KIRLOSKAR BROTHERS LIMITED
A Kirloskar Group Company

Enriching Lives

SEC/ F:22

July 16, 2022

BSE Limited
Corporate Relationship Department,
2nd Floor, New Trading Ring,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400001.
(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 Annual General Meeting of the Company along with the Integrated Annual Report.

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

In terms of the subject referred regulations, we enclose herewith a copy of the Notice of 102nd Annual General Meeting of the Company along with the Integrated Annual Report for the Financial Year 2021-22.

In view of the current COVID-19 pandemic situation and in compliance of the General circular numbers, 14/2020, 17/2020, 20/2020, 22/2020, 33/2020, 39/2020, 02/2021 and 02/2022 and all other applicable laws and circulars issued by the Ministry of Corporate Affairs (MCA), Government of India and Securities and Exchange Board of India (SEBI), Notice of Annual General Meeting of the Company along with the the Integrated Annual Report of the Company for the Financial Year 2021-22 is being sent only via electronic mode (e-mail) to the registered members of the Company and no physical copies are dispatched.

The copy of the Notice of 102nd Annual General Meeting of the Company along with the Integrated Annual Report is also available on the website of the Company at www.kirloskarpumps.com.

This is for your information and record.

Thanking you,
Yours faithfully,
For **KIRLOSKAR BROTHERS LIMITED**

Devang Trivedi
Company Secretary

KIRLOSKAR BROTHERS LIMITED
Kirloskar
PUNE

Encl: As above

Registered Office & Global Headquarters: " YAMUNA", Survey No. 98/(3 to 7), Plot No. 3, Baner, Pune - 411 045, Maharashtra, India
Email : marketing@kbl.co.in Website : www.kirloskarpumps.com Tel : +91 20 2721 4444 / 6721 4444 Fax: +91 20 6721 1060
CIN No. L29113PN1920PLC000670

Enriching Lives

KIRLOSKAR BROTHERS LIMITED

Established 1888

A Kirloskar Group Company

INTEGRATED ANNUAL REPORT 2021-22

FROM ORIGIN TO ORIGINAL, WE ARE READY FOR THE FUTURE

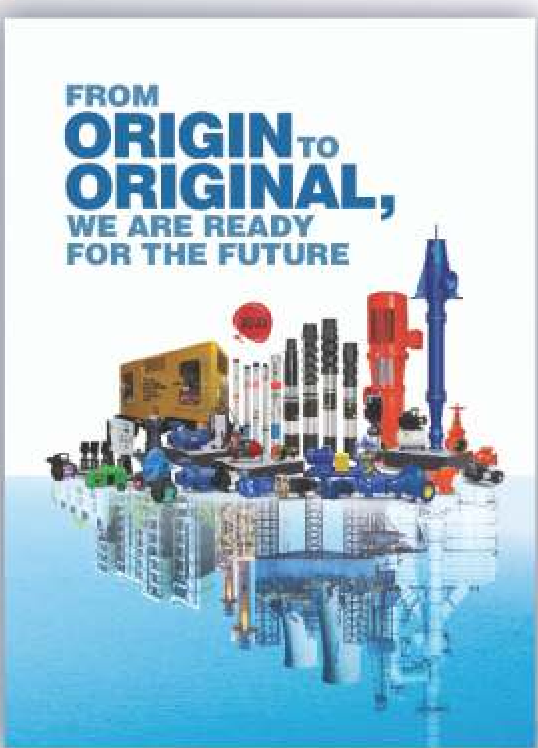
On every page in our history books, from the day of our inception in 1888 till today, we have played the role of pioneers in the industry. Our virtues of being visionary and influential have paved way for the Indian Agricultural and Industrial revolution, and we carry pride in what we reflect as an organization.

From being the first to develop an iron plough and create first-of-its-kind water pumps, we established the initial pillars of water management systems and are truly the representation of originality and authenticity. Our minuscule yet passionate origin depicts a vibrant section of our culture and work ethics. Now, after more than 130 years, our quest to endorse every possible upgrade towards perfection makes us future- ready.

Front running, the use of modern technology, we have certainly raised the bar of envisioning the future and how it would get shaped due to fluid management systems. Our patents and innovations in our products, new and existing, speaks about the expertise we carry in executing our work.

We always have our head held high and eyes on the horizon as we prepare to meet every challenge with optimism and strength. Therefore, we empathetically describe our journey-

"From Origin To Original,
We Are Ready For The Future



With the following initiatives your company is ready for the future -

- Opening an Advanced Technology Product Manufacturing (ATPD) Facility to develop futuristic and technologically advanced solutions
- Expanding its reach by opening Authorised Pumpset Original Equipment Manufacturer (APOEM) facility with channel partners
- Launching new generation energy-efficient products that consume less energy for high performance
- Introducing an advanced version of **KirloSmart** - a unique IoT based technology for remote pump monitoring

KIRLOSKAR BROTHERS LIMITED

A Kirloskar Group Company

Enriching Lives

NOTICE

NOTICE is hereby given that the 102nd Annual General Meeting (AGM) of the Members of **KIRLOSKAR BROTHERS LIMITED** will be held on Wednesday, the 10th day of August, 2022 at 11.00 a.m., Indian Standard Time (IST), through Video Conferencing/ Other Audio Visual Means (VC/OAVM) facility to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt

    a) the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2022, together with the Reports of Auditors and Board thereon; and

    b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2022, together with the Report of the Auditors thereon.

2. To declare Dividend on equity shares of the Company for the Financial Year 2021-22.

3. To appoint a Director in place of Mr. Pratap Shirke (DIN 00104902), who retires by rotation and being eligible, offers himself for re-appointment.

4. Re-appointment of Statutory Auditors:

    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 139, 142 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 and Finance Committee and the Board of Directors, M/s. Sharp and Tannan Associates, Chartered Accountants, Mumbai (Firm Registration No. 109983W) be and are hereby re-appointed as the Statutory Auditors of the Company for a second term of 5 (Five) years to hold office from the conclusion of 102nd Annual General Meeting till the conclusion of 107th Annual General Meeting.

    RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof) be and is hereby authorised to finalise the remuneration plus out of pocket, travelling and any other expenses etc., if any, as may be mutually agreed upon and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

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 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 and Finance Committee, the remuneration amounting to ₹ 825,000/- (Rupees Eight Lakhs Twenty Five Thousand Only) excluding GST and other taxes as may be applicable and out of pocket and travelling expenses, if any, payable to M/s. Parkhi Limaye & Co., Cost Accountants, Pune (Firm

Registration No. 000191), 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 2022– 23, be and is hereby ratified and confirmed."

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

Devang Trivedi
Company Secretary
ICSI Membership No. A13339

Pune: May 24, 2022

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. 3 to 5 of the accompanying Notice, is annexed hereto. The Board of Directors of the Company at its meeting held on May 24, 2022, considered that the Special Business under Item Nos. 5 being considered unavoidable, be transacted at the 102nd AGM of the Company.

2. General instructions for accessing and participating in the 102nd AGM through VC/OAVM facility and voting through electronic means including remote e-Voting.

a. In view of the COVID-19 pandemic and 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, further extended the relaxation vide Circular No. 02/2022 dated 5th May 2022 ('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 further extended the relaxation vide Circular No. SEBI/HO/CFD/CMD2/ CIR/P/2022/62 dated 13th May, 2022, 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 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 for the Financial Year 2021-22 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 10:30 a.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 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, 2015 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 **Sunday, August 07, 2022 (9:00 am IST) and will end on Tuesday, August 09, 2022 (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 August 03, 2022,** 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 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	1. Existing **IDeAS** user can visit the e-Services website of NSDL viz. https://eservices.nsdl.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.nsdl.com. **Select "Register Online for IDeAS Portal"** or click at https://eservices.nsdl.com/SecureWeb/ IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on 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 Speede"** facility by scanning the QR code mentioned below for seamless voting experience. **NSDL Mobile App is available on** App Store Google Play
Individual Shareholders holding securities in demat mode with CDSL	1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will also be able to see the e-Voting Menu. The Menu will have **links of e-Voting service provider i.e. NSDL**. Click on **NSDL** to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and 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 provided links for the respective ESP i.e. **NSDL** where the e-Voting is in progress.

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.: 1800 1020 990 and 1800 22 44 30
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 022- 23058738 or 022-23058542-43

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?

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

   Alternatively, if you are registered for NSDL 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 con firmation 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. 1800-22-44-30 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.

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 08, 2022** may obtain the login ID and password at sending a request at evoting@nsdl.co.in or issuer/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. 1800 1020 990 and 1800 22 44 30.** 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 08, 2022 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), AADHAR (self-attested scanned copy of Aadhar 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 Aadhar 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. Members can submit questions 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 48 hours in advance before the start of the meeting i.e. by August 8, 2022 by 11:00 a.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 48 hours in advance before the start of the AGM i.e. by August 8, 2022 by 11:00 a.m. IST. Those Members who have registered themselves as speakers shall be allowed to ask questions during the AGM, on first-come-first-serve basis and subject to availability of time.

g. Institutional Investors who are Members of the Company, are encouraged to attend and vote in the AGM through VC/OAVM Facility.

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 in 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.

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 1800 1020 990/ 1800 224 430.

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. Log in 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 August 03, 2022**.

c. Any person, who acquires shares of the Company and becomes Member of the Company after the Company sends the Notice of the AGM by email and holds shares as on the **cut-off date i.e. July 8, 2022,** may obtain the User ID and password by sending a request to the Company's email address grievance.redressal@kbl.co.in. 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.

d. 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. Shyamprasad Limaye, 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.

e. 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 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.

f. 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 within 2 working days from the conclusion of the AGM, who shall then countersign and declare the result of the voting forthwith.

g. 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. The Results shall also be immediately forwarded to the BSE and NSE.

8. Pursuant to the MCA Circulars and SEBI Circular, 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 2021-22 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 2021-22 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 Licence, 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 2021-22, 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.

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 dividend are also uploaded on the website of the Company at www.kirloskarpumps.com. Members who have not encashed Final Dividend 2014-15 or any subsequent dividend declared by the Company, are advised to write to the Company immediately.

12. The unclaimed dividend for the Financial Year 2013-14 has 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 Years 2014-15 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 Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the underlying shares in respect of which the dividend has remained unclaimed / unpaid for 7 years or more will be transferred to IEPF. Accordingly, the Company has transferred underlying shares, in respect of which the dividend remained unpaid / unclaimed for consecutive 7 years up to the Financial Year 2013-14.

In terms of the provisions under the said Rule, 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 said Rule. 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 Rs. per share	Date of declaration	Due Date of transfer to the IEPF Account
2014 -15	Final	0.50	27-Jul-15	September, 2022
2015 -16	Interim	0.50	14-Mar-16	April, 2023
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	1.50	09-Sept-21	October, 2028

In terms of the IEPF (Uploading of information regarding unpaid dividend amount lying with the Companies) Rules, 2012, the details of unclaimed dividend up to 2020-21 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 2014-15 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 with effect from April 1, 2019. In view of the above, Members are advised to dematerialize shares held by them in physical form.

14. Electronic copy 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.

15. 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 102nd 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. 3

Mr. Pratap B. Shirke (DIN 00104902), age 71, is a Non-Executive, Non-Independent Director on the Board of Kirloskar Brothers Limited. Mr. Pratap B. Shirke is associated with the Company since 20th July 2007.

He holds a Degree in Civil Engineering from College of Engineering, Pune and a Master's degree from Stanford University, USA. He has also done his MBA from Stanford University.

In 1974, he went to Dubai and founded the Pan Gulf Group of Companies for executing construction projects in Dubai, Saudi Arabia, Yemen, Iraq and Kuwait.

In 1983, he moved to London and formed Oak Group PLC, which owned a chain of hotels in and around UK.

In 1987, he got involved in shipping business and purchased a number of Panamax dry bulk cargo vessels. Pan Gulf Group activities cover Ship Management, Hotels, Commercial Properties, Energy Management and Ship Ownership.

He also serves on the Boards of B. G. Shirke Construction Technology Private Limited, North of England P&I Association Ltd., Oak Group Ltd., SPP Pumps Ltd., Northern Navigation Fund II, Kirloskar Brothers International B.V., Kirloskar Pompen B.V., and North of England P&I DAC.

Mr. Pratap Shirke has expertise in management, Governance and overall experience in industry.

Mr. Pratap Shirke holds 20,000 equity shares in the Company.

Mr. Pratap B. Shirke attended 5 (five) Board meetings of the Company held during the year 2021-22. He is also a member of the Audit and Finance Committee of the Board.

Mr. Pratap B. Shirke will be entitled for sitting fees as may be decided by the Board from time to time and commission, if any, as may be approved by the Board. For details of his remuneration drawn last year, one can refer reporting under 'Report on Corporate Governance'.

Apart from Mr. Shirke, 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 his re-appointment as a Non-Executive, Non-Independent Director, liable to retire by rotation and passing of this resolution as an Ordinary Resolution.

II. Additional Information pursuant to Regulation 36(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Item No. 4

The members of the Company at 97th Annual General Meeting (AGM) held on July 27, 2017 approved the appointment of M/s. Sharp & Tannan Associates, Chartered Accountants (Firm Registration No. 109983W) as the Statutory Auditors of the Company for a term of 5 consecutive years with effect from conclusion of 97th AGM until the conclusion of 102nd AGM.

In accordance with the provisions of Section 139, 142 and other applicable provision, if any of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014, the Company can appoint or re-appoint an audit firm as Statutory Auditors for not more than two terms of five consecutive years.

The Board of Directors at its meeting held on May 24, 2022, based on the recommendation of the Audit & Finance Committee, approved the re-appointment of M/s. Sharp & Tannan Associates, as the Statutory Auditors of the Company for a second term of 5 consecutive years from the conclusion of the ensuing 102nd AGM until the conclusion of the 107th AGM.

i) Proposed statutory audit fees payable to auditors

Statutory audit fees up to ₹ 80,00,000/- (Rupees Eighty Lacs only) for the year ending March 31, 2023 plus applicable taxes and reimbursement of out of pocket expenses.

The Company would also obtain certifications which are to be mandatorily to be received from the Statutory Auditors under various regulations, in addition to the audit services.

The Board of Directors and Audit & Finance Committee shall approve the revision in the remuneration of the Statutory Auditors for the balance part of the tenure, based on the performance review and any additional efforts on account of changes in regulations or management processes or any other assignment or considerations.

ii) Terms of appointment

5 (five) years from the conclusion of 102nd AGM until the conclusion of the 107th AGM of the Company.

iii) Basis of recommendation and auditor credentials

M/s. Sharp & Tannan Associates, consented to their appointment and confirmed that their appointment, if made, would be in accordance with the provisions of Section 139 read with Section 141 of the Act. They also confirmed that they have subjected themselves to peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the 'Peer Review Board of ICAI'. M/s. Sharp & Tannan Associates has also furnished a declaration confirming its independence in terms of section 141 of the Act and declared that it has not taken up any prohibited non-audit assignments for the Company.

M/s. Sharp & Tannan Associates, in the past five years demonstrated all round capabilities in audit services. They have confirmed that they are independent, as required by the relevant ethical/independence requirements as mentioned in the Act and the Code of Ethics issued by the ICAI, that are relevant to their audit of the standalone and consolidated financial statements under the provisions of the Act and Rules made thereunder. They are not under the relationship that would be thought to influence their independence as auditors of the Company.

M/s. Sharp & Tannan Associates was constituted on 1 July 1976, a partnership firm having firm registration no. as 109983W and registered with the Institute of Chartered Accountants of India. The Firm is registered in Mumbai, having branch offices at Pune, Vadodara, Ahmedabad and Associate offices at Bengaluru, Chennai, Hyderabad, New Delhi and Panjim (Goa). The Firm has a staff of over 150 people and 11 Partners and carry out audit of various companies listed on stock exchanges in India.

M/s. Sharp & Tannan Associates has deployed a strong audit team of senior audit professionals for the Company during the last audit term. They have strong presence in the region and relevant experience in the listed entities of similar type and size.

Based on the recommendation made by the Audit & Finance Committee, after assessing the performance of M/s. Sharp & Tannan Associates and considering their experience and expertise, the Board recommends the re-appointment of M/s. Sharp &Tannan Associates as Statutory Auditors for the second term of 5 years, as set out in the Resolution no. 4 for approval of the Members as an Ordinary Resolution.

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.

III. 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 24, 2022 has appointed M/s. Parkhi Limaye & Co., 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 2022-23 on a yearly remuneration of ₹ 825,000/- (Rupees Eight Lacs Twenty-Five 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**

Devang Trivedi
Company Secretary
ICSI Membership No – A13339

Pune: May 24, 2022

BOARD OF DIRECTORS	Sanjay C. Kirloskar	Chairman and Managing Director
	Pratap B. Shirke	
	Alok S. Kirloskar	
	Rakesh Mohan	
	Rama S. Kirloskar	
	Rajeev V. Kher	(Upto January 24, 2022)
	Pradyumna Vyas	(Upto May 15, 2022)
	Shailaja Kher	(Upto May 15, 2022)
	M. S. Unnikrishnan	
	Shrinivas V. Dempo	
	Shobinder S. Duggal	
	Ramni D. Nirula	
	Vivek Pendharkar	Independent Director (w.e.f. October 29, 2021)
	Amitava Mukherjee	Independent Director (w.e.f. October 29, 2021)
	Rekha Sethi	Independent Director (w.e.f. October 29, 2021)

Chief Financial Officer Chittaranjan M. Mate

Company Secretary Raghunath Apte (upto November 26, 2021)
Devang Trivedi (w.e.f. March 18, 2022)

Auditors M/s. Sharp & Tannan Associates - Chartered Accountants, Pune

Bankers

Bank of India	Citibank N.A.
Canara Bank	EXIM Bank
HDFC Bank Limited	ICICI Bank Limited

Registered & Corporate Office
"Yamuna", Survey No. 98 (3 to 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)

Registar & Transfer (R&T) Agent
Big Share 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 – 400093.
Email id: KBL@bigshareonline.com
Tel.: (022) 62638200 Fax No.: (022) 62638299

Information for Shareholders

Annual General Meeting :

Day & Date	: Wednesday, August 10, 2022
Time	: 11.00 a. m.
Venue	: Video Conferencing / Other Audio Visual Means ("VC/OAVM")
Deemed Venue	: "YAMUNA", Survey No. 98 (3 to 7), Plot No. 3, Baner, Pune – 411 045 Maharashtra (India).

Table of Content

DECADE AT A GLANCE

(Amount in Million ₹)

Particulars	**Ind AS						**IGAAP			
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenue from Operations	21,659	17,999	20,970	22,235	19,135	17,355	16,387	16,257	17,598	18,724
Other Income	357	190	254	247	189	182	208	113	55	70
Material Cost	13,169	10,703	11,618	13,205	11,288	9,975	9,898	10,471	11,696	13,204
Other Expenses	7,171	5,613	7,704	7,408	6,508	6,318	5,833	4,934	4,504	4,107
Interest	158	241	302	262	253	315	382	413	409	443
Depreciation	407	383	400	366	352	397	408	497	346	320
Profit Before Tax	1,111	1,249	1,200	1,241	923	533	74	55	698	719
Income Tax Provision	330	317	408	368	267	203	(33)	(30)	221	285
Net Profit After Tax	782	932	792	873	656	330	107	85	477	434
Share Capital	159	159	159	159	159	159	159	159	159	159
Reserves	11,095	10,523	9,608	9,244	8,796	8,221	7,903	7,804	7,842	7,627
Net Worth	11,254	10,682	9,767	9,403	8,955	8,380	8,062	7,963	8,001	7,786
Imports	844	652	576	1,042	504	382	403	524	671	473
Exports	1301	1,354	2,511	2,199	1,311	1,667	1,245	1,280	1,184	1,544
Basic Earnings Per Share (₹) (Face Value of ₹ 2/-)	9.85	11.74	9.97	11.00	8.26	4.16	1.36	1.07	6.00	5.47
Dividend %	150%*	150%	125%	125%	125%	50%	25%	25%	125%	100%
Book Value Per Share (₹)	141.73	134.52	123.00	118.42	112.78	105.53	101.53	100.30	100.82	98.11

Notes :

Previous years' figures have been regrouped to make them comparable.

* Final Dividend Recommended @150%.

** Ind AS - Indian Accounting Standards

** IGAAP - Indian Generally Accepted Accounting Principles

Chairman's Message

It gives me immense pleasure to present the fourth Integrated Annual Report of Kirloskar Brothers Limited for Financial Year 2021-22. It captures developments of an eventful year, our performance in multiple impacted areas and the way forward.

Today, we live in a dynamic and highly interconnected world; this is a good thing, yet challenging at the same time. Just when the world was moving towards normalcy from the Covid pandemic, it witnessed the start of the Russia-Ukraine war. It not only severely put global growth at tremendous risk, but also brought to light the fact that everyone has to be prepared for any uncertainties as these events happen in the blink of an eye, and one may not get a chance to correct the course.

While India has seen moderate economic recovery, the turmoil due to the pandemic could become a major hurdle for visibl e economic growth in future. A rise in inflation due to an increase in commodity prices and supply chain disruption, and tightening of monetary policy by the US and other economies will certainly slow down the economic growth in coming times .

It is during these unpredictable times that companies like KBL, who are well placed through years of domain knowledge and expertise, well-established manufacturing facilities, channel partner network and supplier network, among many other things, give customers the con fidence to not fall short of essential commodities and services.

Our focus on improving business efficiency and performance through process optimisation, technology adoption, value-added products, service delivery improvement, and customer engagement helped us perform better. During the period, operations across all plants scaled to full potential while strictly following Covid guidelines. This helped to serve customers of the Company with the best products and services in the best possible ways. Apart from being India's first and largest pump manufacturing company, over the last few decades, we have also extended and strengthened our global footprint as a multinational conglomerate .

Over the years, we have carved our niche as one of the global market leaders in the fluid management industry making India proud globally. From being pioneers, we are the leaders today.

To sustain our position globally, we are continuously working on stre ngthening our systems & processes through various initiatives like driving Total Productive Maintenance (TPM) across plants, organizing Operational Excellence competitions, and participating in competitions organized by major institutions like CII, IRIM, etc.

In FY21-22, our company completed many prestigious projects, including the Gujarat Water Supply and Sewage Board (GWSSB), and the Hafeshwar project, where VT pumps of the Company were installed with 35 meters suspension length. Moreover, we successfull y executed Jaipur – Bisalpur Augmentation project by increasing the total capacity of the scheme without interrupting the existing infrastructure where 18+ large pumps were supplied. The company executed major irrigation projects in Madhya Pradesh, Gujarat and Orissa with large and medium -size Vertical Turbine (VT) pumps. We received an order of 40+ nos. of VT pumps for the Haryana Lift Irrigation Schemes and executed it successfully. We have also received a significant order from Uttar Pradesh Irrigation D ept (CESPO) to supply 14 nos. of 150 Cusecs pumps. Internationally, we supplied split -case, NS, and VT pumps to Malaysia and commissioned 104 VT Pumps in MRT Skytrain in Bangkok. Working under the One-KBL approach along with our international subsidiaries we are well-positioned to serve our global customers.

Due to excellent recovery in the building and construction sector, we registered a significant increase in demand for our Hydro Pneumatic (HYPN) Pressure Boosting pumps and Multi -Stage Multi-Outlet (MSMO) firefighting pumps. We also achieved significant growth from the Steel, Chemical, Sugar and Zero liquid discharge segments.

The company developed new products keeping in mind the need of the customer and the market. We successfully developed pumps for applications in the primary circuit for a nuclear power plant. For hydrocarbon application, we developed an axial flow model and a solid handling pump to handle solid sizes up to 131 mm. Another achievement was the development of a submersible pump typ e NS 150/26N pump with a mid -mount arrangement for Mazagaon Dock Limited and a Francis Turbine Pump (FTP) for 30 MW. For our Small Pump Business (SPB), we launched 53 variants of Monobloc pumps with IE4 Super Premium Efficiency motors, and 16 variants of Monobloc pumps (up to 5 HP) sets with Ultra-Premium Efficiency IE5 motors. These pumps for the agriculture and residential segment are the most efficient products available in the market today. To strengthen our position in the submersible pump segment, we introduced 24 variants in 4" submersible pumps with improved efficiency and performance. All these new products will further strengthen our leadership position in the retail pump segment. We continue to use the latest technologies like Augmented Reality, Virtual Reality, Artificial Intelligence, and the Internet of Things (IoT) across our business operations. During the period, we successfully launched a new enhanced web portal and mobile app for our signature IoT-based technology – KirloSmart®, a cloud -based remote monitoring and predictive maintenance system.

We also continue to invest in increasing our plant manufacturing capacity and operational excellence. The opening of the Advanced Technology Product Division (ATPD) and successful amalgamation of Valve manufacturing at Kirloskarvadi was yet another milestone achieved in FY21-22. Our small pump manufacturing plants at Sanand and the all -women-operated plant in Coimbatore are proud winners of the National Awards for Manufacturing Competitivene ss (NAMC) which is a testimony of our commitment to manufacturing the best quality products.

To further build the confidence and trust of our customers, we established a Quality and testing function for our APOEM partners. On the service front, we signed Annual Maintenance Contracts (AMC) and Annual Rate Contracts (ARC) with many esteemed customers.

Through the sustainability policy, our organization is committed to achieving excellence in overall sustainable performance through the integration of econ omic, environmental, and social dimensions. Through the Confederation of Indian Industry (CII), we have completed a "Life Cycle Assessment (LCA)" study on a sample product to evaluate the impact of our pump manufacturing process on the environment. This assessment has guided us to work more towards reducing the adverse impact on Environment. In continuation of this initiative, we have now selected a different range of products to assess the impact of its manufacturing on GHG emissions. We shall continue with our efforts to improve and contribute to helping India achieve its commitment to be Carbon Neutral by 2070. Presently, KBL produces about 27% of its total energy requirements from renewable energy sources like Windmills and Solar. On the product side, th e Lowest Life-cycle Cost pump series and PICO- Micro Hydropower generator, ensures the generation of electricity in a renewable and eco-friendly way. Also, a newly developed Energy Recovery Turbine is designed to produce a continuous power output of up to 100 kW during performance testing of large pumps. Apart from the financial benefit, this will increase our share of renewable energy and thereby strengthen our effort in conserving the environment. We are a future-ready company with a mission to lead the i ndustry through reliable, intelligent hydraulic machines & systems that provide superior value and ensure customer delight, thus Enriching Lives. Since our inception, we have always been driven by our values, we nurture and are accountable to all our share holders in maintaining and increasing their wealth. KBL's Code of Ethics is a guideline for employees while addressing legal and ethical issues that come up during any employee's journey of business dealing for KBL. More importantly, at the end of the day, it is our actions that define us and all our actions are driven by our strong legacy and the path shown by our founder, Shri Laxmanrao Kirloskar. Continuing the same path and principles of our founder, with our Purpose, Vision, Mission and Values, we retain our focus on providing value addition to our customers through our innovative and sustainable world -class products and solutions for the future.

My hearty wishes to all for your continued safety and well-being.

Stay Healthy, Stay Positive!

Sanjay C. Kirloskar

Chairman and Managing Director

Our reach
within & beyond

Products manufactured per year
1.0 million

Exporting to
160+ countries

Products used by millions of farmers and household consumers every day

Our products run the wheels of every industry

Engineering excellence
134 years

Service centres
650+

We own UK's largest pump company- SPP Pumps

Manufacturing facilities in the Netherlands, South Africa, Thailand, UK and USA

Commencing an era of new **super-efficient pumps**

In our constant quest to provide best-in-class products, we have introduced a series of new generation pumps made with advanced technology.
Each of our products, new as well as existing has been tailored to perfection to deliver maximum performance while being cost-effective.

Delivering excellence through **technology**

KBL has championed breakthrough technological innovations to give our customers the best service and value.

KirloSmart™

India's First IoT (Internet of things) Remote Pump Monitoring System. KirloSmart™ is an intelligent remote monitoring solution that helps a person to view process parameters through the internet. This system is very useful where pumps or pumping systems are catering to critical processes or applications by capturing data from pressure transmitters, flow meters, vibration sensors, bearing RTD, and energy meters. It can monitor parameters like flow, pressure, vibration, bearing temperature, voltage, current, energy consumption, etc.

Augmented Reality (AR) & Virtual Reality (VR)

KBL's vision to enhance its products and services continuously and effectively, has led us to pave our way into the world of Augmented and Virtual reality to deliver superior value to our customers.

Inventions that envision a brighter future

With the grant of many patents, it is proven that our focus has always been on innovation and providing superior value to our customers, ever since our inception.

Patent for the Arrangements for reducing the weight of pumps (NS series)

Patent for the Double Suction Concrete Volute Pumping Assembly

Patent for the Dual Voltage Controller

Stories that echo **success**

At KBL, we have always reached the heights we have aimed for. We take pride in having contributed hugely to strengthening global economies with our accomplishments in every possible scenario, leaving no stone unturned.

Intelligent water supply management

KBL supplied more than 100 Hydro Pneumatic Pressure Boosting systems, which offers excellent benefits of managing water supply intelligently, saving significant energy costs & maintaining uniform water pressure

Safeguarding the mega-project: Banihal-Qazigund Road Tunnel

KBL installed Fire-fighting pumpsets that protect the 8.45 Km long Banihal-Qazigund tunnel, an all-weather link between Jammu and Srinagar

Designed and supplied a Large Vertical Turbine Pump

KBL developed and supplied a large vertical turbine pump for circulation of Fermentation Broth application

Fire protection for a leading FMCG company

KBL successfully installed FM/UL fire fighting pumps for a leading FMCG company in Kolkata

Fire safety for Naval Warships

Successful commissioning of the Magazine Fire Fighting System (MFFS) at Centre of Fire, Explosive and Environment Safety (CFEES) in association with Mazagon Dock Shipbuilders Ltd., used for fire protection of ammunition storage and magazine compartments in Naval Warships

Drinking water supply to millions of people

Successful commissioning of Vertical Turbine pumps installed at Hafeshwar, Gujarat Water Supply Scheme and Sewerage Board, with 35 meters suspension length. The project enables the supply of drinking water to millions of people

Expanding **horizons**

There is always more to do, more to achieve and more to look forward to.

APOEM

APOEM Plants

KBL, along with its channel partner, established two more **Authorized Pumpset Original Equipment Manufacturer (APOEM)** plants in Delhi and Rajasthan. These facilities are established to provide best-in-class products and services to our customers. With these two additional facilities, KBL now has a total of four such establishments across India, adding unmatched value for the customers.

ATPD

KBL has set up a new manufacturing division at the company's mother plant in Kirloskarvadi, for high-end technology products especially for nuclear applications, namely **Advanced Technology Product Division (ATPD)**. It is a state-of-the-art facility spread across 6,000 sq.m area and is fully equipped with modern machines and testing facilities, including special measuring instruments.

Sustainable today for a greener tomorrow

Our core values of 'Commitment towards Environment' pave the way for a sustainable future with our green initiatives related to our products and manufacturing abilities.

PICO - A Product for the Future

India's first PICO set, a micro hydropower generator, that uses pumps in reverse mode, as turbines, to generate electricity at a very low cost. They use the force of water from hydro energy resources to generate electricity in a clean and ecological way.

Solar Pumps

KBL's Solar Pumps and Jalverter technology makes the optimum use of solar energy to deliver water at virtually zero electricity cost and maintenance.

Lowest Life-cycle Cost (LLC™) Pump

KBL's Lowest Life-cycleCost (LLC™) pumps were developed as a result of an innovative product development process, to save on additional energy costs and reduce the degradation cost.

27% of total energy consumption sourced from own renewable resources

We are constantly driven by our ultimate mission of preserving the environment and are dedicated to this goal. Presently, KBL utilizes about 27% of its total energy consumption from its own renewable sources of energy.

Reducing Carbon-footprint through unique system design

KBL has designed an energy recovery system at the Hydraulic Research Centre in Kirloskarvadi, to recover the part of the energy that is consumed by pumps in their testing phase. The system will increase the share of renewable energy used and thereby strengthen KBL's effort in conserving the environment.

Accolades that inspire us to aspire for more

National Awards for Manufacturing Competitiveness

KBL's dedicated manufacturing plant for submersible pumps in Sanand, Gujarat, is proud winner of the National Awards for Manufacturing Competitiveness (NAMC) 2021 in the Silver category

India's Most Ethical Company

KBL is rewarded with the title of "India's most ethical company" to its name. This certificate has been awarded by one of the most prestigious forums - CMO Asia

Integrated Management System (IMS) Certificates

KBL has received an afresh Integrated Management System certificate for all its six manufacturing plants and ISO 9001:2015 (QMS) certificate for corporate office, Pune, and seven regional offices

Our Approach to Reporting

Reporting Scope

This report for Kirloskar Brothers Limited (KBL) is disclosing its financial and non-financial performance in accordance with national and global frameworks. These include reporting requirements under the companies act 2013 and the rules made thereunder, S ecurities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations 2015 including amendments thereof and Indian Accounting Standard (IndAS). The information contained in page no 13 -107 is based on Integrated Reporting < I R > framework of International Integrated Reporting Council (IIRC) as well as in accordance with Global Reporting Initiative (GRI) standards comprehensive option and National Voluntary Guidelines. For the past 12 years, we have been reporting our sustainab ility performance. Since 2018-19, information which earlier contained in our sustainability report has been combined with financial information and presented in the form of this Integrated Report. It gives the material information about the organisation's Strategy, Governance, Performance and Prospects which lead to the creation of value. It also includes KBL's Economic & ESG (Environmental, Social and Governance) performance between April 1, 2021 to March 31, 2022; categorised and reported in the form of c apitals such as Financial Capital, Manufactured Capital, Human Capital, Intellectual Capital, Social & Relationship Capital and Natural Capital.

