---------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 5,787.026 | 4,814.481 |
| Capital work-in-progress | | 319.687 | 813.408 |
| Investment property | 5 | 5.020 | 6.952 |
| Goodwill | 3 | 143.848 | 143.524 |
| Other intangible assets | 3 | 41.471 | 47.687 |
| Intangibles under development | | - | 6.308 |
| Right to use assets | 4 | 366.404 | 305.710 |
| Financial assets | | | |
| Investments accounted using equity method | 6 | 964.638 | 884.770 |
| Investments | 6 | 150.005 | 20.005 |
| Trade receivables | 7 | 607.540 | 573.883 |
| Other financial assets | 8 | 176.645 | 167.314 |
| Deferred tax assets (net) | 19 | 276.844 | 408.002 |
| Other non-current assets | 9 | 543.071 | 698.144 |
| Total non-current assets | | 9,382.199 | 8,890.188 |
| Current assets | | | |
| Inventories | 10 | 8,522.866 | 7,139.632 |
| Financial assets | | | |
| Current investment | 6 | 2,982.760 | 2,267.401 |
| Trade receivables | 7 | 5,243.915 | 4,884.702 |
| Cash and cash equivalents | 11 A | 2,659.065 | 2,212.847 |
| Other bank balances | 11 B | 268.905 | 315.766 |
| Other financial assets | 8 | 960.865 | 1,034.688 |
| Current tax assets | 19 | 52.632 | 57.342 |
| Other current assets | 9 | 3,173.894 | 3,355.350 |
| Total current assets | | 23,864.902 | 21,267.728 |
| TOTAL ASSETS | | 33,247.101 | 30,157.916 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 12 | 158.818 | 158.818 |
| Other equity | 13 | 17,030.665 | 13,879.963 |
| Equity attributable to owners of parents | | 17,189.483 | 14,038.781 |
| Non-controlling interest | | 51.298 | 34.037 |
| Total equity | | 17,240.781 | 14,072.818 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 14 | 645.758 | 1,109.496 |
| Lease liabilities | 46 | 116.166 | 148.506 |
| Trade payables | 15 | 83.232 | 80.206 |
| Other financial liabilities | 16 | 54.847 | 36.861 |
| Provisions | 17 | 370.048 | 448.328 |
| Other non-current liabilities | 18 | 689.611 | 702.586 |
| Total non-current liabilities | | 1,959.662 | 2,525.983 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 14 | 903.352 | 1,418.378 |
| Lease liabilities | 46 | 257.992 | 182.737 |
| Trade payables | | | |
| - Micro, small and medium enterprises | 15 | 1,090.041 | 800.913 |
| - Others | 15 | 5,540.538 | 5,217.448 |
| Other financial liabilities | 16 | 1,665.837 | 1,640.806 |
| Current tax liability | 19 | 51.524 | 60.874 |
| Other current liabilities | 18 | 3,761.449 | 3,398.469 |
| Provisions | 17 | 775.925 | 839.490 |
| Total current liabilities | | 14,046.658 | 13,559.115 |
| Total liabilities | | 16,006.320 | 16,085.098 |
| TOTAL EQUITY AND LIABILITIES | | 33,247.101 | 30,157.916 |
| Corporate information | 1 | | |
| Material accounting policies | 2 | | |
| See accompanying notes to financial statements | 3 - 48 | | |

The accompanying notes 1 to 48 form an integral part of the financial statements

As per our report of even date attached
For SHARP & TANNAN ASSOCIATES

 Chartered Accountants
 (ICAI Firm Regn. No. 109983W)

Pramod Bhise

 Partner
 Membership No: (F) - 047751

Pune : 14 May 2024

For and on behalf of the Board of Directors
Sanjay Kirloskar

 Chairman and Managing Director
 DIN: 00007885

Rama Kirloskar

 Joint Managing Director
 DIN: 07474724

Chittaranjan Mate

Chief Financial Officer

Pune : 14 May 2024

Devang Trivedi

Company Secretary

Pune : 14 May 2024



CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

| Particulars | Note No. | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|----------|-----------------------------|-----------------------------|
| Revenue from operations | 20 | 40,011.992 | 37,302.213 |
| Other income | 21 | 586.154 | 272.671 |
| Total Income | | 40,598.146 | 37,574.884 |
| Expenses | | | |
| Cost of raw materials consumed | 22 A | 19,288.045 | 17,811.550 |
| Purchases of stock-in-trade | | 1,485.839 | 1,913.537 |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 22 B | (943.509) | (178.914) |
| Employee benefits expense | 23 | 6,726.712 | 5,651.967 |
| Finance costs | 24 | 258.246 | 353.865 |
| Depreciation and amortization expense | 25 | 784.448 | 685.644 |
| Other expenses | 26 | 8,258.448 | 8,114.076 |
| Total expenses | | 35,858.229 | 34,351.725 |
| Profit/(loss) before exceptional items and tax | | 4,739.917 | 3,223.159 |
| Exceptional items | | (65.697) | 42.422 |
| Profit before tax | | 4,805.614 | 3,180.737 |
| Tax expenses | 19 | | |
| (1) Current tax | | 1,338.426 | 901.916 |
| (2) Deferred tax | | 74.440 | 28.193 |
| (3) (Excess)/ Short provision of earlier years | | (2.555) | - |
| Total Tax expenses | | 1,410.311 | 930.109 |
| Profit after tax but before share in profit of joint venture company for the year | | 3,395.303 | 2,250.628 |
| Share in profit of joint venture company | | 101.492 | 107.032 |
| Profit for the year | | 3,496.795 | 2,357.660 |
| Attributable to | | | |
| Non-controlling interest | | 15.450 | 8.270 |
| Equity holder's of parent | | 3,481.345 | 2,349.390 |
| Other Comprehensive Income | 27 | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurement gains and losses | | (98.142) | (45.960) |
| Income tax relating to remeasurement gains and losses | | 24.699 | 19.848 |
| Share in other comprehensive income of joint venture company | | (3.624) | (0.801) |
| Items that will be reclassified to profit or loss | | | |
| Cash flow hedge | | 1.611 | 42.927 |
| Gains/ losses on currency translation for foreign subsidiaries | | 110.865 | 137.043 |
| Other Comprehensive Income | | 35.409 | 153.057 |
| Total Comprehensive Income for the year (Comprising of net profit after tax and other comprehensive income for the year) | | 3,532.204 | 2,510.717 |
| Attributable to | | | |
| Non-controlling interest | | 15.350 | 7.951 |
| Equity holder's of parent | | 3,516.854 | 2,502.766 |
| Earnings per equity share | 32 | | |
| (1) Basic | | 43.84 | 29.59 |
| (2) Diluted | | 43.84 | 29.59 |

| | |
|--|------|
| Corporate information | 1 |
| Material accounting policies | 2 |
| See accompanying notes to financial statements | 3-48 |

The accompanying notes 1 to 48 form an integral part of the financial statements

As per our report of even date attached

For **SHARP & TANNAN ASSOCIATES**
Chartered Accountants
(ICAI Firm Regn. No. 109983W)

Pramod Bhise
Partner
Membership No: (F) - 047751
Pune : 14 May 2024

For and on behalf of the Board of Directors

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Chittaranjan Mate
Chief Financial Officer
Pune : 14 May 2024

Rama Kirloskar
Joint Managing Director
DIN: 07474724

Devang Trivedi
Company Secretary
Pune : 14 May 2024

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| A Cash flows from Operating Activities | | |
| Net Profit before taxation and extraordinary items | 4,805.614 | 3,180.737 |
| Adjustments for :- | | |
| 1 Depreciation / Amortization | 784.448 | 685.644 |
| 2 (Profit)/ Loss on sale of Fixed Assets | (1.462) | (8.297) |
| 3 Bad debts written off | 316.288 | 37.035 |
| 4 Advances, deposits and claims written off | 0.386 | 0.545 |
| 5 Provision for loss on long term contracts | 10.109 | (41.414) |
| 6 Provision for doubtful debts, advances and claims | (198.090) | 343.077 |
| 7 Interest Income | (182.269) | (155.162) |
| 8 Interest Expenses | 143.404 | 231.913 |
| 9 Excess provision written back | (133.758) | 45.106 |
| 10 Unrealized exchange (gain)/ Loss | 95.309 | 126.362 |
| 11 Profit on sale of mutual funds | (72.766) | (42.496) |
| Operating Profit Before Working capital changes | 5,567.213 | 4,403.050 |
| Adjustments for :- | | |
| 1 (Increase)/ decrease in inventories | (1,383.234) | (704.397) |
| 2 (Increase)/ decrease in trade receivables | (511.067) | (296.327) |
| 3 (Increase)/ decrease in financial assets | 138.775 | (80.959) |
| 4 (Increase)/ decrease in non-financial assets | 284.371 | 270.151 |
| 5 Increase/ (decrease) in trade payable | 615.245 | 271.970 |
| 6 Increase/ (decrease) in financial liabilities | 213.197 | 276.449 |
| 7 Increase/ (decrease) in non-financial liabilities | 350.005 | (283.581) |
| 8 Increase/ (decrease) in provisions | (250.096) | 110.496 |
| Cash Generated from Operations | 5,024.409 | 3,966.852 |
| 9 Income Tax (Paid) / Refunded | (1,263.653) | (674.412) |
| Net Cash from Operating Activities | 3,760.756 | 3,292.440 |
| B Cash flows from Investing Activities | | |
| 1 Purchase of Fixed Assets | (1,300.697) | (1,330.664) |
| 2 Sale of Fixed Assets | 8.219 | 131.795 |
| 3 Investment in mutual funds and deposits with NBFC | (12,617.537) | (8,240.707) |
| 4 Sale of investment in mutual funds and deposits with NBFC | 11,844.988 | 8,530.000 |
| 5 Interest Received | 154.461 | 134.468 |
| 6 Dividend received | 18.000 | 18.000 |
| Net Cash from Investment Activities | (1,892.566) | (757.108) |
| C Cash Flows from Financing Activities | | |
| 1 Proceeds from borrowing | 865.137 | 1,496.474 |
| 2 Repayment of borrowings | (1,843.901) | (2,720.559) |
| 3 Interest Paid | (137.589) | (231.977) |
| 4 Dividend and tax on dividend paid | (356.662) | (237.773) |
| Net Cash used in Financing Activities | (1,473.015) | (1,693.835) |



CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| a Net Increase in Cash and Cash Equivalents (A+B+C) | 395.175 | 841.497 |
| b Cash & Cash Equivalents at beginning of year | 2,212.847 | 1,342.688 |
| c Unrealized Exchange Gain / (Loss) in cash and cash equivalents | 51.043 | 28.662 |
| d Cash & Cash Equivalents at end of year (refer note 9) (a+b+c) | 2,659.065 | 2,212.847 |

Note :- Cash flow is prepared using the indirect method.

There are no reconciliation items in relation to financing activities for which disclosure is required as per Ind AS 7.

Refer note 43 for cash outflow on account of corporate social responsibility.

As per our report of even date attached

For **SHARP & TANNAN ASSOCIATES**
Chartered Accountants
(ICAI Firm Regn. No. 109983W)

Pramod Bhise

Partner
Membership No: (F) - 047751

Pune : 14 May 2024

For and on behalf of the Board of Directors

Sanjay Kirloskar

Chairman and Managing Director
DIN: 00007885

Chittaranjan Mate

Chief Financial Officer

Pune : 14 May 2024

Rama Kirloskar

Joint Managing Director
DIN: 07474724

Devang Trivedi

Company Secretary

Pune : 14 May 2024

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

 FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

A. EQUITY SHARE CAPITAL

| Balance as at 1 April 2022 | Changes in equity share capital during the year | Balance as at 31 March 2023 |
|----------------------------|---|-----------------------------|
| 158.818 | - | 158.818 |

| Balance as at 1 April 2023 | Changes in equity share capital during the year | Balance as at 31 March 2024 |
|----------------------------|---|-----------------------------|
| 158.818 | - | 158.818 |

B. OTHER EQUITY

| | Reserves and Surplus and items of OCI | | | | | | | Total Reserves and Surplus | Non-Controlling interest | Total |
|-------------------------------------|---------------------------------------|----------------------------|--------------------|------------------|--------------------------------------|---------------------------------------|-------------------|----------------------------|--------------------------|-------------------|
| | Capital Reserve | Capital redemption reserve | Securities Premium | General reserve | Foreign currency translation reserve | Effective portion of cash flow hedges | Retained Earnings | | | |
| Balance as at 1 April 2022 | 5.237 | 9.237 | 414.700 | 6,334.597 | 290.767 | - | 4,560.886 | 11,615.424 | 26.086 | 11,641.510 |
| Profit for the year | - | - | - | - | - | - | 2,349.390 | 2,349.390 | 8.270 | 2,357.660 |
| Other comprehensive income | - | - | - | - | 137.043 | 42.927 | (26.594) | 153.376 | (0.319) | 153.057 |
| Dividends and tax thereof | - | - | - | - | - | - | (238.227) | (238.227) | - | (238.227) |
| Balance as at 31 March 2023 | 5.237 | 9.237 | 414.700 | 6,334.597 | 427.810 | 42.927 | 6,645.455 | 13,879.963 | 34.037 | 13,914.000 |
| Profit for the year | - | - | - | - | - | - | 3,481.345 | 3,481.345 | 15.450 | 3,496.795 |
| Other comprehensive income | - | - | - | - | 110.865 | 1.611 | (76.967) | 35.509 | (0.100) | 35.409 |
| Dividends and tax thereof | - | - | - | - | - | - | (357.340) | (357.340) | - | (357.340) |
| Changes in non-controlling interest | - | - | 0.006 | 0.033 | - | - | (8.851) | (8.812) | 1.911 | (6.901) |
| Balance as at 31 March 2024 | 5.237 | 9.237 | 414.706 | 6,334.630 | 538.675 | 44.538 | 9,683.642 | 17,030.665 | 51.298 | 17,081.963 |

As per our report of even date attached

 For **SHARP & TANNAN ASSOCIATES**

 Chartered Accountants
(ICAI Firm Regn. No. 109983W)

Pramod Bhise

 Partner
Membership No: (F) - 047751

Pune : 14 May 2024

For and on behalf of the Board of Directors

Sanjay Kirloskar

 Chairman and Managing Director
DIN: 00007885

Chittaranjan Mate
Chief Financial Officer

Pune : 14 May 2024

Rama Kirloskar

 Joint Managing Director
DIN: 07474724

Devang Trivedi
Company Secretary

Pune : 14 May 2024



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

MATERIAL ACCOUNTING POLICIES

(All amounts are in Indian rupees rounded to the nearest Millions, unless otherwise stated)

1. CORPORATE INFORMATION

Kirloskar Brothers Limited (“KBL”) is a public limited Company domiciled in India and incorporated under the provisions of the Indian Companies Act. KBL, its Subsidiaries and Joint Ventures (“Group”) are engaged in providing fluid management solutions globally. The core products of the company are Engineered Pumps, Industrial Pumps, Agriculture and Domestic Pumps, Valves, and Hydro turbines.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with the provisions of Indian Accounting Standards (Ind-AS) notified under the Companies Act, 2013 (“the Act”) (to the extent notified and as amended from time to time) guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS have been prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.

In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment.

Group maintains its accounts on accrual basis following historical cost convention except for certain financial instruments which are measured at fair values. The financial statements have been prepared on accrual and going concern basis.

The financial statements have been approved for issue by the Board of Directors at its meeting held on 14 May 2024.

2.2 Basis of consolidation and equity accounting

i. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The consolidated financial statements relate to Kirloskar Brothers Limited (KBL) and its majority

owned subsidiary companies, consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group transactions and the unrealized profit /losses on intra-group transactions, and are presented to the extent possible, in the manner as the Company’s independent financial statements.

The names of the subsidiary companies, country of incorporation, and proportion of ownership interest considered in the consolidated financial statements are:

| Name of the Company | Country of Incorporation | Proportion of ownership Interest of KBL |
|--|--------------------------|---|
| Karad Projects and Motors Limited (KPML) | India | 100.00% |
| The Kolhapur Steel Limited (TKSL) | India | 100.00% |
| Kirloskar Corrocoat Private Limited (KCPL) | India | 65% |
| Kirloskar Brothers International B V | The Netherlands | 100% |
| SPP Pumps Limited | United Kingdom | 100% |
| Kirloskar Brothers(Thailand) Limited | Thailand | 100% |
| SPP Pumps (MENA) L. L.C. | Egypt | 100% |
| Kirloskar Pompen B.V | The Netherlands | 100% |
| Micawber 784 Proprietary Limited | South Africa | 100% |
| SPP Pumps International PTY Limited | South Africa | 100% |
| SPP France S A S | France | 100% |
| SPP Pumps Inc. | USA | 100% |
| SPP Pumps South Africa Proprietary Limited | South Africa | 100% |
| Braybar Pumps Limited | South Africa | 100% |
| Rodelta Pumps International BV | The Netherlands | 100% |
| Rotaserve Overhaul B.V. | The Netherlands | 100% |
| SPP Pumps Real Estate LLC | U S A | 100% |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

| Name of the Company | Country of Incorporation | Proportion of ownership Interest of KBL |
|---------------------------|--------------------------|---|
| SyncroFlo Inc. | U S A | 100% |
| SPP Pumps (Asia) Ltd | Thailand | 100% |
| SPP Pumps (Singapore) Ltd | Singapore | 100% |
| Rotaserve Limited | United Kingdom | 100% |
| Rotaserve Mozambique | South Africa | 100% |

Reporting date for Indian subsidiaries and joint venture is 31 March and that to for foreign subsidiaries is 31 December, which is as per the local laws in the respective countries of incorporation. However, in order to have uniform accounting policies management drawn financials of 3 months ended 31 March 2024 are also consolidated. Accordingly, consolidated financials ended 31 March 2024, considers results for foreign subsidiaries for 12 months ended March 2024 only.

The excess of cost to the company of its investment in the subsidiary company over the parents' portion of equity is recognised in the consolidated financial statements as goodwill. The excess of company's share of equity of the subsidiary company over the cost of acquisition is treated as capital reserve.

ii) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iii) Loss on control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the

date when the control is lost. Any resulting gain or loss is recognised in profit or loss.

iv) Equity accounted investees

A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Company has accounted 'Investment in Associate and joint venture' under the equity method as per Ind AS 28, whereby the investment is initially recorded at cost, identifying any goodwill/ capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the Company's share of net assets of the associates/ Joint Venture.

The excess of cost to the Company of its investment in the joint venture/ associates entity is set off against the adjusted carrying amount of the investment. Distributions received from the joint venture/ associates reduce the carrying amount of the investment.

The consolidated statement of profit and loss reflects the Company's share of the results of the operations of the joint venture company.

Unrealized profits and losses resulting from transactions between the joint venture /associates and the Company are eliminated to the extent of Company's interest in the joint venture/associates.

The names of the associates and joint ventures entities, country of incorporation, and proportion of ownership interest considered in the consolidated financial statements are:

| Name of the Company | Country of Incorporation | Proportion of ownership Interest of KBL |
|----------------------------|--------------------------|---|
| Kirloskar Ebara Pumps Ltd. | India | 45% |

v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2.3 Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items, which are measured on an alternative basis in accordance with Ind AS on each reporting date.

| Items | Measurement basis |
|---|-------------------|
| Derivative financial instruments at fair value through profit or loss | Fair value |
| Defined benefit plan – plan assets | Fair value |

2.4 Current or non-current classification

All assets and liabilities have been classified as current or non-current as per the group's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013.

Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities for product business. In case of project business, operating cycle is dependent on life of specific project/ contract/ service, hence current non-current bifurcation relating to project is based on expected completion date of project which generally exceeds 12 months.

2.5 Functional and presentation currency

Functional currency of KBL, KPML, TKSL and KCPL is Indian currency. The functional currency of other foreign subsidiaries is their respective local currency. These financial statements are presented in Indian Rupees (₹).

All financial information is presented in ₹ rounded off to three decimal places, except share and per share data, unless otherwise stated.

2.6 Use of judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgements, estimates and assumptions that affect the

reported amounts of revenue, expenses, current assets, non-current assets, current liabilities, non-current liabilities and disclosure of the contingent liabilities at the end of each reporting period. The estimates are based on management's best knowledge of current events and actions, however, due to uncertainty about these assumptions and estimates, actual results may differ from these estimates.

This note provides an overview of the areas that involved a higher degree of judgement or complexity and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Critical estimates and judgements

The areas involving critical estimates or judgements are:

- Estimation of defined benefit obligation – The cost of the defined benefit gratuity and pension plan, and the present value of the gratuity/pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. (Refer note – 34)
- Estimation of leave encashment provision - The cost of the leave encashment and the present value of the leave encashment obligation are determined using actuarial valuations. (Refer note 38)
- Impairment of goodwill – The group estimates the value in use of a cash generating unit (CGU) based on the future cash flows after considering the current economic conditions and trends, estimated future operating results and growth rate. The estimated cash flows are developed using internal forecasts. The discount rate used for the CGU's represent the weighted average cost of capital based on historical market returns of comparable companies.
- Impairment of receivables - The impairment provisions for financial receivables disclosed are based on assumptions about risk of default and expected credit loss (Refer note 40)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

- Decommissioning liability – Initial estimate of dismantling and restoration liability requires significant judgement about cost inflation index and other factors. (Refer note 38)
- Provision for warranty claims – Provision is recognised based on the key assumptions about likelihood and magnitude of an outflow of resources. (Refer note 38)
- Estimation of provision for loss on long term contract – The provision is recognised when the estimated cost exceeds the estimated revenue for constructions contracts as per Ind AS 115. (Refer note 38)
- Recognition of deferred tax asset – Availability of future taxable profit against which deductible temporary differences can be utilized
- Revenue recognition – Variable consideration such as discounts, rebates is recognized considering historical trend of payout as adjusted for any amendment in rebate scheme.
- Stores and spares:** Inventories of consumable stores and spare parts are carried at the lower of cost and net realizable value.

Based on ageing of inventory and its future potential to generate economic benefit, group provides for slow and non-moving inventory using provision matrix. This provision is reversed once such inventory is consumed or expected to be consumed.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Assessment of net-realizable value is made at regular intervals (each reporting period) and at change of events.

2.7 Inventories

Inventories are valued at the lower of cost and net realizable value. The cost is calculated on moving weighted average method. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials:** cost includes cost of purchase excluding taxes subsequently recoverable from tax authorities and other costs incurred in bringing the inventories to their present location and condition. However, these items are considered to be realizable at cost if the finished products in which they will be used, are expected to be sold at or above cost.
- Finished goods and work in progress:** cost includes cost of direct materials, labor and a systematic allocation of fixed and variable production overhead that are incurred in converting raw material into work in progress/ finished goods based on the normal operating capacity and actual capacity respectively.
- Traded goods:** Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

2.8 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks, cash on hand and highly liquid short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

The deposits maintained by the Group with banks and financial institutions comprise time deposits, which can be withdrawn by the Group at any point without prior notice or penalty on the principal.

While other bank balances include, margin money, deposits, earmarked balances with bank, unclaimed dividend balances and other bank balances with bank which have restrictions on repatriation.

2.9 Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method, adjusting the profit before tax for the effects of:

- changes during the period in inventories and operating receivables and payables transactions of a non-cash nature;
- non-cash items such as depreciation, provisions, unrealized foreign currency gains and losses; and
- all other items for which the cash effects are investing or financing cash flows.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as at the date of Balance Sheet.

2.10 Property, plant and equipment (PPE)

Measurement

The cost of an item of PPE, shall be recognized as an asset only if it is probable that future economic benefits associated with the item will flow to the company and cost of the item can be measured reliably.

Freehold land is carried at historical cost. All other items of PPE are measured at cost of acquisition or construction less accumulated depreciation and accumulated impairment loss, if any.

The cost of an item of PPE comprises its purchase price, including import duties net of credits and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use, after deducting any discounts, rebates and estimated costs of dismantling and removing the item and restoring the site on which it is located and borrowing costs directly attributable to the construction or acquisition of a qualifying asset upto completion or acquisition are capitalised as part of the cost.

Own manufactured PPE is capitalized at cost including an appropriate share of overheads. Administrative and other general overhead expenses that are specifically attributable to construction or acquisition of PPE or bringing the PPE to working condition are allocated and capitalized as a part of the cost of the PPE.

Borrowing costs directly attributable to the construction or acquisition of a qualifying asset up to completion or acquisition are capitalized as part of the cost. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision is met.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

PPE under construction are disclosed as capital work-in-progress.

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

Subsequent costs

The cost of replacing a part of an item of PPE is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of PPE are recognised in the statement of profit and loss as incurred.

Disposal

An item of PPE is derecognized upon disposal or when no future benefits are expected from its use or disposal. Gains and losses on disposal of an item of PPE are determined by comparing the proceeds from disposal with the carrying amount of PPE, and are recognised within other income/expenses in the statement of profit and loss.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

The residual values, useful lives and method of depreciation of PPE reviewed at each financial year end and adjusted prospectively, if appropriate. Depreciation on additions to/deductions from, owned assets is calculated pro rata to the period of use. Further, extra shift depreciation is provided wherever applicable. Depreciation charge for impaired assets if any is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

Depreciation is recognised in the statement of profit and loss generally on a straight-line basis over the estimated useful lives of each part of an item of PPE and in some cases based on the technical evaluation made by the management.

2.11 Investment property

Investment property is a property, being land or building or part of it, (including those under construction) that is held to earn rental income or for capital appreciation or both but not held for sale in ordinary course of business, use in manufacturing or rendering services or for administrative purposes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

Upon initial recognition, investment property is measured and reported at cost, including transaction costs. The cost of investment property includes its purchase price and directly attributable expenditure, if any. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment loss, if any. The estimated useful life and residual values are reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

Investment property in the form of land is not depreciated. Investment properties in the form of building are stated at cost less accumulated depreciation on straight line basis, calculated as per provisions of Schedule II to Companies Act, 2013.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

The fair value of investment property is disclosed in the notes. Fair value is determined by an independent valuer.

2.12 Goodwill and intangible assets

Recognition and measurement

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less impairment losses. Goodwill is allocated to the CGUs for the purpose of impairment testing. The allocation is made to those CGUs or group of CGUs that are expected to benefit from the business combination in which goodwill arose.

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

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

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level.

Subsequent measurement

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortization

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortization is recognised in statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The method of amortization and useful life is reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Amortization on impaired assets is provided by adjusting the amortization charge in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

Research and development costs –

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization expense is recognised in the statement of profit and loss.

During the period of development, the asset is tested for impairment annually.

2.13 Interest in joint operations

The company as joint operator recognizes in relation to its interest in a joint operation, its share in the assets/liabilities held / incurred jointly with the other parties of the joint arrangements. Revenue is recognised for its share of revenue from the sale of output by the joint operator. Expenses are recognised for its share of expenses incurred jointly with the other parties of the joint arrangements.

2.14 Borrowing costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized in the cost of that asset. Qualifying assets are those assets which necessarily takes a substantial period of time to get ready for its intended use or sale.

All other borrowing costs are expensed in the period in which they are incurred.

2.15 Revenue recognition

Group recognizes revenue from contracts with customers when it satisfies a performance obligation.

Revenue is measured at transaction price i.e. Consideration to which group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and after considering effect of variable consideration, significant financing component, if any.

For contracts with multiple performance obligations, transaction price is allocated to different performance obligations based on their standalone selling price. In such case, revenue recognition criteria are applied separately to different performance obligations, in order to reflect the substance of the transaction and revenue is recognised separately for each obligation as and when the recognition criteria for the component is fulfilled.

Sale of goods

Revenue from the sale of goods is recognized when the control of the goods is transferred to the buyer. For contracts that permit the customer to return an item, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Amounts included in revenue are net of returns, trade allowances, rebates, goods and service tax, value added taxes.

Customer loyalty programs

Group allocates a portion of the consideration received to loyalty points. This allocation is based on the relative stand-alone selling prices. The amount allocated to the loyalty programs is deferred, and is recognized as revenue when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points becomes remote. The deferred revenue is included in contract liabilities.

Rendering of services

Revenue is recognized over the time as and when customer receives the benefit of company's performance and the company has an enforceable right to payment for services transferred.

Construction Contracts

Contract revenue includes initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably.

Contract revenue and contract cost arising from fixed price contract are recognized in accordance with the percentage completion method (POC). The stage of completion is measured with reference to cost incurred to date as a percentage of total estimated cost of each contract. Until such time (25% of Project Cost) where the outcome of the contract cannot be ascertained reliably, the Group recognizes revenue equal to actual cost.

NOTES TO THE FINANCIAL STATEMENTS

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Full provision is made for any loss estimated on a contract in the year in which it is first foreseen.

Where the group is involved in providing operation and maintenance services under a single construction contract, then the consideration is allocated on a relative stand-alone price basis between various obligations of a contract.

For contracts where progress billing exceeds the aggregate of contract costs incurred to-date and recognized profits (or recognized losses, as the case may be), the surplus is shown as the amount due to customers.

For contracts where the aggregate of contract costs incurred to-date and recognized profits (or recognized losses, as the case may be) exceed progress billing, the deficit is shown as the amount due from customers. Amount due from customers is shown as part of other non-financial assets as the contractual right for consideration is dependent on completion of contractual milestones.

Amounts received before the related work is performed are disclosed in the Balance Sheet as a liability towards advance received. Amounts billed for work performed but yet to be paid by the customer are disclosed in the Balance Sheet as trade receivables.

The amount of retention money held by the customers is disclosed as part of other current assets.

2.16 Other income

Interest is recognized on a time proportion basis determined by the amount outstanding and the rate applicable using the effective interest rate (EIR) method. Dividend income and export benefits are recognised in the statement of profit and loss on the date that the Group's right to receive payment is established.

Interest receivable on customer dues is recognised as income in the Statement of Profit and Loss on accrual basis provided there is no uncertainty towards its realization.

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

2.17 Foreign currencies transactions

Transactions and balances

Transactions in foreign currency are recorded at exchange rates prevailing at the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss of the year.

Monetary assets and liabilities denominated in foreign currencies which are outstanding, as at the end of reporting period are translated at the closing exchange rates and the resultant exchange differences are recognised in the statement of profit and loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the date of that balance sheet
- Income and expenses are translated at average exchange rates, and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

2.18 Employee benefits

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the services are classified as short term employee benefits. Benefits such as salaries, wages, expected cost of bonus and short term compensated absences, leave travel allowance etc. are recognized in the period in which the employee renders the related service.



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Post-employment benefits

Defined contribution plans

The Group's superannuation scheme, state governed provident fund schemes and employee state insurance scheme are defined contribution plans. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

Defined Benefit Plans

The employees' gratuity fund schemes and provident fund scheme managed by a trust and pension scheme are the Group's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income (OCI) in the period in which they occur. Re-measurements are not reclassified to the statement of profit and loss in subsequent periods.

In case of funded plans, the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. Net interest is calculated by applying the

discount rate to the net defined benefit liability or asset. The Group recognizes gains/ losses on settlement of a defined plan when the settlement occurs.

The Group pays contribution to a recognized provident fund trusts in respect of above mentioned PF schemes.

Other long term employee benefits

Compensated absences liabilities means, the liabilities for earned leave that are not expected to be settled wholly within twelve months after the end of the reporting period in which the employee render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating the terms of the related obligation. Re-measurements as a result of experience adjustments and change in actuarial assumptions are recognised in the statement of profit and loss.

2.19 Income taxes

Income tax expense comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to a business combination or items recognised directly in equity or in OCI.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that were enacted at the reporting date in the country where the Group operates and generates taxable income. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax is recognized on timing differences between the accounting income and the taxable

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

income for the year. The tax effect is calculated on the accumulated timing differences at the end of the accounting period based on prevailing enacted or subsequently enacted regulations.

Deferred tax liabilities are recognized for all timing differences including temporary differences associated with investment in subsidiaries and associates and interest in joint venture. Deferred tax assets are recognized for deductible timing differences only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset only if certain criteria are met.

2.20 Provisions

A Provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the statement of profit and loss.

Warranty provisions

A provision for warranty is recognised when the underlying products and services are sold to the customer based on historical warranty data and at its best estimate using expected value method. The initial estimate of warranty-related costs is revised annually.

Provision for decommissioning and site restoration

The Group has a legal obligation for decommissioning of windmills and restoring the site back to its original condition. Decommissioning and restoration costs are measured initially at its best estimate using expected value method. The present value of initial estimates is provided as a liability and corresponding amount is capitalized as a part of the windmill. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Contingent liability is disclosed when Group has:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; or
- present obligation arising from past events, when no reliable estimate is possible; or
- A possible obligation arising from past events where the probability of outflow of resources is not remote.

Provisions and contingent liabilities are reviewed at each Balance Sheet date.

2.21 Leases

Lease is a contract that provides to the customer (lessee) the right to use an asset for a period of time in exchange for consideration.

Group as a Lessee

A lessee is required to recognised assets and liabilities for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and to recognize depreciation of leased assets separately from interest on lease liabilities in the statement of Profit and Loss.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

Initial Measurement

Right to use asset

At the commencement date, the Company measures the right-of-use asset at cost.

The cost of the right-of-use asset shall comprise:

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Lease liability

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that

option; and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

Subsequent measurement

Right to use assets

Subsequently the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

Lease Liability

Subsequently the Company measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability at the interest rate implicit in the lease, if that rate can be readily determined or the Company's incremental borrowing rate.
- reducing the carrying amount to reflect the lease payments made; and
- re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments.

Group as a Lessor

Leases in which the company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases or another systematic basis is available. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the company to the lessee. Amounts due

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

from lessees under finance leases are recorded as receivables at the company's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

2.22 Impairment of non-financial assets

The Group assesses at each balance sheet date whether there is any indication that an asset or cash generating unit (CGU) may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal or its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in the statement of profit and loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

2.23 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 Group. 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 considers 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.

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

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

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

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

2.24 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 and measurement

All financial assets except trade receivables are recognized initially at fair value plus or minus the



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

transaction cost. Trade receivables that do not contain financial component are measured at transaction price in accordance with Ind AS 115. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Financial assets are subsequently measured at amortized cost if,

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Impairment of financial asset

Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortized cost e.g., loans,

debt securities, deposits, trade receivables and bank balance

- Financial assets that are debt instruments and are measured as at FVTOCI
- Lease receivables
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.
- Loan commitments which are not measured as at FVTPL
- Financial guarantee contracts which are not measured as at FVTPL

The Group follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 116

The application of simplified approach does not require the group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the group 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, lifetime ECL is used.

Financial liabilities

Initial recognition and measurement

The Group initially recognizes loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined and the amount recognised less cumulative amortization.

Derecognition

A financial liability is derecognized 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 or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the other equity under 'effective portion of cash flow hedges'. The effective portion of changes

in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

For all hedged forecast transactions, the amount accumulated in other equity is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss

2.25 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Group by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted EPS adjust the figures used in the determination of basic EPS to consider

- The after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares (if any).

2.26 Segment reporting

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

The board of directors of the company assesses the financial performance and position of the group and makes strategic decisions. The Board of Directors, which are identified as a CODM, consists of chief executive officer, chief financial officer and all other executive directors.

Group operates in single reporting segment of 'Fluid Machinery and Systems'

2.27 Recent accounting pronouncement

MCA has not issued any standards/ amendments to accounting standards which are effective from 1 April 2024.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

NOTE 3: PROPERTY, PLANT AND EQUIPMENT, GOODWILL AND INTANGIBLE ASSETS

| Particulars | Property, plant and equipment | | | | | | | | | | Intangible Assets | | |
|-----------------------------------|-------------------------------|-----------------|------------------|-------------------|----------------------|------------------|----------------|----------------|-------------------|----------------|-------------------|-------------------------|----------------|
| | Land free hold | Land lease hold | Buildings | Plant & equipment | Furniture & fixtures | Office equipment | Vehicles | Railway siding | Total | Goodwill | Computer software | Other intangible assets | Total |
| Gross Block | | | | | | | | | | | | | |
| As at 1 April 2022 | 569,783 | 85,310 | 2,992,325 | 7,921,313 | 748,060 | 71,278 | 148,081 | 1,714 | 12,537,864 | 139,157 | 333,046 | 207,328 | 540,374 |
| Additions | 110,124 | - | 102,437 | 357,360 | 24,965 | 21,167 | 2,741 | - | 618,794 | - | 28,857 | - | 28,857 |
| Disposals /impairment | (37,845) | - | (13,764) | (93,013) | (9,806) | (0,726) | (5,546) | - | (160,700) | - | (0,060) | - | (0,060) |
| Exchange difference | 10,268 | 5,160 | 20,056 | 4,357 | 22,580 | 0,012 | (0,461) | - | 61,972 | 4,367 | 0,957 | 12,576 | 13,533 |
| As at 31 March 2023 | 652,330 | 90,470 | 3,101,054 | 8,190,017 | 785,799 | 91,731 | 144,815 | 1,714 | 13,057,930 | 143,524 | 362,800 | 219,904 | 582,704 |
| Additions | 1,878 | - | 356,935 | 1,098,276 | 66,825 | 38,658 | 26,264 | - | 1,588,836 | - | 26,861 | - | 26,861 |
| Disposals /impairment | - | - | (0,185) | (164,265) | (6,201) | (2,854) | (15,665) | - | (189,170) | - | (8,882) | - | (8,882) |
| Exchange difference | 2,106 | (0,075) | 13,212 | 2,388 | 15,719 | (0,017) | (0,457) | - | 32,876 | 0,324 | (0,900) | 2,016 | 1,116 |
| As at 31 March 2024 | 656,314 | 90,395 | 3,471,016 | 9,126,416 | 862,142 | 127,518 | 154,957 | 1,714 | 14,490,472 | 143,848 | 379,879 | 221,920 | 601,799 |
| Depreciation/ Amortisation | | | | | | | | | | | | | |
| As at 1 April 2022 | - | 13,476 | 917,992 | 5,953,428 | 643,374 | 44,381 | 93,120 | 1,714 | 7,667,485 | - | 308,088 | 194,977 | 503,065 |
| Charge for the year | - | 1,376 | 94,322 | 473,156 | 30,900 | 13,172 | 11,372 | - | 624,298 | - | 17,149 | 6,814 | 23,963 |
| Depreciation on disposal | - | - | (0,185) | (162,782) | (6,273) | (2,769) | (10,404) | - | (182,413) | - | (3,665) | - | (3,665) |
| Exchange difference | - | (0,057) | 8,526 | (6,063) | 14,571 | 1,376 | (0,241) | - | 18,112 | - | 0,172 | 11,482 | 11,654 |
| As at 31 March 2023 | - | 12,147 | 1,023,060 | 6,339,396 | 712,876 | 53,947 | 100,309 | 1,714 | 8,243,449 | - | 321,744 | 213,273 | 535,017 |
| Charge for the year | - | 1,376 | 94,322 | 473,156 | 30,900 | 13,172 | 11,372 | - | 624,298 | - | 26,691 | 6,289 | 32,980 |
| Depreciation on disposal | - | - | (0,185) | (162,782) | (6,273) | (2,769) | (10,404) | - | (182,413) | - | (8,882) | - | (8,882) |
| Exchange difference | - | (0,057) | 8,526 | (6,063) | 14,571 | 1,376 | (0,241) | - | 18,112 | - | (0,703) | 1,916 | 1,213 |
| As at 31 March 2024 | - | 13,466 | 1,125,723 | 6,643,707 | 752,074 | 65,726 | 101,036 | 1,714 | 8,703,446 | - | 338,850 | 221,478 | 560,328 |
| Net block | | | | | | | | | | | | | |
| As at 1 April 2022 | 569,783 | 71,834 | 2,074,333 | 1,967,885 | 104,686 | 26,897 | 54,961 | (0,000) | 4,870,379 | 139,157 | 24,958 | 12,351 | 37,309 |
| As at 31 March 2023 | 652,330 | 78,323 | 2,077,994 | 1,850,621 | 72,923 | 37,784 | 44,506 | (0,000) | 4,814,481 | 143,524 | 41,056 | 6,631 | 47,687 |
| As at 31 March 2024 | 656,314 | 76,929 | 2,345,293 | 2,482,709 | 110,068 | 61,792 | 53,921 | (0,000) | 5,787,026 | 143,848 | 41,029 | 0,442 | 41,471 |