Reporting Boundary

The financial information contained in this Integrated Report pertains to KBL standalone and gives a consolidated financial statement for KBL, its subsidiary companies and associate companies . The boundary for the information contained in page no - 13 -107 covers KBL Corporate Office, manufacturing locations, subsidiaries and associate companies in India as shown below,

Kirloskar Brothers Limited

- Corporate Office, Pune
- Kirloskarvadi plant
- Shirwal plant
- Dewas plant
- Sanand plant
- Kaniyur plant

Subsidiaries and Associate Companies

- Kirloskar Ebara Pumps Limited, (KEPL)
- Karad Projects and Motors Limited, (KPML)
- Kirloskar Corrocoat Private Limited, (KCPL)
- The Kolhapur Steel Limited, (TKSL)

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 13 -107 in line with <IR> framework has been independently assured by M/s Ernst and Young Associates LLP, Mumbai.

PERFORMANCE HIGHLIGHTS – KBL

Financial Capital

Funds that are generated through profits, borrowings and equity are used for manufacturing of products and provision of services.

Highlights

Turnover – 22,017 Rs. Mn
EBITDA – 1,927 Rs. Mn
PAT – 782 Rs. Mn
ROCE – 11.2 %

Manufactured Capital

Manufacturing plants, machineries, equipment and technological aspects considered throughout the manufacturing process.

Highlights

No. of plants – 5 nos.
No. of subsidiaries/associate companies – 4 nos.

Human Capital

Motivated employees with the required skills, capabilities and experience in a safe and secured work environment.

Highlights

Total number of employees – 4,687 nos.
Retention rate – 90.6 %

The World's Largest Water Pumping Project – Sardar Sarovar Narmada Nigam Ltd. Gujarat, India

Intellectual Capital

Knowledge base of the organisation including patents, new processes, systems, trademarks, copyrights, innovative ideas.

Highlights

Patents – 16 nos.

Revenue expenditure made in R & D – 234.3 Rs. Mn

Social and Relationship Capital

Relationship with key stakeholders like customers, shareholders, investors, dealers, suppliers, APOEMs, employees and the society at large.

Highlights

No. of Dealers	– 17000+
No. of ASCs	– 500+
No. of ARCs	– 4 nos.
No. of APOEMs plants	– 4 nos.
CSR Investments	– 26 Rs. Mn

Natural Capital (KBL & Subsidiaries)

Renewable and Non-Renewable resources utilised or impacted by its operations.

Highlights

Electricity from renewable sources – 27 %

Water recycled as a percentage of water withdrawal – 48.43 %

Glimpse of New Products

JALTARA (Gold)

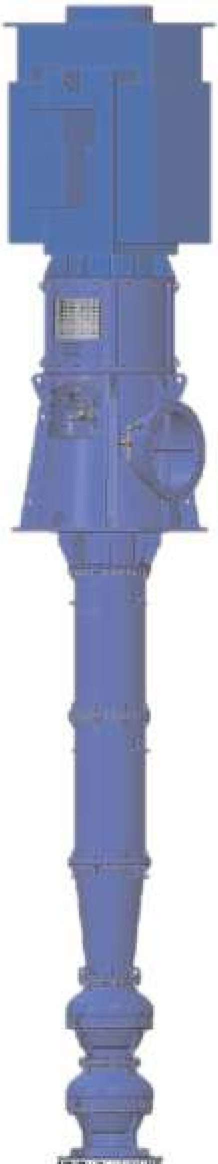
ANAYA

OPENWELL SUBMERSIBLE PUMP – KOSI C

IE-2 SERIES MONOBLOC PUMP

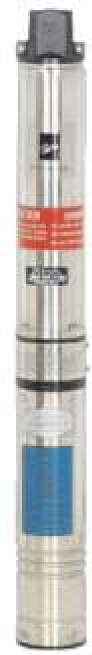
AXIALLY SPLIT 3 STAGE PUMP

GKw SERIES PUMP



VERTICAL TURBINE PUMP BHR105

DN1400 NON - RISING SPINDLE SLUICE VALVE (NRSV), PN2.0



UVA SERIES SUBMERSIBLE PUMP

BHA1075S, SINGLE STAGE, HORIZONTAL AXIAL FLOW PUMP

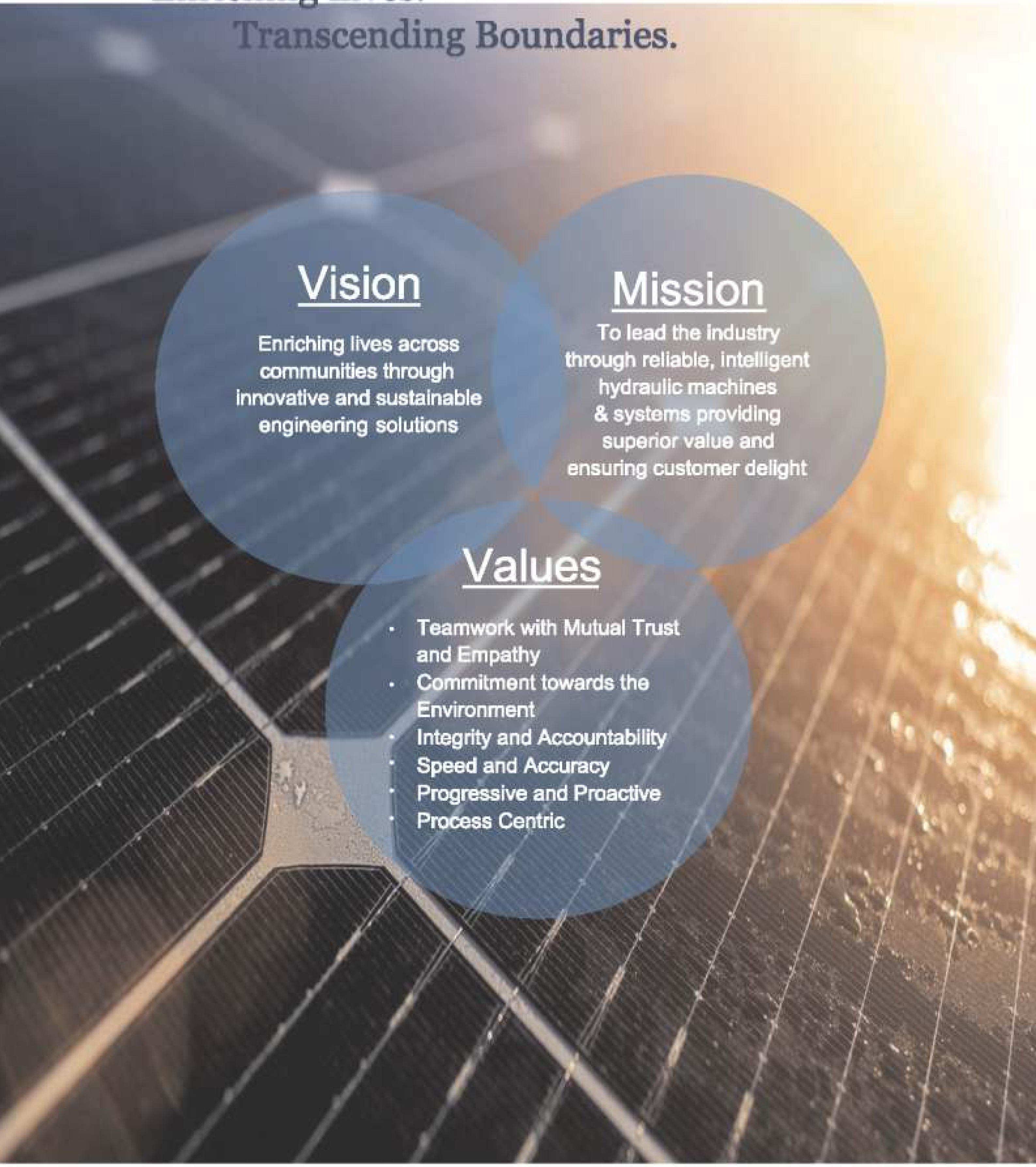
About Kirloskar Brothers Limited

Established in 1888 and incorporated in 1920, Kirloskar Brothers Limited is a world class pump manufacturing company with expertise in engineering and manufacture of systems for fluid management. Our aim is to empower people, enhance business, strengthen infrastructure and create new opportunities for growth through Total Fluid Management. As a flagship company of 2.1 billion US dollars Kirloskar group, we engineer, manufacture and develop a range of leading-edge solutions for Total Fluid Management. Over the past 130 years, we have grown to support the needs of domestic as well as global economy.

KBL has 17,000 channel partners in India and 80 overseas and is supported by best-in-class network of authorised service centres and authorised refurbishment centres across the country. All our Total Quality Management (TQM) enabled manufacturing facilities are certified for Integrated Management System comprising of ISO 9001:2015 (QMS), ISO 14001:2015 (EMS), ISO 45001:2018 (OH&S) and ISO 50001:2018 (EnMS) Management System Standards

Kirloskarvadi, our mother-plant, boasts of a state-of-the-art foundry, centralised pattern shop, mechanised sand processing system, automatic moulding machines and metal pouring system.
The facility also houses one of Asia's largest hydraulic research centre with testing capabilities up to 5,000 kW and 50,000 m^3/hr.

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 & systems providing superior value and ensuring customer delight

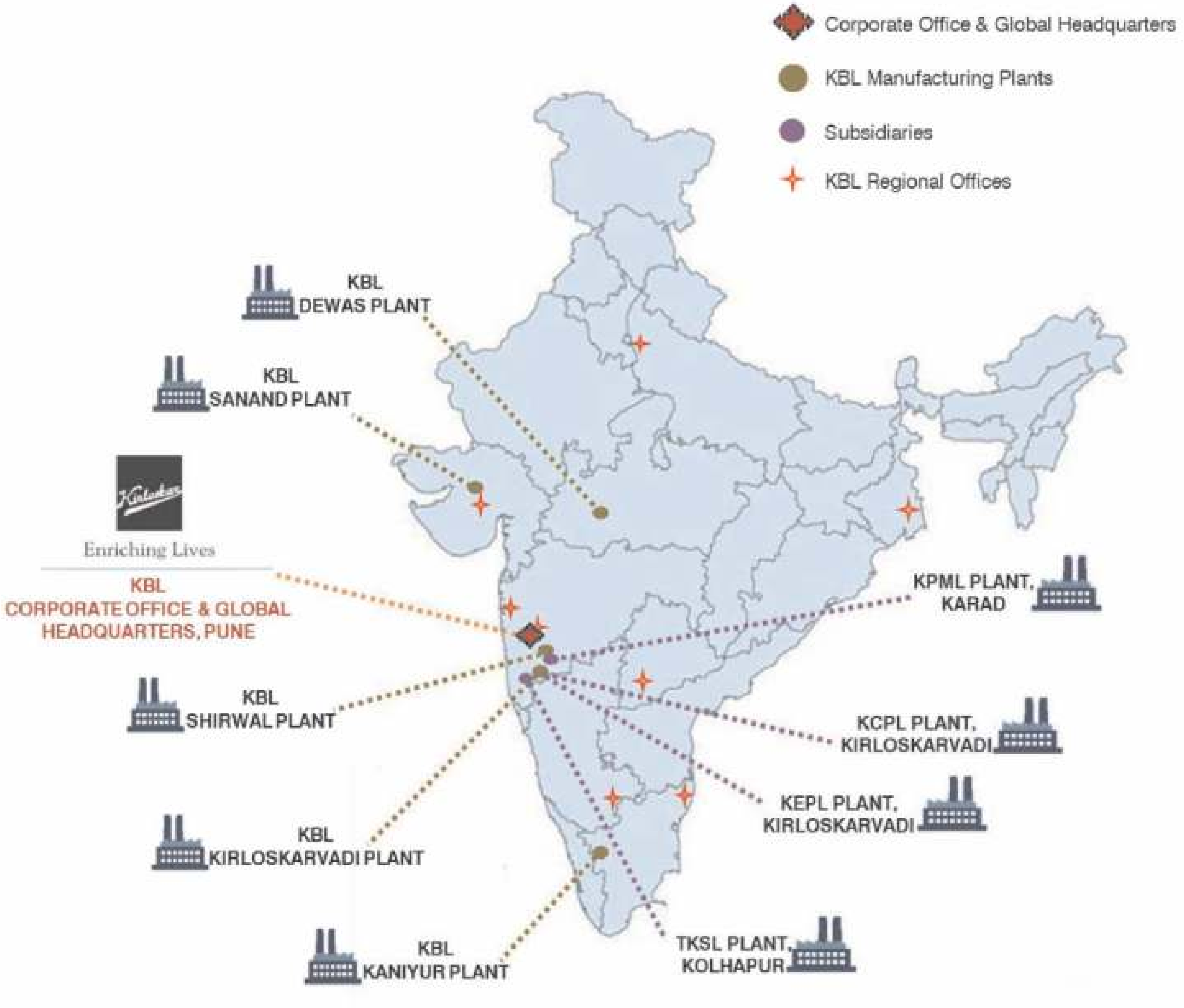
Values

- Teamwork with Mutual Trust and Empathy
- Commitment towards the Environment
- Integrity and Accountability
- Speed and Accuracy
- Progressive and Proactive
- Process Centric

KBL Corporate Office & Global Headquarters, Pune

"Yamuna", the Corporate Office of Kirloskar Brothers Limited, was awarded the "LEED Platinum" rating for green building in year 2009

KBL and Subsidiaries Manufacturing Locations Pan India



Company Profile – Subsidiaries and Associate Companies

Kirloskar Ebara Private Limited KEPL was established on 13th January 1988 as a Joint Venture promoted by Kirloskar Brothers Limited and Ebara Corporation, Japan with a mission to manufacture and supply rotary equipment like process pumps, boiler feed water pumps, steam turbines for mechanical drive and steam turbine generators etc. required for critical applications in Hydrocarbon Processing Industries and for power projects.

Karad Projects and Motors Limited KPML is a wholly owned subsidiary of Kirloskar Brothers Limited. KPML is a motor manufacturing company with expertise in manufacturing of stampings, stators, rotors, AC rotating machines, Aluminium die-cast connecting rods and p ump assemblies. KPML manufactures energy efficient motors for various applications.

KPML has three manufacturing divisions

Motor Division || Stamping Division || Component Division

Kirloskar Corrocoat Private Limited In the year 1993 Kirloskar Brothers limited entered into licensee agreement with Corrocoat Limited, UK (world leaders and pioneers in Glass flake field technology coatings) for anti -corrosion products. KCPL services enable customers to preserve the life of their assets as well as to reduce the operating cost of running pumps by improving efficiency.

The Kolhapur Steel Limited TKSL entered the steel foundry industry in 1965 and was then taken over by Kirloskar Brothers Limited in 2007. TKSL is a foundry manufacturing steel casting for various industries, viz. power, mining, cement, heavy engineering application, sugar, etc.

Services

KBL (Kirloskar Brothers Limited) has dedicated and extensive service network of Authorised Service Centers & Spare Dealers across India. They are well-equipped to meet the humongous installed base for all KBL products. KBL has dedicated a workforce, especially for sugar segment customers to handle our installed base and to exceed customer expectations. Apart from the Retail sector, we are catering to all sectors of Industries like Sugar, Power, Oil & Gas, Fertilizer, Coal, Steel, Pharma, Cement, Marine & Defence, Water & Irrigation and Building & Construction.

KEPL (Kirloskar Ebara Pumps Limited) Services KEPL supplies critical equipment to niche markets. To offer excellent after-sales support, KEPL has a separate Customer Support and Spares Division. KEPL helps and supports customers for onsite installations of pumps, steam turbines and turbo generator sets.

KEPL support customers for product commissioning and troubleshooting. It has a large network of service staff, which can serve customers' every need, at strategic locations across the country viz, Kirloskarvadi, Pune, Mumbai, New Delhi, Vadodara, Jamnagar, Kolkata, Hyderabad, Chennai & through subsidiaries outside India.

KEPL provides Annual Maintenance Contract for LPG pumps for Bottling Plants and Boiler Feed Water Pumps for Boilers operations at various locations. KEPL also provides a test bed facility for pump performance testing and a machining facility for big rotors and machinin g capacity on Nicolas Correa CNC 5-axes machine.

KPML (Karad Projects Motors Limited) Services KPML has a fully equipped motor performance testing dynamometer facility and it also provides after sales service support to customers.

KCPL (Kirloskar Corrocoat Private Limited) Services KCPL provides service of application of coating to equipment as per customer's requirement at their premises or at factory. KCPL services enable customers to preserve the life of their assets as well as to reduce the operating cost of running p umps and turbines by improving efficiency. KCPL is a one stop solution for refurbishment and protection of assets.

TKSL (The Kolhapur Steel Limited) Services TKSL has been a pioneer in heavy steel castings since the year 1965. TKSL supplies wide variety of complex steel casting to reputed OEMs (original equipment manufacturers) in India and across the globe in various segments such as pumps, valves, earth moving and crushers, shipping and marine, power, general engineering etc.

General Disclosures

Nature of ownership and legal form

Kirloskar Brothers Limited is a public limited company listed on 2 stock exchanges; Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd, Mumbai.

Geographic locations where products and services are offered

We have sales and service network at various places in India and abroad.

For more information, please visit: **http://www.kirloskarpumps.com/contact-us.aspx**

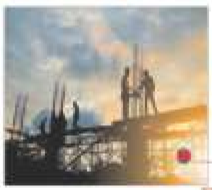
Markets Served

With the growing demand of our pumps and systems across industries and various market segments, we have segregated our business into different verticals in order to evolve as a customer focused organisation for

- Market leadership
- Operational efficiency
- Innovative and sustainable engineering solutions

It is our constant endeavour to enhance our customer satisfaction by identifying the industry needs and manufacturing products that are of superior quality and service.

KBL Business Verticals


Building and Construction


Marine and Defence

Water and Irrigation


Power


Valve



Oil and Gas


Engineering Service Divison


Export Excellence Cell


Small Pump Business

Scale of Organisation

KBL

Number of employees – **4,687**
Number of manufacturing plants - **5**
Net sales (Rs. Mn) - **22,017**

KEPL

Number of employees - **522**
Number of manufacturing plants -**1**
Net sales (Rs. Mn) - **2,234**

KPML

Number of employees - **630**
Number of manufacturing plants - **3**
Net sales (Rs. Mn) - **4,775**

KCPL

Number of employees - **239**
Number of manufacturing plants -**1**
Net sales (Rs. Mn) - **258**

TKSL

Number of employees - **314**
Number of manufacturing plants -**1**
Net sales (Rs. Mn) - **314**

Primary and secondary heat transfer pumps
at Bharatiya Nabhikiya Vidyut Nigam Limited (BHAVINI)

Quantity of Products Sold (in numbers)

IMPACT OF COVID 19

In last two years, lockdown measures due to COVID-19 led to demand and supply disruption, resulting in unfavourable market conditions.

Short-term impact on financial performance was expected, however, we were well-equipped to handle the crisis.

Supply Chain

We are committed to the integration of environment performance consideration in the procurement process of products and services including planning, use and disposal, environmental aspects, potential impacts and costs associated with the Life Cycle Assessment in order to have a minimal negative impact on the environment. Main objective of our supply chain is to improve overall organisational performance and customer sat isfaction by improving product and service delivery to customer. An optimally managed supply chain will ensure long term benefits for the company as well as its stakeholders. KBL supply chain continues to try new avenues of ensuring the best procurement pr actices available in the industry and leaves no stone unturned to see that there is a healthy partnership approach in the complete supply chain tree with all business partners. This partnership has resulted in sustainable benefits for KBL and its partners based on joint development projects as well as technological and financial support. This partnership has helped us in developing a more sustainable supply chain and resulted in cost reduction, managing risks better, generating new sources of revenue and bo osting the value of our brand.

Sustainable sourcing / Green procurement initiatives

We seek to reduce the environment impacts of its procurement process and encourage suppliers to adopt sustainable supply chain practices. This calls for conscious efforts in the following areas:

Reduce, Reuse and Recycle

- We are committed to reduce resource consumption and minimise waste while considering the life cycle cost of products.
- We seek to implement the hierarchy of preference to "***Reduce - Reuse – Recycle***" resources throughout the procurement activity.

Buy Recycled

We are committed to buy recycled/part -recycled products to optimize consumption and stimulate demand for recycled products, promoting the collection and reprocessing of waste and working towards zero discharge to the landfill.

"Green" the Supply Chain

- We hope to maximize the benefits by encouraging our suppliers to adopt KBL's environment practices
- We endeavor to undertake procurement activitie s with suppliers who share KBL Values
- We actively promote the green procurement policy throughout our supply chain to ensure selection that has minimum environmental impact
- We encourage suppliers to deliver products/services with minimal negative impact on environment and adopt safe practices in the cycle from production to delivery
- We prefer procuring products that are eco -friendly, energy efficient and less polluting
- We encourage suppliers for disposing goods to authorized agencies in e nvironment friendly manner
- We monitor, evaluate sustainability performance and identify improvement opportunities
- Reuse of packing material for sending back rejected material to suppliers for rework
- We encourage logistics optimization & waste reduction using "***Reduce - Reuse – Recycle***" approach
- Reduction in environmental footprint by means of material, energy & water conservation

Significant changes to the organisation and its supply chain

With the implementation of a category structure over the last three years, the company could achi eve an alignment of the supply chain function with the internal stakeholders. Strategic purchasing has gained speed as compared to the localized approach a few years ago. Long term strategies are chalked out, mapped and implemented within stipulated timelines. This revised structure has helped to achieve significant milestones whether it is in terms of achieving production, projects, n ew product developments and other sustainable long-term activities.

Precautionary Principle or approa ch

While KBL acknowledges this principle and believes in the Principle 7 of UN Global Compact, the operations of KBL do not have any environmental impact which would require precautionary measures. KBL has proactively implemented Energy Conservation initiatives by increasing the alternative renewable energy sources. Other initiatives and achievements related to environment are mentioned in Natural Capital section of this report.

External initiatives that KBL subscribes to and endorses

KBL subscribes and endorse to CII Code for Ecologically Sustainable Business Growth.

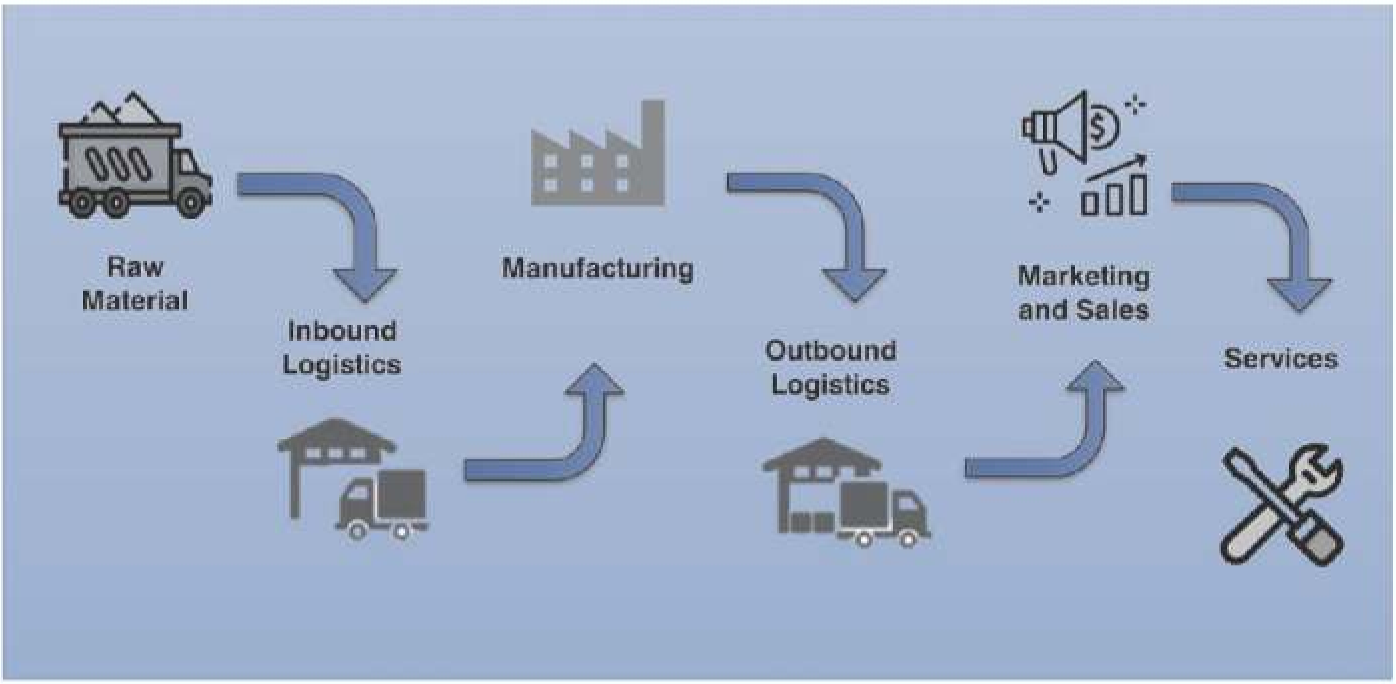
KBL Engagement in supply chain

KBL engages with various channel partners and suppliers for enhancing value addition in various business activities. Table given below describes the categories of channel partners and suppliers in the value chain of KBL and sustainable benefits achieved because of this association.

Channel Partners / Suppliers	Sustainable benefits to KBL
Dealers	• Increasing market share of KBL • Customer Satisfaction
Authorised Refurbishment Center	• Convenient and timely service support to customers • Increase in spare and replacement business
Suppliers of foundry raw material and bar material	Cost, Delivery, Quality benefits, Price Stability
Finish machined items, casting suppliers, fabricators and machining suppliers	Cost, Quality improvement, Delivery, Productivity Improvement, flexibility
Bought - out items	Quality, Delivery, Product Performance, Cost
Ancillaries	Capacity enhancement, New Product development, Branding
Group companies and subsidiaries	Strengthen Brand Image, Quality, Cost, Business growth, Delivery, Flexibility
Pattern / Die makers / Tools / Gauges / other consumables	Support for New Product Development, Delivery, Quality, Service
Service providers like transport, canteen, security, manpower providers	Quality Service
Technology providers, Joint Ventures	Latest technological competitive edge

VALUE CHAIN

Raw Materials	• Sourcing of foundry raw material, foundry equipment, Semi finished components and finished components • Enabling production of Pumps, Valves and Hydro turbines with appropriate quality at competitive price
Inbound Logistics	• Centralized logistics for suppliers, Preference to local suppliers • Improving reliability and minimizing cost of Logistics network • Reducing Carbon footprint
Manufacturing	• State of the art manufacturing facility setup • Installation of latest technology machines to reduce consumption of energy • Increase focus on utilization of renewable energy sources such as solar power and wind power • Reducing cost, improving profitability and conserving natural resources
Outbound Logistics	• Transportation of goods in a safe, cost efficient and timely manner • Higher reliability in dispatching, better monitoring of logistics, cost optimization and improved supply chain efficiencies
Marketing and sales	• Advertising, conducting seminars and exhibitions • Distribution channels such as Distributors, dealers and retailers and direct sale to customers • Increase in market presence/ market share, thereby generating value for stakeholders
Service	• Installation, Commissioning, operation and Maintenance of pumps, valves, hydro turbines and allied equipment • Enhanced focus on customer centricity, leading to increase in customer satisfaction and brand loyalty



Governance

Kirloskar Brothers Limited - Board of Directors

MR. SANJAY C. KIRLOSKAR
Chairman and Managing Director

MS. RAMA KIRLOSKAR
Joint Managing Director

MR. ALOK KIRLOSKAR
Non-Executive and Non-Independent Director

MR. PRATAP B. SHIRKE
Non-Executive and Non-Independent Director

MR. M. S. UNNIKRISHNAN
Non-Executive-Independent Director
(Upto – June 4, 2025)

DR. RAKESH MOHAN
Non-Executive-Independent Director
(Upto – July 27, 2022)

MR. SHOBINDER DUGGAL
Non-Executive-Independent Director
(Upto – May 24, 2026)

MR. SHRINIVAS V. DEMPO
Non-Executive-Independent Director
(Upto – May 24, 2026)

MRS. RAMNI NIRULA
Non-Executive-Independent Director Director (Upto – May 24, 2026)

MR. AMITAVA MUKHERJEE
Non-Executive-Independent Director (Upto-October 28,2026)

MS. REKHASETHI
Non-Executive-Independent Director (Upto-October 28, 2026)

MR. VIVEK PENDHARKAR
Non-Executive-Independent Director (Upto-October 28, 2026)

MR. PRADYUMNA VYAS
Independent Director
(Upto – May 15, 2022)

MS. SHAILAJA KHER
Independent Director
(Upto – May 15, 2022)

Audit and Finance Committee

Mr. Shobinder Duggal, Chairman
Mr. Pratap Shirke
Mr. M. S. Unnikrishnan
Mr. Shobinder Duggal
Dr. Rakesh Mohan
Mr. Amitava Mukherjee

Retd. MR. RAJEEV KHER
Independent Director
(Upto – January 24, 2022)

Stakeholders Relationship Committee

Mr. Shrinivas Dempo, Chairman
Mr. Sanjay C. Kirloskar
Mr. Alok Kirloskar
Mr. Amitava Mukherjee

Nomination and Remuneration Committee

Dr. Rakesh Mohan, Chairman
Mr. Sanjay C. Kirloskar
Mr. M. S. Unnikrishnan
Mr. Shrinivas Dempo

Corporate Social Responsibility Committee
Mr. Vivek Pendharkar, Chairman Mr. Sanjay C. Kirloskar Ms. Rama Kirloskar Ms. Rekha Sethi

Risk Management Committee
Mr. M. S. Unnikrishnan, Chairman Ms. Rama Kirloskar Mr. Chittaranjan Mate

Subsidiaries and Associate Companies - Board of Directors

Kirloskar Ebara Private Limited

MS. RAMA KIRLOSKAR
Managing Director
(Upto – September 6, 2022

MS. PRABHA KULKARNI
Independent Director
(Upto- July 15, 2022)

MR. AKSHAY DHAR
Director
(w.e.f October 19, 2021)

MR. ACHYUT DHADPHALE
Director
(Upto- July 15, 2022)

Audit and Finance
Mr. Sanjay Kirloskar Mr. Achyut Dhadphale Mrs. Prabha Kulkarni Mr. Akshay Dhar

Nomination and Remuneration
Mr. Sanjay Kirloskar Mr. Achyut Dhadphale Mrs. Prabha Kulkarni

Corporate Social Responsibility
Ms. Rama Kirloskar Mr. Achyut Dhadphale Mrs. Prabha Kulkarni

Karad Projects and Motors Limited

MR. K TARANATH
Chairman

MS. RAMA KIRLOSKAR
Managing Director

MR. RAVINDRA SAMANT
Managing Director

MR. CHITTARANJAN MATE
Director

Corporate Social Responsibility Committee	Mr. Chittaranjan Mate Mr. K. Taranath

Kirloskar Corrocoat Private Limited

MR. ALOK KIRLOSKAR
Chairman

MR. CHITTARANJAN MATE
Director

MR. CLIVE HARPER
Director

The Kolhapur Steel Limited

MR. CHITTARANJAN MATE
Chairman

MR. RAVINDRA SAMANT
Managing Director
(Upto –August 29, 2022)

MR. K TARANATH
Independent Director
(upto – March 29th 2025)

MR. RAVI SINHA
Director

Audit and Finance Committee	Mr. K. Taranath Mr. Achyut Dhadphale Mr. Chittaranjan Mate
Nomination and Remuneration Committee	Mr. K. Taranath Mr. Achyut Dhadphale Mr. Ravi Sinha

Governance Structure

Delegating Authority The economic topics are primarily delegated to business sector heads, manufacturing plant heads and heads of corporate functions. They have a direct relation with the economic activities of the business operations of the c ompany. Responsibility of environm ental topics related to energy, use of natural resources, managing waste and certain social aspects related to people safety, people development and community initiatives is delegated to the manufacturing plant heads. Policies related to social topics are delegated to the head of Corporate Human Resource Management function.

Executive level responsibility for economic, environmental and social topics

The company has appointed an executive level position responsible for economic, environmental, and social topics directly reporting to Chairman and Managing Director (CMD) and being part of highest governing body.

Consulting stakeholders on economic, environmental, and social topics

Interaction with stakeholders is regularly conducted through various forums by the Chairman and Managing Director of the company. In addition, the business sector heads, corporate function heads and manufacturing plant heads interact with the various stakeholders through multiple channels / platforms.

For example, they visit customers, suppliers, joint venture partners, representatives of local bodies, educational institutions, government, media and employees. There is a dedicated e -mail id (grievance.redressal@kbl.co.in) provided to the shareholders to communicate with the c ompany and to register their grievances / complaints. The company addresses the same promptly.

Role of highest governance body in setting Purpose, Values and Strategy The highest governance body sets the tone for the organisation and has a key role in defining its purpose, values, and strategy. Senior leadership team has developed the Purpose, Mission, Vision, and Values of the organisation. The Purpose, Mission, Vision, and Values are communicated to all levels of employees through various channels of communication. Each new entrant is also made aware of Purpose, Mission, Vision, and Values during the induction programme. During establishment of Annual Operating Plan and Long-Range Plan of respective sectors and functions, environmental analysis and strategy formulation are done, and internal capability is checked. It is ensured that the identified objectives are aligned with the Vision.

Collective knowledge of highest governance body Highest governing body quarterly reviews the economic, environmental, and social performance of the company. They are actively involved in review of the annual business plan prepared every year, which includes the environment scan and covers various aspects of economic, environmental, and social aspects.

Identifying and managing economic, environmental, and social impacts The Board of Directors reviews the progress of economic performance, environmental performance, social impacts, risks, and opportunities. The board participates in the Annual General Meeting where shareholders give their views/suggestions. They also interact with the financial analysts. The board reviews the reports of the findings of internal and external audits.

Highest governance body's role in sustainability reporting CMD reviews sustainability report and provides value adding inputs for improving the content.

Nature and total number of critical concerns Mitigation plan for any critical issue or concern is prepared by the concerned committee and same is discussed with Board of Directors. The board provides their feedback and suggestions to resolve the issues. Last year, there were no critical concerns identified and communicated.

Stakeholders' involvement in remuneration We follow the robust performance appraisal system for awarding the salary increment to employees.

Ethics and Integrity

KBL has its own Code of Ethics which is communicated to all employees. This code in e -book format is available on the company website at: https://www.kirloskarpumps.com/discover-us/purpose-vision-mission-values/

To ensure that all employees understand the code of ethics, an e - learning self-certified programme is conducted every year for all employees.