Notes:

- Plants and machineries acquired out of proceeds of term loan, are pledged as security against the loan.
- During the year no provision envisaged for impairment loss.
- Refer note no 29 for estimated amount of contract remaining to be executed on capital account.
- Company has not revalued any property, plant and equipment during the FY 2023-24 and FY 2022-23.
- All title deeds of immovable properties are held in the name of company.
- Other intangible assets includes sales tax deferral rights, trade marks, patents and licenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 4 : RIGHT TO USE ASSETS

| Particulars | Amt |
|---|----------------|
| Opening balance as at 1 April 2022 | 274.053 |
| Net addition / (deletion) during the year including forex | 125.542 |
| Depreciation | (93.885) |
| Balance as at 31 March 2023 | 305.710 |
| Net addition / (deletion) during the year including forex | 187.810 |
| Depreciation | (127.116) |
| Balance as at 31 March 2024 | 366.404 |

NOTE 5 : INVESTMENT PROPERTY

| Particulars | Amt |
|---|--------------|
| Gross Block | |
| As at 1 April 2022 | 2.780 |
| Net addition / (deletion) during the year including forex | 5.020 |
| As at 31 March 2023 | 7.800 |
| Net addition / (deletion) during the year including forex | (2.780) |
| As at 31 March 2024 | 5.020 |
| Depreciation and Impairment | |
| As at 1 April 2022 | 0.742 |
| Charge for the year | 0.106 |
| Depreciation on disposals | - |
| As at 31 March 2023 | 0.848 |
| Charge for the year | 0.054 |
| Depreciation on disposals | (0.902) |
| As at 31 March 2024 | 0.000 |
| Net block | |
| As at 1 April 2022 | 2.038 |
| As at 31 March 2023 | 6.952 |
| As at 31 March 2024 | 5.020 |

Information regarding income and expenditure of investment property

| | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| Rental Income derived from investment property | - | - |
| Less: Direct operating expenses | - | - |
| Profit arising from investment properties before depreciation and indirect expenses | - | - |
| Less - Depreciation | 0.106 | 0.054 |
| Profit/ (loss) arising from investment properties after depreciation and indirect expenses | (0.106) | (0.054) |



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

Fair Value

The group obtains independent valuations for its investment properties. The valuation model considers current prices in active market on reliable estimates of future cash-flows.

The main inputs used are the rental growth rates, expected vacancy rates, terminal yields and discount rates based on comparable transactions and industry data. All resulting fair value estimates for investment properties are included in level 3.

Fair value as at 31 March 2023 was ₹ 60.717 and there is no significant movement in fair value in FY 23-24.

NOTE 6 : FINANCIAL ASSETS: INVESTMENTS

| Particulars | | As at 31 March 2024 | As at 31 March 2023 |
|-------------|--|------------------------|------------------------|
| I | Long term investments - at cost | | |
| | Accounted using equity method | | |
| | (a) Investment in Equity instruments | 964.638 | 884.770 |
| | (b) Capital contribution in Partnership Firm | 0.000 | 0.000 |
| | | 964.638 | 884.770 |
| | Others | | |
| | (c) Investment in other Equity instruments | 0.005 | 0.005 |
| | (d) Investment in long term fixed deposit | 150.000 | 20.000 |
| | | 150.005 | 20.005 |
| | Total | 1,114.643 | 904.775 |
| II | Current investment | 2,982.760 | 2,267.401 |
| | Total | 2,982.760 | 2,267.401 |

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| Aggregate amount of quoted investments | 1,552.560 | 1,437.401 |
| Aggregate amount of unquoted investments | 2,544.843 | 1,734.775 |

| Sr No | Particulars | Face Value | Partly Paid / Fully paid | Extent of holding (%) | | No. of Shares / Units | | Amount in Million ₹ | |
|--------------------------------|---|------------|--------------------------|-----------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|
| | | | | As at 31 March 2024 | As at 31 March 2023 | As at 31 March 2024 | As at 31 March 2023 | As at 31 March 2024 | As at 31 March 2023 |
| Non-current investments | | | | | | | | | |
| 1 | Investments at fair value through other comprehensive income | | | | | | | | |
| a | Kirloskar Proprietary Limited | ₹ 100 | Fully Paid | - | - | 512 | 512 | 0.005 | 0.005 |
| 2 | Investment accounted using equity method | | | | | | | | |
| a | Kirloskar Ebara Pumps Limited | ₹ 10 | Fully Paid | 45% | 45% | 225,000 | 225,000 | 964.638 | 884.770 |
| b | KBL Synerge LLP* | N A | N A | 50% | 50% | - | - | 0.000 | 0.000 |
| | Total Investments accounted using equity method | | | | | | | 964.638 | 884.770 |
| 3 | Investment in long term fixed deposits | | | | | | | 150.000 | 20.000 |
| | Total non-current Investments | | | | | | | 1,114.643 | 904.775 |

NOTES TO THE FINANCIAL STATEMENTS

 FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

| Sr No | Particulars | Face Value | Partly Paid / Fully paid | Extent of holding (%) | | No. of Shares / Units | | Amount in Million ₹ | |
|----------------------------|---|------------|--------------------------|-----------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|
| | | | | As at 31 March 2024 | As at 31 March 2023 | As at 31 March 2024 | As at 31 March 2023 | As at 31 March 2024 | As at 31 March 2023 |
| Current investments | | | | | | | | | |
| (4) | Investments at amortised cost | | | | | | | | |
| a | Investment in fixed deposit with financial institutions (Int rate - 7.25% to 8.15%) | | | | | | | 1,430.200 | 830.000 |
| 3 | Investment accounted using fair value through profit and loss | | | | | | | | |
| a | Investment in mutual funds | | | | | | | 1,552.560 | 1,437.401 |
| | Total current Investments | | | | | | | 2,982.760 | 2,267.401 |

* KBL Synerge LLP, a limited liability partnership was formed in year 2017 between Kirloskar Brothers Ltd, Mrs. Sneha Phatak and Synerge Overseas Pte. Ltd. KBL Synerge LLP was inoperative and did not carry out any operations and had applied for striking off its name to the Registrar of Companies, Pune. The said application has been approved on 3 July 2023 and accordingly the said LLP ceased to be an associate of the Company. Following were the details of total capital and share of each partner in it.

| Name of Partner | Capital Contributed (₹) | Share in Partnership and profit (%) |
|----------------------------|-------------------------|-------------------------------------|
| Kirloskar Brothers Limited | 5,000 | 50 |
| Synerge Overseas Pte. Ltd | 2,600 | 26 |
| Mrs. Sneha Phatak | 2,400 | 24 |
| Total | 10,000 | 100 |

The Company has complied with the number of layers for its holding in downstream companies prescribed under clause (87) of section 2 of the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017.

Company has purchased minority stakeholder's stake in 'The Kolhapur Steel Limited' for ₹ 6.9 Million in FY 23-24. . Consequent to this, TKSL has now become wholly owned subsidiary.

NOTE 7 : FINANCIAL ASSETS: TRADE RECEIVABLES

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|--|---------------------|---------------------|
| Non-current | | |
| Unsecured, considered good | 607.540 | 573.883 |
| Doubtful | 869.881 | 952.843 |
| | 1,477.421 | 1,526.726 |
| Less : Provision for significant increase in credit risk and credit impaired receivables | 869.881 | 952.843 |
| | 607.540 | 573.883 |
| Current | | |
| Unsecured, considered good | 5,243.915 | 4,884.702 |
| Doubtful | 93.004 | 78.173 |
| | 5,336.919 | 4,962.875 |
| Less : Provision for significant increase in credit risk and credit impaired receivables | 93.004 | 78.173 |
| | 5,243.915 | 4,884.702 |
| Total trade receivables | 5,851.455 | 5,458.585 |

Trade receivables are non-interest bearing and are generally on terms of 1 to 90 days.Refer note 44 (A) for ageing and 40 (A) for movement in loss allowance.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 8 : FINANCIAL ASSETS: OTHER FINANCIAL ASSETS

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Non-current | | |
| (a) Claims receivable | | |
| Unsecured, considered good | 0.593 | 13.777 |
| Doubtful | 19.361 | 12.545 |
| | 19.954 | 26.322 |
| Less : Provision for significant increase in credit risk and credit impaired claims | 19.361 | 12.545 |
| (b) Fixed deposits with the original maturity of more than 12 months | 90.753 | 63.257 |
| (c) Interest accrued | 0.240 | - |
| (d) Security deposits | | |
| Unsecured, considered good | 85.059 | 90.280 |
| Doubtful | 12.588 | 10.884 |
| | 97.647 | 101.164 |
| Less : Provision for significant increase in credit risk and credit impaired deposits | 12.588 | 10.884 |
| | 85.059 | 90.280 |
| | 176.645 | 167.314 |
| Current | | |
| (a) Claims receivable | | |
| Unsecured, considered good | 15.623 | 21.728 |
| (b) Interest accrued | 63.288 | 35.720 |
| (c) Security deposits | | |
| Unsecured, considered good | 784.231 | 833.080 |
| (d) Forward contract asset | 97.723 | 144.160 |
| | 960.865 | 1,034.688 |
| Total other financial asset | 1,137.510 | 1,202.002 |

NOTE 9 : OTHER ASSETS

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| Non-current | | |
| (a) Advances to supplier of capital goods | 28.135 | 23.934 |
| (b) Advances to supplier and others | | |
| Unsecured, considered good | 239.251 | 238.289 |
| Doubtful | 71.878 | 72.190 |
| | 311.129 | 310.479 |
| Less : Provision for doubtful advances | 71.878 | 72.190 |
| | 239.251 | 238.289 |
| (c) Prepaid expenses | 18.856 | 7.654 |
| (d) Retention | 181.579 | 288.342 |
| (e) Advance income tax (net of provision) | 68.308 | 120.466 |
| (f) Claims receivable | 6.942 | 19.459 |
| | 543.071 | 698.144 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Current | | |
| (a) Advances to supplier and others | | |
| Unsecured, considered good | 358.336 | 473.493 |
| (b) Prepaid expenses | 376.407 | 236.482 |
| (c) Gross amount due from customer for project related contract work | 164.122 | 186.843 |
| (d) Retention | 1,311.376 | 1,452.848 |
| (e) Claims receivable | 963.653 | 1,005.684 |
| | 3,173.894 | 3,355.350 |
| Total other assets | 3,716.965 | 4,053.494 |

NOTE 10 : INVENTORIES

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|-------------------------------------|------------------------|------------------------|
| (a) Raw Materials (*) | 3,031.451 | 2,628.587 |
| (b) Work-in-progress | 2,706.677 | 2,416.019 |
| (c) Finished goods | 2,162.528 | 1,410.231 |
| (d) Stock-in-trade (*) | 422.420 | 521.866 |
| (e) Stores and spares | 199.790 | 162.929 |
| (Mode of valuation refer note 2.7) | | |
| Total inventories | 8,522.866 | 7,139.632 |

(*) 'Include goods in transit - ₹ 141.870 MN (PY 2022-23 : ₹ 174.070)

Amounts recognised in profit or loss

Write-down of inventories to net realizable value/ any loss due to it's obsolete nature (net of reversal) amounted to (₹ 22.760 MN) (PY 2022-23 ₹ 43.940 MN) was recognised as an expense during the year.

NOTE 11 A : CASH AND CASH EQUIVALENTS

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| (a) Balances with bank | | |
| In current and EEFC account (Including cheques on hand) | 1,576.032 | 1,288.487 |
| Bank deposits | 1,080.131 | 920.847 |
| (b) Cash on hand | 2.902 | 3.513 |
| Total cash and cash equivalents | 2,659.065 | 2,212.847 |

NOTE 11 B : OTHER BANK BALANCES

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| (a) Earmarked balances with bank | | |
| Unpaid dividend accounts | 12.733 | 12.055 |
| (b) Other deposits | 236.775 | 299.666 |
| (c) Margin money | 19.397 | 4.045 |
| Total other balances | 268.905 | 315.766 |



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 12: EQUITY SHARE CAPITAL

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| Authorised | | |
| 250,000,000 (250,000,000) equity shares of ₹2/- each (₹2/-) each | 500.000 | 500.000 |
| Issued, subscribed & fully paid up | | |
| 79,408,926 (79,408,926) equity shares of ₹2/- each (₹2/-) each | 158.818 | 158.818 |
| Total equity share capital | 158.818 | 158.818 |

(a) Terms/ rights attached to equity shares

The company has only one class of equity shares, having face value of ₹ 2/- per share. Each holder of equity share is entitled to one vote per share and has a right to receive dividend as recommended by the board of directors subject to the necessary approval from the shareholders. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

For the year ended 31 March 2024 the board of directors have proposed final dividend of ₹ 6 (2023:- ₹ 4.5) per share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

(b) Reconciliation of share capital

| Particulars | As at 31 March 2024 | As at 31 March 2024 | As at 31 March 2023 | As at 31 March 2023 |
|---|------------------------|------------------------|------------------------|------------------------|
| | Number | Amount (Million ₹) | Number | Amount (Million ₹) |
| Shares outstanding at the beginning of the year | 79,408,926 | 158.818 | 79,408,926 | 158.818 |
| Shares Issued during the year under ESOS | - | - | - | - |
| Shares outstanding at the end of the year | 79,408,926 | 158.818 | 79,408,926 | 158.818 |

(c) Details of shareholder holding more than 5% shares

| Particulars | As at 31 March 2024 | As at 31 March 2024 | As at 31 March 2023 | As at 31 March 2023 |
|---|------------------------|------------------------|------------------------|------------------------|
| | No. of Shares | % of Holding | No. of Shares | % of Holding |
| Kirloskar Industries Limited | 18,988,038 | 23.91% | 18,988,038 | 23.91% |
| Mr. Sanjay Chandrakant Kirloskar * | 17,847,465 | 22.48% | 17,847,465 | 22.48% |
| Mrs. Pratima Sanjay Kirloskar | 13,849,488 | 17.44% | 13,849,488 | 17.44% |
| Nippon Life India Trustee Ltd. (A/C Nippon India Small Cap Fund) | 4,383,373 | 5.52% | 4,300,851 | 5.42% |

(d) Details of shares held by promoters

| Particulars | As at 31 March 2024 | As at 31 March 2024 | As at 31 March 2023 | As at 31 March 2023 |
|------------------------------------|------------------------|------------------------|------------------------|------------------------|
| | No. of Shares | % of Holding | No. of Shares | % of Holding |
| Mr. Sanjay Chandrakant Kirloskar * | 17,847,465 | 22.48% | 17,847,465 | 22.48% |
| Mr. Rahul Chandrakant Kirloskar | 404,501 | 0.51% | 404,501 | 0.51% |
| Mr. Atul Chandrakant Kirloskar | 466,499 | 0.59% | 398,888 | 0.50% |
| Ms. Jyotsna Gautam Kulkarni | 441,805 | 0.56% | 441,805 | 0.56% |
| Ms. Geetanjali Vikram Kirloskar | 2,625 | 0.00% | 2,625.00 | 0.00% |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

There is no change in shares held by promoters' during the FY 2023-24 and 2022-23, except 67,611 equity shares held by Mrs. Mrinalini S. Kirloskar as a Trustee of Rooplekha Life Interest Trust were transferred to another Trustee of Rooplekha Life Interest Trust, namely Mr. Atul Kirloskar. Details of shares held by promoter's group are available on Company's website.

* includes 1,761,919 (PY: 1,761,919), 2% (PY: 2%) shares held in the capacity of a trustee.

For the period of five years immediately preceding the date as at which the balance sheet is prepared, no shares are

- i. allotted as fully paid up pursuant to contracts without payment being received in cash
- ii. allotted as fully paid shares by way of bonus shares
- iii. bought back.

NOTE 13: OTHER EQUITY

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| (a) Capital reserve | 5.237 | 5.237 |
| (b) Capital redemption reserve | 9.237 | 9.237 |
| (c) Securities premium | | |
| Opening balance | 414.700 | 414.700 |
| Add : Changes in non-controlling interest | 0.006 | - |
| | 414.706 | 414.700 |
| (d) General reserves | | |
| Opening balance | 6,334.597 | 6,334.597 |
| Add : Changes in non-controlling interest | 0.033 | - |
| | 6,334.630 | 6,334.597 |
| (e) Foreign Currency Translation Reserve | | |
| Opening balance | 427.810 | 290.767 |
| Add: Current year transfer | 110.865 | 137.043 |
| Closing balance | 538.675 | 427.810 |
| (f) Retained Earnings | | |
| Opening balance | 6,645.455 | 4,560.886 |
| Add : Net profit for the year | 3,481.345 | 2,349.390 |
| Add : Other comprehensive income for the year | (76.967) | (26.594) |
| Add : Changes in non-controlling interest | (8.851) | - |
| Balance available for appropriation | 10,040.982 | 6,883.682 |
| Less : Appropriations : | | |
| Final and interim dividend | 357.340 | 238.227 |
| Sub total | 357.340 | 238.227 |
| Closing balance | 9,683.642 | 6,645.455 |
| (g) Effective portion of cash flow hedges | | |
| Opening balance | 42.927 | - |
| Other comprehensive income for the year | 1.611 | 42.927 |
| Closing balance | 44.538 | 42.927 |
| | 17,030.665 | 13,879.963 |

Capital reserve:

The company has recognised profit or loss on purchase, sale, issue or forfeiture/ cancellation of own equity instrument to capital reserve.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

Capital redemption reserve:

The Company has recognised Capital Redemption Reserve on redemption of preference shares from its retained earnings as per the applicable provisions of Companies Act, 1956.

Securities premium :

The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium.

General reserve:

The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

Retained earnings:

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

Foreign currency translation reserve:

Exchange differences arising on translation of foreign operations are recognised in other comprehensive income and are accumulated in separate reserve within equity. The cumulative amount is reclassified to profit and loss, when the investment is disposed off.

Effective portion of cash flow hedges:

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the other equity under 'effective portion of cash flow hedges'.