Mechanisms for advice and concerns about ethics

The company has whistle blower's policy which provides mechanism to identify any practice which is not ethical or legal. This policy is uploaded on company website

Incidents of ethics violation, bribery and corruption & actions taken

The Company's "Code of Ethics" apply to all our employees. The employees are required to undertake mandatory annual training and test on "Code of Ethics" and give a self- declaration to abide by it. Additionally, they are also required to submit Conflict of Interest declaration each year. During the financial year, we received 7 incidents across various areas of our "Code of Ethics", with 2 confirmed breaches leading to separation of 3 employees.

There were no stakeholder complaints received in FY 2021-22.

Communication and training about anti -corruption policies and procedures

Since our inception , we have always conducted business with a moral responsibility. 'Code of Ethics' of KBL reaffirms century-old values of the company that has helped the Kirloskar brand and the company to survive and thrive for more than 100 years. All our employees are trained on anti-corruption policies and procedures .

KIRLOSKAR BROTHERS LIMITED
A Kirloskar Group Company

Enriching Lives

SUSTAINABILITY POLICY

KIRLOSKAR BROTHERS LIMITED is committed to achieving excellence in overall sustainable performance through integration of economic, environmental and social dimensions. The company understands that sustainable development is one of the most challenging issues faced by the world.

Our companies shall integrate sustainability into overall operations and everyday practices by:

- Creating awareness among stakeholders about conservation of natural resources.
- Implementing best industry and supplier practices to reduce use of resources and emissions of carbon and toxins.
- Promoting energy efficient products and processes.
- Promoting renewable sources of energy and recharging ground water levels.
- Undertaking plantations, afforestation activities and conserving biodiversity.
- Adhering to Management Systems through applicable ISO standard certifications.
- Eliminating or minimising waste generation by adopting 3R principles 'Reduce-Reuse-Recycle'.
- Engaging with stakeholders for sustainability practices and supporting the communities in which we operate.
- Embracing an accountable and transparent governance and leadership structure that integrates sustainability considerations into all its business decisions.
- Reporting on our sustainability performance in line with global reporting frameworks.

This policy shall be communicated to all employees and made available to interested parties.

Issue no. : 02
Issue date : 01st April 2022
Next review date : 31st March 2025

(Sanjay C. Kirloskar)
Chairman & Managing Director

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CIN No.: L29113PN1920PLC000670

For any clarifications on this report, please reach out to: -

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Email: - **abhijeet.shinde@kbl.co.in**

Company's Sustainability Policy is available on the company website **https://www.kirloskarpumps.com/discover-us/quality/**

Strategy

Strategy Planning and Objective Our strategy gives direction and scope for long-term value creation. This enables our organisation to meet the needs of the market and fulfill expectations of our stakeholders and customers through efficient allocation of resources within a challenging environment. Strategy formulation process considers the risks, opportunities and challenges presented by the external and internal business environment, while incorporating learnings from the past.

Our strategy and plans are cascaded down to individual division / function with clearly defined responsibilities across employees at all levels.

Major Strategic objectives	Focus areas	Enablers	Capitals Impacted
Widening Market Reach	Strengthening Channel Partner base	• Infrastructure upgradation at dealers and Service Centers and Authorised Pumpset Original Equipment Manufacturers (APOEMs) • Dealer Sales Team Competence enhancement • Kirloskar App-Mobility Solution for KBL team and Channel Partners for Real Time Data Flow	
Improve Profitability	Enhance Product Competitiveness	• Design Benchmarking • Feature Augmentation, Product life cycle Monitoring • Cost reduction through Value Analysis / Value Engineering	
Plant Productivity Improvement	Optimal utilisation of machinery and resources	• Upgradation of Manufacturing Facilities, Smart Machines • TPM initiative, Improvement of Supplier Capabilities	
Digital Transformation	IT (Information Technology) Enablement	• Machine connectivity with IOT box, Test bed digitalisation, Component tracking system, Remote Monitoring and Predictive Maintenance	
Environment Protection	Minimise the environmental footprint of the organisation	• Optimum utilisation of resources such as energy, water, and raw material • Adopt environment friendly processess and materials • Increase dependence on renewable energy sources • Minimise wastage through reduce- reuse–recycle	

Financial Capital	Manufactured Capital	Intellectual Capital	Social and Relationship Capital	Natural Capital

Risk and Opportunity

KBL has an Enterprise Risk Management (ERM) process in place. The objective of ERM process is to enhance ability to manage the uncertainties faced by business keeping in view both internal and external environment. In line with our Vision, our organisatio n proactively works towards identifying and managing the diverse risks that we face or may face in future at enterprise level. We have a risk management committee structured with the participation of key senior leadership members. This team works on assessing the root cause, defining enablers and executing the action plan to address respective risk.

Key Risks

Categorisation	Risk Type	Capitals Impacted	Strategic Response
Strategic Risk	Customer Loyalty		• Promised timely and quality delivery of goods to customers • Proactive Assistance in equipment installation • Knowledge sharing beyond sale of products to get both the Capex and Opex cost of customer improved
	Competitiveness		• Technological upgradation of operations • Cost competitiveness
	Innovation		• New product / Fluid solutions development

Categorisation	Risk Type	Capitals Impacted	Strategic Response
Strategic Risk	Capitalisation on Brand value		• Creating awareness on product and after-market differentiation • Enhancing competence of sales and marketing network • Customer engagement through knowledge sessions, seminars, exhibitions
	Enhance Global Footprint		• Identify potential markets • Go-to market strategy
Financial Risk	Profitability		• Cost Control • Inventory Control
	Revenue from Projects		• On-time completion of project execution • Positive cash flow
Operational Risk	Talent Management		• Career development plan for key Talents • Creation of second and third level successors for critical positions • Optimum utilisation of human resource • Attracting and retaining talent • Building required skill set
	Knowledge Management		• Maintenance of knowledge repository • Training program for employees
	Supplier Management		• Supplier Quality Improvement Programme • Supplier Satisfaction Survey
	Environment Management		• Increased dependence on renewable energy sources • Carbon footprint assessment and offsetting

Opportunity

Opportunity	Capitals Impacted	Outcome
Alternative for declining fossil fuel dependent power plant business		Pumps for Nuclear Power business and Solar Power pumps
Capitalising on Government Projects		• Smart city infrastructural projects • Tap water connection projects
Capitalising on Government funding on agricultural products		Boost the small pump business

Financial Capital	Manufactured Capital	Human Capital	Intellectual Capital	Social and Relationship Capital	Natural Capital

Stakeholders and Materiality

Stakeholders Engagement Our stakeholder engagement framework stands on the pillars of transparency, inclusiveness and trust. We understand the views and interests of our stakeholders, which lead to effective decisions and bet ter outcome. Responding to their concerns is an integral part of our stakeholder engagement process .

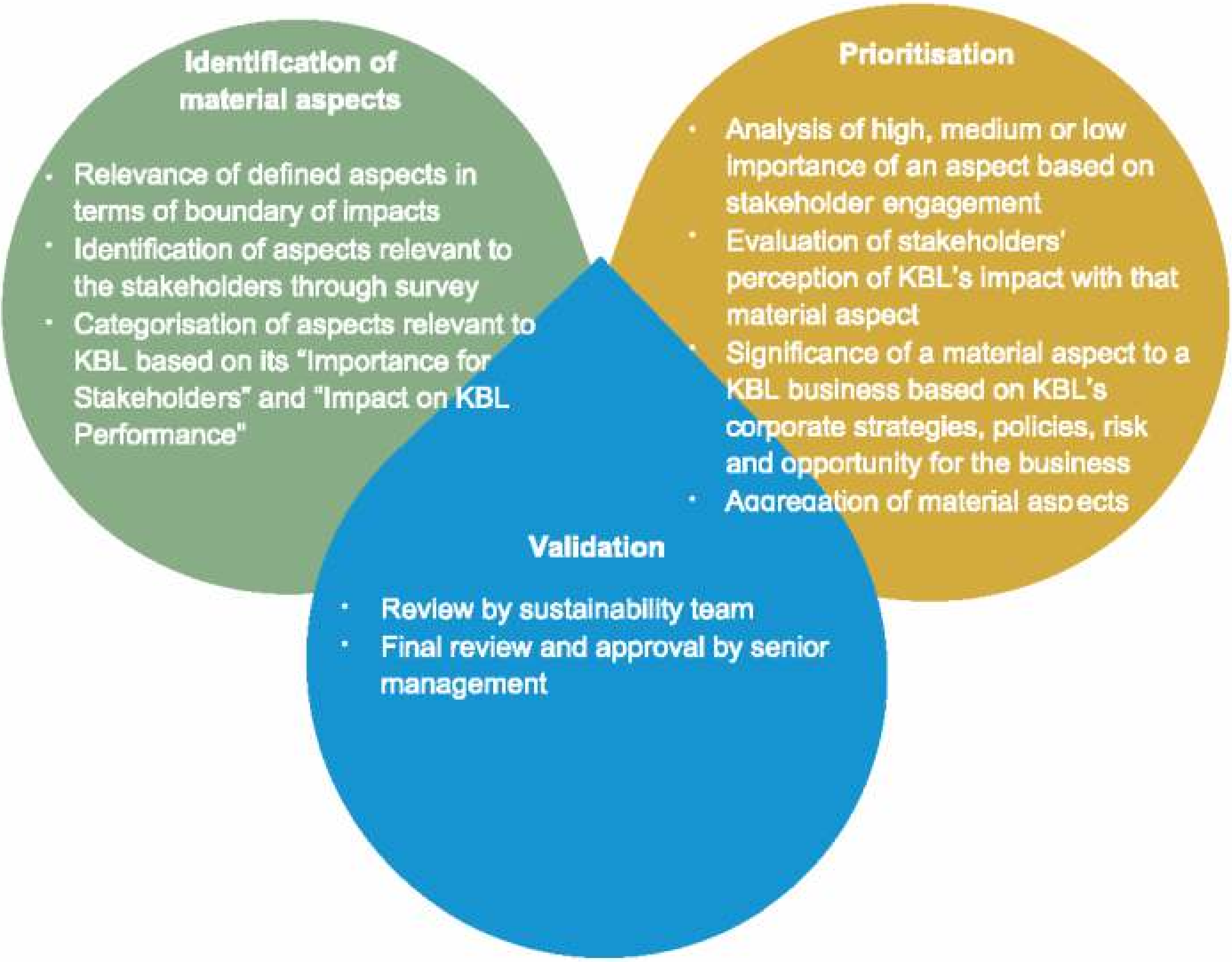
Stakeholder	Purpose	Mode and Frequency of Engagement	Value Creation for Stakeholders
Shareholder / Investors	• To communicate Company's financial status, outlook, policies, and strategies to build trust of investors • Adherence to Corporate Governance principles	• Annual General meeting, • Website Publication (Periodic basis), Feedback form (continuous basis), Quarterly financials and earning Call • Updates on NSE (National Stock Exchange) & BSE (Bombay Stock Exchange) • Advertisement in public newspaper, shareholding pattern displayed on quarterly basis	• Transparency in operations and management • Returns in form of regular dividend
Customer	Customer Satisfaction, their perception and expectations	• Perception Survey • Dedicated events • Technical seminars, exhibitions	• Quality products, order execution and delivery on time, Service in time • Technology up gradation (energy efficient products) • Meeting needs and expectations of customers
Dealers and Distributors	• To develop understanding about business operations and implement business plans into actions • Meet the expectations of next generation	• Apex dealers meet, • One to one meet, (regular), Dealer portal (regular), Dealer Survey • Dealer audits • Gen-Next programme • Dealer meets and regular meeting	• Enhancement in Business opportunities • Improved Channel management process, Implement channel partner intimacy programme

Stakeholder	Purpose	Mode and Frequency of Engagement	Value Creation for Stakeholders
Employees	• Employees are the most important partners for success of the Company • Employee engagement is important in driving sustainability and can also lead to ripple effects in form of increased productivity, innovation, high morale, and better retention	• Employee Engagement Survey • Feedback session • Speak out session • Knowledge sharing session • Succession planning for critical positions • Transparent performance appraisal system • Lucrative incentive schemes, • Health benefit programmes • Outbound training programmes and competency mapping	• Reward and recognition • Functional & soft skill development programmes • Career development activities • Work life balance
Society	• To know the needs, expectations requirements and concerns of the society • Develop action plans	• Perception survey • Interactions with local community • Awareness programmes • Activities through Vikas Charitable Trust • Summer internships, Industrial visits for students	• Community development in nearby areas • Employability of local people, Increased awareness about health, education, and environment
Suppliers	• Understand needs and expectations of suppliers • Upgrade suppliers' capabilities	• Suppliers meet, Supplier perception Surveys • Supplier improvement programmes	• Payment status on web Portal, share point for monitoring of entire procurement activities, RTGS transfers system • Purchase order terms & condition standardisation system and process improvement at supplier end • Concept of supplier partnership engagement with key supplier with annual rate contracts for assured business and capacity utilisation

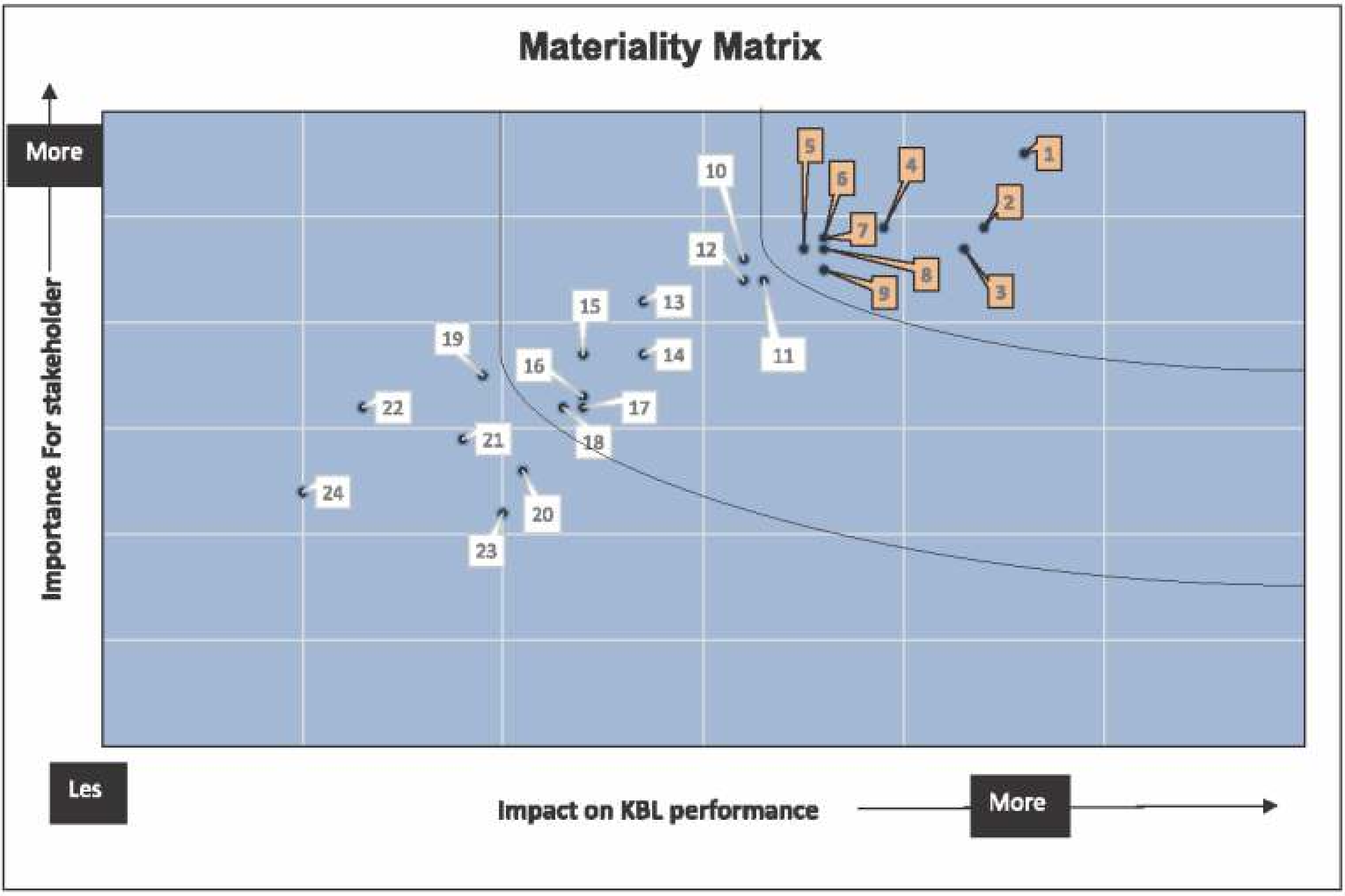
Materiality Aspects

We use Materiality Assessment for the identification of key issues which affect the performance of our organisation in the long term. The expectations and concerns of our identified stakeholders help in evaluation and prioritisation of strategy, policies and action plans across the Financial Capital, Manufactured Capital, Human Capital, Intellectual Capital, Social & Relationship Capital, and Natural Capital.

Stakeholder engagement is an ongoing process based on interactions that we have with all the concerned on a regular basis. After gathering feedback from stakeholders (once in three years), we identify the relevant material issues that influence the ability of our organisation to create value. KBL's Materiality Matrix has guided us to provide a reasonable and balanced picture of the organisation's performance. KBL's materiality analysis is based on the following three-pronged approach -



Materiality Matrix as presented below is developed outlining the correlation between "Importance for Stakeholders" and "Impact on KBL Performance." In all, twenty-four aspects were considered and top nine are prioritised based on the high ratings.



List of Materiality Aspects

Economic Performance	Employee training & Leadership development
Market Presence	Occupational Health & safety of employees & contractors and emergency preparedness
Indirect Economic Impacts	Diversity & Equal opportunity
Procurement Practices	Human rights
Anti-corruption	Anti-competitive behaviour
Material	NON- discrimination
Water consumption	Local communities / Corporate Social Responsibility (CSR)
Emissions	Customer health & safety
Waste and effluent	Marketing & Labelling
Biodiversity	Socio economic Compliance
Environmental Compliance	Child Labour/ Forced and compulsory labour
Energy conservation and efficiency improvement	Security Practices

Material Topics and Management Approach

Material Topics	Management Approach
Economic Performance & Market Presence	· Our endeavour is to continually improve our economic performance by maintaining optimal capital structure · Ongoing capex projects and prudent risk management framework contribute to enhance our operational performance · Our focus is on strengthening KBL's position as one of India's most trusted brands
Anti-corruption	· KBL ensures fairness and transparency in all business dealings in line with KBL values through effective governance · 'Code of Ethics' of KBL reaffirms century-old values of the Company that has helped Kirloskar brand and the Company to survive and thrive for more than 100 years · All our employees are trained on anti-corruption policie s and procedures
Employee Training and Leadership Development	· Competency development is one of our key focus areas to enhance employee perform ance and organisational growth · Our career development policy, cross functional projects and action learning projects are some of the ways used to develop the enhancement of functional, professional & personal competencies and skill of individuals
Occupational Health & Safety	· We ensure integration of occupational health & safety in our work culture and lifestyle · All our manufacturing plants are certified to ISO 45001:2018 Management System standard · We have a safety committee as per the statutory requirement of state rules, which is equally represented by workers and management staff · All manufacturing sites are audited for safety compliance by internal safety audit teams
Environmental Compliance	· Through sustainability policy, our organization is committed to achieve excellence in overall sustainable performance through integration of economic, enviro nmental, and social dimensions · As a part of our sustainability initiative, we focus on various aspects to reduce adverse impact on the environment, which include conservation of natural resources, reduce use of resources and emission of carbon, develop products with low ecological footprint, promoting energy efficient products, promoting use of renewable sources of energy, conserving biodiversity, and engaging with stakeholders and communiti es for sustainability practices

Material Topics	Management Approach
Socio-economic Compliance	· KBL is committed towards its responsibility for the society and has been contributing in the areas of Health, Education and Environment · The focus has always been towards improving the life of the underprivileged, mostly in the rural areas where most of the KBL plants are located · Apart from these, a major initiative is launched and is an ongoing project towards skill upgradation and recognition of prior learning of certain skill that will enhance employability of rural youths Evaluating need of the society and carrying out an impact assessment of the initiatives undertaken is an ongoing activity year on year
Child Labour / Forced and Compulsory labour	· KBL believes in and respects Human Rights as enunciated by the International Labour Organization · KBL does not engage any person under the age of 18 years (legal age of employment) for any operations or services (as presented in law) unless it is part of government approved job training or apprenticeship · "Decision to seek employment rests with the individual only, a nd it is completely voluntary" · KBL does not and will not allow or encourage Forced or Compulsory labour in any of its processes and practices
Natural Resource Conservation and Material Management	· KBL is practicing "Reduce-Reuse-Recycle" concept for conservation of natural resources · Optimum utilisation of resources is aiding our efforts towards carbon abatement while improving productivity and profitability
Procurement Practices	· We encourage procurement from small producers of local communities surrounding us and influence them to join us in our quest for inclusive and sustainable growth · We seek to implement the hierarchy of preference to reduce, reuse and recycle resources thro ughout the procurement activity · We are committed to buy recycled/part -recycled products to optimize consumption and stimulate demand for recycled products, promoting the collection and reprocessing of waste and working towards zero discharge to the landfil l · We seek to reduce the environment impacts of its procurement process and encourage suppliers to adopt sus tainable supply chain practices

CAPITALS

Value Creation Model of KBL

Using the SIX CAPITALS TO CREATE VALUE

We create Value for various stakeholders by developing products and providing pumping solutions on Turnkey basis. Our business is structured around core competency of Pumps, valves and turbines. We continue to invest in plant and equipment as part of our strategy to 'nurture and grow' our established manufacturing units.

When making decisions on how to manage and grow our business, we take into account resources and relationships That are critical to our ability to create value. We refer to these as the six capitals. Inputs of each capital is needed for the effective production and delivery of KBL Products & services, thereby generating value for all our stakeholders.

INPUTS

FINANCIAL CAPITAL
- Capital expenditure:- 875 Mn
- Interest bearing Liabilities:-2,364 Mn
- Debt to Equity Ratio:- 1: 0.048

MANUFACTURED CAPITAL
- No. of manufacturing facilities:- 5 Plants

HUMAN CAPITAL
- Number of Employees:- 4,667
- Employee training- average 15.12 hours per employee

INTELLECTUAL CAPITAL
- R&D investment:- 234.3 Mn
- R&D personnel employed:- 132 Nos.

SOCIAL & RELATIONSHIP CAPITAL
- Spend on Corporate Social Responsibilities :- 26 Mn
- Key focus areas of CSR projects:-
  - Food Grain Kit Distribution in villages around Kaniyur
  - Support in set up of district Hospital, Dewas
  - Meal support to 551 children (slum dwellers) for a year in Pune
- Partnerships with educational institutions:- 8 Nos
- Memberships of Associations:- 16 Nos
- Spend on Local sourcing:- 95 %

NATURAL CAPITAL
- Input Metal Used:- 19,207 MT
- Recycled material used:- 923 MT
- Water Consumption:- 3,47,836 kL
- Energy consumption:- 1,76,884 GJ

KEY PROCESS

Our Vision
Enriching Lives across communities through innovative and sustainable engineering solutions

Our Business
- Pumps
- Valves
- Hydro Turbines
- Packages systems

Our Values
- Teamwork with Mutual Trust and Empathy
- Commitment towards the Environment
- Integrity and Accountability
- Speed and Accuracy
- Progressive and Proactive
- Process Centric

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

Our Strategic Objectives
- Widening Market Reach
- Improve Profitability
- Plant Productivity Improvement
- Digital Transformation
- Environment Protection

Develop new value adding opportunities
Grow the business sustainably
Invest smartly to retain market leadership
Evaluate business performance continuously against strategic targets

OUTPUT

FINANCIAL CAPITAL
- Revenue:- 22,017 Mn
- EBIDTA:- 1,927 Mn
- PAT:- 782 Mn
- EPS:- 9.84 Rs
- Return on Capital Employment:- 11.2 %

MANUFACTURED CAPITAL
- Number of products sold:- 9,97,279
- Inventory:- 4,193 Mn

HUMAN CAPITAL
- Number of work related fatalities:- 0
- Reportable accidents:- 0
- Accident frequency rate:- 0.26
- Number of complaints related to Human Rights:- 0
- POSH, grievances:- 0

INTELLECTUAL CAPITAL
- Patents obtained:-16
- Paper published in peer-reviewed journals:- 3 Nos

SOCIAL & RELATIONSHIP CAPITAL
- Meals, PPE, sanitizers, food packets, drinking water, face shields, safety glasses, cooking utensils, no touch sanitizer stations distributed to government officials, panchayat, police officials, needy and poor people.

NATURAL CAPITAL
- GHG emissions Scope, 1 & 2:-24,55 MT
- Non-hazardous waste disposal:- 6,930 MT
- Water recyled:- 1,68,466 kL

OUTCOMES

FINANCIAL CAPITAL
- Dividend distributed:- 238 Mn
- Market cap:- 22,219 Mn
- Contribution to exchequer:- 395 Mn

MANUFACTURED CAPITAL
- Number of market served:- 9
- Inventory turnover ratio:- 1:30.14

HUMAN CAPITAL
- Motivated, engaged and healthy employees with improved productivity

INTELLECTUAL CAPITAL
- Better performing products with desirable characteristics(Quality, performance, environmental attributes)
- Advanced analytical sales dashboards for Small Pump Business and Kirloskarvadi dealers
- Barcode printing & scanning through SAP to track manufacturing to dispatch process

SOCIAL AND RELATIONSHIP CAPITAL
- Enhanced brand value and reputation
- "National Award for Manufacturing Competitiveness assessment"
- Award won for India's most "Ethical Company"
- Grievances addressed:- 0 grievances

NATURAL CAPITAL
- Recycled water:- 48.4 3%
- Renewable energy :- 27 %
(electricity from renewable sources)

All financial figures in INR

Financial Capital

Financial Capital is used both for long term facilities like acquisition of assets like machines, computers, patterns, buildings as wel l as for purchase of materials, extending credit for customers and meet the fixed and variable expenses wherever necessary. This ensures that the organisation is well equipped to develop new products and technologies, grow its businesses, and sustain its m arket position. KBL also studies the needs of its subsidiaries and makes funds available to them. Our organisation is conscious of the fact that it's cost of borrowing is dependent on its credit rating and has been getting itself rated from the topmost rat ing agency for more than twenty-five years. KBL follows prudent financial policies and strategies. KBL continuously pursues its plans and objectives to expand its market shares, margins, and cash position. This has helped it to improve its outlook from neg ative to stable in recently conducted credit rating. It is presently rated as "AA-"with stable outlook for long term and "A1+" for short term periods. The rating depends on var ious risks associated with the company like the Management Risk, Business Risk & Financial Risk and factors considered to evaluate these risks are Industry Risk, Market Position and Operational Efficiency of the company. Success of our business is measured in terms of Return on Capital Employed (ROCE). This is a function of (1) Returns- i.e., Profits a company earns and (2) Amount invested in business. Higher profit and lower Investment can improve ROCE. Finance department of the organisation has well defined goals about maintaining optimum borrowing levels, negotiating rates for such borrowings and at the same time providing adequate funds for the business to pay suppliers before due dates and purchasing fixed assets required for its business. This is done by proper planning of requirements, close following of inventories and receivables, exploring various sources of finance to obtain competitive rates and optimisation of proper m ix of distinct types of debts and equity. These goals are cascaded into individual goals for executives in Finance department.

Coverage of the organisation's defined benefit plan obligations: The employees' gratuity fund scheme and provident fund scheme s are managed by trust and pension scheme is the company's defined benefit plan. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit method, which recognises each period of service as giving rise to additional unit of employee benefit, entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities as at the 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 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 d efined benefit liability or asset. The group recognises gains / losses on settlement of a defined plan when the settlement occurs. The group pays contribution to a recognised provident fund trust in respect of above -mentioned PF schemes

KBL - Direct economic value generated and distributed (figures in Rs. Mn)

Economic Value Generated	2019-20	2020-21	2021-22
Revenues	21,224	18,188	22,017
Economic value distributed			
Operating costs			
Material cost and other expenses	16,677	14,192	17,581
Employee benefit & wages			
Employee expenses	2,582	2,255	2,509
Payment to providers of capital			
Dividend	421	40	238
Finance cost	302	241	158
Payments to government			
Income taxes (Excluding deferred tax)	355	360	328
Community investments			
Expenditure under CSR (Corporate Social Responsibility)	22	25	26
Total	**20,039**	**16,850**	**20,800**
Economic value retained			
Depreciation	400	383	407
Retained earnings	785	955	810
Total	**1,185**	**1,338**	**1,217**

Subsidiaries Economic value distributed (figures in Rs. Mn)

Description	KEPL	KPML	KCPL	TKSL
Materials	1,106	3,513	67	168
Operation	483	597	153	195
Employee expenses	323	219	31	91
Finance cost	11	3	6	20
Taxes and duties	93	86	0	0
Dividend	30	237	0	0

Financial assistance received from government	Proportion of senior management hired from the local community	Ratios of standard entry level wage by gender compared to local minimum wage
Our organisation has not received any financial assistance from government in 2021-22	In senior management category, 100% candidates are hired from the local community. Local boundary condition considered for this reporting purpose is within India	We are abiding by the minimum wage act so there is no deviation in the wage payment and the clause is validated with internal audit

Spending on Local S uppliers

Locations	KBL	KEPL	KPML	KCPL	TKSL
Percentage of Spending	95 %	77 %	95 %	91 %	100 %

Manufactured Capital

Manufactured Capital has always been the growth engine driving the economy of Kirloskar Brothers Limited as well as the nation. KBL is restructuring operations and world class practices by TPM approach to expand the profit and become competitive globally, especially after Covid -19 situation. We are market leader in fluid management solutions, which are customer adaptive, innovative solutions to transform the business for energy effectiveness and environment consciousness. KBL has world class state of the art set ups in India at Kirloskarvadi, Shirwal, Karad, Kolhapur, Dewas, Sanand and Kaniyur.

Our plants are pioneers in having best in class processes and are technologically ahead of competition based on innovative concepts like double layer castings, 3D printing, CNC balancing machine, painting by Robotic arm etc.

We are moving towards Industry 4.0 and use of IT tools in various processes to improve productivity, quality, safety and reduce process cost and fatigue. All our plants are working to eliminate or re duce waste from different processes by small improvements and breakthrough Kaizens/Ideas. Our Dewas plant is working to enhance the production capacity of foundry by installing a new upgraded " High Pressure Moulding Line" to cater the existing and future requirement of castings for small pump business with improved product quality.

Our Capabilities: We have in-house facilities under a single roof to conduct performance testing of pumps, review pump set performance in existing piping arrangement, recommend suitable solutions to improve overall efficiency of old pumping system without disturbing piping arrangement / foundation, undertake product performance assessment contract, demonstrate audit report recommendations, and achieve product performance along with guaranteed energy saving. Our energy audit team consists of certified and experience energy au ditors with over 500 energy audits completed so far. They are professional in every approach and capable of completing an assignment flawlessly within the lowest possible lead time. They are fully equipped with sophisticated instruments like Ultrasonic Flow Meter, Power Analyzer, Stroboscope, Vibration meter, Noise level meter, Pressure gauge, Compound gauge, Temperature Gun etc. To stay ahead, we think ahead. We constantly incorporate best-in-class technology in our production processes. For well over a ce ntury, we have honed our engineering intelligence and expertise to develop manufacturing capabilities that are benchmarked to the highest quality standards and supported by an integrated network of services. KBL manufactures over 75 types of pumps with EPC capabilities and a flow capacity of 1,20,000 m3/hr, which can easily reach up to 1,200 m. This has helped us carve a niche over our competitors in producing a wide range of energy efficient pumps on a large scale, including the smallest and the largest pumps in the world

Reclaimed products & their packaging materials Health of our customers and channel partners is of prime importance. We are making efforts to increase the use of material which is recyclable. We use recyclable material for packaging in our plants. In this regard, we have switched to materials that complies with standards like Restriction of Hazardous Substances Directive (RoHS) and new packaging complying to International Standards for Phytosanitary Measures Number 15 (ISPM 15).

RoHS: It restricts the use of the six substances like Lead, Mercury, Cadmium, Hexavalent Chromium, Polybrominated Biphenyls and Polybrominated Diphenyl Ether as they are hazardous

ISPM 15: Its main purpose is to prevent the international transport and spread of disease & insects that could negativ ely affect plants or ecosystems

Material Consumption and Management We monitor and control the usage of raw material while providing best quality product and services by remaining competitive. This is achieved through proper planning, organising, and controlling the flow of materials from their initial purchase through internal operations to the service point. Company promotes reduction in use of natural resources by suppliers and subcontractors. We have a Sustainability Policy and Integrated Management System Policy to support this initiative.

Total material used for production

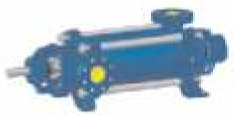
Materials	KBL	KEPL	KPML	KCPL	TKSL
	Weight/ volume	Weight/ volume	Weight/ volume	Weight/ volume	Weight/ volume
Metals (MT)	19,207	1,134	12,106	22	1,705
Non-metals (MT)	4,437	20	538	575	241
Sand (MT)	1,790	N/A	N/A	N/A	4,325
Lubricants (kL)	84	8.8	7	1.4	1.4
Paint, Primer, Thinner (kL)	472	18	37	N/A	N/A
Coolant (kL)	4.42	1	1	N/A	N/A
Corrugated Box (MT)	834	0	0	1.27	0
Cloth (MT)	0	1	0	0	0
Argon (m3)	N/A	2,827	N/A	N/A	N/A
Wood (CFT)	0	11,256	0	0	0
Wood (MT)	3,05,844	0	0	0	0

Note: Material consumption of 100 kg/month and above only has been considered for reporting
'N/A' indicates 'Not Applicable'

Recycling of materials Recycling of material in foundry helps us to reduce material cost.

Materials	KBL	TKSL
	Weight	Weight
Recycle Input Metal (MT)	411	1,063
Total Input Metal (MT)	19,207	1,705
Recycled Metal used (%)	2.14	62.34

Glimpse of KBL Products

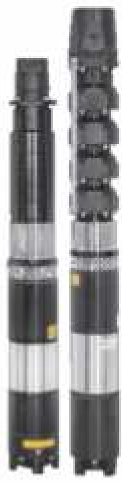


RKB SERIES MULTISTAGE PUMP

SPLIT CASE PUMP

METALLIC VOLUTE PUMP

MINI SERIES PUMP



OPEN WELL SUBMERSIBLE PUMP

ENERGY - EFFICIENT HYPN SYSTEM

AIR COOLED THERMIC FLUID PUMP (AT)

MAGNETIC DRIVE PUMP

WATER FILLED AND OIL FILLED BORE WELL SUBMERSIBLE PUMPS

RANGE OF VALVE

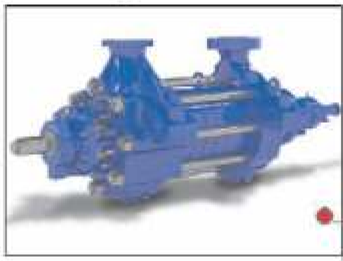
RANGE OF TURBINE

PELTON TURBINE

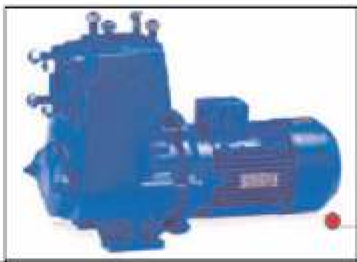
FRANCIS TURBINE

KAPLAN TURBINE

KEPL range of products One stop shop for optimised pumping solution from concept to commissioning across market segments (1) Hydrocarbon Industries (2) Process and Energy Industries



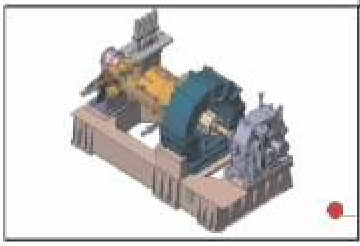
API Standard Pump BB4 - SS(KBSH)/SSD (KBDH)



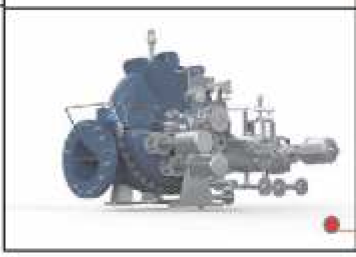
API Standard Pump OH1 - KE1

NON API Pump - BFW Pump - SS (KBSH) / SSD (KBDH)

Saturated Steam Turbines (SST)



Power Generation/ Turo Gensets (TG Set)



Drive Turbines (DT)

KPML range of products is a Motor manufacturing company with expertise in manufacturing of Stampings, Stators, Rotors, AC rotating machines, Aluminium Diecast Connecting Rods, and Pump assemblies. KPML manufactures energy efficient motors for various applications

Induction Motor

Stack

Stator

Copper brazed rotor with shaft

Die - cast Rotor

Loose Lamination

KCPL range of products

KCPL is devoted towards manufacturing variety of glass flake filled coating formulations specially designed and developed to give peak performance of the assets with unique aim to integrate productivity and profit. Variety of application specif ic coatings with formulations based on epoxy, polyester and vinyl ester are manufactured.

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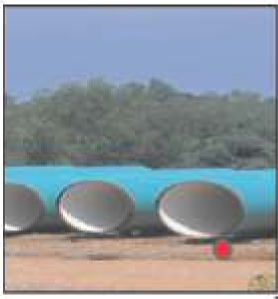
Corroglass



Polyglass

Fluiglide

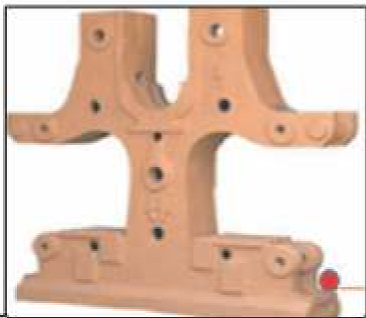
Plasmet

Corrocoat

TKSL range of products

The Kolhapur Steel Limited is engaged in making steel castings of various grades for various industries viz. power sector, pumps and valves, cement, mining, heavy Engineering, Sugar etc.

Sprocket



Head Stock

Francis Turbine Runner

Valve Casing

Membership of Associations

CII
Confederation of Indian Industry

FICCI

AIMA
ALL INDIA MANAGEMENT ASSOCIATION

IPMA
INDIAN PUMP MANUFACTURERS' ASSOCIATION

mccia

Global Water Partnership

Fire & Security Association of India
FSAI

HYDRAULIC INSTITUTE

MACCIA

Public Affairs Forum of India

IPPTA

ISHRAE

INDIAN PLUMBING ASSOCIATION
Redefining Plumbing Standards
NGO established in 1993

AHK
Indo-German Chamber of Commerce
Deutsch-Indische Handelskammer
Mumbai · Delhi · Kolkata · Chennai
Bengaluru · Pune · Düsseldorf

ieema
your link to electricity

Human Capital

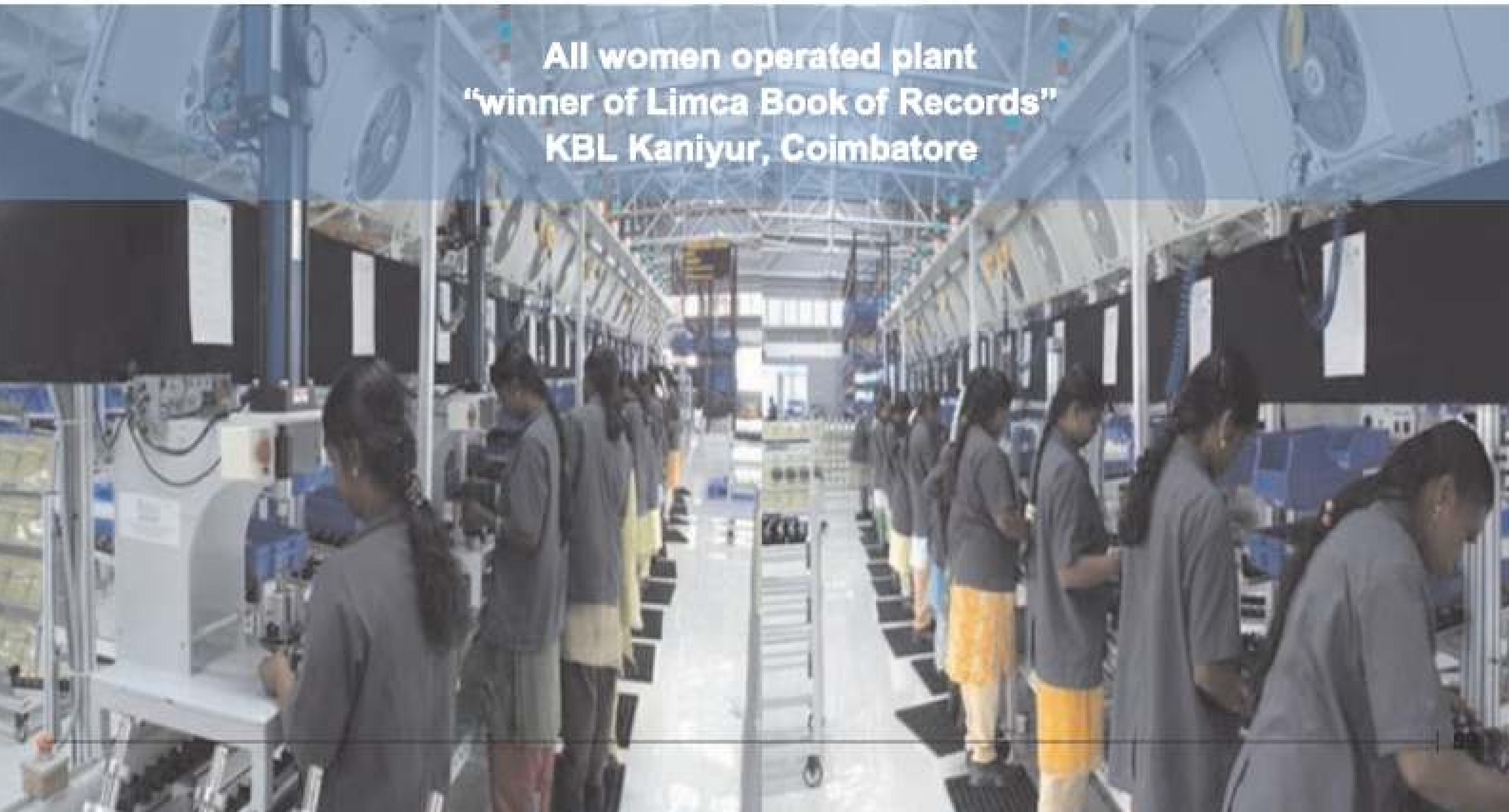
Human Capital KBL has been emphasising on the value of its human capital agenda for inclusive growth of business and society. During the pandemic, employee safety was our topmost priority and we ensured that our people and their families are supported on all fronts, be it need for remote or hybrid working, inoculation, testing, hospital care, insurance, sanitization and even meals for the communities around our locations. These measures helped us to ensure business continuity and inculcate a culture of care and belonging ness. We have been able to transform HR function as true business partner which now works very closely with business.

We coach and guide managers and business leaders in delivering business agenda and managing talent. We partner with business on resource optimisation, designing effective organization structure, nurturing, and advancing talent in a fast-paced manner, clarifying accountabilities, cascading, and productivity. Like every growing organisation, we also have retention and attraction of key talent as part of our organisation's key priority. We put strategies in place, review them periodically and execute them effectively to mitigate the impact of uncertainties and volatility of external environment on our talent landscape. Our strategies ranges from scalability of our hiring capabilities, identification of critical positions to having succession pipeline for key roles, leveraging our culture and values, creating opportunities for frequent engagement with organisation wide talent etc. Our comprehensive HR suite *PeopleDirect* has been upgraded with capabilities to manage complete talent management programs including job architecture, competency frame work, performance feedback, focussed career development plans and self-paced high-end training programs.

KBL takes pride in our people capabilities, their resilience and agility. We are doing deliberate efforts to prepare for the growth opportunities in t he post pandemic economic recovery period. Our people are our most valuable assets, and we are confident of exponential business growth in near terms through their consistent and remarkable contributions.

Data for Policy 3 on Employee wellbeing of Business Responsibility Report

Description	Numbers / Percentage
Total number of employees hired on temporary / contractual / casual basis	170
Number of permanent employees with disabilities	1
Percentage of permanent employees who are members of recognised employee association	39%
Percentage of employees provided with safety & skill upgradation training	--
(a) Permanent male employees	100 %
(b) Permanent female employees	100 %
(c) Temporary / contractual / casual basis employees	100%
(d) Employees with disabilities	100%



KBL & Subsidiaries - Role / level wise distribution of employees

Role/level wise distribution	KBL		KEPL		KPML		KCPL		TKSL	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Permanent & Probationer	2381	138	254	16	109	12	25	1	33	1
Trainees & Apprentice	144	13	38	1	87	2	0	0	14	0
Temporary/FTE	29	36	22	0	1	0	0	0	8	1
Third party contract	1829	117	152	1	151	0	210	0	128	0
Workers	--	--	38	0	268	0	3	0	129	0
Total Manpower	**4,383**	**304**	**504**	**18**	**616**	**14**	**238**	**1**	**312**	**2**

KBL & Subsidiaries - Age wise distribution for new hired employees

Age wise distribution	KBL		KEPL		KPML		KCPL		TKSL	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Less than or equal to 30 years	257	34	32	1	8	3	4	0	1	0
Between 31-50 years	162	10	24	0	56	0	0	0	3	0
Greater than 50 years	4	0	1	0	6	0	0	0	0	0

KBL & Subsidiaries - Age wise distribution for attrition of employees

Age wise distribution	KBL		KEPL		KPML		KCPL		TKSL	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Less than or equal to 30 years	77	7	5	1	0	0	18	5	1	1
Between 31-50 years	135	5	6	0	4	0	11	4	5	0
Greater than 50 years	13	0	0	0	0	0	2	0	8	0

Training and Education

Our knowledge management team sets target for the level of knowledge and skills required and accordingly work towards developing them continually. The goal is to bridge the gap between current and desired performance and meet the business requirement. Our knowledge management team creates a work environment th at promotes creation, retention, and use of knowledge. We anticipate future skill-needs and prepare our employees to handle more challenging tasks. Our career development policy, cross functional projects and action learning projects are some ways used to develop the enhancement of functional, professional & personal competencies and skills of individuals.

Bodhi Training Centre, Kaniyur

Average hours of training per year per employee by gender and employee category

Description	KBL		KEPL		KPML		KCPL		TKSL	
Category	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Senior Management	13.68	13.06	0.95	0	30	0	0.44	NA	13	0
Middle Management	23.81	18.96	1.78	0.97	43	8	0.64	NA	17	1
Professionals	20.44	20.62	0	0	58	62	0.54	0.125	24	1
Paraprofessionals	6.81	11.88	0	0	5	16	NA	0	0	0
Associates	7.83	25.42	2.27	2.02	2	0	0.23	0	0	0

Employees receiving regular performance and career development reviews

KBL

Location	Male	Female	Grand Total
Pune & RO	764	69	833
Kirloskarvadi	380	19	399
Shirwal	5	0	5
Dewas	106	10	116
Sanand	29	3	32
Kaniyur	9	6	15
Grand Total	**1,293**	**107**	**1,400**

Subsidiaries and Associate Companies

Location	Male	Female	Grand Total
KEPL	253	16	269
KPML	99	9	108
KCPL	25	1	26
TKSL	33	1	34

Programmes for upgrading employee's skills and transition assistance

TPM Instructor Course	POSH Orientation Program	Self-Development & Communication skill	Diet for good Health	Autonomous Maintenance Awareness
Fundamentals of Pump Coating	Life Cycle Assessment	National Awards For Manufacturing Competitiveness	Self-Development and Communication	EHS Legal requirement
Excellence Through Quality Prism	Nutrition Food and Diet Plan for Health Life style	Behavioral Based Safety	Leadership Development Program	Developing a Team of Creative Gurus
Supervisors Professional Development Program	Proactive Attitude Building & Work Place Etiquette	Basic Drill , Covid-19 Safety, Physical Training	Six Sigma GB Project (Core Batch)	Problems To Prosperity
EHS Change Control	Updated VDA AIGA FMEA	LOTO training	Carbon Footprint	Salesforce Dot Com

Employee Benefits

KBL has covered employees under various group insurance policies and exclusive benefit plans

- Group Health Insurance Programme – A best-in-the class tailor-made Health Insurance programme with flexible options available in the hands of employees to choose health cover for family and parent up to Rs. 10 lakhs per year
- Revision in minimum health insurance cover
- Introduced Corona Kavach Policy during the pandemic to cover hospitalisation expenses for In - patient care or home care treatment of Covid-19
- For our business traveller employees, introduced Corona Kit Allowance and personal vehicl e/Taxi usage for better safety
- Periodic rapid antigen testing for employees working in offices and factories
- Parivar Suraksha Yojana – An innovative way of putting up Group Term Life Plan, wherein a regular income benefit is extended to the deceased employee's family for 5 years
- Group Personal Accident Plan covers employees globally, 24x7 for any accidents, disability, or death
- KBL Benevolent Fund – A fund maintained through employees' contribution for extending financial help to employee's family in case of death in service
- Superannuation fund schemes / National Pension Scheme
- "KBL well-being", a health and lifestyle platform to focus on employee's physical and mental health
- Sodexo Meal Card Benefit Programme
- Collective bargaining agreements (CBA) - Permanent, on roll bargainable workers are covered by CBA

HUMAN Rights

To demonstrate our commitment to the fair treatment of employees, we assess our organisation under Human Right clauses. We measure performance in the following eight areas important to social accountability in workplace :

1. Child Labour
2. Forced or Compulsory Labour
3. Health and Safety
4. Freedom of Association and Right to Collective Bargaining
5. Discrimination
6. Disciplinary Practices
7. Working Hours
8. Remuneration

KBL supplier evaluation process involves assessment of supplier under Human Right clauses.

Occupational Health and Safety All our manufacturing plants as well as subsidiaries KPML, KCPL & KEPL are certified to ISO 45001:2018 Management System standard. All manufacturing sites are audited for safety by internal safety audit teams.

There is no activity carried out at any of our locations which has a high incidence or elevated risk of specific diseases, which prevents us from maintaining the organization's social license. We have a safety committee as per the statutory requirement of state rules, which is equally represented by workers and management staff.

It is agreed between the parties that all the workers shall observe and strictly adhere to safety rules and regulations to achieve zero accident rate. There shall be no compromise and restrictions on use of PPEs. There is a formal bilateral agreement with trade unions to cover health and safety issues under the following heads :

- Medical allowance.
- Mediclaim / Hospitalisation policy
- Death Benevolent Fund
- Safety at Workplace
- Use of PPEs

- Group Personal Accident Insurance Policy
- Group Term Insurance Policy
- WC Insurance Policy
- ESIC

KBL and Subsidiaries Safety Data

Locations/Sector	Gender	KBL	KEPL	KPML	KCPL	TKSL
Number of fatalities	Male	0	0	0	0	0
	Female	0	0	0	0	0
Number of lost time incidence cases (LTI)	Male	0	0	0	0	0
	Female	0	0	0	0	0
Number of minor injuries including first aid cases	Male	57	14	45	1	6
	Female	41	0	0	0	0
Frequency rate	Male	0.26	1	1	0	2
	Female	0.00	0	0	0	0
Severity rate	Male	2	82	8	0	303
	Female	0	0	0	0	0
Person-days lost	Male	14	60	11	0	154
	Female	0	0	0	0	0
Number of occupational diseases	Male	0	0	0	0	0
	Female	0	0	0	0	0

AT KBL, SAFETY IS NOT JUST PERSONAL COMPLIANCE AND COMMITMENT, IT IS OUR SHARED RESPONSIBILITY TO PROTECT ONEANOTHER!

Employee Engagement

Navratri Celebration

SSC and HSC students felicitation of employees' children

International Women's Day Celebration

HR VOICE We, as HR Department at KBL, strongly believe that employees are our core "internal customers" – who often have interface with the business's end customers and rely on good internal service to work at their best. Hence to continuously improve our internal customer experiences at KBL, HR – VoC (Voice of Customer), a short pulse survey was conducted to help us better hear the voice of our internal customers

Dealer/ Retailer Engagement Activities

Kisan Agri Show
2022
And
All India Farmer
Fair Exhibition

Plumb Skills
Expo 2021

Customer Engagement

Successful Commissioning of Magazine Fire Fighting System at Center for Fire, Explosive and Environment Safety

Dr. A. K. Mohanty, Director, Bhabha Atomic Research Centre (BARC) and his team visited Yamuna office and Karad Projects and Motors Ltd. (KPML) plant

Intellectual Capital

Intellectual Capital We are proud to state that innovation continues to be the biggest driver for the company's sustained leadership position in the global pump market for all these years.

Our long-practiced market research methodology gives us insights about the market requirement and provides a direction to our innovative thought process. Once the requir ement is clearly studied, we capitalise on our engineering expertise and innovation capabilities to design products that fulfil market requirements and increase our market share.

We have 16 patents including 4 new received in this year for innovative technology and numerous research papers presented at International Conferences including American Society of Mechanical Engineers (ASME).

Our expertise stretches out to:

- Sump model te sting and prototyping of pumps
- Manufacturing world's largest CW system for Ultra Mega Power Plant
- Manufacturing large Split Case Pump in India
- Manufacturing large Vertical Turbine Pump in India
- Manufacturing world's largest Concrete Volute Pumps
- Concept to commissioning of the world's largest pumping station
- Testing facility at one of Asia's largest Hydraulic Research Centre at Kirloskarvadi

We have collaborations with reputed external agencies / institutes for Research & Development.

Institutes/ Agencies	Nature of Support
Indian Institute of Technology, Roorkee	For hydropower knowledge sharing and site support
Indian Institute of Science, Bengaluru	For surge analysis knowledge sharing and support
Bureau of Indian Standards	For upgradation of Indian standard codes related to pumps
Hydraulic Institute, USA	For upgradation of ANSI / Hydraulic Institute codes related to pumps and sumps
National Society of Fluid Mechanics and Fluid Power	For sharing the knowledge related to Fluid Mechanics, Fluid Power fluid machinery including pump
Central Water and Power Research Station	For sharing the knowledge related to pumps, turbines, and pumping systems

Product Portfolio Management

PPM function has been introduced in 2015 with an objective to further strengthen the approach to product and process improvements in Kirloskar Brothers Limited. We proactively scout for market trends, market expectations and emerging technologies and build in our products and operations for the mutual benefit of customers and organisation. PPM pillars include New Product Developments, Knowledge Management, Adoption and Implementation of emerging technologies, each working with an objective to make the products and the operations more customer centric and future ready.

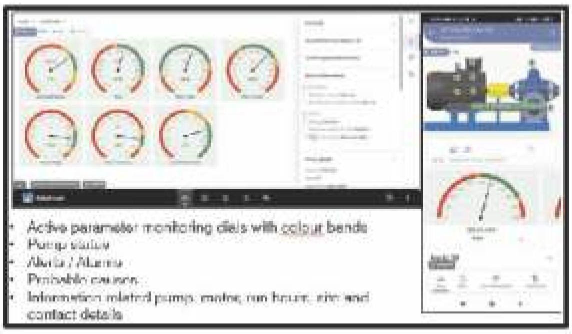
Since PPM functions as a proxy for the overall business covering strategy, product definition, design, pricing, offer and product operations, it is at the very epicentre of impact within the organisation. PPM keeps on proactively benchmarking its product basket with the dominant competition. Knowledge of own and competition products, processes and supply chain helps strengthen offering, craft robust and sustainable channel network and build organisation for long term success. Dynamics of market have changed, hence to remain competitive and ensure a profitable product basket , PPM looks through different lenses from short term & long term perspectives, through competitor analysis, growth of sector, product basket rationalisation, adoption of new technologies, sectorisation of products done through models & techniques of product lifecycle management, project management, model overlap study, stakeholder alignment, new product development, product value management etc. This way we are further strengthening our capabilities in terms of enhanced product range & new products. PPM works with structured New Product Development (NPD) request evaluation mechanism. The New Product request after initiation gets evaluated by concerned departments through online NPD portal.

Dolphin – KBL's global pump selection package is a quote generation and selection configuration tool. This Tool support sales team for pump and valve selection on technical front and helps our customers & dealers to understand KBL product range and provides techno-commercial offers. This package is a common platform for all KBL group companies and connected with other pre-quote and post order systems like SFDC, KBL indent, EMS, DMS and SAP. Today's times have unboxed new opportunities in terms of applications for our products. We have explored new emerging technologies such as Augmented Reality (AR), Virtual Reality (VR) and Artificial Intelligence (AI) in various applications for the mutual benefit of organisation & stakeholders. Using such technologies, we are always thinking ahead of time, whether it is bringing cost efficiency or convenience to enrich life of our customers. Thus, PPM at KBL is gradually evolving and exploring new avenues to improve products, ensuring competitiveness, technologically advanced and profitable product basket.

Information Technology Support

With a mission of enabling maximum growth & productivity, KBL -IT has successfully implemented and integrated latest technologies across group companies. At KBL group level, SAP S/4 HANA (in-memory computing technology), migration for process standardisation, better control, enhanced security, and cost optimisation of IT infrastructure was implemented. This year we have migrated our joint venture company KEPL to KBL SAP S/4 HANA. Subsequently, we are also planning migration of other KBL group companies on HANA platform. As part of our Infrastructure initiatives, KBL-IT continues to improve on risk management and controls and further enhance safety and soundness. Implementation of SD-WAN (Software-defined wide area network), a cost-optimised future-ready network solution across KBL, provides maximum network uptime and application -defined bandwidth management. In FY 2021-22, we pursued a technology refresh in digital initiatives, mobile platforms, and cloud-based solutions. We launched a new enhanced web portal and mobile app for our signature IOT based technology – KirloSmart. This helps our customers to monitor our pumps remotely and wirelessly from smart devices, receive preventive & predictive maintenance alerts, receive notifications for spare parts and carry out analysis based on the historical trends.

IOT based Technology – KirloSmart



Customer is a key for any business and in KBL, we have started In-house BPO Secured Cloud Telephony infrastructure for 35 BPO agents, managing around 1000 out-bound & In-bound calls per day. We are in the process of deploying intelligent WhatsApp chatbots for warranty and complaint registration and resolution.

A few more initiatives were customized keeping in view process automation:

- Transport Management (TM) for Small Pump business for outbound was implemented. Advance TM initiated for end-to-end transportation visibility and improved customer service and optimize freight cost.
- Barcode printing & scanning through SAP to track manufacturing to dispatch process at Sanand for Small Pump Business.
- Data Security and Protection of Intellectual property is the prime focus. In house variability assessment and penetration test process established
- Advanced analytical sales dashboards for Small Pump Business and Kirloskarvadi dealers helped to monitor business & better performance of our sales team.
- CITRIX Engineering VDI & HSD implementation at KEPL
- Stage Gate implemented at KBL Valves Division– Gate 0,1,2 - Enquiry to Order booking

  We take pride and strive to have the best IT technologies and practices in KBL and its subsidiaries.

KBL's businesses are spread across the country as well as globally through its various subsidiaries and project sites outside India.

We deal with large variety of pumps, valves, turbines, and customised products, which is possible due to the contribution of many people from different disciplines and substantial delegation of power to them.

Social and Relationship Capital

Social and Relationship Capital KBL considers its relationship with all the key stakeholders as a critical contributor to its success. It develops these relationships through regular engagement and partnerships with key stakeholders like shareholders, customers, employees, channel partners, suppliers, society, financial institutions, government bodies, etc. As an organisation, we take this responsibility to contribute towards economic, social and environmental development that creates positive impact on society at large.

Customer Health, Safety and Privacy Customer's Health & safety is a key criterion that we follow with our products and services. Safety aspects are considered at every step of the product and project, from design to commissioning. To minimise the health and safety aspects of our products, KBL provides operation and maintenance manuals and conducts training programmes for customer's employees. Products are provided with adequate labelling, including product information. No major incidents of non-compliance were reported with respect to regulatory and voluntary codes concerning the health, safety and labelling aspects related to any of our products during the year. There were no complaints regarding breach of customer data or privacy in FY 2021-22.

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

In KBL, labour practices assessment is part of our supplier evaluation system. Those suppliers who fail to comply with labour practices requirement are asked to implement the same. We ensure that suppliers are adhering to human rights and labour practices compliances.

Society KBL is committed towards its responsibility for the society and has been contributing in the areas of Health, Education and Environment. KBL conducts society perception survey to identify the needs of society and to judge the effectiveness of work done in nearby villages. Actions are initiated and implemented based on survey findings. Through this survey, we also identify the needs of disadvantaged, vulnerable and marginalised stakeholders. We conduct programmes for deaf & dumb and mentally challenged students.

CSR Activities

- Donations to surrounding panchayats near Kirloskarvadi for community development and Covid19 support
- Distribution of Oxygen Concentrators to Hospitals in Sangli District
- Food Grain Kit Distribution in Villages around Kaniyur
- Support in set up of District Hospital, Dewas
- Biodiversity Restoration at Central Ordinance Depot, Dehu, through Forrest (NGO)
- Skill development Program through Indo German Chamber of Commerce
- Meal support through Annamitra Foundation to 551 children (slum dwellers) in Pune
- Support to HIV prevention program through Lotus Medical Foundation, Kolhapur
- Patrolling bikes provided to Forest Rangers Wildlife Trust of India, Assam

Kirloskarvadi School and Hospital is run by Vikas Charitable Trust

Distributed toilet blocks for schools in Kirloskarvadi

Flood rescue relief work in villages around Kirloskarvadi



Biodiversity Project – COD, Dehu

- 2.5 Acres of land preparation done (Shown in photographs)
- Pre-Forestry activities completed
- 3 ton of leaf litter was collected as soil enricher Forestry to start after one or two monsoon showers from June 1st week.

Grocery Distribution

Grocery kit distributed for fourteen days to poor and needy families stuck during Covid pandemic shutdown in villages near Kaniyur plant.

Distribution of Oxygen Concentrator

With the help of District Administration KBL could distribute Oxygen Concentrators to local Hospitals of Sangli

Awards and Appreciations

Digital technology Senate Award 2021
Under the IoT category

KBL's Kaniyur Plant received

Working Women Achiever Awards 2022

Best Organisation for Women Empowerment in the Special Category Award – by Ooruni Foundation Chennai

"Professional Excellence in Facilities Management & general Administration" By CE Worldwide at Facility Management Leaders Association (FMLA)

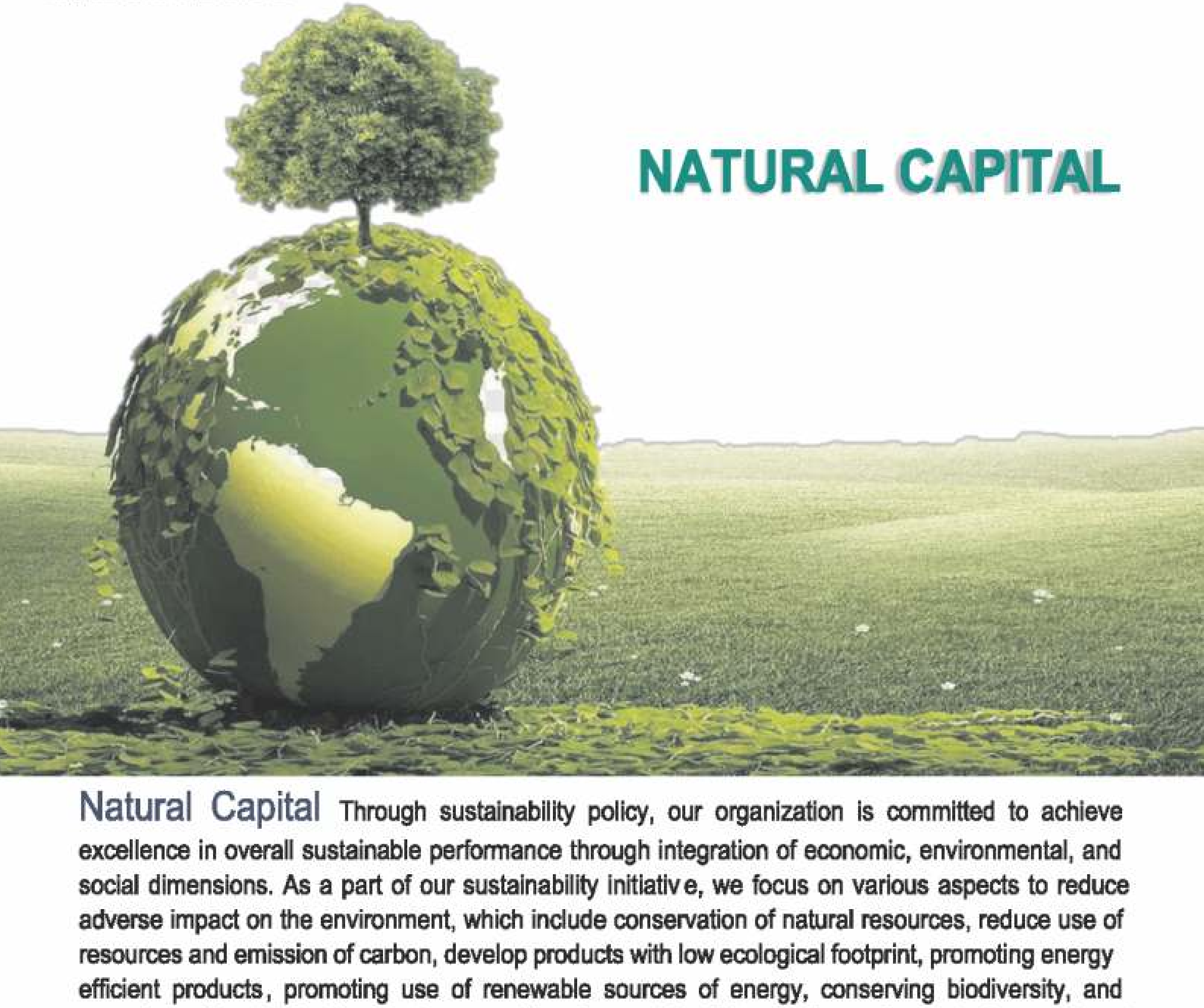
KBL factories bagging National Awards for manufacturing competitiveness (NAMC) from IRIM

**Silver Medal
for Sanand Plant**

**Bronze Medal
for Kaniyur Plant**

"Kirloskar Brothers Limited wins the INDIA's MOST ETHICAL COMPANY" Award

NATURAL CAPITAL



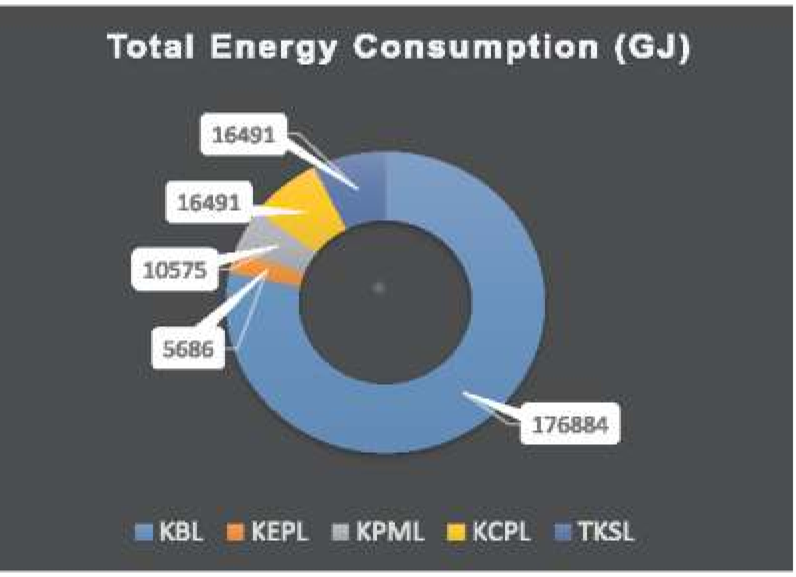
Natural Capital Through sustainability policy, our organization is committed to achieve excellence in overall sustainable performance through integration of economic, environmental, and social dimensions. As a part of our sustainability initiativ e, we focus on various aspects to reduce adverse impact on the environment, which include conservation of natural resources, reduce use of resources and emission of carbon, develop products with low ecological footprint, promoting energy efficient products, promoting use of renewable sources of energy, conserving biodiversity, and engaging with stakeholders and communities for sustainability practices. As part of commitment towards conserving fossil fuels and depending more on renewable energy sources, we h ave installed and made operational roof top solar power panels at manufacturing locations and Corporate Office for a capacity of 4.6 MW, which is yielding green power with good efficiency. This is in addition to the generation of 4 MW wind power by Kirlosk arvadi plant.