NOTE 14 : FINANCIAL LIABILITIES: BORROWINGS

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Non-current | | |
| Secured | | |
| (a) Term loan from various banks | 683.973 | 1,478.214 |
| (Terms of loans: Term loans are availed by the group from various banks across the world. Loans are repayable over the period of 3 to 10 years and carry interest rates varying from 1% to 10.5%. Loans are secured against fixed assets purchased from proceeds of loan and corporate guarantees given by holding company) | | |
| Less- Current maturities of non- current borrowings | 38.215 | 368.718 |
| | 645.758 | 1,109.496 |
| | 645.758 | 1,109.496 |
| Current | | |
| Secured | | |
| Loans repayable on demand from bank | | |
| (i) Cash / export credit facilities and working capital demand loans | 865.137 | 1,049.660 |
| (Terms of loans: Loan carries interest @ 2% to 10.5% per annum and secured against the inventory, receivables and mortgage of plant & machinery in some cases) | | |
| Total secured loan - Current | 865.137 | 1,049.660 |
| Current maturities of long term loan | 38.215 | 368.718 |
| Total current borrowings | 903.352 | 1,418.378 |
| Total borrowings | 1,549.110 | 2,527.874 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

- The quarterly returns or statements filed by the Company and its group companies for working capital limits whenever availed with such banks and financial institutions are in agreement with the books of account of the Company and its group companies.
- The group has utilized loans for the specific purpose for which same are availed.
- The Company or any of its group company is not declared as willful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof or other lender in accordance with the guidelines on willful defaulters issued by the Reserve Bank of India.
- The Company and its group companies do not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond the statutory period.

NOTE 15 : FINANCIAL LIABILITIES: TRADE PAYABLES

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| Non-current | | |
| Total outstanding dues of creditors other than micro, small and medium enterprises | 83.232 | 80.206 |
| | 83.232 | 80.206 |
| Current | | |
| Total outstanding dues of micro, small and medium enterprises (refer note 42) | 1,090.041 | 800.913 |
| Total outstanding dues of creditors other than micro, small and medium enterprises | 5,540.538 | 5,217.448 |
| | 6,630.579 | 6,018.361 |
| Total trade payables | 6,713.811 | 6,098.567 |

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 60-day terms except dues to micro and small enterprises which are settled in 45 days or contractual term whichever is earlier. Refer note 44(b) for ageing.

NOTE 16: OTHER FINANCIAL LIABILITIES

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Non-current | | |
| Other liabilities | 54.847 | 36.861 |
| | 54.847 | 36.861 |
| Current | | |
| (a) Investor Education & Protection fund (will be credited as and when due). | | |
| Unclaimed dividends | 12.733 | 12.055 |
| (b) Others | | |
| Trade deposits | 150.739 | 143.510 |
| Salary and reimbursements | 688.116 | 640.607 |
| Payables on account of purchases of fixed assets | 48.053 | 68.101 |
| Provision for expenses and other liabilities | 766.196 | 776.533 |
| | 1,653.104 | 1,628.751 |
| | 1,665.837 | 1,640.806 |
| Total other financial liabilities | 1,720.684 | 1,677.667 |



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

Terms and conditions of the above financial liabilities:

- 1) Other payables are non-interest bearing.
- 2) For explanations on the Group's credit risk management processes. (refer note 40)

NOTE 17: PROVISIONS

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Non-current | | |
| Provisions for employee benefits | | |
| (a) Compensated absences (refer note 38) | 210.890 | 150.605 |
| (b) Pension scheme (refer note 34) | 46.582 | 43.899 |
| (c) Gratuity (refer note 34) | 25.633 | 24.602 |
| | 283.105 | 219.106 |
| Other provisions | | |
| (a) Provision for product warranty (refer note 38) | 33.910 | 46.022 |
| (b) Provision for decommissioning and restoration costs (refer note 38) | 10.412 | 9.621 |
| (c) Other provision | 42.621 | 173.579 |
| | 86.943 | 229.222 |
| | 370.048 | 448.328 |
| Current | | |
| Provisions for employee benefits | | |
| (a) Compensated absences (refer note 38) | 228.998 | 170.348 |
| (b) Gratuity and Provident fund (refer note 34) | 20.359 | 74.991 |
| | 249.357 | 245.339 |
| Other provisions (refer note 38) | | |
| (a) Provision for product warranty | 495.317 | 573.009 |
| (b) Provision for loss on long term contracts | 31.251 | 21.142 |
| | 526.568 | 594.151 |
| | 775.925 | 839.490 |
| Total provisions | 1,145.973 | 1,287.818 |

NOTE 18: OTHER LIABILITIES

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Non-current | | |
| (a) Gross amount due to customers for project related contract work | 156.797 | 165.947 |
| (b) Advance from customer | 532.814 | 536.639 |
| | 689.611 | 702.586 |
| Current | | |
| (a) Gross amount due to customers for project related contract work | 1,449.432 | 1,392.865 |
| (b) Advances from customer | 1,970.096 | 1,709.229 |
| (c) Contribution to provident fund and superannuation fund | 71.297 | 76.346 |
| (d) Statutory dues | 209.256 | 168.854 |
| (e) Deferred revenue | 61.368 | 51.175 |
| | 3,761.449 | 3,398.469 |
| Total other non-financial liabilities | 4,451.060 | 4,101.055 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 19 : INCOME TAX

(1) The major components of income tax expense for the year ended 31 March 2024 and 31 March 2023 are:

(a) Statement of profit and loss

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| Current income tax: | | |
| Current income tax charge | 1,338.426 | 901.916 |
| Adjustments in respect of income tax of previous year | (2.555) | - |
| Deferred tax: | | |
| Relating to origination and reversal of temporary differences | 74.440 | 28.193 |
| Income tax expense reported in the statement of profit or loss | 1,410.311 | 930.109 |

(b) Statement of other comprehensive income (OCI)

Tax related to items recognised in OCI during in the year:

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Related to remeasurement gains and losses | | |
| Income tax charged/ (credited) to OCI | (24.699) | (19.848) |
| | (24.699) | (19.848) |

(2) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31 March 2024 and 31 March 2023:

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Accounting profit before tax | 4,805.614 | 3,180.737 |
| At India's statutory income tax rate of 25.168%/ (25.168%) (a) | 1,209.477 | 800.528 |
| Adjustments | | |
| Non deductible expenses / accelerated deduction (b) (Including provisions for advances, Interest on TDS, donation, penalties etc.) | (81.396) | (26.997) |
| Tax impact of above adjustments | (20.486) | (6.795) |
| MAT entitlement for earlier years and other credits of earlier years | (19.236) | - |
| Rate difference on opening DTA/ DTL/ different tax rates from holding company | (88.876) | (53.158) |
| Tax impact of B/F losses (Tax losses on which DTA is not recognised) | (51.159) | (55.026) |
| Other items | (21.077) | (14.602) |
| Reversal of deferred tax recognised in earlier years | | |
| Total (c) | (200.834) | (129.581) |
| Tax expenses at effective rate (a-c) | 1,410.311 | 930.109 |
| Tax expenses recorded in books | 1,410.311 | 930.109 |



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

(3) Movement in deferred tax

(a) Balance sheet

| Deferred tax relates to the following: DTL/ (DTA) | As at 31 March 2024 | As at 31 March 2023 |
|--|------------------------|------------------------|
| Property, plant and equipment (Depreciation) | 86.267 | 85.591 |
| Employee benefits | (148.870) | (121.705) |
| Provision for doubtful debts and advances | (437.356) | (455.569) |
| Others - (DTA) /DTL (Including deferred tax on undistributed profits of joint venture and carry forwarded losses) | (223.115) | (102.917) |
| MAT credit | - | (19.236) |
| | (276.844) | (408.002) |
| Reflected in balance sheet as | | |
| Deferred tax asset | 276.844 | 408.002 |

(b) Statement of profit and loss

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Property, plant and equipment (Depreciation) | 0.676 | 4.593 |
| Employee benefits | (27.165) | (11.444) |
| Provision for doubtful debts and advances | 18.213 | (103.427) |
| Others - (DTA) /DTL (Including deferred tax on undistributed profits of joint venture and carry forwarded losses) | 120.198 | 55.726 |
| | 111.922 | (54.552) |
| Provision for gross amount due from customer directly recognised in reserves on transition to Ind AS 115 | | - |
| MAT Credit utilised and forex difference | (37.482) | 82.745 |
| Deferred tax expense/(income) | 74.440 | 28.193 |

(4) Movement in Current tax

(a) Balance sheet

| Reflected in balance sheet as | Year ended 31 March 2024 | Year ended 31 March 2023 |
|-------------------------------|-----------------------------|-----------------------------|
| Non- current advance tax | 68.308 | 120.466 |
| Current advance tax | 52.632 | 57.342 |
| Current tax liability | (51.524) | (60.874) |
| | 69.416 | 116.934 |

(b) Statement of Profit and loss and other comprehensive income

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Current tax (asset)/ liability as at beginning of year | (116.934) | (344.437) |
| Add: Additional provision during the year - Statement of Profit and loss account | 1,335.870 | 901.916 |
| Add /(Less): Additional provision during the year - Other comprehensive income | (24.699) | (19.848) |
| Less: Current tax paid during the year (Net of refund received for previous years) | (1,263.653) | (654.565) |
| Non Current tax (asset)/ liability as at end of year | (69.416) | (116.934) |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 20: REVENUE FROM OPERATIONS

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| (a) Sale of products (Refer note 30 for the construction contract revenue) | 38,621.733 | 35,986.426 |
| (b) Sale of services | 760.264 | 735.080 |
| | 39,381.997 | 36,721.506 |
| (c) Other operating revenues (majorly includes scrap sales and exports benefits) | 629.995 | 580.707 |
| Total | 40,011.992 | 37,302.213 |

NOTE 21: OTHER INCOME

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| (a) Interest Income | | |
| From customers and others | 170.862 | 133.705 |
| On income tax and sales tax refund | - | 0.787 |
| (b) Release of deferred income | 11.407 | 20.670 |
| (c) Profit on sale of mutual fund investment | 72.766 | 42.496 |
| (d) Other non-operating income | 276.546 | 75.013 |
| (e) Foreign exchange gain | 54.573 | - |
| Total | 586.154 | 272.671 |

NOTE 22: COST OF RAW MATERIALS CONSUMED , CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| (A) Cost of raw material consumed | 19,288.045 | 17,811.550 |
| (B) Changes in inventories of finished goods, work-in-progress and stock-in-trade | | |
| Opening Stock (Refer note 10) | | |
| Finished goods | 1,410.231 | 1,682.800 |
| Work-in- progress | 2,416.019 | 2,237.327 |
| Stock in trade | 521.866 | 249.075 |
| | 4,348.116 | 4,169.202 |
| Closing Stock (Refer note 10) | | |
| Finished goods | 2,162.528 | 1,410.231 |
| Work-in- progress | 2,706.677 | 2,416.019 |
| Stock in trade | 422.420 | 521.866 |
| | 5,291.625 | 4,348.116 |
| Total change in inventories | (943.509) | (178.914) |

NOTE 23: EMPLOYEE BENEFITS EXPENSE

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| (a) Salaries, wages and bonus | 6,075.758 | 5,055.733 |
| (b) Defined contribution plans | | |
| Contribution to provident fund, superannuation fund and ESIC | 276.086 | 251.750 |
| (c) Defined benefit plans | 157.546 | 134.147 |
| Gratuity, Provident fund and Pension | | |
| (d) Welfare expenses | 217.322 | 210.337 |
| Total | 6,726.712 | 5,651.967 |



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 24: FINANCE COSTS

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| (a) Interest expense (at effective interest rate/ market rate of interest) | 143.404 | 231.913 |
| (b) Other borrowing costs (includes bank guarantee commission, LC charges, loan processing charges) | 114.842 | 121.952 |
| Total | 258.246 | 353.865 |

NOTE 25: DEPRECIATION AND AMORTISATION EXPENSE

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| (a) Depreciation on property, plant and equipment and investment property | 624.352 | 567.796 |
| (b) Amortization of intangible assets | 32.980 | 23.963 |
| (c) Amortisation of right to use assets (Lease) | 127.116 | 93.885 |
| Total | 784.448 | 685.644 |

NOTE 26: OTHER EXPENSES

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| Other Manufacturing Expenses | | |
| Stores and spares consumed | 1,470.827 | 1,385.442 |
| Processing charges | 1,131.350 | 957.565 |
| Power & fuel | 642.977 | 580.909 |
| Repairs and maintenance | | |
| Plant and machinery | 235.888 | 240.795 |
| Buildings | 91.397 | 101.780 |
| Other | 77.333 | 64.017 |
| Other expenses | | |
| Rent | 40.893 | 40.167 |
| Rates and taxes | 90.809 | 103.668 |
| Travelling and conveyance | 465.356 | 344.111 |
| Communication expenses | 87.642 | 94.104 |
| Insurance | 202.685 | 186.269 |
| Directors' sitting fees | 6.623 | 7.578 |
| Royalties and fees * | 72.740 | 70.680 |
| Freight and forwarding charges | 600.082 | 659.358 |
| Brokerage and commission | 172.988 | 184.745 |
| Advertisements and publicity | 231.236 | 214.787 |
| Provision for product warranty | 278.085 | 334.469 |
| Loss on sale/disposal of fixed assets | 1.553 | 13.582 |
| Provision for doubtful debts, advances and claims | (198.090) | 343.077 |
| Bad debts written off | 316.288 | 37.035 |
| Advances, deposits and claims written off | 0.386 | 0.545 |
| Auditor's remuneration (refer note 31) | 44.605 | 45.397 |
| Professional, consultancy and legal expenses | 695.333 | 670.906 |
| Security services | 76.922 | 71.826 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Computer services | 403.304 | 338.857 |
| Non-executive directors remuneration | 19.000 | 14.375 |
| Stationery & Printing | 40.090 | 39.924 |
| Training course expenses | 29.249 | 27.223 |
| Outside labour charges | 517.613 | 453.052 |
| Foreign exchange difference (net) | - | 198.108 |
| Corporate social responsibility expenses (refer note 43) | 39.323 | 32.177 |
| Other miscellaneous expenses | 373.961 | 257.548 |
| Total | 8,258.448 | 8,114.076 |

* As specified in the note given in the Board's Report in respect of legal proceedings pending against KPL, the company has in the interim, without prejudice to all its rights and contentions, including those in the pending proceedings, in compliance with the directions of the Order dated 05.12.2023 of the Hon'ble Commercial Court, Pune, KBL has deposited the claimed royalty amount with the Court from the quarter ended October 2018 onwards until 3rd quarter of 23-24. Pending dispute, the Hon'ble Commercial Court, has directed its treasury to invest the said deposited royalty amount in a Nationalized bank for a fixed term of three years.

NOTE 27: OTHER COMPREHENSIVE INCOME

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Items that will not be reclassified to statement of profit and loss | | |
| Remeasurement gains and losses on post employments benefits | (98.142) | (45.960) |
| Tax on Remeasurements gains and losses | 24.699 | 19.848 |
| Share in other comprehensive income of joint venture company | (3.624) | (0.801) |
| Items that will be reclassified to statement of profit and loss | | |
| Cash flow hedge | 1.611 | 42.927 |
| Gains/ losses on currency translation for foreign subsidiaries | 110.865 | 137.043 |
| Total | 35.409 | 153.057 |

NOTE 28 : CONTINGENT LIABILITIES

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| a) Claims against company not acknowledged as debt | | |
| Other Legal Cases (Matter Subjudice) | 520.787 | 547.465 |
| Other money for which the company is contingently liable for | | |
| i) Central Excise and Service tax (Matter Subjudice) | 1,034.136 | 1,049.113 |
| ii) Sales Tax (Matter Subjudice) | 171.673 | 212.482 |
| iii) Income Tax (Matter Subjudice) | 121.440 | 154.407 |
| iv) Labour Matters (Matter Subjudice) | 49.117 | 45.069 |
| Total | 1,897.153 | 2,008.536 |

Group does not expect any reimbursement in respect of the above contingent liabilities. It is not practicable to estimate the timing of cash flow if any with respect to above matters.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 29 : COMMITMENTS

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances) | 804.753 | 551.471 |
| ii) Letters of credit outstanding | 719.139 | 894.385 |
| | 1,523.892 | 1,445.856 |

NOTE 30 : ADDITIONAL DISCLOSURES AS REQUIRED BY IND AS 115 'REVENUE FROM CONTRACTS WITH CUSTOMERS'

a) Additional details in relation to contracts satisfied over the period

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| a) Contract Revenue recognised as revenue for the year | 618.211 | 1,219.619 |
| b) Advances received | 1,034.743 | 1,040.495 |
| c) Amount of retentions | 1,492.955 | 1,741.190 |
| d) Gross amount due from customer | | |
| Contract costs incurred | 4,210.682 | 7,765.211 |
| Recognised Profits less recognised Losses | 629.986 | 2,862.222 |
| Less: Progress Billing | 4,635.722 | 10,364.917 |
| Less: Provision for gross amount due from customer | 40.824 | 75.673 |
| | 164.122 | 186.843 |
| e) Gross amount due to customer | | |
| Contract costs incurred | 24,796.070 | 27,312.296 |
| Recognised Profits less recognised Losses | 4,659.498 | 4,680.577 |
| Less: Progress Billing | 31,061.798 | 33,551.685 |
| | (1,606.230) | (1,558.812) |

i. Movement in gross amount due from customer and due to customer is due to difference in revenue recognition as compared to progress billings.

b) Reconciliation of revenue from sale of products with the contracted price

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| a) Contracted price | 39,873.914 | 37,096.651 |
| b) Less - trade discounts, volume rebates, late delivery charges etc | 491.917 | 375.145 |
| Total revenue | 39,381.997 | 36,721.506 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Opening contracted price of orders as at start of the year | 54,767.803 | 54,857.436 |
| Add - Fresh orders/change orders received (net) including exchange rate movement | 290.975 | - |
| Less- Orders completed during year | (6,464.840) | (89.633) |
| Closing contracted price of orders as at the end of the year | 48,593.938 | 54,767.803 |
| a. Revenue out of orders completed during the year | 4.070 | 3.527 |
| b. Revenue out of orders under execution at the end of the year (I) | 614.141 | 1,216.093 |
| Total Revenue recognised during the year | 618.211 | 1,219.620 |
| Revenue recognised upto previous year (from orders pending completion at the end of the year) (II) | 36,375.604 | 42,286.285 |
| Balance revenue to be recognised in future viz. Order book (III) | 11,604.193 | 11,265.425 |
| Closing contracted price of orders as at the end of the year (I+II+III) | 48,593.938 | 54,767.803 |

D) Cost to obtain the contract

Amount recognised as asset as at 31 March 2024 is Nil (PY: Nil)

Amount of amortisation recognised in the statement of profit and loss during the year is Nil (PY: Nil)

E) Performance Obligation

Information about the Group's performance obligations are summarised below:

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31st March are, as follows

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| Balance revenue to be recognised in future | | |
| Revenue to be recognised within 1 year | 1,476.220 | 2,986.935 |
| Revenue to be recognised after 1 year | 10,127.973 | 8,278.490 |
| Total balance revenue to be recognised in future | 11,604.193 | 11,265.425 |

NOTE 31: REMUNERATION TO AUDITORS

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---------------------------|-----------------------------|-----------------------------|
| Statutory Auditors : | | |
| a) Audit Fees | 33.709 | 31.035 |
| b) Tax Audit Fees | 4.469 | 5.053 |
| c) VAT/ GST Audit Fees | 0.100 | 0.261 |
| d) Limited review fees | 4.105 | 3.389 |
| e) Certification services | 0.474 | 0.235 |
| f) Other services | 0.704 | 0.012 |
| g) Expenses reimbursed | 1.044 | 5.412 |
| Sub total | 44.605 | 45.397 |



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 32 : EARNING PER SHARE (BASIC AND DILUTED)

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| a) Profit for the year before tax | 4,805.614 | 3,180.737 |
| Less : Attributable Tax thereto | 1,410.311 | 930.109 |
| Add: Share of profit / (loss) in joint venture company | 101.492 | 107.032 |
| | 3,496.795 | 2,357.660 |
| Less: Attributable to Non-controlling interest | 15.450 | 8.270 |
| Profit attributable to owners of equity | 3,481.345 | 2,349.390 |
| b) Weighted average number of equity shares used as denominator | 79,408,926 | 79,408,926 |
| c) Basic earning per share of nominal value of ₹ 2/- each | 43.84 | 29.59 |