For optimum utilization of resources and continual improvement, we monitor and review the important parameters impacting environment such as GHG emissions (Scope 1 & Scope 2), Energy consumption, Water consumption, Material Consumption and W aste generation. We have also initiated few green initiatives like plantation of trees to minimize heat load on buildings, use of ply boards and recyclable metallic frame instead of wood, use of furnace slag for constructing roads and floorings, and modifying shop -floor layouts to minimize material flow and multitasking using value stream mapping. Dewas plant has developed Miyawaki (Special process for Thick Forest) on 2 -acre area in the plant. This helps in reducing carbon footprint and develop biodiversity to enrich the environment and society in line with our Purpose, Vision & Mission.

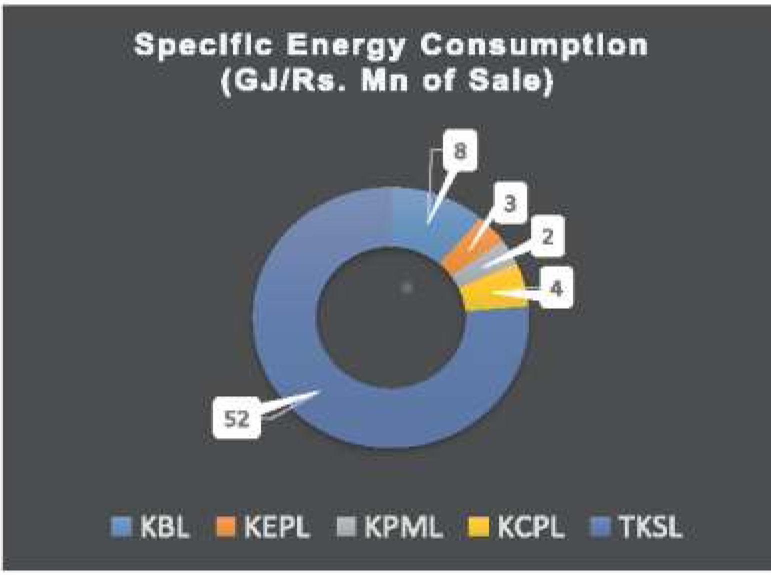
Through Confederation of Indian Industry (CII), we have completed "Life Cycle Assessment (LCA)" study on a sample product to evaluate impact of manufacturing on environment so that we can initiate actions to improve the same. In continuation of this initiative, we have now selected different range of products to assess GHG emission impact on environment due to manufacturing of those products. Thus, we shall continue with our efforts to improve and contribute to help India achieve its commitment to be Carbon Neutral by 2070.

"Commitment towards the Environm ent" is one of our Values. Our Corporate Office is a green building with "LEED Platinum" certification. At Corporate Office and manufacturing locations, we have extensive daylight harvesting to save energy and rain water harvesting system to conserve water. All our plants are "zero waste water discharge" units. We have a patented low cost, permanent solution to depleting groundwater & unreliable monsoon known as 'Kedia Farm Pattern' - KFP (Patented) RWH. KFP can solve drinking water problem of a village and 'Make Rural India Water Secure' for all times to come. In order to encourage our manufacturing plants to implement mo re and more energy saving projects, we organize energy conservation competition (ENCON) at KBL group level through independent energy auditors. We share best practices and achievements with all plants and also award teams for innovative ideas and energy saving performances. We are committed to the integration of environment performance considerations in the procurement process to have a minimal impact on the environment. We also encourage our suppliers to adopt green sustainable supply chain practices. All our manufacturing plants are certified to Environment Management System (ISO 14001:2015), Energy Management System (ISO 50001:2018), Quality Management System (ISO 9001:2015) and Occupational Health and Safety Management System (ISO 45001:2018) under Integrated Management System Certification.

Energy Consumption



Energy Intensity



Energy Consumption outside the organisation

KBL is not monitoring energy consumption outside the organisation

Reduction of Energy Consumption

For the purpose of optimum utilisation of resources and continual improvement, we monitor and review the important parameters impacting the environment such as GHG emission (Scope 1 & Scope 2), energy consumption, water consumption, material consumption an d waste generation. To encourage our manufacturing plants to implement more and more energy conservation projects, we have KBL group level energy conservation competition (ENCON) and award scheme.

Company has taken following key steps for reducing energy c onsumption in manufacturing plants and offices.

- Plants have been upgraded to smart energy data logger from traditional energy meters. In this system, the data is being automatically captured & displayed resulting accurate and real time data
- Replacement of induction / MHL / CFL lamps with energy efficient LED lamps
- Installation of timer & temperature sensor on water heater to reduce idle running
- Installation of VFD for compressor and VTL Machine
- Monthly checking of leakage to restrict loss of compressed a ir
- Reduction in use of main transformers during weekly offs and holidays
- Installation of "True Demand Utilization System" for maximum utilization of Sanctioned demand to reduce operation of DG sets
- Scheduling awareness among employee by celebrating energy conservation week
- Communication of energy conservation projects through weekly bulletin for horizontal deployment
- Achieving reduction in energy consumption at various stages of manufacturing like machining, testing, and casting through initiatives like re duction in machining allowance, reduction in rejection and rework, replacing old inefficient motors with new efficient motors and selection of medium frequency furnace for foundry project
- Replacement of old inefficient shot blasting machine with new effici ent machine
- Laser calibration of all critical CNC machines to improve productivity
- Refurbishment of HT Furnace to eliminate chamber heat loss
- Installation of timers for AC & Air circulators
- Installation of Quick Release Couplings (QRC) for Pneumatic Grinders & Paint Guns to reduce joint air leakages
- Replacement of RO water pumps with energy efficient pumps
- Replacement of office conventional AC with VRV (Multi-Split Type Air Conditioners) AC
- Modification of 1HT Furnace from diesel fired to gas fired to increase fuel efficiency & reduce air pollution
- Up-gradation of wet-type painting process to energy efficient dry type process
- Maximizing use of IE4 class motors during revamping / maintenance projects
- Installation of energy efficient BLDC fans for canteen and manufacturing shops
- Energy Audit of Pumps and other energy potential equipments

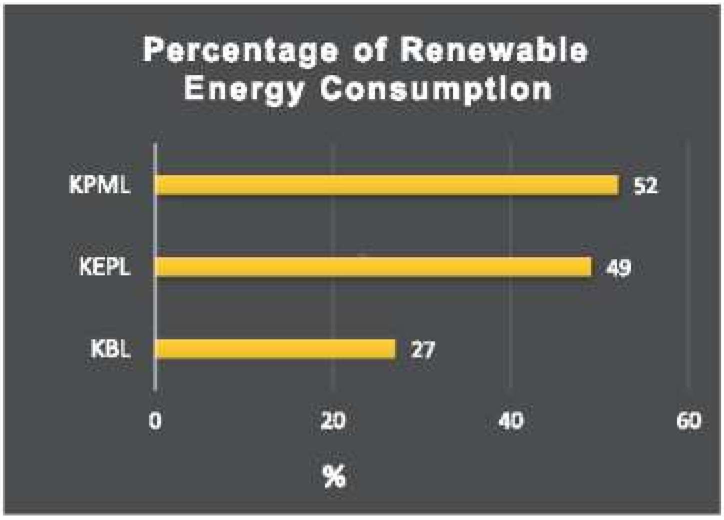
Steps taken for utilizing alternate sources of energy

- Installation of "Net Metering" at manufacturing plants to export generated solar energy during non-working hours
- Installation of solar water heater for utilization of hot water in canteen
- Installation of Bio-gas plant for disposing canteen food waste and gas generated from this plant is being used for canteen
- Power generation during performance testing of large pumps using newly developed "Pump as Turbine" (PAT) concept
- Use of transparent roof sheets and wind ventilators to maximize use of natural light and proper ventilation
- Procurement of E-bikes for travel within plant
- Enhancement in Solar rooftop power generating capacity by 50 kW
- Implementation of 100 % Solar Street lighting at KPML
- Under ISO 50001:2018 Energy Management System certification, every plant takes up energy conservation projects for reducing consumption. Our Kirloskarvadi and Dewas manufacturing plants are GreenCo certified, and the corporate office is LEED platinum certified by CII

Initiatives on clean technology, energy efficiency and renewable energy

- As part of clean technology initiatives, company has switched over to more environment - friendly energy sources in possible areas. For example, company has utilised roof tops of manufacturing plants and Corporate Office for installing solar power panels, implemented waste heat recovery devices for compressors, implemented use of biogas for cooking in canteens, installed solar water heater for preheating at CED plant, installed solar street lights and so on.
- Energy audit of equipment is carried out regularly in order to monitor and maintain efficiency of equipment.
- Implementation of TPM (Total Productive Maintenance) is resulting in better operational efficiency and energy efficiency.
- Renewable energy sources such as roof top solar power plants and wind power contribute to around 27 % of total electricity consumption.

Renewable and Non-Renewable energy consumption for KBL



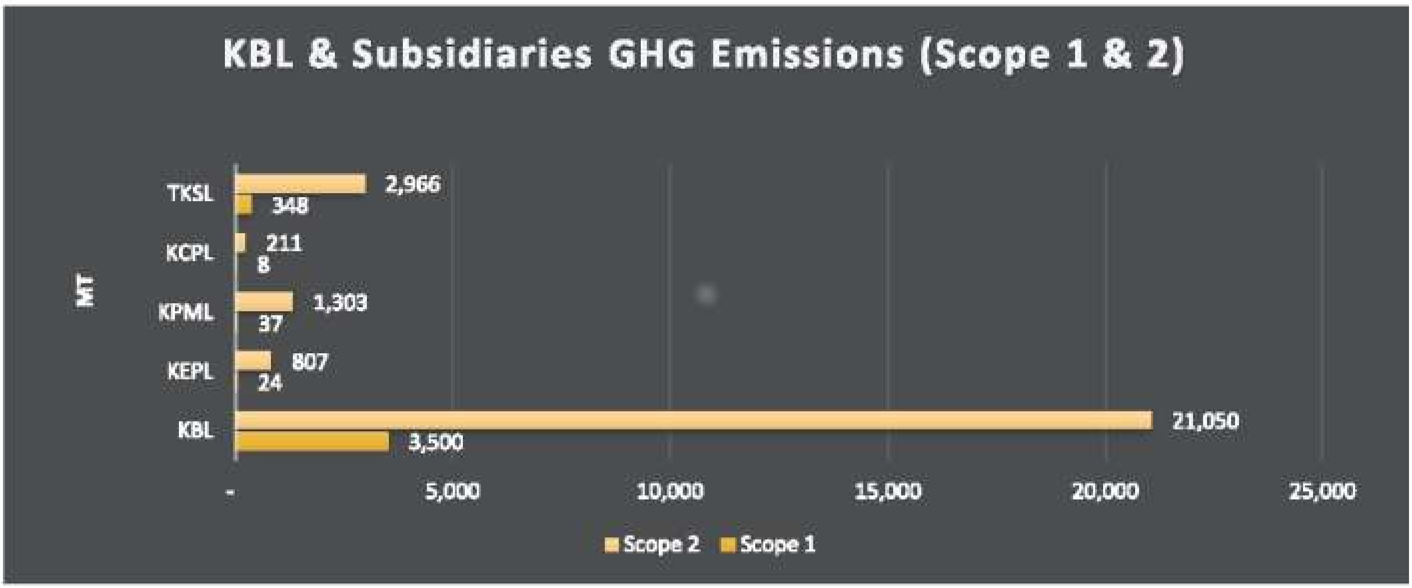
Initiatives on reduction in energy consumption

- Energy consumption is a major contributor to climate change since non-renewable energy resources generate greenhouse gases (GHGs) causing other environmental impacts. Hence use of energy more effectively is essential for combating climate change
- Star label is the label given for energy efficient products by Bureau of Energy Efficiency (BEE) Sanand plant has received star labelling for 336 pump models and Dewas plant for 59 pump models
- Kirloskarvadi plant has developed Low Life Cycle cost (LLC) series energy efficient pumps for 5 models
- KPML has developed IE3 & IE4 rated energy efficient products. KPML has received in-house R&D recognition, which is a prestigious accreditation for its continuous research and development of innovative technology and energy efficient products

Greenhouse Gas Emissions – Scope 1 and 2 The company's major source of greenhouse gas (GHG) emissions is fossil fuel combustion for power generation and operational activities (Scope 1) and use of electricity for its operations (Scope 2).

Following are the key efforts taken to reduce GHG emissions

- Roof top solar power plants (4.6 MW) and windmills (4 MW) have been installed
- Solar water heaters and solar streetlights, day light tubes, natural ventilation and PNG are used extensively
- Development of BEE Star rated energy efficient pumps
- Driving improvement through Life Cycle Assessment (LCA) of sample product in Dewas plant under the guidance of CII
- Initiated Carbon footprint study for Kirloskarvadi products



NOx, SOx, and other significant air emissions

Every year, form-5 environment statement is submitted on the state government pollution board website. No complaint or show cause notice has been received from the concerned authorities. All emissions are within the prescribed limit with respect to the con sent received from the state government pollution board. Company has not been penalised by Pollution Control Board/National Green Tribunal/Courts. All the manufacturing locations carry out environmental Aspect - Impact study. All the manufacturing plants are certified to ISO 14001:2015 Environment Management System.

Emissions Type	Stack Emissions (MT/year)				
	KBL	KEPL	KPML	KCPL	TKSL
SPM	42.175	0.0012	1.63	0.554	0.675
SOx	1.232	0.0006	0.88	0.000	0.360
NOx	5.686	0.0003	0.19	0.000	0.318

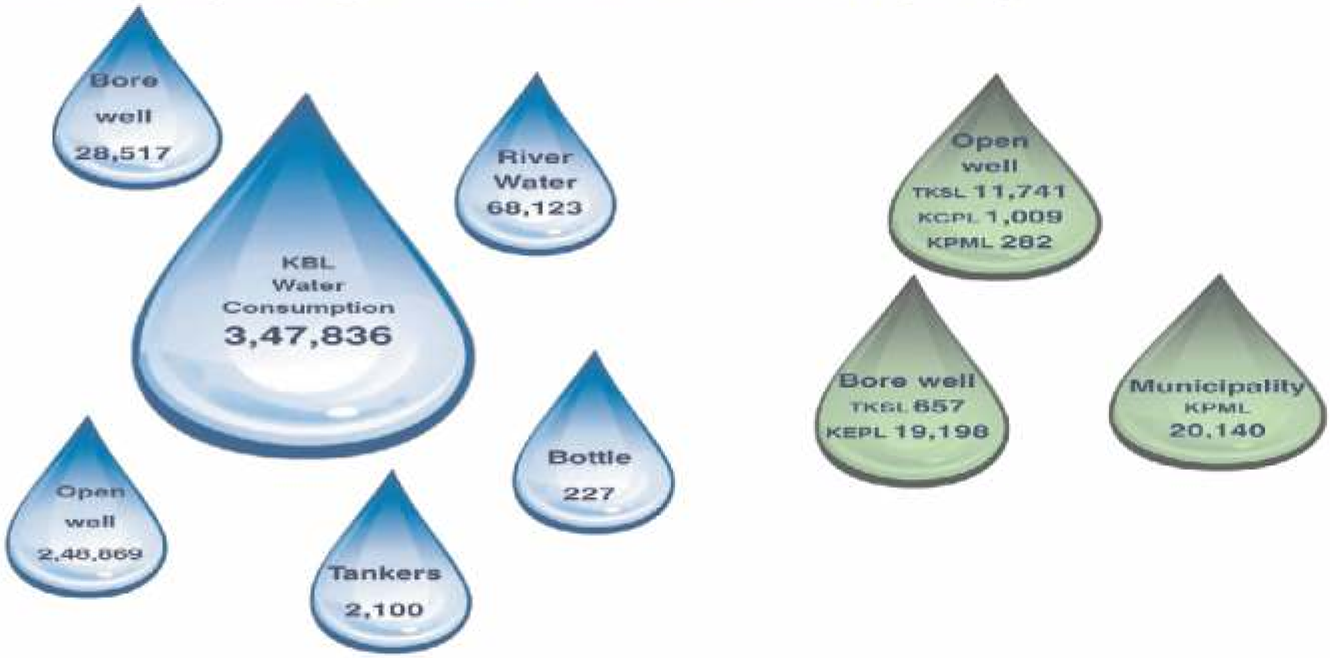
Water Consumption

Company focuses on reduction, reuse, and recycling of water. Rainwater harvesting facilities have been installed at all the manufacturing plant locations and Corporate Office. All our manufacturing plants and Corporate Office have zero water discharge facilities with wastewater or effluent generated during operations being treated for reuse.

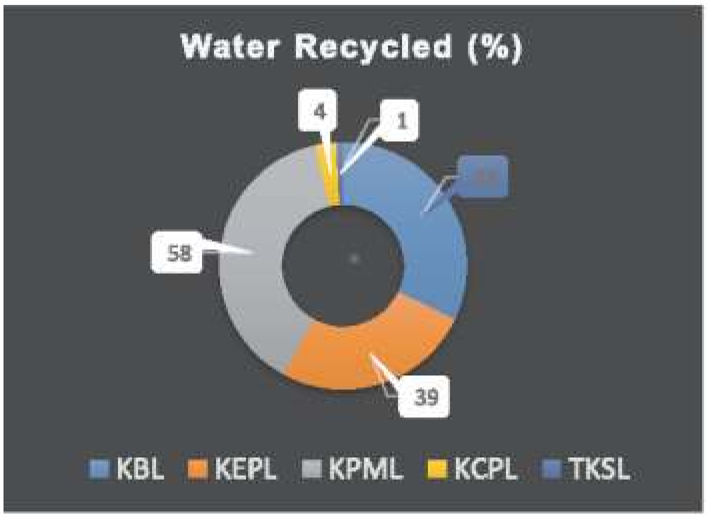
Following key initiatives have been implemented for reducing water consumption and thereby environmental impact

- Replacement of water-based painting booths by electrostatic booths
- Replacement of underground water pipelines by overhead pipelines to prevent leakage losses
- Replacement of GI pipeline with HDPE to ensure water quality and reduce tank cleaning frequency & leakage
- Use of only recycled water for gardeni ng
- Replacement of conventional water taps by sensor-based taps

Water consumption by KBL and Subsidiaries (in kL)



Specific Water Consumption and Water Recycled



Waste data In KBL, plastic consumption and plastic waste are negligible. Recyclable plastic waste is handed over to the authorised agencies for recycling. Compliance to the norms of government bodies is ensured. Plastic packing has been replaced by corrugated boxes and pap er to a substantial extent and similar initiatives have been implemented at supplier end as well.

Hazardous and Non- Hazardous Waste data

Hazardous	UNIT	KBL	KEPL	KPML	KCPL	TKSL
Paint sludge	MT	78	2.64	0	0	0
Used Oil	kL	0.21	15.40	0	0.08	0
Oil-soaked Cotton waste	MT	7.25	24.05	0	0	0
Used batteries	MT	30	0	0	0	0
E-waste	MT	0.08	0	0	0	0
Thermocol	MT	6.47	0	0	0	0
Used Containers	MT	0	1.06	0	16.09	0
Processed waste	MT	0	0	0	9.90	0
ETP Sludge	MT	0.37	0	0	0	0
Glass wool	MT	3.66	0	28.98	0	0
Paint Filters	MT	0	0.80	0	0	0
Non - Hazardous						
Corrugated Box	MT	100	0	0	0	0
Food waste	MT	1,241	0.84	0	0	0
Metal waste	MT	607	159	0	0	0
Paper waste	MT	124	0	0	0.66	0
Plastic & Paper waste	MT	27.51	0	0	0	0
Burnt sand	MT	2,923	0	13.35	0	0
Wood scrap	MT	564	111	0	2.44	583
Rubber Waste	MT	0	0	6,638	0	0
Plastic waste	MT	0	0.75	0	0	0
MS Material Light scrap	MT	773	0	6.17	0	0
Cotton waste/Bardan	MT	43.00	0	0	0	0
Mix Scrap	MT	529	20	0	14	0
Foam waste	MT	0	0.87	0	0	0
Slag from furnace area	MT	0	0	0	0	15

Supplier Engagement KBL has procedures in place for sustainable sourcing and accordingly inputs are sourced sustainably. Company encourages procurement from producers of surrounding local communities to minimize transportation. Reduction in use of natural resources by suppliers and subcontractors is promoted. This initiative is monitored through regular SQIP (Supplier Quality improvement Programme) audits and rating system. KBL has procedures in place for sustainable sourcing and accordingly 100% of inputs are sourced sustainably. We encourage procurement from small producers of local communities surrounding us and influence them to join us in our quest for inclusive and sustainable growth. KBL is committed to purchase all material which are recyclable.

The entire supplier registration process across KBL is paperless driven, right from supplier registration initiation to final approval through Supplier Registration Portal. Auto Purchase Orders are also initiated across plants. Soft copies of drawings & specifications are used. Online document repository is maintained at Corporate Procurement Portal. While selecting new suppliers, assessment is carried out based on sustainability parameters for ensuring necessary compliance. Transportation activities are optimized for reduction in carbon emission. Green Activities like reducing usage of wooden packing boxes and converting them into reusable packing have been undertaken. It is always ensured that truck loading from far distances is at its maximum to ensure optimum freight costs and reduce CO_2 emissions per tonnage. The elimination of plastics is another activity which the company intends to take forward over a period. Company has a sustainability policy and Integrated Management System policy to support this initiative. Commitment and acceptance to supplier code of conduct is ensured from all suppliers during the supplier registration process for Environmental Protection & Conservation. Awareness is created and training is imparted to the suppliers on sustainability initiatives and Environment- Health-Safety requirements. Commitment and acceptance to the supplier code of conduct is ensured from all suppliers during the supplier registration process on the following:

- Environmental Protection & Conservation
- Compliance with Laws and Regulations
- Labour and Human Right Standards
- Occupational Health & Safety

Energy Audit Services The world is moving towards a sustainable energy future with an emphasis on energy efficiency and use of renewable energy sources. At Kirloskar, Sustainability is not just an area of business, rather we deeply believe in it. With this objective in mind, KBL has established the Energy Conservation Cell wherein a team of certified energy managers & auditors carry out performance measurement of pumps & motors. Our approach to energy audit is designed to deliver long-term value for our clients and contribute to the overall growth. Kirloskar' s core area of focus being the pumping system. Pumps are considered as the heart of any industries' utility and process machinery. Energy audit study helps an organization to understand and analyze its energy utilization and identify areas where energy use can be reduced. Kirloskar Brothers Limited have tailored solutions covering different dimensions of pumping sy stem to improve efficiency and maximize savings. Our unique approach to energy audit experienced an overwhelming response in the industry as a result our clientele gets expanding every year. Most of our customers have benefitted up to 25 % energy savings in the pumping system and so far we have helped them save 10 Mn kWh of electricity and more than Rs 60 Mn in energy bill till date.


Environmental Conservation
PRESERVATION IS THE STATE OF HARMONY THAT STARTS WITH US.
70% of all KBL's factories fall under green belt
Daylight harvesting
Rainwater harvesting
Biogas plants
Other sustainability initiatives


WORLD
ENVIRONMENT
DAY

Energy Conservation

Abbreviations used in this report

Abbreviation	Full Form	Abbreviation	Full Form
API	American Petroleum Institute	GRI	Global Reporting Initiative
ANSI	American National Standards Institute	HANA	High-Performance Analytic Appliance
APOEM	Authorised Pump-set Original Equipment Manufacturer	HDPE	High Density Polyethylene.
ARC	Authorised Refurbishment Center	HPML	High Pressure Moulding Line
ASC	Authorised Service Center	HR	Human Resource
ASME	American Society Of Mechanical Engineers.	HSC Pump	Horizontal Split Case Pump
BARC	Bhabha Atomic Research Centre	HVAC	Heat Ventilation Air Condition
BEE	The Bureau of Energy Efficiency	HYPN	Hydro Pneumatic
BRR	Business Responsibility Report	INR	Indian Rupee
BSE	Bombay Stock Exchange	IR	Integrated Report
CBA	Collective Bargaining Agreement	IIRC	International Integrated Reporting Council
CCNA	Cisco Certified Network Associate	IRIM	International Research Institute for Manufacturing
CED coating	Cathodic Electro Deposition coating	ISO	International Organisation for Standardisation
CFD	Computational Fluid Dynamics	IT	Information Technology
CFT	Cubic Feet or ft3	KBL	Kirloskar Brothers Ltd
CII	Confederation of Indian Industry	KCPL	Kirloskar Corrocoat Pvt Limited
CMD	Chairman and Managing Director	KEPL	Kirloskar Ebara Pumps Limited
COD	Central Ordinance Depot	KOV	Kirloskarvadi
CSR	Corporate Social Responsibility	KPML	Karad Projects and Motors Limited
CW System	Circulating Water System	kW	Kilo-watt
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation	LCA	Life Cycle Analysis
EMS	Environment Management System	LEED	Leadership in Energy and Environmental Design
ENCON	Energy Conservation	LLC Pump	Lowest Life Cycle Pump

Abbreviation	Full Form	Abbreviation	Full Form
EnMS	Energy Management System	LTI	Lost Time Incidence
EPC	Engineering, Procurement and Construction.	Mn	Million
ERM	Enterprise Risk Management	MT	Metric Tones
FMLA	Facility Management Leader Association	NAMC	National Awards for Manufacturing Competitiveness
GI	Galvanized Iron	NGO	Non-governmental organization
GHG	Greenhouse Gases		
OCI	Other Comprehensive Income	Rs. Mn	Rupees Million
OH&S	Occupational Health and Safety	SAP	Systems, Applications & Products
OEM	Original Equipment Manufacturer	SEBI	The Securities and Exchange Board of India
PAT	Profit After Tax	SPM	Suspended Particulate Matter
POSH	Policy for Prevention of Sexual Harassment	SQIP	Supplier Quality Improvement Program
QMS	Quality Management System	TQM	Total Quality Management
ROCE	Return On Capital Employed	TKSL	The Kolhapur Steel Limited
RoHS	Restriction of Hazardous Substances	UN	United Nations
ROI	Return On Investment	VoC	Voice of Customer
R & D	Research and Development	VTL	Vertical Turret Lathe
RTGS	Real Time Gross Settlement,	VT Pump	Vertical Turbine Pump

GRI Content Index

Foundation

GRI Standard	Disclosure Number /Title	Page No.	Status/ Omission	External Assurance
GRI 102-1	Name of the organisation.	13	Fully	Yes
GRI 102-2	Activities, brands, products, and services.	21,54	Fully	Yes
GRI 102-3	Location of the organisation's headquarters	20	Fully	Yes
GRI 102-4	Location of operations	20	Fully	Yes
GRI 102-5	Ownership and legal form.	24	Fully	Yes
GRI 102-6	Markets served	24	Fully	Yes
GRI 102-7	Scale of the organisation	25	Fully	Yes
GRI 102-8	Information on employees and other workers	58	Fully	Yes
GRI 102-9	Supply chain	27	Fully	Yes
GRI 102-10	Significant changes to the organisation and its supply chain	28	Fully	Yes
GRI 102-11	Precautionary approach or principle	28	Fully	Yes
GRI 102-12	External initiatives	28	Fully	Yes
GRI 102-13	Memberships of associations	57	Fully	Yes
GRI 102-14	Statement from senior decision-maker	2	Fully	Yes
GRI 102-15	Key impacts, risks, and opportunities	39	Fully	Yes
GRI 102-16	Values, principles, standards, and norms of behaviour	18	Fully	Yes
GRI 102-17	Mechanisms for advice and concerns about ethics	36	Fully	Yes
GRI 102-18	Governance structure	30	Fully	Yes

Data from GRI 102-19 to GRI 102-34 will be covered in financial report- Governance chapter

GRI Standard	Disclosure Number /Title	Page No.	Status/ Omission	External Assurance
GRI 102-19	Delegating authority.	35	Fully	Yes
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	35	Fully	Yes
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	35	Fully	Yes
GRI 102-22	Composition of the highest governance body and its committees	CGR*	Fully	Yes
GRI 102-23	Chair of the highest governance body	CGR*	Fully	Yes
GRI 102-24	Nominating and selecting the highest governance body	CGR*	Fully	Yes
GRI 102-25	Conflicts of interest	CGR*	Fully	Yes
GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	35	Fully	Yes
GRI 102-27	Collective knowledge of highest governance body	35	Fully	Yes
GRI 102-28	Evaluating the highest governance body's performance	CGR*	Fully	Yes
GRI 102-29	Identifying and managing economic, environmental, and social impacts	36	Fully	Yes
GRI 102-30	Effectiveness of risk management processes	CGR*	Fully	Yes
GRI 102-31	Review of economic, environmental, and social topics	36	Fully	Yes
GRI 102-32	Highest governance body's role in sustainability reporting	36	Fully	Yes
GRI 102-33	Communicating critical concerns	CGR*	Fully	Yes
GRI 102-34	Nature and total number of critical concerns	36	Fully	Yes

*Corporate Governance Report

Data from GRI 102-19 to GRI 102-34 will be covered in Financial report- Governance chapter

GRI Standard	Disclosure Number /Title	Page No.	Status/ Omission	External Assurance
GRI 102-35	Remuneration policies	CGR*	Fully	Yes
GRI 102-36	Process for determining remuneration	CGR*	Fully	Yes
GRI 102-37	Stakeholders' involvement in remuneration	36	Fully	Yes
GRI 102-38	Annual total compensation ratio	CGR*	Fully	Yes
GRI 102-39	Percentage increase in annual total compensation ratio	CGR*	Fully	Yes
GRI 102-40	List of stakeholder groups	41	Fully	Yes
GRI 102-41	Collective bargaining agreements	63	Fully	Yes
GRI 102-42	Identifying and selecting stakeholders	41	Fully	Yes
GRI 102-43	Approach to stakeholder engagement	41	Fully	Yes
GRI 102-44	Key topics and concerns ra ised	41	Fully	Yes
GRI 102-45	Entities included in the consolidated financial statements	13	Fully	Yes
GRI 102-46	Defining report content and topic Boundaries	13	Fully	Yes
GRI 102-47	List of material topics	43	Fully	Yes
GRI 102-48	Restatements of information	NA	Fully	Yes
GRI 102-49	Changes in reporting	13	Fully	Yes
GRI 102-50	Reporting period	13	Fully	Yes
GRI 102-51	Date of most recent report	13	Fully	Yes
GRI 102-52	Reporting cycle	13	Fully	Yes
GRI 102-53	Contact point for questions regarding the report	37	Fully	Yes
GRI 102-54	Claims of reporting in accordance with the GRI Standards	13	Fully	Yes
GRI 102-55	GRI content index	93	Fully	Yes
GRI 102-56	External assurance	105	Fully	Yes
GRI 103-1	Explanation of the material topic and its Boundary	43	Fully	Yes
GRI 103-2	The management approach and its components	45	Fully	Yes
GRI 103-3	Evaluation of the management approach	45	Fully	Yes

*Corporate Governance Report

Economic Performance

GRI Standard	Disclosure Number /Title	Page No.	Status/ Omission	External Assurance
Generic Disclosures on Management Approach				
GRI-201-1	Direct economic value generated and distributed	49	Fully	No
GRI-201-2	Financial implications and other risks and opportunities due to climate change	39	Fully	No
GRI-201-3	Defined benefit plan obligations and other retirement plans	48	Fully	No
GRI-201-4	Financial assistance received from government	50	Fully	No
GRI-202-1	Ratios of standard entry level wage by gender compared to local minimum wage	50	Fully	No
GRI-202-2	Proportion of senior management hired from the local community	50	Fully	No
GRI-204-1	Proportion of spending on local suppliers	50	Fully	No
GRI 205-1	Operations assesses for Risk related to Corruption	36	Fully	No
GRI 205-2	Communication and training about anti - corruption policies Procedures	35	Fully	No
GRI 205-3	Confirmed incidents of correction and action taken	36	Fully	No

Environmental Performance

GRI Standard	Disclosure Number /Title	Page No.	Status/ Omission	External Assurance
GRI 301-1	Materials used by weight or volume	53	Fully	Yes
GRI 301-2	Recycled input materials used	53	Fully	Yes
GRI 301-3	Reclaimed products and their packaging materials	52	Fully	Yes
GRI 302-1	Energy consumption within the organisation	81	Fully	Yes
GRI 302-2	Energy consumption outside of the organisation	81	Partially	Yes
GRI 302-3	Energy intensity	81	Fully	Yes
GRI 302-4	Reduction of energy consumption	81	Fully	Yes
GRI 302-5	Reductions in energy requirements of products and services	82	Fully	Yes
GRI 303-1	Water withdrawal by source	86	Fully	Yes

GRI Standard	Disclosure Number /Title	Page No.	Status/ Omission	External Assurance
GRI 303-2	Management of water discharge-related impacts	86	Fully	Yes
GRI 303-3	Water withdrawal	86	Fully	Yes
GRI 303-5	Water consumption	86	Fully	Yes
GRI 305-7	Nitrogen Oxides and Sulfur Oxides and other significant air emissions	85	Fully	Yes
GRI 308-1	New suppliers that were screened using environmental criteria	88	Fully	Yes
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	88	Fully	Yes