NOTE 33: EXPENDITURE ON RESEARCH & DEVELOPMENT ACTIVITIES

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|-----------------------|-----------------------------|-----------------------------|
| A Revenue expenditure | 299.004 | 258.004 |
| B Capital Expenditure | 4.789 | 2.308 |
| | 303.793 | 260.312 |

NOTE 34 : EMPLOYEE BENEFITS

i. Defined Contribution Plans:

Amount of ₹276.086 mn (PY - ₹ 251.750 mn) is recognised as an expense towards defined contribution plan and included in Employees benefits expense (Note-23 in the Profit and Loss Statement.)

ii. Defined Benefit Plans:

a) The amounts recognised in Balance Sheet are as follows: Funded Plan

| Particulars | As at 31 March 2024 | | As at 31 March 2023 | |
|---|---------------------|-------------------|---------------------|-------------------|
| | Gratuity Plan | Provident Fund | Gratuity Plan | Provident Fund |
| | (Funded) | (Funded) | (Funded) | (Funded) |
| A. Amount to be recognised in Balance Sheet | | | | |
| Present Value of Defined Benefit Obligation | 772.826 | 2,050.829 | 647.694 | 1,834.825 |
| Less: Fair Value of Plan Assets | 737.141 | 2,072.964 | 545.523 | 1,868.485 |
| Amount to be recognised as liability or (asset) | 35.685 | (22.135) | 102.171 | (33.660) |
| B. Amounts reflected in the Balance Sheet | | | | |
| Liabilities | 35.685 | | 102.171 | |
| Assets | - | 22.135 | - | 33.660 |
| Net Liability/(Assets) | 35.685 | (22.135) | 102.171 | (33.660) |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

b) The amounts recognised in the Profit and Loss Statement are as follows: Funded Plan

| Particulars | 2023-24 | | 2022-23 | |
|---|---------------|----------------|---------------|----------------|
| | Gratuity Plan | Provident Fund | Gratuity Plan | Provident Fund |
| | (Funded) | (Funded) | (Funded) | (Funded) |
| 1 Current Service Cost | 52.976 | 72.687 | 43.414 | 59.660 |
| 2 Acquisition (gain)/ loss | - | - | - | - |
| 3 Past Service Cost | - | - | - | - |
| 4 Net Interest (income)/expenses | 0.292 | (10.131) | 2.197 | (7.475) |
| 5 Actuarial Losses/(Gains) | - | - | - | - |
| 6 Curtailment (Gain)/ loss | - | - | - | - |
| 7 Settlement (Gain)/loss | - | - | - | - |
| 8 Others (Transfer In / (Out)) | - | - | - | - |
| Net periodic benefit cost recognised in the statement of profit & loss- (Employee benefit expenses - Note 23) | 53.268 | 62.556 | 45.611 | 52.185 |

c) The amounts recognised in the statement of other comprehensive income (OCI) : Funded Plan

| Particulars | 2023-24 | | 2022-23 | |
|--|---------------|----------------|---------------|----------------|
| | Gratuity Plan | Provident Fund | Gratuity Plan | Provident Fund |
| | (Funded) | (Funded) | (Funded) | (Funded) |
| 1 Opening amount recognised in OCI outside profit and loss account | - | - | - | - |
| 2 Remeasurements for the year - Obligation (Gain)/ loss | 78.389 | 24.672 | 55.871 | 87.367 |
| 3 Remeasurement for the year - Plan assets (Gain) / Loss | (2.087) | (4.122) | (3.244) | (95.774) |
| 4 Total Remeasurements Cost / (Credit) for the year recognised in OCI | 76.302 | 20.550 | 52.627 | (8.407) |
| 5 Less: Accumulated balances transferred to retained earnings | 76.302 | 20.550 | 52.627 | (8.407) |
| Closing balances (remeasurement (gain)/loss recognised OCI | - | - | - | - |



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

- d) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows: **Funded Plan**

| Particulars | | As at 31 March 2024 | | As at 31 March 2023 | |
|-------------|--|---------------------|------------------|---------------------|------------------|
| | | Gratuity Plan | Provident Fund | Gratuity Plan | Provident Fund |
| | | (Funded) | (Funded) | (Funded) | (Funded) |
| 1 | Balance of the present value of Defined benefit Obligation at the beginning year | 647.694 | 1,834.825 | 546.318 | 1,586.091 |
| 2 | Acquisition adjustment | - | - | - | - |
| 3 | Transfer in/ (out) | - | (6.113) | 0.751 | (10.070) |
| 4 | Interest expenses | 46.028 | 130.570 | 36.094 | 107.119 |
| 5 | Past Service Cost | - | - | - | - |
| 6 | Current Service Cost | 52.977 | 72.687 | 43.414 | 59.660 |
| 7 | Curtailment Cost / (credit) | - | - | - | - |
| 8 | Settlement Cost/ (credit) | - | - | - | - |
| 9 | Benefits paid | (52.262) | (140.720) | (34.754) | (111.645) |
| 10 | Employee Contribution | - | 134.908 | - | 116.303 |
| 11 | Remeasurements on obligation - (Gain) / Loss | 78.389 | 24.672 | 55.871 | 87.367 |
| | Present value of obligation as at the end of the year | 772.826 | 2,050.829 | 647.694 | 1,834.825 |

- e) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows: **Funded Plan**

| Particulars | | As at 31 March 2024 | | As at 31 March 2023 | |
|-------------|---|---------------------|------------------|---------------------|------------------|
| | | Gratuity Plan | Provident Fund | Gratuity Plan | Provident Fund |
| | | (Funded) | (Funded) | (Funded) | (Funded) |
| 1 | Fair value of the plan assets as at beginning of the year | 545.523 | 1,868.485 | 485.812 | 1,605.918 |
| 2 | Acquisition adjustment | - | - | (0.283) | - |
| 3 | Transfer in/(out) | - | (6.113) | 0.073 | (10.070) |
| 4 | Interest income | 45.736 | 140.701 | 33.897 | 114.594 |
| 5 | Contributions | 193.906 | 206.490 | 58.176 | 173.914 |
| 6 | Benefits paid | (49.640) | (140.720) | (34.755) | (111.645) |
| 7 | Mortality Charges and Taxes | (0.441) | - | (0.611) | - |
| 8 | Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss) | 2.057 | 4.121 | 3.214 | 95.774 |
| | Fair value of plan assets as at the end of the year | 737.141 | 2,072.964 | 545.523 | 1,868.485 |

- f) **Net interest (Income) / expenses: Funded Plan**

| Particulars | | 2023-24 | | 2022-23 | |
|-------------|--|---------------|----------------|---------------|----------------|
| | | Gratuity Plan | Provident Fund | Gratuity Plan | Provident Fund |
| | | (Funded) | (Funded) | (Funded) | (Funded) |
| 1 | Interest (Income) / Expense – Obligation | 46.028 | 130.570 | 36.094 | 107.119 |
| 2 | Interest (Income) / Expense – Plan assets | (45.736) | (140.701) | (33.897) | (114.594) |
| 3 | Net Interest (Income) / Expense for the year | 0.292 | (10.131) | 2.197 | (7.475) |

NOTES TO THE FINANCIAL STATEMENTS

 FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

- g) **The broad categories of plan assets as a percentage of total plan assets of Employee's Gratuity Scheme are as under:**

Majority of plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. Company has also invested part of it's fund with private life insurance company ICICI prudential.

- h) **The amounts pertaining to defined benefit plans are as follows: Funded Plan**

| Particulars | As at 31 March 2024 | | As at 31 March 2023 | |
|----------------------------|---------------------|----------------|---------------------|----------------|
| | Gratuity Plan | Provident Fund | Gratuity Plan | Provident Fund |
| | (Funded) | (Funded) | (Funded) | (Funded) |
| Defined Benefit Obligation | 772.826 | 2,050.829 | 647.694 | 1,834.825 |
| Plan Assets | 737.141 | 2,072.964 | 545.523 | 1,868.485 |
| Surplus/(Deficit) | (35.685) | 22.135 | (102.171) | 33.660 |

- i) **The amounts recognised in Balance Sheet are as follows: Non Funded Plan**

| Particulars | As at 31 March 2024 | | As at 31 March 2023 | |
|---|---------------------|----------------|---------------------|----------------|
| | Gratuity Plan | Pension Scheme | Gratuity Plan | Provident Fund |
| | (Non Funded) | (Non Funded) | (Non Funded) | (Non Funded) |
| A. Amount to be recognised in Balance Sheet | | | | |
| Present Value of Defined Benefit Obligation | 32.442 | 46.582 | 31.015 | 43.899 |
| Less: Fair Value of Plan Assets | - | - | - | - |
| Amount to be recognised as liability or (asset) | 32.442 | 46.582 | 31.015 | 43.899 |
| B. Amounts reflected in the Balance Sheet | | | | |
| Liabilities | 32.442 | 46.582 | 31.015 | 43.899 |
| Assets | - | - | - | - |
| Net Liability/(Assets) | 32.442 | 46.582 | 31.015 | 43.899 |

- j) **The amounts recognised in the Profit and Loss Statement are as follows: Non Funded Plan**

| Particulars | 2023-24 | | 2022-23 | |
|---|---------------|----------------|---------------|----------------|
| | Gratuity Plan | Pension Scheme | Gratuity Plan | Pension Scheme |
| | (Non Funded) | (Non Funded) | (Non Funded) | (Non Funded) |
| 1 Current Service Cost | 1.852 | 3.841 | 1.714 | 2.280 |
| 2 Acquisition (gain)/ loss | - | - | - | - |
| 3 Past Service Cost | - | - | - | - |
| 4 Net Interest (income)/expenses | 2.192 | 2.096 | 1.914 | 1.839 |
| 5 Actuarial Losses/(Gains) | - | - | - | - |
| 6 Curtailment (Gain)/ loss | - | - | - | - |
| 7 Settlement (Gain)/loss | - | - | - | - |
| 8 Others | | | | |
| Net periodic benefit cost recognised in the statement of profit & loss- (Employee benefit expenses - Note 23) | 4.044 | 5.937 | 3.628 | 4.119 |



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

k) The amounts recognised in the statement of other comprehensive income (OCI) : Non Funded Plan

| Particulars | 2023-24 | | 2022-23 | |
|--|---------------|----------------|---------------|----------------|
| | Gratuity Plan | Pension Scheme | Gratuity Plan | Pension Scheme |
| | (Non Funded) | (Non Funded) | (Non Funded) | (Non Funded) |
| 1 Opening amount recognised in OCI outside profit and loss account | - | - | - | - |
| 2 Remeasurements for the year - Obligation (Gain)/ loss | 0.163 | 1.096 | 1.736 | (0.025) |
| 3 Remeasurement for the year - Plan assets (Gain) / Loss | - | - | - | - |
| 4 Total Remeasurements Cost / (Credit) for the year recognised in OCI | 0.163 | 1.096 | 1.736 | (0.025) |
| 5 Less: Accumulated balances transferred to retained earnings | 0.163 | 1.096 | 1.736 | (0.025) |
| Closing balances (remeasurement (gain)/loss recognised OCI | - | - | - | - |

l) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows: Non Funded Plan

| Particulars | 2023-24 | | 2022-23 | |
|--|---------------|----------------|---------------|----------------|
| | Gratuity Plan | Pension Scheme | Gratuity Plan | Pension Scheme |
| | (Non Funded) | (Non Funded) | (Non Funded) | (Non Funded) |
| 1 Balance of the present value of - Defined benefit Obligation as at beginning of the year | 31.015 | 43.899 | 29.812 | 38.617 |
| 2 Acquisition adjustment | - | - | - | - |
| 3 Transfer in/ (out) | - | - | - | - |
| 4 Interest expenses | 2.192 | 2.096 | 1.914 | 1.839 |
| 5 Past Service Cost | - | - | - | - |
| 6 Current Service Cost | 1.852 | 3.841 | 1.714 | 2.280 |
| 7 Curtailment Cost / (credit) | - | - | - | - |
| 8 Settlement Cost/ (credit) | - | - | - | - |
| 9 Benefits paid | (2.780) | (3.202) | (4.161) | (3.442) |
| 10 Remeasurements on obligation - (Gain) / Loss | 0.163 | 1.096 | 1.736 | (0.025) |
| 11 Foreign exchange difference | - | (1.148) | - | 4.630 |
| Present value of obligation as at the end of the period | 32.442 | 46.582 | 31.015 | 43.899 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

m) Net interest (Income) /expenses Non Funded Plan

| Particulars | 2023-24 | | 2022-23 | |
|--|---------------|----------------|---------------|----------------|
| | Gratuity Plan | Pension Scheme | Gratuity Plan | Pension Scheme |
| | (Non Funded) | (Non Funded) | (Non Funded) | (Non Funded) |
| 1 Interest (Income) / Expense – Obligation | 2.192 | 2.096 | 1.914 | 1.839 |
| 2 Interest (Income) / Expense – Plan assets | - | - | - | - |
| 3 Net Interest (Income) / Expense for the year | 2.192 | 2.096 | 1.914 | 1.839 |

n) The amounts pertaining to defined benefit plans are as follows:Non Funded Plan

| Particulars | 2023-24 | | 2022-23 | |
|----------------------------|---------------|----------------|---------------|----------------|
| | Gratuity Plan | Pension Scheme | Gratuity Plan | Pension Scheme |
| | (Non Funded) | (Non Funded) | (Non Funded) | (Non Funded) |
| Defined Benefit Obligation | 32.442 | 46.582 | 31.015 | 43.899 |
| Plan Assets | - | - | - | - |
| Surplus/(Deficit) | (32.442) | (46.582) | (31.015) | (43.899) |

Basis used to determine the overall expected return:

The net interest approach effectively assumes an expected rate of return on plan assets equal to the beginning of the year Discount Rate. Expected return of 7.4% (PY 6.8%) has been used for the valuation purpose.

o) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

- Discount rate as at 31-03-2024 - 7.20% (PY- 7.40%)
- Expected return on plan assets as at 31-03-2024- 7.40%(PY- 6.80%)
- Salary growth rate : For Gratuity Scheme - 10% (PY - 10%). Impact for change in accounting estimate along with other remeasurmnt impact is recognised in other comprehensive income.
- Attrition rate: For gratuity scheme the attrition rate is taken at 11% (PY - 11%)
- The estimates of future salary increase considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

p) General descriptions of defined plans:

1 Gratuity Plan:

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

2 Company's Pension Plan:

The company operates a Pension Scheme for specified ex-employees wherein the beneficiaries are entitled to defined monthly pension.

q) The Company expects to fund ₹ 35.685 MN (PY ₹ 102.171 MN) towards its gratuity plan in the year 2023-24.

The company and its' Indian subsidiaries will assess impact of Code on Wages, 2019 and the Code Security, 2020 and give effect in the financial statements when the date of implemenattion of these codes and Rules/ Schemes thereunder are notified



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 35 :RELATED PARTY DISCLOSURES

(A) Names of the related party and nature of relationship where control/ significant influence exists

| Sr. No. | Name of the related party | Nature of relationship |
|---------|--|---|
| 1 | Karad Projects and Motors Limited | Subsidiary Company |
| 2 | The Kolhapur Steel Limited | Subsidiary Company |
| 3 | Kirloskar Corrocoat Private Limited | Subsidiary Company |
| 4 | Kirloskar Brothers International BV | Subsidiary Company |
| 5 | SPP Pumps Limited | Subsidiary of Kirloskar Brothers International B.V. |
| 6 | Kirloskar Brothers(Thailand) Limited | Subsidiary of Kirloskar Brothers International B.V. |
| 7 | SPP Pumps (MENA) LLC | Subsidiary of Kirloskar Brothers International B.V. |
| 8 | Kirloskar Pompen BV | Subsidiary of Kirloskar Brothers International B.V. |
| 9 | Micawber 784 Proprietary Limited | Subsidiary of Kirloskar Brothers International B.V. |
| 10 | SPP Pumps International Proprietary Limited | Subsidiary of Kirloskar Brothers International B.V. |
| 11 | Rotaserve Limited | Subsidiary of Kirloskar Brothers International B.V. |
| 12 | SPP Pumps France S.A.S | Subsidiary of SPP Pumps Limited |
| 13 | SPP Pumps Inc | Subsidiary of SPP Pumps Limited |
| 14 | SPP Pumps (South Africa) (Proprietary) Limited | Subsidiary of SPP Pumps International (Proprietary) Limited |
| 15 | Braybar Pumps (Proprietary) Limited | Subsidiary of SPP Pumps International (Proprietary) Limited |
| 16 | Rodelta Pumps International BV | Subsidiary of Kirloskar Brothers International B.V. |
| 17 | Rotaserve BV | Subsidiary of Kirloskar Pompen BV |
| 18 | SPP Pumps Real Estate LLC | Subsidiary of SPP Pumps Inc |
| 19 | SyncroFlo Inc. | Subsidiary of SPP Pumps Inc |
| 20 | SPP Pumps (Asia) Ltd | Subsidiary of Kirloskar Brothers (Thailand) Ltd |
| 21 | SPP Pumps (Singapore) Pte. Ltd | Subsidiary of Kirloskar Brothers (Thailand) Ltd |
| 22 | Rotaserve Mozambique | Subsidiary of SPP Pumps International (Proprietary) Limited |
| 23 | KBL Synerge LLP (Ceased w.e.f. 3 July 2023) | Associate of Kirloskar Brothers Limited |
| 24 | Kirloskar Ebara Pumps Limited | Joint venture of Kirloskar Brothers Limited |

(B) : Names of related parties with whom transactions have been entered into:

| Sr. No. | Name of the related party | Nature of relationship |
|---------|--------------------------------|---|
| 1) | Joint Venture | Kirloskar Ebara Pumps Limited |
| 2) | Key Management Personnel (KMP) | Mr. Sanjay Kirloskar |
| | | Mr. K.Taranath |
| | | Ms. Rama Kirloskar |
| | | Mr. Owen Shelvin |
| | | Mr. Alok Kirloskar |
| | | Mr. Chittranjan Mate |
| | | Mr. M.S. Unnikrishnan |
| | | Mr. Stephen Apel |
| | | Mr. Shobinder Duggal |
| | | Mr. Achyut Dhadphale |
| | | Mr. Shrinivas Dempo |
| | | Mr. Akshay Dhar |
| | | Ms. Ramni Nirula |
| | | Mr. Ravindra Samant |
| | | Mr. Amitava Mukherjee (Upto 3 Jul 2023) |
| | | Mr. John Karen |
| | | Mr. Vivek Pendharkar |
| | | Mr. Mohammed Hassan |
| | | Ms. Rekha Sethi |
| | | Mr. Clive Harper |
| | | Mr. Vinayak Deshpande |
| | | Mr. Bob Tichband |
| | | (From 2 Aug 2023) |
| | | Ms. Manjiri Jawadekar |
| | | Mr. Remko Dubois |
| | | Mr. Ajay Deshpande |
| | | Mr. Ajeet Kulkarni |

NOTES TO THE FINANCIAL STATEMENTS

 FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

| Sr. No. | Name of the related party | Nature of relationship |
|---------|-------------------------------|--|
| | | Mr. Johannes Groenewald |
| | | Mr. Suresh Deshpande |
| | | Mr. Rajkumar Assudani |
| | | Mr. Rudrappa Mahajan |
| | | Mr. Ravish Mittal |
| | | Mr. Devang Trivedi |
| 3) | Close member of family of KMP | Mrs. Pratima Kirloskar |
| | | Wife of Mr. Sanjay Kirloskar |
| 4) | Post Employee Benefit Plans | Kirloskar Brothers Ltd Employees Prov. Fund For Engg. Factory |
| | | Kirloskar Brothers Ltd Staff Members Prov. Fund |
| | | Kirloskar Brothers Limited, Kirloskarvadi Employee Gratuity Fund |
| | | Kirloskar Brothers Executive Staff Superannuation fund |
| 5) | Substantial Interest | Corrocoat Limited, UK |

(C) Disclosure of related parties transactions

| Sr No | Nature of transaction/relationship/major parties | Year ended 2023-24 | | Year ended 2022-23 | |
|-------|--|--------------------|--------------------------|--------------------|--------------------------|
| | | Amount | Amount for Major parties | Amount | Amount for Major parties |
| 1 | Purchase of goods | 73.269 | | 102.275 | |
| | Joint Venture | | | | |
| | Kirloskar Ebara Pumps Limited | | 63.037 | | 91.025 |
| | Substantial Interest | | | | |
| | Corrocoat Limited, UK | | 10.232 | | 11.250 |
| 2 | Sale of goods/contract revenue | 76.190 | | 37.365 | |
| | Joint Venture | | | | |
| | Kirloskar Ebara Pumps Limited | | 76.190 | | 37.365 |
| 3 | Rendering Services | 85.137 | | 75.095 | |
| | Joint Venture | | | | |
| | Kirloskar Ebara Pumps Limited | | 85.137 | | 75.095 |
| 4 | Receiving Services | 30.102 | | 20.892 | |
| | Joint Venture | | | | |
| | Kirloskar Ebara Pumps Limited | | 23.036 | | 15.767 |
| | Substantial Interest | | | | |
| | Corrocoat Limited, UK | | 0.126 | | - |
| | Close Members of family of Key Management Personnel | | | | |
| | Mrs. Pratima Kirloskar | | 6.940 | | 5.125 |
| 5 | Reimbursement of expenses by KBL | 0.709 | | - | |
| | Joint Venture | | | | |
| | Kirloskar Ebara Pumps Limited | | 0.010 | | - |
| | Corrocoat Limited, UK | | 0.699 | | - |
| 6 | Dividend received | 18.000 | | 18.000 | |
| | Joint Venture | | | | |
| | Kirloskar Ebara Pumps Limited | | 18.000 | | 18.000 |



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FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

| Sr No | Nature of transaction/relationship/major parties | Year ended 2023-24 | | Year ended 2022-23 | |
|-------|--|--------------------|--------------------------|--------------------|--------------------------|
| | | Amount | Amount for Major parties | Amount | Amount for Major parties |
| 7 | Dividend paid | 144.444 | | 96.949 | |
| | Key Management Personnel | | | | |
| | Mr. Sanjay Kirloskar (*) | | 81.463 | | 54.692 |
| | Mr. Alok Kirloskar | | 0.328 | | 0.319 |
| | Mr. Pratap Shirke | | - | | 0.060 |
| | Ms. Rama Kirloskar | | 0.300 | | 0.300 |
| | Close Members of family of Key Management Personnel | | | | |
| | Mrs. Pratima Kirloskar | | 62.353 | | 41.578 |
| 8 | Remuneration Paid | 520.648 | | 299.294 | |
| | Key Management Personnel | | | | |
| | Short Term Employee Benefit | | | | |
| | Mr. Sanjay Kirloskar | | 80.241 | | 65.027 |
| | Ms. Rama Kirloskar | | 80.977 | | 65.484 |
| | Mr. Alok Kirloskar | | 136.794 | | 31.121 |
| | Mr. Ravindra Samant | | 9.608 | | 8.028 |
| | Mr. Stefan Apel | | 25.976 | | 17.613 |
| | Mr. Remko Dubois | | 23.328 | | 28.477 |
| | Mr. Ajeet Kulkarni | | 0.799 | | 0.851 |
| | Mr. Owen Shevlin | | 21.232 | | 21.727 |
| | Mr. Mohammed Hassan | | 1.575 | | 1.480 |
| | Mr. John Kahren | | 92.812 | | 25.212 |
| | Mr. Bob Tichband | | 22.957 | | 19.985 |
| | Mr. Johannes Groenewald | | 5.306 | | - |
| | Mr. Rajkumar Assudani | | 1.976 | | - |
| | Mr. Chittranjan Mate | | 12.023 | | 10.044 |
| | Mr. Devang Trivedi | | 5.044 | | 4.244 |
| | Key Management Personnel | | | | |
| | Commission on profits | 19.000 | | 16.376 | |
| | Mr. M.S. Unnikrishnan | | 2.400 | | 1.500 |
| | Mr. Alok Kirloskar | | 2.400 | | 1.500 |
| | Mr. Pratap Shirke | | - | | 3.500 |
| | Mr. Rakesh Mohan | | - | | 0.500 |
| | Mr. Pradyumna Vyas | | - | | 0.188 |
| | Ms. Shailaja Kher | | - | | 0.188 |
| | Mr. Shobinder Duggal | | 2.400 | | 1.500 |
| | Mr. Shrinivas Dempo | | 2.400 | | 1.500 |
| | Ms. Ramni Nirula | | 2.400 | | 1.500 |
| | Mr. Amitava Mukherjee | | 0.600 | | 1.500 |
| | Mr. Vivek Pendharkar | | 2.400 | | 1.500 |
| | Ms. Rekha Sethi | | 2.400 | | 1.500 |
| | Mr. Vinayak Deshpande | | 1.600 | | - |

NOTES TO THE FINANCIAL STATEMENTS

 FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

| Sr No | Nature of transaction/relationship/major parties | Year ended 2023-24 | | Year ended 2022-23 | |
|-----------|---|--------------------|--------------------------|--------------------|--------------------------|
| | | Amount | Amount for Major parties | Amount | Amount for Major parties |
| | Key Management Personnel | | | | |
| | Sitting Fees | 6.756 | | 7.810 | |
| | Mr. Pratap Shirke | | - | | 0.825 |
| | Mr. Alok Kirloskar | | 0.570 | | 0.630 |
| | Mr. K.Taranath | | 0.170 | | 0.123 |
| | Mr. Clive Harper | | 0.045 | | 0.020 |
| | Mr. Chittranjan Mate | | 0.045 | | 0.030 |
| | Mr. Sanjay Kirloskar | | 0.043 | | 0.060 |
| | Mr. Rakesh Mohan | | - | | 0.300 |
| | Mr. M.S. Unnikrishnan | | 1.200 | | 1.125 |
| | Mr. Achyut Dhadphale | | 0.163 | | 0.118 |
| | Ms. Prabha Kulkarni | | - | | 0.025 |
| | Mr. Pradyumna Vyas | | - | | 0.075 |
| | Mr. Shobinder Duggal | | 0.900 | | 0.975 |
| | Mr. Shrinivas Dempo | | 0.600 | | 0.600 |
| | Ms. Ramni Nirula | | 0.900 | | 0.525 |
| | Mr. Amitava Mukherjee | | 0.225 | | 0.975 |
| | Mr. Vivek Pendharkar | | 0.525 | | 0.600 |
| | Ms. Rekha Sethi | | 0.675 | | 0.600 |
| | Mr. Vinayak Deshpande | | 0.450 | | - |
| | Mr. Akshay Dhar | | 0.038 | | 0.048 |
| | Mr. Suresh Deshpande | | 0.088 | | 0.030 |
| | Ms. Manjiri Jawadekar | | 0.038 | | 0.045 |
| | Mr. Rudrappa Mahajan | | 0.038 | | 0.038 |
| | Mr. Ajay Deshpande | | 0.043 | | 0.035 |
| | Mr. Graham Greenwood | | - | | 0.010 |
| | Post Employment Benefit | 15.308 | | 12.362 | |
| | Mr. Sanjay Kirloskar | | 3.180 | | 3.180 |
| | Ms. Rama Kirloskar | | 1.985 | | 1.888 |
| | Mr. Ravindra Samant | | 1.945 | | 1.095 |
| | Mr. Chittranjan Mate | | 1.158 | | 1.063 |
| | Mr. Devang Trivedi | | 0.449 | | 0.367 |
| | Mr. Alok Kirloskar | | 1.569 | | 1.428 |
| | Mr. Bob Tichband | | 2.150 | | 1.906 |
| | Mr. John Kahren | | 2.873 | | 1.435 |
| 9 | Contribution paid to post Employment benefit plans | 260.748 | | 113.194 | |
| | Provident Fund | | 72.723 | | 58.558 |
| | Superannuation Fund | | 1.899 | | 1.860 |
| | Gratuity Trust | | 186.126 | | 52.776 |
| 10 | Reimbursement received | 4.223 | | 4.250 | |
| | Joint Venture | | | | |
| | Kirloskar Ebara Pumps Limited | | 4.223 | | 4.250 |

(*) Includes dividend received in capacity of trustee of ₹ 7.929 Million (PY- ₹ 5.285 Million)

Purchases and sales reported are net of discounts, returns etc.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

(D) Amount due to/from related parties

| Sr No | Nature of transaction/relationship/major parties | 31 March 2024 | | 31 March 2023 | |
|-------|--|----------------|--------------------------|----------------|--------------------------|
| | | Amount | Amount for Major parties | Amount | Amount for Major parties |
| 1 | Accounts receivable | | | | |
| | Joint Venture | 70.635 | | 74.926 | |
| | Kirloskar Ebara Pumps Limited | | 70.635 | | 74.926 |
| 2 | Accounts payable | 82.686 | | 95.582 | |
| a | Joint Venture | | | | |
| | Kirloskar Ebara Pumps Limited | | 81.660 | | 94.799 |
| b | Substantial Interest | | | | |
| | Corrocoat Limited, UK | | 1.026 | | 0.783 |
| | Key Management Personnel (#) | 147.000 | | 114.516 | |
| | Mr. Sanjay Kirloskar | | 59.000 | | 47.000 |
| | Mr. M.S. Unnikrishnan | | 2.400 | | 1.500 |
| | Mr. Pratap Shirke | | - | | 1.500 |
| | Mr. Alok Kirloskar | | 2.400 | | 1.500 |
| | Mr. Rakesh Mohan | | - | | 0.500 |
| | Ms. Rama Kirloskar | | 69.000 | | 53.140 |
| | Mr. Pradyumna Vyas | | - | | 0.188 |
| | Ms. Shailaja Kher | | - | | 0.188 |
| | Mr. Amitava Mukherjee | | 0.600 | | 1.500 |
| | Ms. Rekha Sethi | | 2.400 | | 1.500 |
| | Ms. Ramni Nirula | | 2.400 | | 1.500 |
| | Mr. Shrinivas Dempo | | 2.400 | | 1.500 |
| | Mr. Shobinder Duggal | | 2.400 | | 1.500 |
| | Mr. Vivek Pendharkar | | 2.400 | | 1.500 |
| | Mr. Vinayak Deshpande | | 1.600 | | - |

(#) Commission to Chairman- Managing Director and Non-Executive Directors is approved in board meeting held on 14th May 2024. Payment will be made in the year 2024-25

NOTE 36 : DISCLOSURE PURSUANT TO SCHEDULE V READ WITH REGULATIONS 34(3) AND 53(F) OF THE SEBI(LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS,2015:

A Loans and advances in the nature of loans for working capital requirements :

| Name of the Company | Balance as at | | Maximum outstanding | |
|--------------------------------|---------------|---------------|---------------------|---------------|
| | 31 March 2024 | 31 March 2023 | 31 March 2024 | 31 March 2023 |
| To Subsidiary Companies | | | | |
| The Kolhapur Steel Limited | 91.042 | 141.142 | 141.142 | 159.614 |

* Consists of ₹ 9.510 Million unsecured loan given under order from Board for Industrial and Financial Reconstructions (BIFR) in 2008-09 without any specific agreed terms for charge of interest and repayment. Balance loan of ₹ 81.532 Million with interest rate of 8.5% and other specified terms and conditions.

B Loans and advances in the nature of loans to firms/companies in which directors are interested: NIL

C Investment by the loanee (borrower) in the shares of the Company or subsidiary of the Company : NIL

Note:- Loans to employees under various schemes of the company (such as housing loan, furniture loan, education loan etc.) have been considered to be outside the purview of this disclosure requirements.

NOTES TO THE FINANCIAL STATEMENTS

 FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 37 : JOINT VENTURE AND JOINTLY CONTROLLED OPERATIONS

a) List of Joint Venture

| Sr No | Name of the Joint Venture | Description | Ownership Interest | Country of Incorporation |
|-------|-------------------------------|---------------------------|--------------------|--------------------------|
| 1 | Kirloskar Ebara Pumps Limited | Jointly controlled entity | 45% | India |

b) Financial Interest in Jointly controlled entities

| Sr. No | Name of the Joint Venture | Summarized financial information | As at | |
|--------|-------------------------------|----------------------------------|----------------|----------------|
| | | | 31 March 2024 | 31 March 2023 |
| 1 | Kirloskar Ebara Pumps Limited | Assets | 4,000.504 | 2,941.938 |
| | | Liabilities | 1,856.865 | 975.784 |
| | | | 2023-24 | 2022-23 |
| | | Income | 3,105.635 | 2,409.472 |
| | | Expenses(including tax expenses) | 2,880.097 | 2,171.622 |
| | | Profit after tax | 225.538 | 237.850 |
| | | Other comprehensive income | (8.053) | (1.781) |
| | | Total comprehensive income | 217.485 | 236.069 |

c) Contingent liabilities , if any , incurred in relation to interest in Joint Ventures: Nil (PY: ₹ Nil Million)

d) Capital commitments , if any , in relation to interest in Joint Ventures : ₹ 7.177 Million (PY: ₹ 10.110 Million)

e) List of Jointly controlled operations:

| Sr No | Name of the Jointly controlled operation | Description | Ownership Interest | Country of Incorporation |
|-------|--|-------------------------------|--------------------|--------------------------|
| 1 | HCC - KBL * | Jointly controlled operations | N A | India |
| 2 | KBL – MCCL | Jointly controlled operations | N A | India |
| 3 | KCCPL – IHP – BRC – TAIPL – KBL JV * | Jointly controlled operations | N A | India |
| 4 | IVRCL – KBL JV | Jointly controlled operations | N A | India |
| 5 | Maytas – KBL JV | Jointly controlled operations | N A | India |
| 6 | Larsen & Toubro – KBL JV | Jointly controlled operations | N A | India |
| 7 | KBL-MEIL-KCCPL JV | Jointly controlled operations | N A | India |
| 8 | KBL – PLR JV | Jointly controlled operations | N A | India |
| 9 | KBL – Koya – VA Tech JV | Jointly controlled operations | N A | India |
| 10 | KBL – PIL Consortium | Jointly controlled operations | N A | India |
| 11 | Larsen & Toubro – KBL – Maytas JV | Jointly controlled operations | N A | India |
| 12 | IVRCL – KBL – MEIL JV | Jointly controlled operations | N A | India |
| 13 | Pioneer – Avantica – ZVS – KBL JV | Jointly controlled operations | N A | India |
| 14 | AMR – Maytas – KBL – WEG JV * | Jointly controlled operations | N A | India |
| 15 | Indu – Shrinivasa Constructions – KBL – WEG JV | Jointly controlled operations | N A | India |
| 16 | MEIL – KBL – IVRCL JV | Jointly controlled operations | N A | India |
| 17 | MEIL – Maytas – KBL JV | Jointly controlled operations | N A | India |
| 18 | KCCPL – TAIPL – KBL JV | Jointly controlled operations | N A | India |
| 19 | KBL-SPML JV | Jointly controlled operations | N A | India |
| 20 | MEIL - KBL JV * | Jointly controlled operations | N A | India |
| 21 | MAYTAS – MEIL – KBL JV | Jointly controlled operations | N A | India |
| 22 | Gondwana - KBL JV | Jointly controlled operations | N A | India |



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FOR THE YEAR ENDED 31ST MARCH 2024

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| Sr No | Name of the Jointly controlled operation | Description | Ownership Interest | Country of Incorporation |
|-------|--|-------------------------------|--------------------|--------------------------|
| 23 | MEIL -PRASAD-KBL CONSORTIUM | Jointly controlled operations | N A | India |
| 24 | JCPL - MEIL - KBL CONSORTIUM | Jointly controlled operations | N A | India |
| 25 | KBL -PTIL UJV | Jointly controlled operations | N A | India |
| 26 | KBL - RATNA - JOINT VENTURE | Jointly controlled operations | N A | India |
| 27 | MEIL-KBL-WEG CONSORTIUM | Jointly controlled operations | N A | India |
| 28 | MEIL-KBL- (KDWSP) JV | Jointly controlled operations | N A | India |
| 29 | KBL and TC IPL JOINT VENTURE | Jointly controlled operations | N A | India |
| 30 | ACPL & KBL JV * | Jointly controlled operations | N A | India |
| 31 | Kirloskar Brothers Ltd. JV * | Jointly controlled operations | N A | India |
| 32 | ITD CEMENTATION INDIA LIMITED JV | Jointly controlled operations | N A | India |
| 33 | GSJ - KBL JV | Jointly controlled operations | N A | India |
| 34 | JBL-KBL-GSJ JV | Jointly controlled operations | N A | India |

* These JVs are operationally and financially closed, however formal dissolution of JV is in progress

NOTE 38 : DETAILS OF PROVISIONS AND MOVEMENTS IN EACH CLASS OF PROVISIONS

| Particulars | Provision for compensated Absences | Provision for product Warranty | Provision for decommissioning and restoration cost | Provision for Loss on Long Term Contracts |
|--|------------------------------------|--------------------------------|--|---|
| Carrying amount as at 1 April 2022 | 317.381 | 501.032 | 8.892 | 62.556 |
| Add: Provision during the year 2022-23 net of reversal of excess provision for earlier years | 36.770 | 334.255 | - | (39.890) |
| Add: Unwinding of discounts | - | 4.870 | 0.729 | - |
| Less: Amount utilized during the year 2022-23 | (33.198) | (226.151) | - | (4.042) |
| Add: Foreign exchange difference | - | 5.025 | - | 2.518 |
| Carrying amount as at 31 March 2023 | 320.953 | 619.031 | 9.621 | 21.142 |
| Add: Provision during the year 2023-24 net of reversal of excess provision for earlier years | 152.975 | 150.202 | - | 11.831 |
| Add: Unwinding of discounts | - | 25.875 | 0.791 | - |
| Less: Amount utilized during the year 2023-24 | (34.040) | (266.659) | - | (1.801) |
| Add: Foreign exchange difference | - | 0.778 | - | 0.079 |
| Carrying amount as at 31 March 2024 | 439.888 | 529.227 | 10.412 | 31.251 |
| Non-current provision | 210.890 | 33.910 | 10.412 | - |
| Current provision | 228.998 | 495.317 | - | 31.251 |

Compensated absences

The cost of the leave encashment and the present value of the leave encashment obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates.

Provision for warranty

Provision for warranty is made for estimated warranty claims in respect of products sold, which are under warranty at the end of the reporting period. These claims are expected to be settled in the next 18 months. Management records the provision based on the historical warranty claims information and any recent trends that may suggest future claims which could differ from historical amount.

NOTES TO THE FINANCIAL STATEMENTS

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(Amounts in Million ₹)

Provision for decommissioning and restoration cost

A provision has been recognised for decommissioning and restoration costs associated with windmills on lease hold land. The Company is committed to restore the site at the end of useful life of windmills.

Provision for long term contract

A provision is made for the expected loss of the projects, where the estimated cost is more than the estimated revenue. Changes in estimated cost and estimated revenue are assessed by the management at the end of reporting period based on the price variation received/ given, change in the scope of project and revision of estimates regarding date of completion, expected costs to be incurred, changes in external circumstances such as applicable tax rates etc.

NOTE 39 : FAIR VALUE MEASUREMENTS

As per assessments made by the management fair values of all financial instruments carried at amortised costs (except as specified below) are not materially different from their carrying amounts since they are either short term nature or the interest rates applicable are equal to the current market rate of interest.