Social Performance

GRI Standard	Disclosure Number /Title	Page No.	Status/ Omission	External Assurance
GRI 403-1	Occupational health and safety management system	64	Fully	Yes
GRI 403-2	Hazard identification, risk assessment, and incident investigation	64	Fully	Yes
GRI 403-3	Occupational health services	64	Fully	Yes
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	64	Fully	Yes
GRI 403-9	Work-related injuries	65	Fully	Yes
GRI 404-1	Average hours of training per year per employee	62	Fully	Yes
GRI 404-2	Programmes for upgrading employee skills and transition assistance programmes	62	Fully	Yes
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	62	Fully	Yes
GRI 414-1	New suppliers that were screened using social criteria	75	Fully	Yes
GRI 414-2	Negative social impacts in the supply chain and actions taken	75	Fully	Yes
GRI 416-1	Assessment of the health and safety impacts of product and service categories	65	Fully	Yes
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products & services	65	Fully	Yes
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	75	Fully	Yes

National Voluntary Guidelines alignment with Integrated Report

Principle	Core Element	Integrated Report Parameter	Page No
Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	Businesses should develop governance structures, procedures and practices that ensure ethical conduct at all levels; and promote the adoption of this principle across its value chain	Governance Structure, Social and Relationship Capital Human Capital	30 74 58
	Businesses should communicate transparently and assure access to information about their decisions that impact relevant stakeholders	Stakeholder Engagement	41
	Businesses should not engage in practices that are abusive, corrupt, or anti-competition	Prevention of corruption, Whistle Blower Policy, Code of Ethics	36
	Businesses should truthfully discharge their responsibility on financial and other mandatory disclosures.	Integrated Report	-
	Businesses should report on the status of their adoption of these Guidelines as suggested in the reporting framework in this document.	Mission statement, Company values and codes of conduct	18
	Businesses should avoid complicity with the actions of any third party that violates any of the principles contained in these Guidelines	Social and Relationship Capital Human Capital	74 58
Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	Businesses should assure safety and optimal resource use over the life-cycle of the product – from design to disposal – and ensure that everyone connected with it- designers, producers, value chain members, customers and recyclers are aware of their responsibilities.	Social and Relationship Capital	74
	Businesses should raise the consumer's awareness of their rights through education, product labeling, appropriate and helpful marketing communication, full details of contents and composition and promotion of safe usage and disposal of their products and services.	Social and Relationship Capital	74

Principle	Core Element	Integrated Report Parameter	Page No
Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	In designing the product, businesses should ensure that the manufacturing processes and technologies required to produce it are resource efficient and sustainable.	Intellectual Capital Social and Relationship Capital	69 74
	Businesses should regularly review and improve upon the process of new technology development, deployment and commercialisation, incorporating social, ethical, and environmental considerations.	Intellectual Capital Social and Relationship Capital	69 74
	Businesses should recogn ise and respect the rights of people who may be owners of traditional knowledge, and other forms of intellectual property.	Social and Relationship Capital Human Capital Intellectual Capital	74 58 69
	Businesses should recogn ise that over-consumption results in unsus tainable exploitation of our planet's resources, and should therefore promote sustainable consumption, including recycling of resources.	Natural Capital	80
Principle 3: Businesses should promote the wellbeing of all employees	Businesses should respect the right to freedom of association, participation, collective bargaining, and provide access to appropriate grievance redressal mechanisms.	Human Capital	58
	Businesses should provide and maintain equal opportunities at the time of recruitment as well as during employment irrespective of caste, creed, gender, race, religion, disability or sexual orientation.	Human Capital	58
	Businesses should not use child Labour, forced labour or any form of involuntary labour, paid or unpaid.	Human Capital	58
	Businesses should take cogni sance of the work-life balance of its employees, especially that of women.	Human Capital	58
	Businesses should provide facilities for the wellbeing of its employees including those with special needs.	Human Capital	58

Principle	Core Element	Integrated Report Parameter	Page No
Principle 3: Businesses should promote the wellbeing of all employees	They should ensure timely payment of fair living wages to meet basic needs and economic security of the employees.	Human Capital	58
	Businesses should provide a workplace environment that is safe, hygienic humane, and which upholds the dignity of the employees. Business should communicate this provision to their employees and train them on a regular basis.	Human Capital	58
	Businesses should ensure continuous skill and competence upgrading of all employees by providing access to necessary learning opportunities, on an equal and non - discriminatory basis. They should promote employee morale and career development through enlightened human resource interventions.	Human Capital	58
	Businesses should create systems and practices to ensure a harassment free workplace where employees feel safe and secure in discharging their responsibilities.	Ethics and Integrity	36
Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised	Businesses should systematically identify their stakeholders, understand their concerns, define purpose and sco pe of engagement, and commit to engaging with them	Stakeholder Engagement	41
	Businesses should acknowledge, assume responsibility and be transparent about the impact of their policies, decisions, product & services and associated operations on the stakeholders	Stakeholder Engagement	41
	Businesses should give special attention to stakeholders in areas that are underdeveloped.	Stakeholder Engagement Social and Relationship Capital	41 74
	Businesses should resolve differences with stakeholders in a just, fair and equitable manner	Stakeholder Engagement	41

Principle	Core Element	Integrated Report Parameter	Page No
Principle 5: Businesses should respect and promote human rights	Businesses should understand the human rights content of the Constitution of India, national laws and policies and the content of International Bill of Human Rights. Businesses should appreciate that human rights are inherent, universal, indivisible and interdependent in nature	Human Capital	58
	Businesses should integrate respect for human rights in management systems, through assessing and managing human rights impacts of operations, and ensuring all individuals impacted by the business have access to grievance mechanisms.	Human Capital	58
	Businesses should recogn ise and respect the human rights of all relevant stakeholders and groups within and beyond the workplace, including that of communities, consumers and vulnerable and marginalised groups.	Human Capital	58
	Businesses should, within their sphere of influence, promote the awareness and realisation of human rights across their value chain.	Human Capital	58
	Businesses should not be complicit with human rights abuses by a third party.	Human Capital	58
Principle 6: Business should respect, protect, and make efforts to restore the environment	Businesses should utilise natural and manmade resources in an optimal and responsible manner and ensure the sustainability of resources by reducing, reusing, recycling and managing waste.	Natural Capital	80
	Businesses should take measures to check and prevent pollution. They should assess the environmental damage and bear the cost of pollution abatement with due regard to public interest.	Natural Capital	80

Principle	Core Element	Integrated Report Parameter	Page No
Principle 6: Business should respect, protect, and make efforts to restore the environment	Businesses should ensure that benefits arising out of access and commercialis ation of biological and other natural resources and associated traditional knowledge are shared equitably.	Natural Capital	80
	Businesses should continuously seek to improve their environmental performance by adopting cleaner production methods, promoting use of energy efficient and environment friendly technologies and use of renewable energy	Natural Capital	80
	Businesses should develop Environment Management Systems (EMS) and contingency plans and processes that help them in preventing, mitigating and controlling environmental damages and disasters, which may be caused due to their operations or that of a member of its value chain	Natural Capital	80
	Businesses should report their environmental performance, including the assessment of potential environmental risks associated with their operations, to the stakeholders in a fair and transparent manner.	Natural Capital	80
	Businesses should proactively persuade and support its value chain to adopt this principle	Stakeholder Engagement	41
Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	Businesses, while pursuing policy advocacy, must ensure that their advocacy positions are consistent with the Principles and Core Elements contained in these Guidelines.	Memberships with associations and/or national/international advocacy organisations	57
	To the extent possible, businesses should utilise the trade and industry chambers and associations and other such collective platforms to undertake such policy advocacy.	Memberships with associations and/or national/international advocacy organisations	57

Principle	Core Element	Integrated Report Parameter	Page No
Principle 8: Businesses should support inclusive growth and equitable development	Businesses should understand their impact on social and economic development and respond through appropriate action to minim ise the negative impacts.	Social and Relationship Capital	74
	Businesses should innovate and invest in products, technologies and processes that promote the wellbeing of society.	Natural Capital	80
	Businesses should make efforts to complement and support the development priorities at local and national levels, and assure appropriate resettlement and rehabilitation of communities who have been displaced owing to their business operations.	Not applicable (All our operation are in Government approved industrial area, hence no communities have been displaced)	NA
	Businesses operating in regions that are underdeveloped should be especially sensitive to local concerns.	Social and Relationship Capital	74
Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner	Businesses, while serving the needs of their customers, should consider the overall well-being of the customers and that of society.	Social and Relationship Capital	74
	Businesses should ensure that they do not restrict the freedom of choice and free competition in any manner while designing, promoting and selling their products.	Social and Relationship Capital	74
	Businesses should disclose all information truthfully and factually, through labelling and other means, including the risks to the individual, to society and to the planet from the use of the products, so that the customers can exercise their freedom to consume in a responsible manner. Where required, businesses should also educate their customers on the safe and responsible usage of their products and services.	Social and Relationship Capital	74

Principle	Core Element	Integrated Report Parameter	Page No
Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner	Businesses should promote and advert ise their products in ways that do not mislead or confuse the consumers or violate any of the principles in these Guidelines.	Social and Relationship Capital	74
	Businesses should exercise due care and caution while providing goods and services that result in over exploitation of natural resources or lead to excessive conspicuous consumption.	Natural Capital	80
	Businesses should provide adequate grievance handling mechanisms to address customer concerns and feedback.	Stakeholder Engagement	41

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Independent Assurance Statement

The Management and Board of Directors
Kirloskar Brothers Limited,
Pune - 411045 India

Scope

We have been engaged by Kirloskar Brothers Limited to perform a Limited Assurance, as defined by International Standards on Assurance Engagements (ISAE 3000), hereafter referred to as the engagement, for Kirloskar Brothers Limited's Sustainability data of Integrated Report FY 22 (the "Report)", prepared as per The International Integrated Reporting Council (IIRC framework), and Global Reporting Initiative (GRI) Standards (the "Subject Matter") for the period from 01st April 2021 to 31st March 2022.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Kirloskar Brothers Limited

In preparing the Integrated Report FY 22, Kirloskar Brothers Limited applied, The International Integrated Reporting Council (IIRC framework), and Global Reporting Initiative (GRI) Standards, in accordance with Comprehensive (Criteria). GRI Standards - Comprehensive Criteria were specifically designed for Integrated Report FY 22; As a result, the subject matter information may not be suitable for another purpose.

Kirloskar Brothers Limited's Responsibilities

Kirloskar Brothers Limited management is responsible for selecting the Criteria, and for presenting the Integrated Report FY 22 in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's Responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000'). The terms of reference for this engagement as agreed with Kirloskar Brothers Limited on 14th December 2021. Those standards require that we plan and perform our engagement to obtain limited assurance whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control

EY
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We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the integrated report and related information and applying analytical and other appropriate procedures

Our procedures included:

- Conducted interviews with select personnel at manufacturing units and corporate teams to understand the process for collecting, collating and reporting the subject matter as per Global Reporting Initiative (GRI) Standards;
- Checked that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria;
- Undertook analytical review procedures to support the reasonableness of the data
- Verification of sample data and related information through consultations at the Company's Corporate Office & Global Headquarter, Pune, desk reviews of the following location:
  - The Company's manufacturing unit at Dewas, Kaniyur, Kirloskarvadi, Sanand and Shirwal
  - The Company's subsidiaries:
    - Kirloskar Ebara Pumps Limited, (KEPL)
    - Kirloskar Corrocoat Pvt Limited, (KCPL)
    - Karad Projects and Motors Limited, (KPML)
    - The Kolhapur Steel Limited, (TKSL)
- Execution of an audit trail of claims and data streams, on a selective test basis, to determine the level of accuracy in collection, transcription and aggregation processes followed;
- Review of the Company's plans, policies and practices, pertaining to their social, environment and sustainable development, so as to be able to make comments on the fairness of sustainability reporting.
- Review of the Company's approach towards materiality assessment disclosed in the Report to identify relevant issues
- Review of select qualitative statements in various ESG sections of the Integrated Report FY 22

We also performed such other procedures as we considered necessary in the circumstances

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Emphasis of matter

The assurance scope excludes:

- Data and information outside the defined reporting period (1st April 2021 to 31st March 2022)
- Data and information on economic and financial performance of the Company
- Data, statements and claims already available in the public domain through Annual Report, Integrated Report, or other sources available in the public domain
- The Company's statements that describe the expression of opinion, belief, inference, aspiration, expectation, aim or future intention provided by the Company
- The Company's compliance with regulations, acts, guidelines with respect to various regulatory agencies and other legal matters

Our Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Integrated Report FY 22 for the period from 01st April 2021 to 31st March 2022, in order for it to be in accordance with the International Integrated Reporting Council (IIRC framework) and GRI - Comprehensive Criteria.

Restricted use

- This report is intended solely for the information and use of Kirloskar Brothers Limited and is not intended to be and should not be used by anyone other than Kirloskar Brothers Limited.

For and on behalf of Ernst & Young Associates LLP

Shailesh Tyagi
11th July 2022
Mumbai, India

BOARD'S REPORT TO THE MEMBERS

Your Directors present the 102nd Board Report and the Audited Financial Statements of the Company for the Financial Year ended March 31, 2022 together with the reports of the Auditors thereon.

FINANCIAL RESULTS

The financial results of the Company for the Financial Year 2021-22 as compared with the previous Financial Year are as under:

	Year ended March 31, 2022 (Amt. in Million ₹)	Year ended March 31, 2021 (Amt. in Million ₹)
Revenue from operations	**21,659**	17,999
Other income	**357**	189
Total	**22,016**	18,188
Profit before tax	**1,111**	1,249
Tax expense	**329**	317
Profit for the period	**782**	932
Other comprehensive income	**28**	23
Surplus in Profit & Loss Account brought forward from previous year	**4,317**	3,402
Dividend	**(238)**	(40)
Available surplus	**4,889**	4,317

DIVIDEND

The Board of Directors have recommended a Dividend @ 150%, amounting to ₹ 3.00 per equity share for the Financial Year 2021-22 (₹ 3.00 per equity share as Final Dividend for 2020-21).

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/uploades/2021/09/Dividend-Distribution-Policy-2021.pdf

OPERATIONS OF THE COMPANY

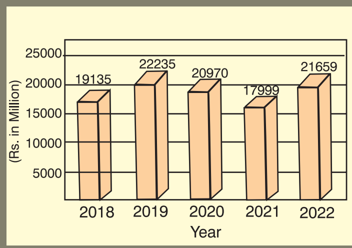
The revenue from operations for the year under review is ₹ 21,659 Million, which is more by 20% compared to the previous Financial Year.

The Financial Year 2021-22 witnessed the revival of the economy post relief from the covid pandemic. The opening of businesses and markets helped your Company to return to a full operation based on robust demand from across the sectors. Operations across all plants scaled to full potential while strictly following covid guidelines. This helped to serve customers of the Company with the best products and services in the best possible ways.

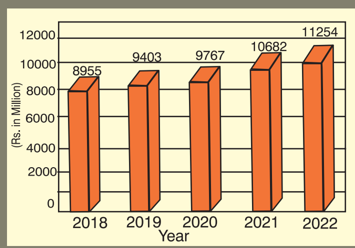
Overall demand from industry sectors including building & construction, chemical, pharma, steel, coal, sugar, power and textile helped the Company register good growth in these segments.

Revival of the residential building segment and continued focus on communicating the benefits of intelligent water management pumping system helped the Company achieve more delivery of its Hydro Pneumatic Pressure Boosting (HYPN) pumping system. During the period, for the first time, Kirloskar Brothers Limited (KBL) supplied 104 HYPN systems to HPCL's residential township in Barmer, Rajasthan.

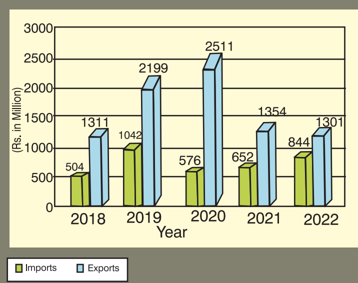
Net Sales



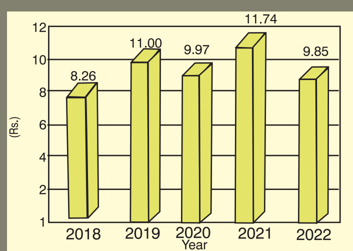
Net Worth



Import & Export



Earning per Share



Your Company continues to maintain a leadership position in the firefighting pumping system, especially Multi-Stage Multi-Outlet (MSMO) firefighting pumps, winning many new customers in this segment.

In the Oil & Gas segment, KBL developed a new pump in horizontal execution for the IOCL 3G Ethanol project.

Revival of large water projects and good enquiry from large OEMs resulted in a significant number of orders for the supply of high head multi-stage pumps, split case pumps, and Large Vertical Turbine (VT) pumps. We were particularly pleased to be part of the Gujarat Water Supply and Sewage Board (GWSSB), Hafeshwar project, where VT pumps of the Company were installed with 35 mtrs suspension length. The project was inaugurated by Honourable Prime Minister Shri Narendra Modi Ji. Your Company has successfully executed Jaipur – Bisalpur Augmentation project by increasing the total capacity of the scheme without interrupting the existing Infrastructure where 18+ large Pumps were supplied.

Your Company continues to focus on gaining more customer traction for product concepts like Pump as Turbine (PAT), which can generate green power continuously using the pressure available in the water supply pipeline, reducing carbon footprints and saving cost in the long run. Solar pumping is another potential segment where we registered significant growth in FY 21-22.

With many irrigation projects being executed, we supplied large and medium-range VT pumps for projects in Madhya Pradesh, Gujarat and Orissa. Also, during the period, we supplied pumps for Haryana Lift Irrigation Schemes and UP Irrigation Dept (CESPO).

Successful shifting of Valve manufacturing to Kirloskarvadi resulted in streamlining valve operations, adding a significant advantage to the business. The Valve business registered good growth mainly due to demand from the Middle East and Asia-Pacific region.

Your Company continues to play its part in making India Atmanirbhar in the defence sector by successfully completing an Indigenisation project of “Magazine Fire Fighting System” in coordination with Mazagaon Dock Shipbuilders Ltd.

In the retail segment, a series of energy-efficient pumps both in the monobloc and submersible pump category have been launched to further consolidate the Company’s position in the agricultural and domestic segments. The pumps, including AARNA, ANAYA, RIAN, Jaldaksh, Jalhasti, Jaltara and submersible pumps like KP4 Jalraaj UVA and NEO Series Pumps, are made with advanced technology and consume less energy for high performance. Further, introducing new energy-efficient pump series equivalent to IE4 and IE5 efficiencies helped the Company in gaining new market penetration. In this regard, KBL launched 53 variants of Monobloc pumps with IE4 Super Premium Efficiency motors and 16 variants of Monobloc pumps (up to 5 HP) sets with Ultra-Premium Efficiency IE5 motors.

Focus on value-added and sustainable products, including Lowest Life-cycle Cost (LLC) pumps, dewatering pumps, micro hydropower generator - PICO, process pumps, HVAC, sewage pumps and booster pumps, among others, helped gain growth in these product sales. Your Company also witnessed continued acceptance of its signature IoT based remote pump monitoring system – KirloSmart. With more advanced features, the Company is confident of winning more customers in future for this product.

During FY 21-22, rising electricity requirements lead to expansion projects in power industry resulting in the demand for pumps. This is mainly for pumps required in Flue Gas Desulfurization (FGD) project in Thermal Power plants. The opening of an Advanced Technology Product Division (ATPD) at Kirloskarvadi has further strengthened our capability in the nuclear power segment.

Your Company is committed to manufacturing high-quality products through its state-of-the-art plants using the latest technology like 3D printers. KBL continues to invest in improving manufacturing competitiveness. Recently, Sanand plant of the Company, a dedicated submersible pump manufacturing plant, was awarded Silver Medal and the Kaniyur plant, an all-women operated plant, was awarded a bronze medal by NAMC (National Award for Manufacturing Competitiveness 2021), which shows our commitment to manufacturing best quality pumps. Also, the material testing lab of the Kirloskarvadi plant is now NABL accredited in accordance with ISO/IEC 17025: 2017.

The focus on research and development continues to help maintain KBL’s leadership position on the technological forefront in the fluid management business. During the period, the Company received multiple patents, reiterating its commitment to continue to follow the path of adding value through innovation. The

Company developed a ballast pump for the special navy application and solids handling pump type SHL 250/40 M1 for handling 131 mm solid size. Your Company has designed, developed and completed model testing of the Francis Turbine Pump (FTP) for 30 MW. These projects speak volumes of the Company's R&D capability.

Your Company has also achieved product improvement in the Valve sector through the development of a Non-Rising Sluice Valve (NRSV) of 1200 mm size of PN 2.0, 1400 mm size of PN 2.0 and Butterfly Valve of 1200 mm size of rating AWWA #150, size 1400 of rating PN6, 2300 mm size of rating PN10.

Your Company remains committed to strengthening the capability of channel partners in faster product delivery and service. To take this forward, it has opened the Authorised Pump Original Equipment Manufacturer (APOEM) plants across the country. These plants have a stocking, servicing and testing facilities along with skilled manpower to support installation and commissioning. Strategically located, these plants will reaffirm KBL's commitment in providing unmatched value for the customers.

Service remains the focus area both from a revenue and customer satisfaction point of view. Having industry-leading skilled manpower helped the Company gain many customers. Successful commissioning of 104 VT Pumps in MRT Skytrain Project-Bangkok, Thailand and the execution of Annual Maintenance Contracts (AMC) with big clients speaks volume of the commitment and high-class service capabilities of the company's experienced service team.

Your Company was awarded 'India's Most Ethical Company', which reflects the honesty with which it conducts business and remains committed to adding value for the customers through innovative products and superior service. Also, through CSR activities, the Company has always walked an extra mile to give back to the community.

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.

STATUTORY DISCLOSURES

1. 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/

2. NUMBER OF MEETINGS OF THE BOARD

During the Financial Year under review, 5 Board meetings were held, the details of which are appearing in the Report on Corporate Governance.

3. 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; and

(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.

4. 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.

5. 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 of directors 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 Director is entitled to 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/uploades/2020/01/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 standard 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.

6. REPORT OF AUDITORS

During the Financial Year under review, there are no qualifications, adverse remarks or disclaimers made by the Statutory Auditor on the financial statements of the Company and by the Secretarial Auditor in his Secretarial Audit Report, which is annexed herewith as an **Annexure VI.** There are no cases of fraud detected and reported by the Auditor under Section 143(12) during the Financial Year.

In terms of the provisions of Section 139 of the Companies Act, 2013, read with the applicable rules made thereunder, M/s. Sharp & Tannan Associates, Chartered Accountants (Firm Registration No.109983W) would complete their term of 5 years as the Statutory Auditors of the Company at the ensuing 102nd AGM.

They have been recommended by the Board of Directors to be appointed as Statutory Auditors for the second term of 5 consecutive years with effect from the conclusion of 102nd Annual General Meeting till the conclusion of 107th Annual General Meeting. The Statutory Auditor have confirmed its eligibility and necessary certificates as required under the Act have been received. Their appointment for the second term is subject to the approval of the shareholders of the Company at the ensuing 102nd AGM.

Mr. Shyamprasad Limaye (CP No. 572), Practicing Company Secretary was appointed as Secretarial Auditor of the Company as per Section 204 of the Act, for the Financial Year 2021-22. Mr. Shyamprasad Limaye has been re-appointed as Secretarial Auditor of the Company for the Financial Year 2022-23.

M/s. Parkhi Limaye & Co. (Firm Registration No. 000191) have been appointed as Cost Auditor of the Company as per Section 148 of the Act, read with applicable rules made thereunder for the Financial Year 2022-23. Their remuneration is subject to the approval by the Members at the ensuing 102nd AGM.

7. 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 and 35E 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).

8. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements /transactions entered by the Company during the Financial Year 2021-22 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 V).** During the Financial Year, the Company has not entered into contract/arrangement/transactions with the related parties which could be considered material in accordance with the Company's 'Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions'. The said policy is available on the website of the Company.

Further, we draw your attention to Note no. 35 of the Standalone Financial Statements of the Company for details of related party transactions.

9. 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.

10. RISK MANAGEMENT

The Risk Management Committee of the Company meets at regular intervals and identifies the top risks and prioritises those risks. Particulars about this Committee are given in the Report on Corporate Governance.

11. CORPORATE SOCIAL RESPONSIBILITY REPORT

The Company has a Corporate Social Responsibility Policy as per the requirements of the Act and the same is available on the website of the Company.

The salient features 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 Corporate Social Responsibility Report in the required format is given as an **Annexure II** to this report.

12. 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, 2022 has been carried out.

In compliance with the requirements under Schedule IV of the Act, read with Regulation 25(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a meeting of Independent Directors was held on November 10, 2021 primarily to discuss the matters mentioned under the said Schedule. All the Independent Directors of the Company attended the same.

13. 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 ₹ 4,775 million which is 55% more as compared to the previous year. This constitutes 13% of gross consolidated revenue.

ii. The Kolhapur Steel Limited

The revenue for the year under review is ₹ 314 million which is 50% more as compared to the previous year. This constitutes 1% of gross consolidated revenue.

iii. Kirloskar Corrocoat Private Limited

The revenue for the year under review is ₹ 258 million which is 28% more as compared to the previous year. This constitutes 1% of gross consolidated revenue.

iv. Kirloskar Brothers International B.V. (consolidated)

The revenue for the year under review is ₹ 8,775 million which is 6% less as compared to the previous year. This constitutes 25 % of gross consolidated revenue.

v. Kirloskar Ebara Pumps Limited (Joint Venture)

The revenue for the year under review is ₹ 2,234 million which is 22% more as compared to the previous year.

The financial position of the subsidiaries and joint venture companies is given in AOC-1, in this Annual Report.

14. 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) Changes in Directors and Key Managerial Personnel

- Mr. Pratap Shirke (DIN 00104902) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.
- Mr. Rajeev Kher (DIN 01192524) ceased to be Director with effect from January 24, 2022 on completion of his term as an Independent Director of the Company.
- Mr. Pradyumna Vyas (DIN 02359563) and Ms. Shailaja Kher (DIN 08450568) ceased to be Directors with effect from May 15, 2022 on completion of their term as Independent Directors of the Company.
- At the 101st Annual General Meeting held on 9th September 2021, the Shareholders have approved the appointment of Ms. Rama Kirloskar (DIN 07474724) as the Joint Managing Director of the Company for a period of five years with effect from August 3, 2021.
- Mr. Shobinder Duggal (DIN 00039580), Ms. Ramni Nirula (DIN 00015330) and Mr. Shrinivas Dempo (DIN 00043413) were appointed as Additional Directors of the Company with effect from May 25, 2021. The Shareholders at the 101st Annual General Meeting held on 9th September, 2021 have approved their appointment as Independent Directors of the Company with effect from May 25, 2021 for a term upto May 24, 2026.
- Mr. Vivek Pendharkar (DIN 02791043), Mr. Amitava Mukherjee (DIN 00003285) and Ms. Rekha Sethi (DIN 06809515) were appointed as Additional Directors of the Company with effect from October 29, 2021. The Shareholders vide resolution passed through Postal Ballot on December 14, 2021 have approved their appointment as Independent Directors of the Company with effect from October 29, 2021 for a term upto October 28, 2026.
- Mr. Raghunath Apte ceased to be the Company Secretary & Compliance Officer with effect from November 26, 2021.
- Mr. Devang Trivedi was appointed as the Company Secretary & Compliance Officer with effect from March 18, 2022.

(iiia) The Board is of the opinion that Mr. Shobinder Duggal, Ms. Ramni Nirula, Mr. Shrinivas Dempo, Mr. Vivek Pendharkar, Mr. Amitava Mukherjee and Ms. Rekha Sethi - Independent Directors of the Company who were appointed during the year, possess the requisite qualifications, experience, expertise including proficiency.

(iv) No company has become or ceased to be a subsidiary, joint venture or associate company of the Company, during the year.

Material Subsidiaries

Regulation 16 of the 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 ('KPML'), an Unlisted Indian Subsidiary, SPP Pumps Limited (UK) and Kirloskar Brothers International B.V., Unlisted Foreign Subsidiaries, are material subsidiaries of the Company.

The subsidiaries of the Company function independently, with an adequately empowered Board of Directors and adequate resources. For more effective governance, 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 Listing Regulations requires that at least one IndependentDirector 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 Subsidiary which falls under this definition of unlisted material subsidiary for the financial year ended March 31, 2022.

The other requirements as prescribed under Regulation 24 of the Listing Regulations for Subsidiary Companies have been complied with.

Secretarial Audit of Material Unlisted Indian Subsidiary

Karad Projects & Motors Limited ('KPML'), a material subsidiary of the Company carried out Secretarial Audit for the Financial Year 2021-22 pursuant to Section 204 of the Companies Act, 2013 and Regulation 24A of the Listing Regulations. The Secretarial Audit Report of KPML submitted by Mr. Abhijit Dakhawe, Practicing Company Secretary is attached as **Annexure VII** to this Report and it does not contain any qualification, reservation or adverse remark or disclaimer.

(v) **Details relating to Deposits**

The Company neither accepts nor renews 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 and Finance 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 reported to Audit and Finance Committee 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, 2022.

(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 and Finance Committee has been disclosed in Corporate Governance Report.
- Establishment of Vigil Mechanism: The Company has already in place a 'Whistle Blower Policy' as a Vigil Mechanism since 2008. The details of the same are reported in Corporate Governance Report.
- Disclosures as required under Section 197(12) of the Act read with the applicable rules and details as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given as **Annexure III & Annexure IV.**

(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 Suit 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.

In compliance with the order of the Hon'ble Pune Commercial Court, the Company has deposited the claimed Royalty amount by way of cheque in safe custody of Ld. Nazir District Court, Pune Civil Court from the period October 2018 until 3rd quarter 2021-22, without prejudice to its rights and contentions. The cheques upon their expiry have been replaced by fresh cheques in terms of the order of the Hon'ble Court.

15. CASH FLOW

Cash flow statement for the Financial Year ended on March 31, 2022 is attached to the Balance Sheet.

SAFETY, HEALTH AND ENVIRONMENT

Safety and Health

- All KBL manufacturing plants have achieved 'Zero reportable accidents'.
- Behavioral change from Unsafe practice to safe practice was more focused. Behavior Based Safety checks are improved from 4500 per year to 5500 per year.
- Identifying, reporting and taking corrective / preventive actions (CAPA) by the employees is one of the major indicators of Good Safety Culture. It also indicates the involvement of all employees in the safety. Compliance of Corrective Action and Preventive action is around 85%.
- Apart from ISO system audits, our plants have been audited for Internal safety audits. Safety checks are carried out at project sites by project site employees.
- Safety Mitra (Safety Stewards) concept is introduced in the manufacturing Plants.
- Material Handling Safety is a big concern especially in our type of industry. A special drive was undertaken to ensure Safe lifting tools, tackles are used.
- Safety Training is an important element to increase Safety awareness and improve Safe Culture,

training provided 4.2 Man-hours/employee/year against the target 3 Man-hours/employee/year.

- Utmost care and steps have been taken to control COVID-19 spread and to work safely across the organisation. These include checking of body temperature at entry gate, use of hand sanitizer and maintenance of social distancing to the extent possible at workplace.
- Initiatives were undertaken to increase COVID-19 awareness among employees and community, including displaying boards and hoardings, distribution of pamphlets and awareness programmes.

Environment and Energy

Through sustainability policy, the Company is committed to achieve excellence in overall sustainable performance through integration of economic, environmental and social dimensions. As a part of its sustainability initiative, the focus is on various aspects to reduce adverse impact on the environment, which include conservation of natural resources, reduce use of resources and emission of carbon, develop products with low ecological footprint, promoting energy efficient products, promoting use of renewable sources of energy, conserving biodiversity and engaging with stakeholders and communities for sustainability practices.

As a part of commitment towards conserving fossil fuels and depending more on renewable energy sources, the Company has installed and made operational roof top solar power panels at manufacturing locations and Corporate Office for a capacity of 4.6 MW, which is yielding green power with good efficiency. This is in addition to the generation of 4 MW wind power by Kirloskarvadi plant.

For the purpose of optimum utilization of resources and continual improvement, the Company monitors and reviews the important parameters impacting environment such as Carbon footprint, Energy consumption, Water consumption, Material consumption and Waste generation. The Company has also initiated few green initiatives like plantation of trees to minimize heat load on buildings, use of ply boards and recyclable metallic cage instead of wood, use of furnace slag for constructing roads and floorings and modifying shopfloor layouts to minimize material flow and multitasking using value stream mapping.

Through Confederation of Indian Industry (CII), the Company has completed “Life Cycle Assessment (LCA)” study on a sample product to evaluate impact of manufacturing on environment so that it can initiate actions to improve the same. In continuation of this initiative, it has now selected different range of products to assess GHG emission impact on environment due to manufacturing of those products. Thus, the Company shall continue with its efforts to improve and contribute to help India achieve its commitment to be Carbon Neutral by 2070.

“Commitment towards the Environment” is one of our Values. Our corporate office is a green building with LEED Platinum Certification. At corporate office and manufacturing locations, we have extensive daylight harvesting to save energy and rain water harvesting system to conserve water. All our plants are “zero waste water discharge” units.

The Company has a patented low cost, permanent solution to depleting groundwater & unreliable monsoon known as ‘Kedia Farm Pattern’ - KFP (Patented) RWH. KFP can solve drinking water problem of a village and ‘Make Rural India Water Secure’ for all times to come.

In order to encourage manufacturing plants to implement more and more energy saving projects, the Company organizes energy conservation competition (ENCON) at KBL group level through independent energy auditors. The Company shares best practices and achievements with all plants and also award teams for innovative ideas and energy saving performances.

Your Company is committed to the integration of environment performance considerations in the procurement process to have a minimal impact on the environment. It also encourages its suppliers to adopt green sustainable supply chain practices.

All manufacturing plants of the Company are certified to Environment Management System (ISO 14001:2015), Energy Management System (ISO 50001:2018), Quality Management System (ISO 9001:2015) and Occupational Health and Safety Management System (ISO 45001:2018) under Integrated Management System Certification.

CORPORATE GOVERNANCE

Pursuant to Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements), 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.

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, 2022:

1	No. of complaints received in the year	Nil
2	No. of complaints disposed off in the year	Nil
3	Cases pending for more than 90 days	NA
4	No. of workshops and awareness programmes conducted in the year	2
5	Nature of action by employer or District Officer, if any	NA

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation of the unstinted support and co-operation given by the banks and financial institutions. Your Directors would further like to record their appreciation of the 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 24, 2022

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

1. Plants have been upgraded to smart energy data logger from traditional energy meters. In this system, the data is being automatically captured & displayed resulting accurate and real time data.
2. Replacement of induction / MHL / CFL lamps with energy efficient LED lamps.
3. Installation of timer & temperature sensor on water heater to reduce idle running.
4. Installation of VFD for compressor and VTL Machine.
5. Monthly checking of leakage to restrict loss of compressed air.
6. Reduction in use of main transformers during weekly offs and holidays.
7. Installation of “True Demand Utilization System” for maximum utilization of Sanctioned demand to reduce operation of DG sets.
8. Scheduling awareness amongst employees by celebrating energy conservation week.
9. Communication of energy conservation projects through weekly bulletin for horizontal deployment.
10. Achieving reduction in energy consumption at various stages of manufacturing like machining, testing and casting through initiatives like reduction in machining allowance, reduction in rejection and rework, replacing old inefficient motors with new efficient motors and selection of medium frequency furnace for foundry project.
11. Replacement of old inefficient shot blasting machine with new.
12. Laser calibration of all critical CNC machines to improve productivity.
13. Refurbishment of HT Furnace to eliminate chamber heat loss.
14. Installation of timers for AC & Air circulators.
15. Installation of Quick Release Couplings (QRC) for Pneumatic Grinders & Paint Guns to reduce joint air leakages.
16. Replacement of RO water pumps with energy efficient pumps.
17. Replacement of office conventional AC with VRV (Multi-Split Type Air Conditioners) AC.
18. Modification of 1HT Furnace from diesel fired to gas fired to increase fuel efficiency & reduce air pollution.
19. Up-gradation of wet-type painting process to energy efficient dry type process.
20. Maximizing use of IE4 class motors during revamping / maintenance projects.
21. Installation of energy efficient BLDC fans for canteen and office.
22. Energy Audit of Pumps and other energy potential equipment.

(ii) Steps taken by the Company for utilizing alternate sources of energy

1. Installation of “Net Metering” at manufacturing plant to export generated solar energy during holidays.

2. Installation of solar water heater for utilization of hot water in canteen.
3. Installation of Bio-gas plant for disposing canteen food waste and gas generated from this plant is being used for canteen.
4. Power generation during testing of pump using newly developed “Pump as Turbine” concept.
5. Use of transparent roof sheets and wind ventilators to maximize use of natural light and proper ventilation.
6. Procurement of E-bikes for travel within plant.
7. Enhancement in Solar rooftop power generating capacity by 50 KW.

(iii) Capital investment on energy conservation

Plant	CER Justification	Amount (₹ in Million)
KOV	Replacement of;	
	1. old 25 Tn EOT crane by new 30 Tn EOT crane	8.74
	2. existing old Plate Conveyor Mould Handling System by new Hydraulic Operated Mould Handling System at CI Foundry	
	3. Flow meter at Pump Testing Lab with new Fow meter	
	5 Tn Crane installed for handling heavy patterns	2.630
	Provision of hoist for casting handling in fettling shop	1.64
	Vertical rack storage system for silica sand bags, FC Stores, hydro plates	1.15
	Installed wet type paint booth with Crane extension	0.80
	Portable air plasma cutting machine for cutting higher thickness	0.54
Kaniyur	3 & 1 Phase Motor & Performance testing panel	0.75
	Electric stacker for stores	0.75
	Procurement of Digital Height gauge	0.52
Dewas	Dual station auto CNC impeller balancing machine.	3.8

B) Technology absorption:

(i) Efforts made towards technology absorption

- Completed re-engineering of 36’ large split case pump.
- Developed pumps for nuclear application in Primary circuit of Nuclear power plant.
- Developed Main Ballast pump for special naval application.
- Developed large axial flow pump type BHA 1075S to cater hydrocarbon application.
- Development of BT 10 DT L(V) vertical split case pumps in LLC range.
- Development SHL 250/40M1 pump with 131mm solid handling capability.
- Developed submersible pump type NS150/26N with mid-mount arrangement for Mazgaon Dock Limited.
- Completed model testing for Indigenously designed Kaplan turbine for KSEB project.
- Completed model testing of 30 MW Francis Turbine Pump.
- Developed complete range for Pump as turbine (PaT) /PICO.
- Developed 53 variants of Monobloc pumps with IE4 Super Premium Efficiency motors.
- Developed 16 variants of Monobloc pumps (up to 5 HP) sets with Ultra Premium Efficiency IE5 motors.

- Developed indigenous submersible dewatering CW pumps up to 3 HP as an import substtution.
- Developed and released 24 variants in 4” submersible pumps with economical motor design with improved efficiency and performance.
- Development Completed (NRSV) -DN 1200 PN 2.0 & DN 1400 PN 2.0.
- New Product Development of Butterfly Valve size DN3000 PN10, PN16, PN20, DN2100 PN10, DN2300 PN10.
- Optimization of Large Size Butterfly Valve (BFV) - Total 04 Sizes (DN1200 AWWA #150, DN1400 PN6, DN1800 PN10 & DN2400 PN10).
- Product improvement by enhancing features for Butterfly Valve (BFV) like Blow-out Proof design, Ingress Protection - Total 09 Sizes.

(ii) Benefits derived like product improvement, cost reduction, product development or import substitution:

- Capability enhancement to meet customer requirements.
- Import substitution.
- Upgradation of product for conservation of energy.
- Enhanced product performance in economy range.
- Competitive edge with Ultra-premium efficiency products.
- Development of indigenized Auto Priming system.
- Reduction in product development time and cost.

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year) – NIL

(a) The details of technology imported;
(b) The year of import;
(c) Whether the technology been fully absorbed;
(d) If not fully absorbed, areas where absorption has not taken place and the reasons thereof.

(iv) Expenditure incurred on Research and Development

(Amount in Million ₹)

Revenue expenditure	234.30
Capital Expenditure	0.46
Total	**234.76**

C) Foreign Exchange earnings and outgo

(Amount in Million ₹)

Foreign Exchange earned in terms of actual inflows during the year	1,158.00
Foreign Exchange outgo during the year in terms of actual outflows	844.00

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. Pradyumna Vyas	Chairman (upto May 15, 2022)	2	2
2.	Mr. Sanjay C. Kirloskar	Member	2	2
3.	Ms. Rama Kirloskar	Member	2	2
4.	Mr. Rajeev Kher	Member (up to January 24, 2022)	2	1
5.	Ms. Rekha Sethi	Member (w.e.f. February 10, 2022)	2	NA
6.	Mr. Vivek Pendharkar	Chairman (w.e.f. May 16, 2022)	2	NA

3.	Provide the web-link where Composition of CSR committee,	https://www.kirloskarpumps.com/composition-of-various-committes-of-board/
	CSR Policy and	https://www.kirloskarpumps.com/wp-content/uploads/2020/01/CSR-policy-Ammended-upto-May-2017.pdf
	CSR projects approved by the board are disclosed on the website of the company.	https://www.kirloskarpumps.com/wp-content/uploads/2021/07/CSR-Annual-Action-Plan-2021-22.pdf
4.	Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).	NA. The Average CSR obligation of the Company is less than INR 10 Crores.
5.	Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any	NA

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set off for the financial year, if any (in ₹)
	Not Applicable		
	TOTAL		

6.	Average net profit of the company as per Section 135(5). of the Companies Act, 2013, (the Act')	₹ 1,30,81,64,841/-
7.	(a) Two percent of average net profit of the company as per Section 135(5) of the Act.	₹ 26,163,297/-
	(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	Nil
	(c) Amount required to be set off for the financial year, if any.	Nil
	(d) Total CSR obligation for the financial year (7a+7b-7c).	₹ 261,63,297/-

8. (a) 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 Section 135(6) of the Act		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) of the Act		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
26,384,262	Nil	NA	NA	NA	NA

(b) Details of CSR amount spent against **ongoing projects** for the Financial Year:

1	2	3	4	5		6
Sl. No.	Name of the Project	Item from the List of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration
				State	District.	
1	Neerchakra Project	Rural Development – Safe Drinking Water	Yes	Maharashtra	Satara & Solapur	Upto September, 2021
2	Firefighting system for Mahakaal Temple	Disaster Prevention & Management	Yes	Madhya Pradesh	Ujjain	Upto March, 2022
3	Support to Medical Institution/ Hospital for the infrastructure upgradation	Promoting healthcare including Preventive Healthcare	Yes	Maharashtra	Pune	Upto March, 2024

1	7	8	9	10	11	
Sl. No.	Amount allocated for the project (in ₹)	Amount spent in the current Financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation – Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
					Name	CSR Registration number
1	850,000	346,000	NA	No	Vikas Charitable Trust	CSR00006556
2	9,000,000	612,770	NA	No	Vikas Charitable Trust	CSR00006556
3	10,000,000	3,585,744	NA	No	Vikas Charitable Trust	CSR00006556
Total		**4,544,514**				

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

1	2	3	4	5		6	7	8	
Sl. No	**Name of the Project**	**Item from the list of activities in schedule VII to the Act**	**Local area (Yes/ No)**	**Location of the Project**		**Amount spent for the project (in ₹)**	**Mode of implementation -Direct (Yes/No)**	**Mode of implementation - Through implementing agency**	
				State	**District**			**Name**	**CSR registration number**
1	Activities related to COVID-19 -– Masks and Sanitizer distribution	Disaster Management	Yes	Madhya Pradesh	Dewas	45,000	Yes	-	-
2	Contribution for development of District Hospital, Dewas	Rural Development Program	Yes	Madhya Pradesh	Dewas	250,000	Yes	-	-
3	Activities related to COVID-19 - Distri-bution of Dry ration, Meals	Disaster Management	Yes	Tamil Nadu	Kaniyur	135,400	Yes	-	-
4	Activities related to COVID-19 – Masks and Sanitizer distribution	Disaster Management	Yes	Tamil Nadu	Kaniyur	30,100	Yes	-	-
5	Contribution to Gram Panchyat (Kundal and Ramandnangar)	Rural Development Program	Yes	Maharashtra	Sangli	1,350,000	Yes	-	-
6	Activities related to COVID-19 – Distribution of Dry ration and Meals	Disaster Management	Yes	Maharashtra	Sangli	27,022	Yes	-	-
7	Activities related to COVID-19 – Oxygen Concentrator distribution to Hospitals	Disaster Management	Yes	Maharashtra	Sangli	893,000	Yes	-	-
8	Flood relief operations	Disaster Management	Yes	Maharashtra	Sangli	31,313	Yes	-	-
9	Project Jal Dakshata through Indian Plumbing Skill Council (IPSC)	Skill Development	Yes	Across India	Across India	7,698,000	Yes	-	-
10	Contribution for Technical Lab Development at RIT, Islampur	Education	Yes	Maharashtra	Sangli	2,000,000	Yes	-	-
11	Skills Development through German Chamber of Commerce	Education	Yes	Maharashtra	Sangli	282,500	Yes	-	-
12	Anamitra Foundation -Mid Day Meals for slum children	Promotiing healthcare including preventive healthcare	Yes	Maharashtra	Pune	600,000	Yes	-	-
13	Biodiversity Restoration Project, COD, Dehu, Pune through For-rest (NGO)	Ensuring environmental sustainability, ecological balance, protection of flora and fauna	Yes	Maharashtra	Pune	1,906,500	Yes	-	-
14	Contribution to Institute of Environment Education and Research, Bharati Vidyapeeth University	Environment Education & Sustainable Development Program	Yes	Maharashtra	Sangli	366,961	No	Vikas Charitable Trust	CSR00006556

1	2	3	4	5		6	7	8	
Sl. No	**Name of the Project**	**Item from the list of activities in schedule VII to the Act**	**Local area (Yes/ No)**	**Location of the Project**		**Amount spent for the project (in ₹)**	**Mode of implementation -Direct (Yes/No)**	**Mode of implementation - Through implementing agency**	
				State	**District**			**Name**	**CSR registration number**
15	Contribution to Anamitra Foundation – Meal support to Flood affected people	Disaster Management	Yes	Maharashtra	Pune	25,000	No	Vikas Charitable Trust	CSR00006556
16	Infrastructure Development Costs – Kirloskar High School and Junior College	Education and Development	Yes	Maharashtra	Sangli	1,952,900	No	Vikas Charitable Trust	CSR00006556
17	Grant to Genset Wildlife Conservation Society India for 5KV Gensets.	Environment Education & Sustainable Development Program	No	Nagaland		267,044	No	Vikas Charitable Trust	CSR00006556
18	Grant for printing of Literary works	Education and Development	Yes	Maharashtra	Pune	267,900	No	Vikas Charitable Trust	CSR00006556
19	Grant paid to Indian Herpetological Society, Pune	Ensuring environmental sustainability, ecological balance, protection of flora and fauna	Yes	Maharashtra	Pune	103,840	No	Vikas Charitable Trust	CSR00006556
20	Grant paid to purchase of Medical Testing Equipment (SMF Shri Siddhivinayak Ganpati Cancer Hospital, Miraj)	Promoting health care including preventive health care	Yes	Maharashtra	Sangli	2,131,500	No	Vikas Charitable Trust	CSR00006556
21	Grant paid to Lotus Medical Foundation, Kolhapur for HIV prevention program	Promoting health care including preventive health care	Yes	Maharashtra	Kolhapur	800,000	No	Vikas Charitable Trust	CSR00006556
22	Contribution to Wildlife Trust of India -Petrolling Bikes for Forest rangers	Animal Welfare	No	Assam	Tinsukia	477,768	No	Vikas Charitable Trust	CSR00006556
	TOTAL					**21,641,748**			

(d) Amount spent in Administrative Overheads	198,000/-
(e) Amount spent on Impact Assessment, if applicable	0
(f) **Total CSR obligation for the Financial Year (8b+8c+8d+8e)**	**26,384,262/-**

(g) 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 Section 135(5)	26,163,297/-
ii.	Total amount spent for the Financial Year	26,384,262/-
iii.	Excess amount spent for the Financial Year [(ii)-(i)]	2,20,965/-
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

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding Financial Years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
Nil							

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s):

1	2	3	4	5	6	7	8	9
Sl. No.	Project ID	Name of The Project	Financial Year in which the project was commenced	Project duration	Total Amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative Amount spent at the end of reporting Financial Year (in ₹)	Status of the project – Completed/ Ongoing
1	__	Neerchakra Project	2020-21	Upto September, 2021	850,000	346,000	__	Completed
2	__	Firefighting system for Mahakaal Temple	2020-21	Upto March, 2022	9,000,000	612,770	__	Completed

10.	In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the Financial Year		
	(Asset-wise details):		
	(a)	Date of creation or acquisition of the capital asset(s).	-
	(b)	Amount of CSR spent for creation or acquisition of capital asset.	-
	(c)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	-
	(d)	Provide details of the capital asset(s) created or acquired (Including complete address and location of the capital asset)	-
11.	Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5).		NA

Sd/
Sanjay C. Kirloskar
Member
(DIN 00007885)

Sd/
Vivek Pendharkar
Chairman CSR Committee
(DIN 02791043)

Date : May 24, 2022

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

(i)	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial Year	Managing Director - 55.86: 1 Joint Managing Director - 14.45:1[@] Non-Executive Directors - 25.74:1 (Median Remuneration is ₹ 8,51,620/-)
(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	Managing Director - (3.39%) *Non-Executive Directors - 31.73% Chief Financial Officer - 18.96% Company Secretary - (40.52%)**
(iii)	The percentage increase in the median remuneration of employees in the Financial Year	9.5%
(iv)	The number of permanent employees on the roll of the Company	As on March 31, 2022 Staff - 1121 Workmen - 1399
(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	Refer above mentioned 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

* Mr. Shobinder Duggal, Ms. Ramni Nirula and Mr.Shrinivas Dempo were appointed as Directors w.e.f. May 25, 2021.

* Mr. Vivek Pendharkar, Mr. Amitava Mukherjee and Ms. Rekha Sethi was appointed as Directors w.e.f. October 29, 2021.

* Mr. Rajeev Kher ceased to be Director of the Company w.e.f. January 24, 2022.

** Mr. Sandeep Phadnis resigned as a Company Secretary w.e.f. April 9, 2021, Mr. Raghunath Apte resigned as a Company Secretary with effect from November 26, 2021 and Mr. Devang Trivedi appointed as a Company Secretary w.e.f. March 18, 2022. Accordingly, proportionate salary has been considered while calculation.

@ Ms. Rama Kirloskar was appointed as Joint Managing Director of the Company w.e.f. August 03, 2021.

Annexure IV

Statement of details of employees falling under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr. No.	Name of the employee	Designation of employee	Remuneration received (in Rs. Mln)	Nature of employment, whether contractual or otherwise	Qualifications and experience of the employee	Date of commencement of employment	Age of such employee	Last employment held by such employee before joining the Company	Percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub-rule (2) *	Whether any such employee is a relative of any Director or Manager of the Company	Name of such Director or Manager
1	Sanjay Chandrakant Kirloskar	Chairman and Managing Director	52.39	Contractual	Bachelor of Science (M.E.)	02-05-1983	65	Kirloskar Cummins Limited, Pune	22.48 (#17,847,465)	Yes	Mr. Alok Kirloskar; Ms. Rama Kirloskar
2	Ms. Rama Sanjay Kirloskar	Joint Managing Director	14.65	Contractual	Double Major in Mathematics and Biology	03-08-2021	33	Kirloskar Ebara Pumps Ltd.	Nil	Yes	Mr. Sanjay Kirloskar Mr. Alok Kirloskar
3	Chittaranjan Madhukar Mate	CFO, Senior Vice President and Head - CFA	10.64	Regular	C.A., B. Com,	03-06-2015	66	Kirloskar Ebara Pumps Limited	Nil	No	NA
4	Shingo Nakamura	Vice President & Head - TQPM	10.42	Contractual (Fixed Term Contract)	Master's in Chemical Environment Engg. & Graduate in Chemical Engg.	01-06-2021	67	Japan Management Association Consulting (JMAC)	Nil	No	NA
5	Anurag Vohra **	Sr. Vice President & Head - India Business	9.44	Regular	B. Tech - Mech., PG Dip Mgt.	30-11-2015	52	Volvo Eicher Commercial Vehicles Limited	Nil	No	NA

Sr. No.	Name of the employee	Designation of employee	Remuneration received (in Rs. Mln)	Nature of employment, whether contractual or otherwise	Qualifications and experience of the employee	Date of commence-ment of employment	Age of such employee	Last employment held by such employee before joining the Company	Percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub-rule (2) *	Whether any such employee is a relative of any Director or Manager of the Company	Name of such Director or Manager
6	Vikas Agarwal	Vice President & Head - Water & Irrigation	9.20	Regular	B.E. - Electrical & Electronics	01-03-1997	47	N.A.	0.0% (750)	No	NA
7	Ravi Bhushan Sinha	Vice Presi-dent & Head - CHRMC	9.17	Regular	PG Dip. in HR; LLB, B.A.,	24-04-2013	51	Praj Industries Limited	Nil	No	NA
8	Amit Shukla	AVP & Head - CIC	8.00	Regular	ICWA, PGD – Finance, B. Com,	08-08-2016	49	RSPL Ltd	Nil	No	NA
9	Ravindra Sharanappa Birajdar	Vice Presi-dent & Head - CRED	7.66	Regular	M. Tech, B.E. - Mech.	06-09-1988	58	N.A.	0.0% (1500)	No	NA
10	Supriyo Bhowmik	Vice Presi-dent & Head - ESD	7.34	Regular	B.E. – Chemical	28-05-2018	55	KSB Pumps Ltd.	Nil	No	NA
11	Nirmal Chandra Tiwari **	Vice Presi-dent & Head - Small Pump Operations	6.38	Regular	B.E. - Mech.	02-09-1986	60	N.A.	Nil	No	NA

** Mr. Anurag Vohra & Mr. Nirmal Tiwari left the services of the Company w.e.f. 01st October, 2021 and 10th November, 2021 respectively.

Out of these, Mr. Sanjay C. Kirloskar holds 16,085,546 (Previous year - 16,077,118) equity shares in the individual capacity, 1,758,904 (Previous Year - 1,758,904) equity shares as a Trustee of Kirloskar Brothers Limited Employees Welfare Trust Scheme and 3,015 (Previous Year - 3,015) equity shares as a Trustee of C.S. Kirloskar Testamentary Trust.

* Position as on 31st March, 2022

Annexure V
Form No. AOC-2

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

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain 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	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 -							

Please refer Note No. 35 of the Standalone Financial Statements of the Company.

Annexure VI

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, 2022.

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"). Subject to limitation of physical interaction and verification of records caused by COVID-19 Pandemic, while taking review for the financial year, 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, 2022, 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, 2022, 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.

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	**Shyamprasad D. Limaye**
Dated: 24th May, 2022	F.C.S. 1587 C.P. 572
UDIN: F001587D000373631	

Annexure VII

Form No. MR-3

SECRETARIAL AUDIT REPORT

[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]

For the Financial Year Ended 31st March, 2022

To,
The Members,
Karad Projects and Motors Limited,
Plot No. B-67/68, MIDC, Karad Industrial Area,
Tasawade, 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 2022** 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 2022** 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) 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 Debt Securities) Regulations, 2008 *(during the year under review not applicable to the Company as the Company is an unlisted company and not proposing to get debt securities listed);*

(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);* and

(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);*

(vi) As informed to me, no other law is applicable specifically to the Company.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

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:

(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 Directors and Non-Executive Directors. The Changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. 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 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 of the Board are carried through unanimously. As per the records provided by the Company, none of the member of the Board dissented on any resolution passed at the meeting.

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 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.

Place : Pune

Dated: 29th April, 2022
UDIN:F006126D000222012

Abhijit Dakhawe
Company Secretary
FCS # 6126 CP No # 4474

This report is to be read with Annexure A which forms an integral part of this report.

Annexure A

To,
The Members,
Karad Projects and Motors Limited,
Plot No. B-67/68, MIDC, Karad Industrial Area,
Tasawade, Karad - 415109

Our 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. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and process 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. We believe that the process and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we 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. Our examination was limited to the verification of procedure 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: 29th April, 2022
UDIN:F006126D000222012

Abhijit Dakhawe
Company Secretary
FCS # 6126 CP No # 4474

BUSINESS RESPONSIBILITY REPORT

Kirloskar Brothers Limited's Business Responsibility Report 2021-22 follows the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, as notified by the Ministry of Corporate Affairs (MCA), Government of India. We also publish a comprehensive Integrated Report annually, some portion of the Integrated Report covering areas based on the framework of International Integrated Reporting Council (IIRC) as well as in accordance with Global Reporting Initiative (GRI) standards 'Comprehensive' option and National Voluntary Guidelines, areindependently assured by 'Ernst and Young Associates LLP'. The said section covering from Page No. 13 to 107 of the Integrated Report will be available at http://www.kirloskarpumps.com/investors-financial-information-annual-reports.aspx

Our Business Responsibility Report includes our responses to questions on our practices and performance on key principles defined by Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015,covering topics across environment, governance, and stakeholder relationships. In keeping with the guiding principles of integrated reporting, we have provided cross-references to the reported data within the main sections of this Integrated Annual Report for all aspects that are material to us and to our stakeholders.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: L29113PN1920PLC000670
2. Name of the Company: Kirloskar Brothers Limited
3. Registered address: Yamuna, Survey No. 98 (3 to7), Plot No. 3, Baner, Pune 411 045

   PhNos.(020) 6721 4444
4. Website : www.kirloskarpumps.com
5. E-mail id : secretarial@kbl.co.in
6. Financial Year reported : 2021-22
7. Sector(s) that the Company is engaged in (industrial activity code-wise):Pumps (NIC code 2812)
8. List three key products/services that the Company manufactures/provides (as in balance sheet): Pumps,-Valves and Hydro Turbines
9. Total number of locations where business activity is undertaken by the Company :
   (a) Number of International Locations (Provide details of major 5) – International presence is through the Company's subsidiaries.
   (b) Number of National Locations: 14 (Corporate Headquarters, 5 Manufacturing locations & 8 Regional Sales offices)
10. Markets served by the Company – Local/State/National/International - Information provided in Integrated Annual report

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR) - INR 158,817,852
2. Total Turnover (INR) - INR 22,017 Mn
3. Total profit after taxes (INR) - INR 782 Mn
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) -2% of average net profits of the Company made during the three immediately preceding financial years. Refer to Annexure III to the Board's report in the Integrated Annual Report, Page No. 49.
5. List of activities in which expenditure in 4 above has been incurred:-

   Refer to Annexure III to the Board's report in the Integrated Annual Report, Page No. 75

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies? - Yes
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s) – 3
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?

   [Less than 30%, 30-60%, More than 60%] – No

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

1. DIN Number - 00007885
2. Name – Mr. Sanjay C. Kirloskar
3. Designation - Chairman and Managing Director

(b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	NA
2	Name	Mr. Manish Patel
3	Designation	Associate Vice President & Head - CQA
4	Telephone number	+912067214453
5	e-mail id	manish.patel@kbl.co.in

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

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. Accordingly, the Board of Directors of the Company has formulated following policies against the respective Principles:

P1 Business should conduct and govern themselves with Ethics, Transparency and Accountability– Policy on Ethics, Transparency and Accountability

P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle – Policy on Product Life Cycle Sustainability

P3 Businesses should promote the wellbeing of all employees–Policy on Employee Well Being

P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized – Policy on Stakeholders Engagement

P5 Businesses should respect and promote human rights – Policy on Human Rights

P6 Business should respect, protect, and make efforts to restore the environment – Policy on Preservation of Environment

P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner – Policy on Responsible Advocacy

P8 Businesses should support inclusive growth and equitable development – Policy on Inclusive Growth & Equitable Development

P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner – Policy on Customer Value

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

No	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy beenformulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	The policies are based on Integrated Reporting frameworkof International Integrated Reporting Council (IIRC) aswell as in accordance with Global Reporting Initiative(GRI) standards 'Comprehensive' option and NationalVoluntary Guidelines.								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	https://www.kirloskarpumps.com/investors/policies/								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N

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

No	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles	Not Applicable								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year	√	√	√	√	√	√	√	√	√
6	Any other reason (please specify)	Not Applicable								

3. **Governance related to BR**

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year -The Board of Directors, committees of the Board, assesses the BR performance of theCompany for every three months. For more information, read the Corporate governance report, which is partof this Integrated Annual Report.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Hyperlink is: https://www.kirloskarpumps.com/investors/annual-report/

Integrated Report is published Annually

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. – No, itapplies across the KBL Group and extends to our suppliers and partners.
2. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others? - Our corporate governance practices apply across the KBL Group and extends to our suppliers and partners. Our Code of Conduct and Ethics complies with the legal requirements of applicable laws and regulations, including anti-bribery and anti-corruption policies, ethical handling of conflicts of interest, and fair, accurate and timely disclosure of reports and documents that are filed with the required regulatory authorities.
3. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so. – Refer page no. 36 of Integrated Annual Report.

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities - Information given in Integrated report.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):Information given in Integrated report

   (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

   (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

3. Does the company have procedures in place for sustainable sourcing (including transportation)? (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so. – Information given in Integrated AnnualReportunder Natural capital.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?Yes

   (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors. Information given in Integrated Annual Report

5. Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as 10%). Also, provide details thereof, in about 50 words or so. – Information given in Integrated Annual Report

Principle 3

1. Please indicate the Total number of employees Refer page no. 60 of Integrated Annual Report.

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis. - Refer page no. 60 of Integrated Annual Report.

3. Please indicate the Number of permanent women employees. - Refer page no. 60 of Integrated Annual Report.

4. Please indicate the Number of permanent employees with disabilities - Refer page no. 59 of Integrated Annual Report.

5. Do you have an employee association that is recognized by management. - Refer page no. 59 of Integrated Annual Report.

6. What percentage of your permanent employees is members of this recognized employee association? Refer page no. 59 of Integrated Annual Report.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour/forced labour/ involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill upgradation training in the last year? - Refer page no. 59 of Integrated Annual Report.
   (a) Permanent Employees
   (b) Permanent Women Employees
   (c) Casual/Temporary/Contractual Employees
   (d) Employees with Disabilities

Principle 4

1. Has the company mapped its internal and external stakeholders? Yes/No - Yes
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders Refer Page no. 75 in Integrated Annual Report.
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.Information given in Integrated Annual Report, Page No. 75

Principle 5

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?–The policy is applicable to all the business divisions of the Company only.
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? –Nil

Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.–The policy is applicable to all the business divisions of the KBL and its business associates, subsidiaries, joint ventures, suppliers, contractors, NGO and other entities which are directly dealing with the company either in the business operations or in its CSR activities
2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc. – Yes. Information available in Integrated ReportunderEnergy, emission etc.
3. Does the company identify and assess potential environmental risks? Y/N : Yes,Information given in Integrated Annual Report. Refer Page no. 39
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?No.
5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc. Information given in Integrated Annual Report, Page No. 82 to 84
6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported? Yes.
7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year. Nil.

Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

   (a) Federation of Indian Chambers of Commerce and Industry (FICCI)

   (b) Confederation of Indian Industries (CII)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)–Yes, Energy Security, Water, Inclusive Development Policies, Sustainable Business Principles.

Principle 8

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof. Information available in Integrated Report and Annual Report on Corporate Social Responsibility.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?Information available in Integrated Annual Report and Corporate Social Responsibility Report

3. Have you done any impact assessment of your initiative?-Information available in Integrated Annual Report and Annual Report on Corporate Social Responsibility.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken? Information available in Integrated Annual Report and Annual Report on Corporate Social Responsibility.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so. - Information available in Integrated Annual Report.

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year-7 numbers of consumer court cases are pending as on 31st March 22 for Small Pump Business.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)–Yes, Technical information, IOM manuals. Information given in Integrated Annual Report

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last fiveyears and pending as on end of financial year. If so, provide details thereof, in about 50 words or so- Nil

4. Did your company carry out any consumer survey/ consumer satisfaction trends? – Yes, Customer satisfaction survey started in May 2021 and ended in December 2021.

Management Discussion & Analysis
(2021-22)

1. OUTLOOK

1.1 Global Economic Outlook

In the last two years, the global economy has been impacted by unprecedented events. While it did improve in FY21-22 compared to the meltdown induced by the severe covid-19 pandemic in the previous FY, the outlook is clouded by many risks and uncertainties.

The start of the Russia-Ukraine war has once again put growth at tremendous risk. Apart from the war, the emergence of new covid-19 variants and flare-ups in China and other countries, rising energy prices and supply disruptions resulting in a significant increase in inflation are expected to disrupt the global economic recovery.

As per the International Monetary Fund (IMF), global growth is projected to slow from an estimated 6.1 per cent in 2021 to 3.6 per cent in 2022 and 2023. In the covid driven recession of 2020, global debt levels surged, and we already see countries like Sri Lanka and Nepal reeling under extreme financial stress.

There is a mix of encouraging and troubling news coming every day, which will lead to challenges for global economic performance. Tightening of monetary policy to contain inflation by the US and other economies will certainly slowdown the recovery. The world will require concerted action to minimise any major downtrend that can potentially result in the significant economic slowdown and humanitarian crises we are already witnessing.

1.2 Indian Economic Outlook

India has seen a moderate economic recovery in FY21-22. While there are many encouraging signs, the turmoil abroad has not only reduced the expected recovery but could become a major hurdle for visible economic growth in future. The IMF has already lowered India's GDP estimates to 8.2% for FY23. This is mainly due to higher oil prices and lower demand both within India and outside. Future economic growth will depend on various frequently changing parameters, putting both short and long-term stress on Indian economy.

However, there are many encouraging developments for us like exports crossing \$400 billion, India emerging as global manufacturing and pharma hub and becoming self-sufficient in food production. Various steps taken by Government of India, including Production Linked Incentives (PLI) schemes for various sectors and the emergence of India as an alternate sourcing destination due to slowdown and trust deficit with China should also help our economy bounce back.

The record collection of GST shows to some extent that India is on the right track.

However, the quick deterioration in the global scenario, mainly due to the Russia-Ukraine war, and its impact on oil prices can hit the Indian economy due to a surge in import bill. Any further COVID flare-ups and regional geopolitical tensions could have major ramifications for the Indian economy.

2. INDUSTRY STRUCTURE AND DEVELOPMENTS

2.1 Global Pump Market Outlook

The outbreak of covid had hit the manufacturing industry, including pump manufacturing, significantly. However, last year bought relief as there was a rise in requirements of pumps, driven by economic recovery and demand from across the industries.

Global pump business directly correlates with global economic progress as economic recovery encourages investment and consumer sentiments. From specific industries, oil and gas saw a return in order due to global refinery capacity expansion. Initiation of water and waste-water treatment projects by many countries, resulted into requirements for pumps for such projects. We expect the power sector to see a rise in demand as underinvestment in power infrastructure in the last decade and subsequent power deficit has compelled countries to start expanding older plants or set up new plants.

One of the key factors driving the global pump market is the need for energy efficient pumps, primarily driven by the need to save energy costs. IOT based pumping solutions are finding greater acceptance in the post-pandemic world due to the convenience and benefits they offer. Going forward, an increase in commodity prices, slowdown due to rising inflation and the Russia-Ukraine war may pose major challenges.

2.2 Indian Pump Market Outlook

The Indian pump market saw a significant demand surge which was driven by Government spending on large infrastructure projects, including irrigation and water transport, water and waste-water treatment plants, roads and tunnels. Investments in industries like chemical and petrochemical, textile, foods and beverage, steel, coal led to a higher demand for pumps.