The Company has not performed a fair valuation of its investment in unquoted ordinary shares which are classified as FVTOCI (refer Note 5), as the Company believes that impact of change on account of fair value is insignificant.

| Sr. No | Particulars | Carrying value | |
|--------|--|---------------------|---------------------|
| | | As at 31 March 2024 | As at 31 March 2023 |
| | Levelled at Level 1 | | |
| (a) | Carried at fair value through Profit and loss (FVTPL) | | |
| | Investment in Mutual funds | 1,552.560 | 1,437.401 |
| | Levelled at Level 2 | | |
| | Carried at fair value through other comprehensive income (FVTOCI) | | |
| | Forward contract asset | 98.718 | 144.160 |
| b) | Carried at amortised cost | | |
| | Investment in fixed deposits with financial institution | 1,580.200 | 850.000 |
| | Trade receivable | 5,851.455 | 5,458.585 |
| | Other financial assets | 1,039.787 | 1,057.842 |
| | Cash and cash equivalent | 2,659.065 | 2,212.847 |
| | Other bank balances | 268.905 | 315.766 |
| (c) | Levelled at Level 3 | | |
| | Investments in unquoted equity shares (FVTOCI) | 0.005 | 0.005 |
| | Financial Liabilities | | |
| (a) | Levelled at Level 2 | | |
| | Carried at fair value through Profit and loss (FVTPL) | | |
| | Forward contract liability | 0.995 | - |
| (b) | Carried at amortised cost | | |
| | Non-current borrowings | 645.758 | 1,109.496 |
| | Current borrowings | 903.352 | 1,418.378 |
| | Trade payable | 6,713.811 | 6,098.567 |
| | Lease liability | 374.158 | 331.243 |
| | Other financial liabilities | 1,720.684 | 1,677.667 |



NOTES TO THE FINANCIAL STATEMENTS

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NOTE 40: FINANCIAL RISK MANAGEMENT POLICY AND OBJECTIVES

Group's principal financial liabilities, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance Group's operations and to provide guarantees to support its operations. Group's principal financial assets include trade and other receivables, security deposits and cash and cash equivalents, that derive directly from its operations.

In order to minimize any adverse effects on the financial performance of the Group, it has taken various measures. This note explains the source of risk which the entity is exposed to and how the entity manages the risk and impact of the same in the financial statements.

| Risk | Exposure arising from | Measurement | Management |
|------------------------------------|---|--|--|
| Credit risk | Cash and cash equivalents, trade receivables, financial assets measured at amortised cost, corporate guarantees issued to group companies | Ageing analysis, External credit rating (wherever available) | Diversification of bank deposits, credit limits and letters of credit |
| Liquidity risk | Borrowings and other liabilities | Rolling cash flow forecasts | Availability of committed credit lines and borrowing facilities |
| Market risk- Interest rate risk | Long term borrowings at variable rate | Sensitivity Analysis | Mixed portfolio of fixed and variable interest rate loans |
| Market risk -Foreign Currency Risk | Recognised financial assets and liabilities not denominated in Indian rupee (₹) | Sensitivity Analysis | Management follows established risk management policies, including use of derivatives like foreign exchange forward contracts, where the economic conditions match the Group's policy. |

The Group's risk management is carried out by management, under policies approved by the board of directors. Group's treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, and investment of excess liquidity.

(A) Credit Risk

Credit risk in case of the Group arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

Credit risk management

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Group periodically assesses the reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward looking information such as:

- (i) Actual or expected significant adverse changes in business,
- (ii) Actual or expected significant changes in the operating results of the counterparty,

NOTES TO THE FINANCIAL STATEMENTS

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- (iii) Financial or economic conditions that are expected to cause a significant change to counterparty's ability to meet its obligations,
- (iv) Significant increases in credit risk on other financial instruments of the same counterparty,
- (v) Significant changes in the value of collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

The Group provides for expected credit loss in case of trade receivables, claims receivable and security deposits when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Group etc.

For the security deposits and claims receivable, provision for expected loss is made considering 12 months expected credit loss. Provision for lifetime credit loss is made if there is significant increase in credit risk for such financial assets.

In respect of trade receivable, Group uses the simplified approach for the provision for expected loss. The lifetime expected loss provision is recognised based on the provision matrix as decided by the management, based on the historical experience of recoverability. The Group categorizes a receivable for provision for doubtful debts/write off when a debtor fails to make contractual payments greater than 1 year past due in case product business and 4 years past due in case of project business. In addition to this Group also provides the expected loss based on the overdue number of days for receivables as per the provision matrix. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Provision for expected credit loss

Financial assets for which loss allowance is measured using Expected Credit Losses (ECL) model as per Ind AS 109,

| Exposure to Risk | As at 31 March 2024 | As at 31 March 2023 |
|----------------------|------------------------|------------------------|
| Trade Receivables | 6,814.340 | 6,489.600 |
| Less : Expected Loss | 962.885 | 1,031.015 |
| | 5,851.455 | 5,458.585 |
| Security Deposits | 881.878 | 934.244 |
| Less : Expected Loss | 12.588 | 10.884 |
| | 869.290 | 923.360 |
| Claims Receivable | 35.577 | 48.050 |
| Less : Expected Loss | 19.361 | 12.545 |
| | 16.216 | 35.505 |

Trade receivable ageing used in the provision matrix for life time expected credit loss is as -

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|-------------------------------|------------------------|------------------------|
| Trade Receivables | | |
| Neither past due nor impaired | 2,475.680 | 2,831.110 |
| Past due but not impaired | | |
| Less than 180 days | 1,748.398 | 1,078.459 |
| 181 - 365 days | 620.457 | 377.791 |
| More than 365 days | 1,006.920 | 1,171.225 |
| Total | 5,851.455 | 5,458.585 |



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

Reconciliation of loss provision

| Exposure to Risk | Trade receivables | Others |
|---|-------------------|---------------|
| Loss allowance as at 1 April 2022 | 703.089 | 23.692 |
| Changes in loss allowance * | 327.926 | (0.263) |
| Loss allowance as at 31 March 2023 | 1,031.015 | 23.429 |
| Changes in loss allowance * | (68.130) | 8.520 |
| Loss allowance as at 31 March 2024 | 962.885 | 31.949 |

* Movement in loss allowance is primarily on account of additional ECL provision based on ageing.

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 and to close out market positions. Due to the dynamic nature of the underlying businesses, Group maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is carried out in accordance with practice and limits set by the group. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

| Exposure to Risk | As at 31 March 2024 | As at 31 March 2023 |
|------------------------------------|------------------------|------------------------|
| Interest bearing borrowings | | |
| On demand | 545.141 | 1,065.734 |
| Less than 180 days | 314.525 | 418.131 |
| 181 - 365 days | 43.686 | 0.587 |
| More than 365 days | 645.758 | 1,043.422 |
| Total | 1,549.110 | 2,527.874 |
| Other financial liabilities | | |
| On demand | 163.447 | 139.171 |
| Less than 180 days | 1,528.021 | 1,504.135 |
| 181 - 365 days | 5.869 | 7.486 |
| More than 365 days | 23.347 | 26.875 |
| Total | 1,720.684 | 1,677.667 |
| Lease liability | | |
| On demand | - | - |
| Less than 180 days | 128.996 | 91.368 |
| 181 - 365 days | 128.996 | 91.368 |
| More than 365 days | 116.166 | 148.507 |
| Total | 374.158 | 331.243 |
| Trade & other payables | | |
| On demand / Not due | 3,246.970 | 2,678.260 |
| Less than 180 days | 1,518.734 | 1,588.996 |
| 181 - 365 days | 482.791 | 516.648 |
| More than 365 days | 1,465.319 | 1,314.662 |
| Total | 6,713.814 | 6,098.566 |

NOTES TO THE FINANCIAL STATEMENTS

 FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

The Group has access to following undrawn facilities at the end of the reporting year (Interest rates 2.0% - 10.5%)

| Particulars | 31 March 2024 | 31 March 2023 |
|--------------------------|---------------|---------------|
| Expiring within one year | 2,986.783 | 2,249.109 |
| Expiring beyond one year | - | - |

C) Market risk - Interest rate risk

The company's exposure to the risk of changes in market interest rates relates to borrowings with floating interest rates. To manage the risk, company has created balance portfolio of fixed and variable interest rate borrowings.

Change of 0.5%, in the base rates will have effect of ₹ 7.75 MN on the company's profitability.

(D) Foreign Currency Risk

The group is exposed to foreign exchange risk mainly through its sales to overseas customers and purchases from overseas suppliers in various foreign currencies.

The group evaluates exchange rate exposure arising from foreign currency transactions and the group follows established risk management policies, including use of natural hedge between receivables and payables, use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk, where the economic conditions match the group's policy.

Foreign currency exposure :

| Financial Assets | Currency | Amount in Foreign Currency (MN) | | Amount in ₹ (MN) | |
|---------------------------|----------|---------------------------------|------------------------|------------------------|------------------------|
| | | As at 31 March 2024 | As at 31 March 2023 | As at 31 March 2024 | As at 31 March 2023 |
| Trade Receivables | EUR | 0.344 | 0.228 | 30.915 | 20.289 |
| | GBP | 0.019 | 0.286 | 1.948 | 29.002 |
| | USD | 13.600 | 11.984 | 1,134.290 | 984.717 |
| | AED | 2.030 | 0.145 | 46.037 | - |
| Bank Accounts | EGP | 0.327 | 0.841 | 0.576 | 2.243 |
| | EUR | 0.466 | 0.364 | 41.887 | 32.450 |
| | GBP | 0.205 | 0.843 | 21.530 | 85.502 |
| | USD | 2.483 | 2.987 | 207.107 | 245.456 |
| | XOF | - | 0.014 | - | 0.002 |
| Other Deposits | AED | 0.111 | 0.083 | 2.509 | 1.841 |
| | EGP | 0.083 | 0.083 | 0.147 | - |
| Amount Due from Employees | USD | 0.003 | 0.003 | 0.225 | 0.222 |
| | EUR | - | 0.003 | - | 0.276 |
| | GBP | - | 0.011 | - | 1.124 |
| | THB | - | 0.002 | - | 0.005 |
| | USD | 0.030 | 0.011 | 2.506 | 0.888 |



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

| Financial Liabilities | Currency | Amount in Foreign Currency (MN) | | Amount in ₹ (MN) | |
|-------------------------|----------|---------------------------------|------------------------|------------------------|------------------------|
| | | As at 31 March 2024 | As at 31 March 2023 | As at 31 March 2024 | As at 31 March 2023 |
| Trade Payables | EGP | 0.731 | 0.731 | 1.287 | 1.949 |
| | EUR | 0.333 | 0.896 | 29.917 | 79.815 |
| | GBP | 0.164 | 7.054 | 17.256 | 715.051 |
| | USD | 5.898 | 4.192 | 491.893 | 344.498 |
| | JPY | 13.324 | - | 733.724 | - |
| | VND | 15,649.974 | 15,649.974 | 53.210 | 45.385 |
| | XOF | 149.102 | 150.041 | 20.308 | 20.436 |
| | SGD | 0.003 | 0.004 | 0.154 | 0.217 |
| | AED | 0.171 | 9.083 | 3.880 | 202.208 |
| Amount Due to Employees | EUR | - | 0.003 | - | 0.262 |
| | USD | 0.011 | 0.002 | 0.921 | 0.187 |

Currency wise net exposure (assets - liabilities)

| Particulars | Amount in Foreign Currency (MN) | | Amount in ₹ (MN) | |
|--------------|---------------------------------|------------------------|------------------------|------------------------|
| | As at 31 March 2024 | As at 31 March 2023 | As at 31 March 2024 | As at 31 March 2023 |
| EGP | (0.320) | 0.193 | (0.711) | 0.294 |
| EUR | 0.477 | (0.304) | 42.885 | (27.062) |
| GBP | 0.059 | (5.913) | 6.222 | (599.423) |
| USD | 10.207 | 10.789 | 851.314 | 886.599 |
| JPY | (13.324) | 0.000 | (733.724) | - |
| VND | (15,649.974) | (15,649.974) | (53.210) | (45.385) |
| XOF | (149.102) | (150.027) | (20.308) | (20.434) |
| SGD | (0.003) | (0.004) | (0.154) | (0.217) |
| AED | 1.970 | (8.854) | 44.666 | (200.367) |
| THB | - | 0.002 | - | 0.005 |
| Total | | | 136.980 | (5.991) |

Sensitivity Analysis

| Currency | Amount in ₹ (MN) | | Sensitivity % (*) | |
|--------------|------------------|----------------|-------------------|---------|
| | 2023-24 | 2022-23 | 2023-24 | 2022-23 |
| EGP | (0.711) | 0.294 | 12.68% | 4.25% |
| EUR | 42.885 | (27.062) | 3.03% | 2.12% |
| GBP | 6.222 | (599.423) | 3.09% | 2.08% |
| USD | 851.314 | 886.599 | 3.91% | 4.89% |
| JPY | (733.724) | - | 0.36% | 0.36% |
| VND | (53.210) | (45.385) | 2.96% | 0.49% |
| XOF | (20.308) | (20.434) | 3.81% | 3.44% |
| SGD | (0.154) | (0.217) | 3.80% | 4.58% |
| AED | 44.666 | (200.367) | 3.50% | 2.25% |
| THB | - | 0.005 | 0.98% | 2.91% |
| Total | 136.980 | (5.991) | | |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

| Currency | Impact on profit (strengthen) | | Impact on profit (weakening) | |
|--------------|-------------------------------|-----------------|------------------------------|---------------|
| | 2023-24 | 2022-23 | 2023-24 | 2022-23 |
| EGP | 0.090 | (0.012) | (0.090) | 0.012 |
| EUR | (1.299) | 0.574 | 1.299 | (0.574) |
| GBP | (0.192) | 12.468 | 0.192 | (12.468) |
| USD | (33.286) | (43.355) | 33.286 | 43.355 |
| JPY | 2.641 | - | (2.641) | - |
| VND | 1.575 | 0.222 | (1.575) | (0.222) |
| XOF | 0.774 | 0.703 | (0.774) | (0.703) |
| SGD | 0.006 | 0.010 | (0.006) | (0.010) |
| AED | (1.563) | 4.508 | 1.563 | (4.508) |
| Total | (31.254) | (24.882) | 31.254 | 24.882 |

* Sensitivity % are derived based on variation in the exchange rates over the period of last 5 years.

(EGP- Egyptian Pound, EUR- Euro, GBP - Great Britain Pound, USD - US Dollar, JPY - Japanese Yen VND- Vietnamese Dong, SGD- Singapore Dollar, , AED-Arab emirates Dirham, XOF- CFA Franc, IDR- Indonesian rupiah, MYR- Malaysian Ringgit, CZK - Czech Koruna)

NOTE 41: CAPITAL MANAGEMENT

a) Risk management

The group's objectives when managing capital are to

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

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, change debt mix. Consistent with others in the industry, the group monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents and investment in mutual funds) divided by Total 'equity' (including non-controlling interest) plus net debt.

The group's strategy is to maintain a gearing ratio within 30%. The gearing ratios were as follows:

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Loans and borrowings (Including current maturities of long term debt) | 1,549.111 | 2,527.874 |
| Less: Cash and cash equivalents (Including other bank balances) | 2,927.970 | 2,528.613 |
| Less: Investment in mutual funds | 2,982.760 | 2,267.401 |
| Net debt | (4,361.619) | (2,268.140) |

Gearing ratio is not applicable as net debt of group is negative.

b) Dividend

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|---|------------------------|------------------------|
| Equity Shares | | |
| (i) Interim dividend for the year | Nil | Nil |
| (ii) Dividends not recognised at the end of the reporting year | 476.450 | 357.340 |
| (iii) Dividends not recognised at the end of the reporting year payable to non-controlling interest | 1.050 | - |

Since year end the directors have recommended the payment of a final dividend of ₹ 6 per fully paid equity share (31 March 2023 - ₹ 4.5 per fully paid equity share). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 42: DISCLOSURE IN RESPECT OF MICRO, SMALL AND MEDIUM ENTERPRISES

Group has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at March 31, 2024. The disclosure pursuant to the said Act is as under:

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Total outstanding amount in respect of Micro, small and medium enterprises | 1,090.041 | 800.913 |
| Other disclosures in respect of micro and small enterprises | | |
| Principal amount due and remaining unpaid | 68.044 | 40.010 |
| Interest due on above and unpaid interest | 2.024 | 1.070 |
| Interest paid | 0.060 | - |
| Payment made beyond appointment day | 1,242.585 | 392.490 |
| Interest due and payable for the period of delay | 18.306 | 2.936 |
| Interest accrued and remaining unpaid (excluding interest accrued for earlier years) | 19.289 | 3.114 |
| Amount of further interest remaining due and payable in succeeding years | 8.438 | 2.939 |

The identification of suppliers as micro, small and medium enterprise as defined under the Micro, Small and Medium Enterprises Development Act 2006, was done on the basis of information to the extent provided by the suppliers of group.

Delay in payment is mainly on account of quality issues of vendors.

NOTE 43 : CORPORATE SOCIAL RESPONSIBILITY EXPENDITURES

- (a) Amount required to be spent by the group during the current year is ₹ 39.094 Million (₹ 29.943 Million)
- (b) Amount spent by the group during the current year is ₹ 39.323 Million (₹ 32.177 Million)

There is no shortfall as per provision of Sec 135 of The Companies Act 2013 either at the beginning or end of year.

The group as per its policy on Corporate Social Responsibility (CSR) and recommendation and approval of the CSR committee has contributed ₹ 27.3 Million towards Disaster Management Projects & Health and education Programs through it's implementing agency Vikas Charitable Trust, ₹ 1.998 Million on Specialized Wildlife Technical Rescue Vehicle, ₹ 3.1 Million on Infrastructure Development for Educational Institutions, ₹ 4.837 Million on Health, Environment and Education aid in local area and balance amount on Prevention of HIV transmission, bio-diversity restoration project, etc.

The group has not spent any amount towards construction or acquisition of asset.

NOTES TO THE FINANCIAL STATEMENTS

 FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 44 A : TRADE RECEIVABLES AGEING
Trade receivables as at 31 March 2024

| Particulars | Not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|------------------|--|--------------------|----------------|----------------|-------------------|------------------|
| | | Less than 6 months | 6 months to 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed trade receivable | | | | | | | |
| Considered good | 2,474.209 | 1,748.167 | 596.411 | 413.703 | 303.548 | 296.530 | 5,832.568 |
| Which have significant increase in credit risk | - | 0.017 | 23.849 | 118.471 | 105.604 | 527.722 | 775.663 |
| Credit impaired | - | - | 0.152 | 6.746 | 2.146 | 81.095 | 90.139 |
| Total undisputed trade receivables (a) | 2,474.209 | 1,748.184 | 620.412 | 538.920 | 411.298 | 905.347 | 6,698.370 |
| Disputed trade receivables | | | | | | | |
| Considered good | 1.471 | 0.214 | 0.034 | - | - | 17.165 | 18.884 |
| Which have significant increase in credit risk | - | - | 0.011 | 0.367 | 58.270 | 38.438 | 97.086 |
| Credit impaired | - | - | - | - | - | - | - |
| Total Disputed trade receivables (b) | 1.471 | 0.214 | 0.045 | 0.367 | 58.270 | 55.603 | 115.970 |
| Total trade receivables (a + b) | 2,475.680 | 1,748.398 | 620.457 | 539.287 | 469.568 | 960.950 | 6,814.340 |
| Provision for increase in significant risk and credit impaired | | | | | | | 962.885 |
| Net trade receivables | | | | | | | 5,851.455 |

Trade receivables as at 31 March 2023

| Particulars | Not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|------------------|--|--------------------|----------------|----------------|-------------------|------------------|
| | | Less than 6 months | 6 months to 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed trade receivable | | | | | | | |
| Considered good | 2,830.641 | 1,077.874 | 355.437 | 511.558 | 137.958 | 526.578 | 5,440.046 |
| Which have significant increase in credit risk | - | 0.383 | 22.337 | 118.519 | 78.540 | 595.257 | 815.036 |
| Credit impaired | - | 0.202 | 0.013 | 2.016 | 2.030 | 69.587 | 73.848 |
| Total undisputed trade receivables (a) | 2,830.641 | 1,078.459 | 377.787 | 632.093 | 218.528 | 1,191.422 | 6,328.930 |
| Disputed trade receivables | | | | | | | |
| Considered good | 0.469 | - | - | 0.417 | - | 17.648 | 18.534 |
| Which have significant increase in credit risk | - | - | 0.004 | 37.597 | 35.976 | 57.961 | 131.538 |
| Credit impaired | - | - | - | - | - | 10.598 | 10.598 |
| Total Disputed trade receivables (b) | 0.469 | - | 0.004 | 38.014 | 35.976 | 86.207 | 160.670 |
| Total trade receivables (a + b) | 2,831.110 | 1,078.459 | 377.791 | 670.107 | 254.504 | 1,277.629 | 6,489.600 |
| Provision for increase in significant risk and credit impaired | | | | | | | 1,031.015 |
| Net trade receivables | | | | | | | 5,458.585 |



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

Note 44 B : Trade payables ageing

| Particulars | Year | Not due | Outstanding for following periods from due date of payment | | | | | Total |
|--------------------------|------|-----------|--|--------------------|-----------|-----------|-------------------|-----------|
| | | | Less than 6 months | 6 months to 1 year | 1-2 years | 2-3 years | More than 3 years | |
| 1. MSME - Non disputed | 2024 | 938.246 | 108.065 | 4.778 | 13.503 | 3.973 | 21.476 | 1,090.041 |
| | 2023 | 698.766 | 61.932 | 12.111 | 1.238 | 8.986 | 17.880 | 800.913 |
| 2. MSME - disputed | 2024 | - | - | - | - | - | - | - |
| | 2023 | - | - | - | - | - | - | - |
| 3. Others - Non disputed | 2024 | 2,308.652 | 1,410.666 | 478.013 | 246.942 | 350.309 | 816.605 | 5,611.187 |
| | 2023 | 1,962.060 | 1,527.064 | 504.537 | 505.557 | 35.473 | 729.684 | 5,264.375 |
| 4. Others - disputed | 2024 | 0.072 | - | - | - | - | 12.511 | 12.583 |
| | 2023 | 17.435 | - | - | - | - | 15.844 | 33.279 |

Unearned revenue i.e. gross amount due to customer is not considered in above table being in nature of non-financial liability and disclosed in note 18.

Note 44 C : Capital work- in- progress and intangibles under development

| Particulars | Year | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|--------------------------------|------|------------------|-----------|-----------|-------------------|---------|
| Projects in progress | 2024 | 191.029 | 87.783 | 37.100 | 3.775 | 319.687 |
| | 2023 | 453.033 | 326.997 | 7.858 | 28.750 | 816.638 |
| Projects temporarily suspended | 2024 | - | - | - | - | - |
| | 2023 | - | - | 3.078 | - | 3.078 |

Following projects which were expected to be completed by March 24, got delayed and now expected to get completed as per following table.

| Particulars | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---|------------------|-----------|-----------|-------------------|--------|
| Expansion of manufacturing plant and Load enhancement | 70.850 | - | - | - | 70.850 |

NOTE 45: SEGMENT REPORTING

Group operates in single reporting segment of 'Fluid Machinery and Systems' Group is not having single major customer having transactions more than 10% of total revenue of group.

(₹ in Million)

| | Within India | | Outside India | | Total | |
|---|--------------|------------|---------------|------------|------------|------------|
| | 2023-24 | 2022-23 | 2023-24 | 2022-23 | 2023-24 | 2022-23 |
| a) Segment Revenue Geographic Segment by location of customer | 26,862.522 | 24,940.143 | 13,149.470 | 12,362.070 | 40,011.992 | 37,302.213 |
| b) Carrying Amount of non-current assets other than deferred tax asset and financial assets | 5,875.593 | 5,598.832 | 1,330.934 | 1,237.382 | 7,206.527 | 6,836.214 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 46: DISCLOSURE IN RESPECT OF IND AS 116, 'LEASES'

| Right-to-use asset | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|-----------------------------|-----------------------------|
| Opening right-to-use asset | 305.710 | 274.053 |
| Net addition during the year including forex difference | 187.810 | 125.542 |
| Depreciation charged during the year | (127.116) | (93.885) |
| Closing right-to-use asset | 366.404 | 305.710 |

| Particulars | Year ended 31 March 2024 | Year ended 31 March 2023 |
|--|-----------------------------|-----------------------------|
| Opening lease liability | 331.243 | 209.309 |
| Net addition / (deletion) during the year including forex | 162.662 | 208.819 |
| Finance cost | 20.797 | 15.334 |
| Lease payments | (140.544) | (102.219) |
| Closing lease liability | 374.158 | 331.243 |
| Non-Current | 116.166 | 148.506 |
| Current | 257.992 | 182.737 |

The expenses relating to payments not included in the measurement of lease liability and recognised as expense in the Statement of Profit and Loss during the year as follows:

1. Low value leases - ₹ 4.770 Million (PY : 13.711 Million)
2. Short-term leases - ₹ 36.123 Million (PY: 26.456 Million)

Where the company is a lessee

1. The group has taken on lease various assets such as plant & equipments and buildings. Generally, leases are renewed only on mutual consent and at a prevalent market price.
2. Details with respect to right-to-use assets:

| Class of Asset | Year | Depreciation for the year | Additions during the year | Carrying Amount |
|-----------------------|------|---------------------------|---------------------------|-----------------|
| 1. Plant & Equipments | 2024 | 6.661 | 13.553 | 20.292 |
| | 2023 | 4.383 | 11.265 | 13.398 |
| 2. Buildings | 2024 | 120.455 | 174.257 | 346.112 |
| | 2023 | 89.503 | 114.277 | 292.311 |

Contractual maturities of lease payments

| Particulars | As at 31 March 2024 | As at 31 March 2023 |
|--------------------|------------------------|------------------------|
| Less than one year | 314.164 | 178.297 |
| Between 1-2 years | 98.735 | 72.813 |
| More than 2 years | 141.412 | 97.210 |

1. Short term leases and leases for low value assets are continued to be accounted for as rent expenses.
2. Total cash outflow for lease arrangements during the year is ₹ 181.437 Million (PY - ₹ 142.386 Million)
3. Group has not entered into any sublease arrangements.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

NOTE 47: ADDITIONAL INFORMATION REGARDING SUBSIDIARIES AS PER SCHEDULE III OF THE COMPANIES ACT, 2013

(Amounts in Million ₹)

| Name of the Entity in the Group | As at 31 March 2024 | | Share in Profits or Loss | | Year ended 31 March 2024 | | Share in Total comprehensive income | |
|---|--|-------------------|--------------------------|------------------|-------------------------------------|---------------|---|------------------|
| | Net Assets (Total Assets - Total Liabilities) | | Amount | | Share in Other comprehensive income | | Amount | |
| | As % of consolidated net assets | Amount | As % of consolidated P&L | Amount | As % of consolidated OCI | Amount | As % of consolidated Total comprehensive income | Amount |
| Parent | | | | | | | | |
| Kirloskar Brothers Limited (including effect of consolidation, elimination and other adjustment) | 85.347% | 14,714.470 | 67.381% | 2,356.172 | 111.086% | 39.334 | 67.819% | 2,395.505 |
| Subsidiaries | | | | | | | | |
| Indian | | | | | | | | |
| 1. Karad Projects and Motors Pvt Ltd | 7.520% | 1296.575 | 15.332% | 536.120 | (4.247%) | (1.504) | 15.135% | 534.616 |
| 2. The Kolhapur Steel Limited | (3.381%) | (582.835) | (6.841%) | (239.203) | 1.413% | 0.500 | (6.758%) | (238.703) |
| 3. Kirloskar Corrocoat Private Limited | 0.018% | 3.164 | 0.891% | 31.158 | (46.197%) | (16.358) | 0.419% | 14.800 |
| Foreign | | | | | | | | |
| 1. Kirloskar Brothers International B V (Consolidated) | 4.625% | 797.416 | 19.893% | 695.606 | 4.551% | 1.611 | 19.739% | 697.217 |
| Non-controlling interest in all Subsidiaries Associates (Investment as per equity method) | | | | | | | | |
| Indian | 0.298% | 51.299 | 0.442% | 15.450 | 43.633% | 15.450 | 0.875% | 30.901 |
| Foreign | 0.000% | 0.000 | 0.000% | 0.000 | 0.000% | 0.000 | 0.000% | 0.000 |
| Joint Ventures (investment as per the equity method) | | | | | | | | |
| Indian | | | | | | | | |
| Kirloskar Ebara Pumps Limited | 5.572% | 960.692 | 2.902% | 101.492 | (10.235%) | (3.624) | 2.771% | 97.868 |
| TOTAL | 100.000% | 17,240.781 | 100.000% | 3,496.795 | 100.000% | 35.409 | 100.000% | 3,532.204 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

(Amounts in Million ₹)

NOTE 48 A: AUDIT TRAIL

In case of company and its Indian subsidiaries, the access to the database for accounting and consolidation software is restricted only to single CIC basis admin user (changes if any are allowed only with prior approval of committee of senior management) depending on group's operating and business needs after appropriately designing the internal controls and ensuring the operating effectiveness of such controls.

Audit trail function for database level is disabled by default in SAP. Enabling that feature, can affect the performance of SAP system as whole. Considering above facts, management has not enabled audit trail at database level.

The Company and its Indian subsidiaries uses services of third-party service provider (ADP India Private Limited) for payroll processing and said organisation has provided SOC 1 report covering sustainability of the design and operating effectiveness of controls. Further, outsourced vendor is ISO 9001:2013 and ISO 27001:2013 certified. Rule A.12.4, of ISO 27001:2013 requires, maintaining the audit trail of all events / logs including the changes in payroll products – user access controls, change management, etc. Auditors of third-party service provider had verified these controls and issue certificate for ISO standards.

Further, there is no direct integration between third party payroll system and KBL accounting system. Processed payroll data received from third party service provider, is duly verified by KBL's internal team before accounting the same.

Above mentioned does not impact the internal control environment of the Company.

NOTE 48 B: OTHERS

1. The group does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
2. The group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
3. No proceedings have been initiated or are pending against the Group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
4. Company and its subsidiaries in India have not entered any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956
5. The company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
6. The Company has not received any fund from any person(s) or entity(is), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
7. Statutory auditors of one of the subsidiaries i.e. TKSL have stated in 'Material Uncertainty related to Going Concern' paragraph in the audit report, that they have considered TKSL as going concern, based on support provided by parent company.
8. Group has not made any contribution to political parties during FY 2023-24. (PY - Nil)
9. Previous year's figure have been regrouped, wherever required.

For and on behalf of the Board of Directors

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

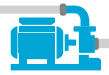
Rama Kirloskar
Joint Managing Director
DIN: 07474724

Chittaranjan Mate
Chief Financial Officer

Devang Trivedi
Company Secretary

Pune : 14 May 2024

Pune : 14 May 2024

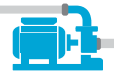


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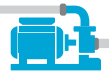
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ABBREVIATIONS

| | |
|--------------|--|
| 3D | 3 Dimensional |
| AGM | Annual General Meeting |
| AI | Artificial Intelligence |
| AIAG | Automotive Industry Action Group |
| AIMA | All India Management Association |
| API | American Petroleum Institute |
| APOEM | Authorised Pump-set Original Equipment Manufacturer |
| AR | Augmented Reality |
| ASEAN | Association of Southeast Asian Nations |
| ATVP | Advanced Technical Vessels Programme |
| B2B | Business-to-Business |
| B2C | Business-to-Consumer |
| B2G | Business-to-Government |
| BARC | Bhabha Atomic Research Centre |
| BEE | Bureau of Energy Efficiency |
| BIS | Bureau of Indian Standards |
| BOD | Board of Directors |
| BRSR | Business Responsibility and Sustainability Reporting |
| CAPEX | Capital Expenditure |
| CCTV | Closed Circuit Television |
| C-DoT | Centre for Development of Telematics |
| CE | Conformist Européenne |
| CESC | Calcutta Electric Supply Corporation |
| CFL | Compact Fluorescent Lamp |
| CFO | Chief Financial Officer |
| CIF | Cast Iron Foundry |
| CII | Confederation of Indian Industry |
| CMERI | Central Mechanical Engineering Research Institute |
| CMO | Chief Marketing Officer |
| CNC | Computerised Numerical Controlled |
| CPS | Customer Perception Survey |
| CRM | Customer Relationship Management |
| CSR | Corporate Social Responsibility |
| CSS | Customer Service and Spares |
| DG | Diesel Generator |

| | |
|---------------|--|
| EBITDA | Earnings Before Interest, Taxes, Depreciation and Amortisation |
| EES | Employee Engagement Survey |
| EHS | Environment, Health, and Safety |
| EMDE | Emerging Markets and Developing Economies |
| EMS | Environmental Management System |
| ENCON | Energy Conservation |
| EnMS | Energy Management System |
| EPC | Engineering, Procurement, and Construction |
| EPR | Extended Producer Responsibility |
| ERP | Enterprise Resource Planning |
| ESCO | Energy Service Company |
| ESD | Engineered Service Division |
| ESG | Environmental, Social and Governance |
| ETO | Engineer to Order |
| FM | Factory Mutual |
| FTE | Fixed Term Employee |
| FY | Financial Year |
| GBP | Great Britain Pound |
| GEN | Global Ecolabelling Network |
| GHG | Greenhouse Gas |
| GJ | Gigajoules |
| GOI | Government of India |
| GPM | Gallons Per Minute |
| GRI | Global Reporting Initiative |
| GST | Goods and Services Tax |
| GTM | Go-To-Market |
| GWh | Gigawatt Hour |
| HI | Hydraulic Institute |
| HIRA | Hazard Identification and Risk Assessment |
| HIV | Human Immunodeficiency Virus |
| HP | Horsepower |
| HPML | High Pressure Molding Line |
| HPYN | Hydro Pneumatic Pressure Boosting System |
| HVAC | Heating, Ventilation, and Air Conditioning |

| | | | |
|--------------------------|--|----------------------------|---|
| IEC | International Electrotechnical Commission | LPG | Liquefied Petroleum Gas |
| IFC | International Financial Controls | MBA | Master of Business Administration |
| IGCC | Integrated Coal Gasification Combined Cycle | MD | Managing Director |
| IIM | Indian Institute of Management | MENA | Middle East, Asia and North Africa |
| IIRC | International Integrated Reporting Council | MIT | Massachusetts Institute of Technology |
| IISc | Indian Institute of Science | MMTPA | Million Metric Tonnes per Annum |
| IIT | Indian Institute of Technology | mn | Million |
| IMF | International Monetary Fund | MNC | Multinational Company |
| INR | Indian Rupees | MRP | Maximum Retail Price |
| IoT | Internet of Things | MSEE | Master of Science in Electrical Engineering |
| IR | Industrial Relations | MSMO | Multi-Stage Multi Outlet |
| IR (in reporting) | Integrated Report | MTCO₂eq | Million Tonnes of Carbon Dioxide equivalent |
| IRIM | International Research Institute for Manufacturing | MTO | Made to Order |
| ISO | International Organisation for Standardisation | MTS | Made to Stock |
| ISPM | International Standards for Phytosanitary Measures | MW | Megawatt |
| IT | Information Technology | NACE | National Association of Corrosion Engineers |
| ITSM | Information Technology Service Management | NAMC | National Awards for Manufacturing Competitiveness |
| JIPM | Japan Institute of Plant Maintenance | NDA | Non-Disclosure Agreement |
| JV | Joint Venture | NGO | Non-governmental Organisation |
| KBIBV | Kirloskar Brothers International B.V. | NHPC | National Hydroelectric Power Corporation |
| KBL | Kirloskar Brothers Limited | NITK | National Institute of Technology Karnataka |
| KBTL | Kirloskar Brothers (Thailand) Limited | NO_x | Nitrogen Oxides |
| KCPL | Kirloskar Corrocoat Private Limited | NRL | Numaligarh Refinery Ltd |
| KEPL | Kirloskar Ebara Pumps Limited | OAVM | Other Audio-Visual Means |
| KOV | Kirloskarvadi | OEE | Overall Equipment Effectiveness |
| KPL | Kirloskar Premier League | OEMs | Original Equipment Manufacturers |
| KPML | Karad Projects and Motors Limited | OH&S | Occupational Health & Safety |
| KSEBL | Kerala State Electricity Board Limited | OTIF | On Time In Full |
| kW | Kilowatt | PAN | Permanent Account Number |
| kWh | Kilowatt Hours | PAT (In Pumps) | Profit After Tax |
| LED | Light Emitting Diode | PAT (In Financials) | Pump As Turbine |
| LEED | Leadership in Energy and Environmental Design | PBT | Profit Before Tax |
| LLC | Limited Liability Company | PETARC | Power Engineers Training and Research Center |
| LLC™ | Lowest Lifecycle Cost | PF | Provident Fund |
| LOTO | Lockout & Tagout | PM | Particulate Matter |
| LPD | Large Pump Division | PNCPL | Paradip-Numaligarh Crude Oil Pipeline |
| | | PPE | Personal Protective Equipment |
| | | PPP | Public Private Partnership |



| | | | |
|----------------|--|-----------------|--|
| psi | Pounds per Square Inch | SOx | Sulphur Oxides |
| PSU | Public Sector Undertaking | SPB | Small Pump Business |
| Q&A | Question and Answer | SQIP | Supplier Quality Improvement Program |
| QC | Quality Control | STP Pump | Submersible Turbine Pump |
| QCFI | Quality Circle Forum of India | TERI | The Energy and Resources Institute |
| QM | Quality Management | TIFAC | Technology Information, Forecasting and Assessment Council |
| QMS | Quality Management System | TKSL | The Kolhapur Steel Limited |
| R&D | Research & Development | TUV | Technischer Überwachungs-Verein |
| RFQ | Request for Quotations | UAE | United Arab Emirates |
| RIT | Rajalakshmi Institute of Technology | UK | United Kingdom |
| ROCE | Return on Capital Employed | UL | Underwriting Laboratories |
| ROHS | Restriction of Hazardous Substances | UL/FM | Underwriting Laboratories/ Factory Mutual |
| ROI | Return on Investment | UN | United Nations |
| SAIF | Sophisticated Analytical Instrument Facilities | UNSDGs | United Nations Sustainable Development Goals |
| SAP | Systems, Applications & Products in Data Processing | USA | United States of America |
| SATHI | Sophisticated Analytical & Technical Help Institutes | VC | Video Conferencing |
| SCADA | Supervisory Control and Data Acquisition | VFD | Variable Frequency Drive |
| SEBI | Securities and Exchange Board of India | VJTI | Veermata Jijabai Technological Institute |
| SEP | School Empowerment Programme | VNIT | Visvesvaraya National institute of Technology |
| SIDBI | Small Industries Development Bank of India | VR | Virtual Reality |
| SKUs | Stock Keeping Units | VT | Vertical Turbine |
| SMPD | Small and Medium Pump Division | YPL | Yamuna Premier League |



Enriching Lives

KIRLOSKAR BROTHERS LIMITED

Established 1888

A Kirloskar Group Company

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