Last year saw significant increase in pump requirements from the building and construction industry. This is mostly from the residential segment for fire-fighting and smart water circulation pumping systems. Continuous focus on the agriculture sector through various schemes by the Government kept the pump market up. The rise in budget allocation towards the Rural Infrastructure Development, the proposed launch of the Jal Jeevan Mission, which aims at facilitating universal water supply in all 4,378 urban local bodies, ensuring tap connections in around 28.6 million households while enabling liquid waste management in 500 AMRUT cities, is expected to boost demand for pumps.

In future, the need for energy-efficient pumps, solar pumps and IoT based pumping solutions will rise. With India's economy growing and with both Government and private investment in urban and rural infrastructure, the Indian pump industry will continue to see sustained demand in future.

3. STRATEGY

3.1 Company Strategy and Policy

Keeping in mind the health and safety of all our stakeholders we got back to regular operations last year. The opening of the economy worldwide and the resurgence of demand from across all sectors of the economy gave much-needed confidence to tide over the setback of the previous FY. However, the unprecedented commodity price rises had their consequences resulting into increased cost of manufacturing. This negatively impacted margins, especially for long delivery items where the price rise could not be transferred to customers. Overall, the rise in product price affects consumer sentiment, more so in the retail pump segment.

Our focus on improving business efficiency and performance through process optimisation, technology adoption, value-added products, service delivery improvement, and customer engagement helped us perform better. We will focus on our core strength of designing, manufacturing, and launching the best quality products into the market. We won multiple patents in FY21-22 highlighting our belief in bringing innovation to create superior value for our customers.

The requirement for pumps was robust with the revival of various sectors including residential, oil and gas, power, steel, and the continued growth of chemical, pharma, textile, food, and beverages. Continuous customer engagement and strengthening of the channel partner network helped us continue gaining business and customer trust.

The overall uplift in sentiment was witnessed in the retail segment, with robust demand coming from the agriculture and domestic segment. Our strategy to introduce energy-efficient and technologically advanced products while streamlining our product basket helped us register strong performance in these segments. KBL is committed to continuing its efforts to help succeed in the Government of India's Atmnirbhar initiatives and public welfare initiatives like Har Ghar Nal Se Jal, among others.

Our continued investment in next-generation technology, including 3D printing, IoT, AR, VR and AI, is helping us provide our customers with more value-added products, faster delivery, and prompt service.

3.2 International Business Strategy

The international business saw good recovery from the setback suffered due to disruption from covid pandemic. Countries around the world regained economic activities as stalled projects restarted. However, there are challenges with many countries see inflation touching new heights while other countries are facing serious economic stress. The trade war between USA and China affected raw material prices which have an impact on overall demand for pump.

Recovery in pump market was driven by large requirements from water and irrigation segment. Water and wastewater treatment market are an area of growth as developed and developing regions seek to increase access to clean water and effective water treatment. There are however long-term projects and unexpected commodity price rises can hurt the manufacturer.

We saw an increase in order booking in FY21-22. Direct booking improved substantially, and we were happy to bag prestigious orders, including an order from Israel worth INR 280 Million. We supplied split case, NS, and vertical turbine pumps to Malaysia. We enter FY22-23 with healthy order book and look forward to improvement in sales in the current year. Working under the One-KBL approach along with our international subsidiaries we are well positioned to serve our global customers.

4. SBU FUNCTION PERFORMANCE

4.1 Water

We received good orders from large OEMs and contractors in Uttar Pradesh, Telangana, and Uttarakhand including a significant number for the supply of high head multistage pumps, Split case pumps, and Large VT Pumps. Our efforts resulted in orders for Lowest Life - Cycle Cost (LLC) series pumps, Autoprime pumps, and our cloud-based remote monitoring and predictive maintenance systems (KirloSmart®), resulting in improved revenues. There is an overwhelming response from clients who have seen the benefits of KirloSmart®. The solar business is picking up, and all efforts put in this area have given good results and helped in booking orders. Our VT Pumps installed at Hafeshwar, GWSSB with 35 metres suspension length were inaugurated by Prime Minister Shri Narendra Modi. We completed the Jaipur–Bisalpur augmentation project, increasing the total capacity of the scheme without interrupting the existing infrastructure.

4.2 Irrigation

We have executed major Irrigation Projects in MP, Gujarat, and Orissa with large and medium size Vertical Turbine (VT) pumps. KBL is the preferred choice of end clients and principal OEMs for executing large size irrigation schemes within stipulated timelines. We received an order of 40+ nos. of VT pumps for the Haryana Lift Irrigation Schemes and executed it successfully. We have also received a significant order from UP Irrigation Dept (CESPO) to supply 14 nos of 150 Cusecs pumps. In addition, we successfully executed an irrigation project for 4 VT Pump sets, with total automation with KirloSmart®.

4.3 Valves

New orders for Valves increased substantially, helped by the stabilisation of plant operations at Kirloskarvadi leading to increased sales. KBL registered good breakthrough in the export business with the finalisation of a large order from the Middle East market. Implementation of stage-gate integrated tools right from enquiry management to execution increased work efficiency and accuracy.

4.4 Building & Construction

The Building and Construction sector market saw an excellent recovery in FY 2021-22. With the relaxation of covid norms, we participated in various national and regional conferences, including Project Heads, Architects and Consultants Conclave (PACC) 2022 and Acreconf-22. We conducted various seminars and webinars to engage customers while communicating the benefits of our new and value-added products.

We registered significant increase in demand of our Hydro Pneumatic Pressure Boosting (HYPN) pumps from the residential segment. During the period, we supplied 104 HYPN systems for a residential township in Barmer, Rajasthan. This was KBL's single largest order for HYPN systems. With the increase in high-rise and super high-rise buildings in all metro cities, our sale of Multi-Stage Multi-Outlet (MSMO) firefighting pumps will give us good growth.

4.5 Industry

In FY 2021-22, we achieved significant growth from the Steel, Chemical, Sugar and Zero liquid discharge segments. A focused approach towards market reach and engagement with key customers enhanced wallet share and rise in business, both in value and volume terms during the period.

Industry sector scaled new heights with break-through order of Hot Rolling Mill package in steel segment. We worked on coal segment pre-tendering activities to improve performance on account of challenges from MSME suppliers and reverse auctions.

4.6 Oil and Gas

During the period, we supplied 15 pumps for applications to IOCL. We also developed a new pump in horizontal execution for their 3G Ethanol project. These achievements will open new business opportunities for us in the alternate fuel segment. There was improvement at process level through creation of a handbook depicting the end-to-end execution process flow and standard templates required for effective order management. With market reopening and Projects coming back on track, we would see a substantial jump in overall business in the Oil and Gas sector.

4.7 Marine and Defence

KBL participates in indigenisation programs undertaken by the Ministry of Defence (MoD) under the "Make in India" initiative. KBL completed a project of Indigenisation of "Magazine Fire Fighting System" in coordination with Mazagaon Dock Shipbuilders Ltd and the Centre for Fire Explosive and Environmental Safety (a segment of DRDO) which will lead to further business opportunities.

4.8 Power

In the fiscal year 2021–22, first time in KBL, we have conducted successful Model testing of a Horizontal Kaplan Turbine at IIT Roorkee and achieved desired results in the first attempt. KBL also secured approval to supply the Autoprime Pump units for Hindalco's first Dry Flue Gas Desulfurization (FGD) project in India. We successfully developed and supplied a Shutdown Cooling pump, resulting in an order for NPCIL GHAVP 1 and 2 projects.

Our Government's policy encouraging investment in renewable energy has resulted in many new projects in Small Hydro Electric Project (SHEP), Solar and Wind power. There is a good movement for power projects in the South East Asia and Europe, and we expect to conclude multiple orders in FY22-23.

4.9 Small Pump Business (SPB)

The learnings from our past experiences of managing the business during the covid pandemic helped us minimise the impact on revenues and supply chain disruptions during the period. Though there were extended monsoons, with proactive efforts and enhanced focus, we increased SPB revenues. The second half of the FY21-22 witnessed extreme volatility, with raw material costs moving upwards due to global political instability. Prudent management of costs ensured that the bottom line remained secured, while offering competitive pricing to our channel partners and the end customers.

Focused marketing and business development efforts along with the introduction of new energy-efficient pump series, and product basket expansion helped us achieve greater market penetration and higher sales.

The timely introduction of energy-efficient, reliable and value for money models in MINI and V4 submersible pump groups ensured higher revenue. It helped us tide over the challenges posed by an uncertain external environment.

4.10 Engineered Service Division (ESD) – Large Pump Division (LPD) and Customer Service Support (CSS) – Small and Medium Pump Division (SMPD)

During the period, our service engineers successfully commissioned 104 VT Pumps in MRT Skytrain in Bangkok. The successful execution of these critical international pumping projects speaks volumes of the commitment and high-class service capabilities of the company's experienced service team.

The energy audit team has completed performance guarantee tests at various sites, resulting in project closures. The team completed energy audits for many customers helping us fetch new business. Special focus was given on KirloSmart® – a unique IOT based technology developed by KBL that enables users to remotely monitor the pump on our web-based portal and interactive mobile app.

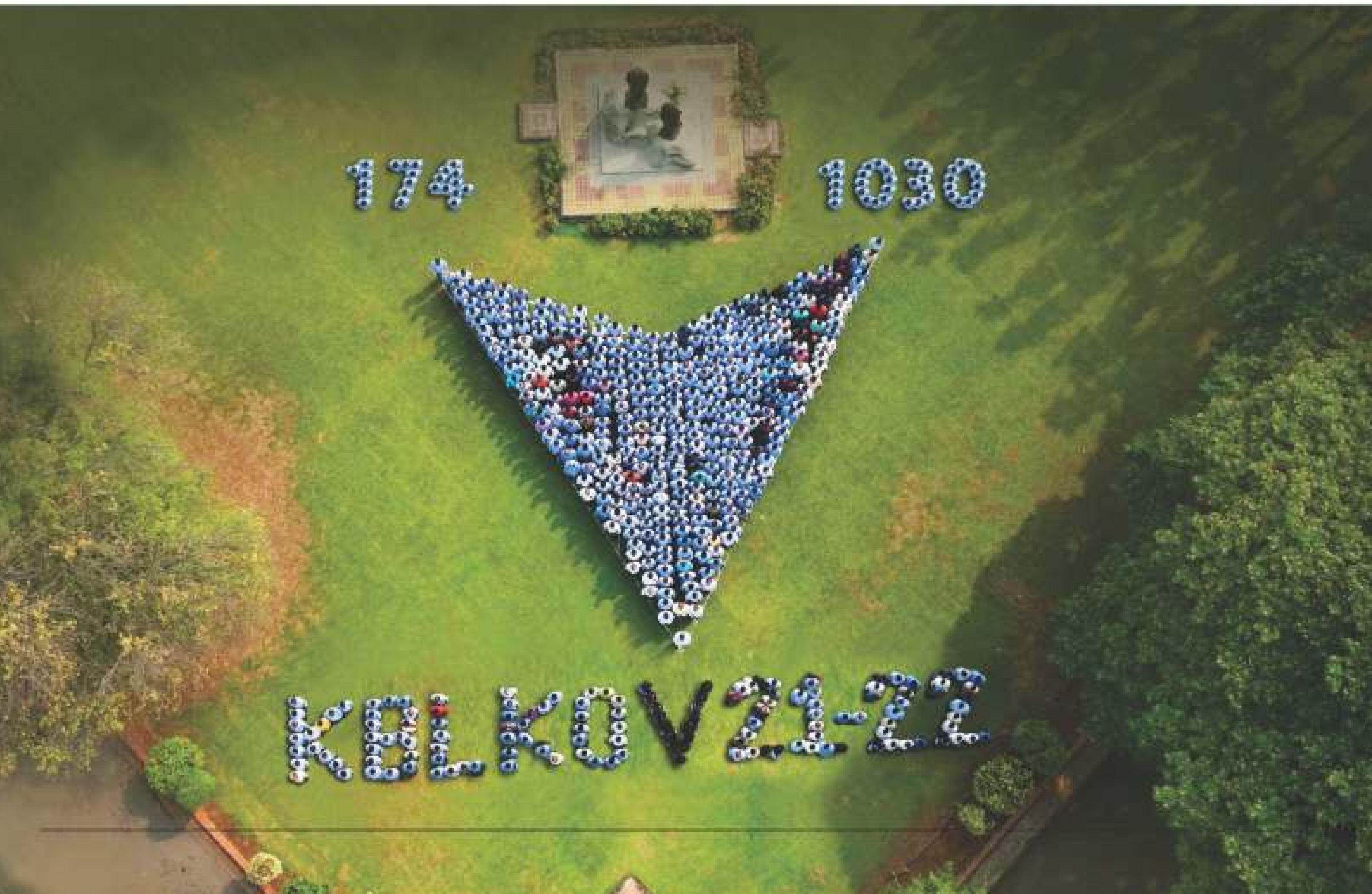
During the period, we signed Annual Maintenance Contracts (AMC) and Annual Rate Contracts (ARC) with many esteemed customers, including the Oil majors and many sugar companies. Last year a special thrust was given to the Sugar Industry. Strategic initiatives like stocking and regular engagement with customers helped us register 60% business growth in the Sugar Segment.

4.11 Kirloskarvadi Plant

The Kirloskarvadi team, with immense enthusiasm and great coordination crossed many benchmarks for the first time in its 112-year history.

The plant set a new record for highest sales in a financial year, including highest ever dispatch in the month of March'21, and highest number of pumps in a year.

Successful amalgamation of Valve manufacturing at Kirloskarvadi was yet another milestone achieved in FY21-22.



4.12 Small Pumps Business Plants

Through various improvement projects, the Dewas plant registered an overall 18% increase in productivity. Production flexibility adopted on various manufacturing lines helped us to cater uneven market demand. This helped us to plan and produce highest quantities of industrial pumps in the period.

The Sanand plant was awarded a Silver Medal by NAMC (National Award for Manufacturing Competitiveness 2021). The Plant was also awarded Excellence in Operations – Large category at Manufacturing Today Conference and Awards 2021.

Kaniyur Plant received the Best Organisation for Women Empowerment for the year 2021. New pump models like Rian, Aarna, Anaya, Jaldaksh and Jalhasti were launched last year.

During Covid-19 Pandemic, all the KBL factories took various initiatives to safeguard the health of our employees and the nearby society.

4.13 Global Marketing

We adopted new technologies that improved our marketing efficiency and sharpened our customer engagement strategy in FY21-22. While activities in traditional marketing channels resumed due to relief in the covid scenario, it is the digital channel where we continue to see huge potential to reach, interact, engage, and generate business opportunities.

The importance of value marketing to capture customer mind share has become more prominent. Launch of new products in our small pump division, where we successfully build our positioning around value delivered by these products in terms of energy efficiency and low cost of ownership. Using both digital and traditional channels, help us gain immediate traction for these products. We took product-centric marketing for KirloSmart® - our cloud-based pump monitoring system, again highlighting the value it offers to our customers. Sharp focus on key products like HYPN, Process pumps, PICO/PAT, and Dewatering pump sets, along with a series of new products launched, has helped increase awareness and more business.

We strengthened our presence on the social media platforms, consistently communicating, listening, and engaging with customers. Integrating various touchpoints like website, social media, email marketing, digital campaigns, and other channels has helped us understand customer journey better and improve marketing ROI.

4.14 Human Resource

Employee Safety and Talent Management was at the core of 2021-22 amidst the ongoing pandemic. Covid appropriate behaviour, vaccination support, tending to employees and their families, from remote working to hybrid working, continuous testing, all measures were taken to ensure business continuity and foster an environment of safety, care and belonging.

Like other companies, there was a moderate effect of 'the Great Resignation' on KBL. However, we were well prepared to handle it. We had proactively put in place measures ranging from ramped up hiring, mapping of critical talent/key positions, increased engagement with top talent and leveraging our culture and values, which helped us mitigate or reduce the impact on business operations. We will focus on developing technical training programs and aligning them with these key competencies. There have been seamless opportunities for our people to continuously learn and grow through rigorous training interventions and self-learning platforms.

KBL as an organisation has continuously revisited the fundamentals and challenged the status quo. We are ready to take up new growth opportunities. Human Resources is one of the key functions driving this transformation, along the side of business leaders, and helping organisations to achieve exceptional growth and leverage their potential.

4.15 Information Technology

Continuing our approach of achieving efficiency through implementation of latest technology and integration across group companies, we achieved various milestones in FY21-22. At KBL group level, S/4HANA (in-memory computing technology), migration for process standardisation, better control, enhanced security, and cost optimisation of IT infrastructure was implemented. We successfully launched a new enhanced web portal and mobile app for our signature IOT based technology – KirloSmart®. This will help our customer to monitor pumps remotely and wirelessly from smart devices, receive preventive and predictive maintenance alerts and spare notifications and carry out the analysis based on the historical trend.

4.16 Research Engineering and Development

The company developed new products keeping in mind the need of the customer and the market. We successfully developed pumps for application in the primary circuit for a Nuclear Power plant. For hydrocarbon application, we developed an axial flow model and a solid handling pump to handle solid sizes up to 131 mm. Another achievement was development of a submersible pump type NS 150/26N pump with a mid-mount arrangement for Mazagaon Dock Limited and a Francis Turbine Pump (FTP) for 30 MW.

Last year, KBL launched 53 variants of Monobloc pumps with IE4 Super Premium Efficiency motors, and 16 variants of Monobloc pumps (up to 5 HP) sets with Ultra-Premium Efficiency IE5 motors to lead the market in energy efficient pumps. To strengthen our position in the submersible pump segment, we introduced 24 variants in 4" submersible pumps with improved efficiency and performance. For our valve business, we enhanced features like blow out proof design and ingress protection in the Butterfly valve (BFV).

5. INTERNAL SYSTEMS

5.1 Internal Control Systems

KBL's businesses are spread across the globe through its various subsidiaries and project sites outside India. We deal in a large variety of pumps, valves, turbines, and customised products, which is possible due to the contribution of many people from different disciplines and substantial delegation of powers to them. Hence setting up and constantly reviewing an effective and efficient internal control mechanism becomes crucial.

KBL has established a detailed 'Code of Conduct' for dealing with all its stakeholders. The company also has a whistle-blower policy. Internal controls have further been achieved by proper budgetary controls, well-defined roles and responsibilities, a schedule of authorities, documented policies, and guidelines for taking appropriate decisions, along with an effective review mechanism. There are in-built checks and balances, which ensure that the functioning of the business is not unduly affected by controls, and appropriate business ethics are still followed. The internal control mechanism is appropriate with the size and complexity of the business and is aligned with the evolving business needs.

The Internal Financial Controls (IFC) established by the company covers all the major processes suitable with the business operations and complies with the Companies Act, 2013. Controls have been established at the entity level and process levels. These controls are designed to ensure compliance with internal control requirements, regulatory compliance and appropriate recording and reporting of financial and operational information. Processes and controls laid down as per IFC are regularly updated for the changes taking place in the business process and for external scenarios.

Internal controls of the company are reviewed by the Internal Audit Department on a periodic basis. All significant and material observations emerging out of the internal audit are regularly reported to the Audit Committee of the Board, and necessary action is being taken. 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 assurance.

5.2 Quality Assurance

In FY 2021-22, we continued our efforts to develop IT-enabled Tools to improve our review mechanism, communication with suppliers and document retrieval. Through effective review and analysis, we have strengthened control of our processes, which has resulted in reduction in customer complaints and warranty costs.

We are working towards improving our supplier quality base through various initiatives like the Supplier Quality Improvement Program, Supplier Training and PPAP for critical components. We have established a Quality and testing function for our APOEM partners, which will help in building the confidence and trust of our customers. Similarly, we are strengthening our internal processes through Product and Process audits, training operators, implementing TPM tools and conducting "Business Excellence" assessments.

The material testing lab of the Kirloskarvadi plant is now NABL accredited in accordance with ISO/IEC 17025: 2017. We are also focusing on Environmental aspects by working on various initiatives like Life Cycle Analysis study, Carbon Footprint Study, increase in star-rated energy efficient pumps and Energy Conservation competition.

6. FINANCIAL PERFORMANCE AND KEY FINANCIAL RATIOS

Details of financial and operational performance of the Company, during the year under review as required in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are provided in the Boards' Report at page no. 106 to 110 of this Annual Report.

Details of significant changes (change of 25% or more as compared to the immediately previous financial year) in key financial ratios along with explanations as required in accordance with the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, are provided on page no. 267 of this Annual Report.

7. KEY RISKS

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, details of the Company's Key Risks (along with its impact and strategy for mitigation), are available on page no. 39 of this Annual Report.

Cautionary Statement: *Statements in the Management Discussion and Analysis describing 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.*

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, 2022, there were Fourteen Directors on the Board, comprising of a Managing Director and Joint Managing Director and Twelve (85.71%) Non-Executive Directors of whom Ten (71.42%) 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, 5 (Five) Board meetings were held on the following dates:

May 25, 2021, August 03, 2021, October 29, 2021, February 10, 2022 and March 18, 2022.

According to the provisions of Regulation 17A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 none of the Directors on the Board hold the office of director, including an alternate directorship if any, in more than 7 companies at the same time.

None of the Directors are holding directorship in more than 7 public companies 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, 2022 have been made by the Directors. 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 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 limit, chairpersonship and membership of only Audit and Stakeholders' Relationship Committees are considered.

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('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 Managing Director of the Company is serving as an Independent Director in two listed companies.

The details are explained 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)	5	Present	7	2/1	KPT Industries Limited (formerly known as Kulkarni Power Tools Ltd.) DCM Shriram Industries Ltd.	INED INED
Ms. Rama Kirloskar	JMD (P)) $	5	Present	3	1/0	--	--
Mr. Pratap Shirke	NED	5	Present	15	0/0	--	--
Mr. Alok Kirloskar	NED (P)	5	Present	17	0/0	--	--
Mr. Pradyumna Vyas	INED	5	Present	4	3/1	Titan Company Ltd. Dynamatics Technology India Ltd.	INED INED
Dr. Rakesh Mohan	INED	5	Present	1	0/0	Dixon Technology India Ltd.	INED
Mr. Rajeev Kher#	INED	3	Present	2	2/0	Goodyear India Ltd.	INED
Ms. Shailaja Kher	INED	5	Present	0	0/0	--	--
Mr. M.S. Unnikrishnan	INED	5	Present	2	0/0	KEC International Limited	INED
Mr. Shobinder Duggal##	INED	4	Present	2	1/0	SBI Life Insurance Company Ltd. PI Industries Ltd.	INED INED
Mr. Shrinivas Dempo##	INED	4	Present	13	1/0	Automobile Corporation of Goa Ltd. Hindustan Foods Ltd. Goa Carbon Ltd.	INED NED NED
Ms. Ramni Nirula##	INED	4	Present	5	2/0	DCM Shriram Ltd . PI Industries Ltd. Usha Martin Ltd. HEG Ltd.	INED INED INED INED
Mr. Amitava Mukherjee###	INED	2	NA	6	2/2	Godrej Properties Ltd.	INED
Mr. Vivek Pendharkar###	INED	2	NA	0	0/0	--	--
Ms. Rekha Sethi###	INED	2	NA	4	2/0	CESC Ltd. Samvardhana Motherson International Ltd. (formerly known as Motherson - Sumi Systems Ltd.) Spensers Retail Ltd.	INED INED 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 January 24, 2022.

(4) ## Appointed with effect from May 25, 2021.

(5) ### Appointed with effect from October 29, 2021.

(6) $ Ms. Rama Kirloskar was appointed as Joint Managing Director of the Company w.e.f. August 03, 2021.

During the year under review, meeting of the Independent Directors was held on November 10, 2021. The Independent Directors, inter-alia, reviewed the performance of non-independent directors, Chairman of the Company and the Board as a whole.

Statement showing number of Equity Shares of ₹ 2/- each of the Company, held by the Non-Executive Directors as on March 31, 2022:

Non-Executive Directors	No. of Shares	% of Paid-up Capital
Mr. Pratap B. Shirke	20,000	0.02
Mr. Alok S. Kirloskar	6,187	0.01
Ms. Rama Kirloskar (upto August 3, 2021)	0	0.00
Dr. Rakesh Mohan	0	0.00
Mr. Pradyumna Vyas	0	0.00
Mr. M.S. Unnikrishnan	0	0.00
Mr. Rajeev Kher*	0	0.00
Ms. Shailaja Kher	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

* Ceased to be a Director with effect from January 24, 2022.
@ Appointed with effect from May 25, 2021.
$ Appointed with effect from October 29, 2021.

The details of familiarisation programme imparted to the Directors is 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 skill-based 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 section in which the organization predominantly operates); and
- Personal attributes or qualities that are generally considered desirable to be an effective Director.

The List of directors possessing 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:

Personnel Details				Committee					Areas of expertise							
Name	Director since	Independence	NED/ EXE	Audit	NRC	SRC	CSR	RMC	Strategy	Policy	Finance	Legal Framework	IT	Exec. Mgmt.	Commercial	International
Mr. Sanjay Kirloskar	1985	NA	EXE	NA	Yes	Yes	Yes	NA	Yes					Yes		Yes
Mr. Alok Kirloskar	2012	NA	NED	NA	NA	Yes	NA	NA	Yes					Yes		Yes
Mr. Pratap Shirke	2007	NA	NED	Yes	NA	NA	NA	NA	Yes		Yes			Yes	Yes	Yes
Ms. Rama Kirloskar	2017	NA	EXE	NA	NA	NA	Yes	Yes	Yes				Yes	Yes		
Dr. Rakesh Mohan	2017	Yes	NA	Yes	Yes	NA	NA	NA	Yes	Yes	Yes			Yes		Yes
Mr. Rajeev Kher	2019	Yes	NA	Yes	Yes	NA	Yes	NA	Yes		Yes					Yes
Ms. Shailaja Kher	2019	Yes	NA	NA	NA	Yes	NA	NA	Yes			Yes			Yes	
Mr. Pradyumna Vyas	2019	Yes	NA	NA	NA	NA	Yes	NA	Yes	Yes			Yes			
Mr. M.S.Unnikrishnan	2020	Yes	NA	Yes	Yes	NA	NA	Yes	Yes	Yes	Yes	Yes		Yes	Yes	Yes
Mr. Shobinder Duggal	2021	Yes	NA	Yes	NA	NA	NA	NA	Yes		Yes			Yes	Yes	Yes
Mr. Shrinivas Dempo	2021	Yes	NA	NA	Yes	NA	NA	NA	Yes					Yes		Yes
Ms. Ramni Nirula	2021	Yes	NA	Yes	NA	NA	NA	NA			Yes			Yes	Yes	
Mr. Amitava Mukherjee	2021	Yes	NA	Yes	NA	Yes	NA	NA	Yes		Yes			Yes	Yes	Yes
Mr. Vivek Pendharkar	2021	Yes	NA	NA	NA	NA	NA	NA	Yes				Yes	Yes		Yes
Ms. Rekha Sethi	2021	Yes	NA	NA	NA	NA	Yes	NA	Yes					Yes		Yes

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 has resigned during the Financial Year ended at March 31, 2022.

3. Audit and Finance Committee:

The Audit and Finance Committee is 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 and Finance Committee include the matters specified in Schedule II (Part C) of the SEBI Listing Regulations, 2015. The terms of reference of the Audit and Finance Committee include the following:

A)

- Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with the management, the annual financial statements and auditors' report 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.

The Committee was re-constituted with effect from August 03, 2021 and inducted Mr. M.S. Unnikrishnan as a member of the Committee. The Committee was further re-constituted with effect from October 29, 2021. Mr. Shobinder Duggal and Ms. Ramni Nirula were appointed as members of the Committee. Mr. Rajeev Kher being a Chairman of the Committee and Dr. Rakesh Mohan, Mr. Pratap Shirke and Mr. M.S. Unnikrishnan being the other members of the Committee.

Mr. Rajeev Kher ceased to be a Director and Chairman of the Committee on completion of his term as an Independent Director on January 24, 2022. Mr. Shobinder Duggal was appointed as a Chairman of the Committee with effect from February 09, 2022. The Committee was further re-constituted with effect from February 10, 2022 and inducted Mr. Amitava Mukherjee as a member of the Committee. Dr. Rakesh

Mohan, Mr. Pratap Shirke, Mr. M.S. Unnikrishnan and Ms. Ramni Nirula being the other members of the Committee.

Mr. Rajeev Kher was present at the AGM of the Company held for the Financial Year 2020-21 as the Chairman of the Committee.

During the year, 7 (Seven) meetings of Audit and Finance Committee were held on May 25, 2021, August 03, 2021, August 26, 2021, October 29, 2021, February 09, 2022, February 14, 2022 and March 17, 2022.

Attendance at Audit and Finance Committee meetings:

Member's Name	No. of Meetings attended	Member's Name	No. of Meetings attended
Mr. Rajeev Kher*	4	Dr. Rakesh Mohan	7
Mr. Pratap B. Shirke	7	Mr. M.S. Unnikrishnan**	5
Mr. Shobinder Duggal***	3	Ms. Ramni Nirula***	2
Mr. Amitava Mukherjee****	2		

* Ceased to be a Director and Chairman of the Committee with effect from January 24, 2022.

** Appointed as a member of the Committee with effect from August 03, 2021.

*** Appointed as a member of the Committee with effect from October 29, 2021.

**** Appointed as a member of the Committee with effect from February 10, 2022.

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.
- 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 with effect from February 10, 2022 consequent upon cessation of Mr. Rajeev Kher as a Director and member of the Committee with effect from January 24, 2022 and Mr. Shrinivas Dempo was appointed as a Member of the Committee. Dr. Rakesh Mohan-Chairman, Mr. Sanjay C. Kirloskar and Mr. M. S. Unnikrishnan being the other members of the Committee.

Dr. Rakesh Mohan is an Independent Non-Executive Director. He was present at the AGM of the Company for the Financial Year 2020-21.

During the year, 4 (Four) Nomination and Remuneration Committee meeting were held on May 25, 2021, August 03, 2021, October 29, 2021 and March 18, 2022.

Attendance at the meeting:

Member's Name	No. of Meetings attended	Member's Name	No. of Meetings attended
Dr. Rakesh Mohan	4	Mr. Rajeev Kher*	3
Mr. Sanjay C. Kirloskar	4	Mr. Shrinivas Dempo**	1
Mr. M. S. Unnikrishnan	4		

*Ceased to be a Director and member with effect from January 24, 2022.

** Appointed as a member with effect from February 10, 2022.

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 has been laid down in the 'Board Evaluation Policy' formulated by the Company. This policy evaluates the performance of the Board, including its Committees and individual directors. Evaluation criteria includes 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 potential high performing candidates for critical position 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-a-vis the Company.
- The payment made to the Executive Director has been reviewed by the Nomination and Remuneration Committee from time to time and confirmed by the Board of Directors.
- The sitting fees paid to the Non-Executive Directors for attending the Board and Committee meetings was restored from ₹ 60,000/- to ₹ 75,000/- for every meeting of the Board and Committee with effect from May 25, 2021.
- 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 has also recommended a payment of commission to Non-Executive Directors. There has been no payment apart from this to any Non-Executive Director.

Details of remuneration paid to Directors for the Financial Year 2021–22 are as follows:

Amount in ₹ Million

Name of Director	Sitting Fees	Commission/ Bonus on Profits##	Salary	Contribution to Statutory Funds	Perquisites	Others	Total
Executive Director							
Mr. Sanjay Kirloskar	-	32.06	9.00	3.18@	6.51	-	50.75
Ms. Rama Kirloskar#	0.15	7.18	3.95	2.35	1.18	-	14.80
Non –Executive Directors							
Mr. Pratap Shirke	0.90	1.30	-	-	-	-	2.20
Mr. Alok Kirloskar	0.45	1.30	-	-	-	-	1.75
Dr. Rakesh Mohan	1.20	1.30	-	-	-	-	2.50
Mr. Rajeev Kher*	0.83	1.08	-	-	-	-	1.91
Mr. Pradyumna Vyas	0.53	1.30	-	-	-	-	1.83
Ms. Shailaja Kher	0.45	1.30	-	-	-	-	1.75
Mr. M.S. Unnikrishnan	1.20	1.30	-	-	-	-	2.50
Mr. Shobinder Duggal**	0.53	1.19	-	-	-	-	1.72
Mr. Shrinivas Dempo**	0.38	1.19	-	-	-	-	1.57
Ms. Ramni Nirula**	0.45	1.19	-	-	-	-	1.64
Mr. Amitava Mukherjee***	0.30	0.65	-	-	-	-	0.95
Mr. Vivek Pendharkar***	0.15	0.65	-	-	-	-	0.80
Ms. Rekha Sethi***	0.15	0.65	-	-	-	-	0.80

Figures are rounded off to the next figure.

Sitting fees paid for Board Meetings held upto May 25, 2021 and thereafter she was not paid sitting fees being appointed as an executive director of the Company.

* Ceased to be Director with effect from January 24, 2022.

** Appointed with effect from May 25, 2021.

*** Appointed with effect from October 29, 2021.

The amount of Commission is paid on the basis of criteria as prescribed under Remuneration Policy.

@ The contribution made to Statutory Funds are not considered while calculating the limits prescribed for remuneration.

The Board of Directors of the Company decides the remuneration of Directors on the basis of recommendation from Nomination and Remuneration Committee (N&RC) 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:

Name of 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 S. Kirloskar	Agreement dt.09.09.2021 Period: 03.08.2021 to 02.08.2026	

6. Particulars of Directors to be re-appointed at an ensuing Annual General Meeting:

Mr. Pratap B. Shirke (DIN 00104902) is proposed to be re-appointed as a Non-Executive Director liable to retire by rotation.

His brief profile, shareholdings and other directorship details are included in the Notice for the 102nd Annual General Meeting.

7. Stakeholders Relationship Committee:

The Stakeholders Relationship Committee is 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 on February 10, 2022. Mr. Amitava Mukherjee was appointed as a member of the Committee. Ms. Shailaja Kher, Chairperson of the Committee and Mr. Sanjay C. Kirloskar and Mr. Alok S. Kirloskar being the other members.

Ms. Shailaja Kher was Non-Executive Independent Director and she was present at the AGM of the Company held for the Financial Year 2020-21 as the Chairperson of the Committee.

During the year, 1 (One) Stakeholders' Relationship Committee meeting was held on May 25, 2021.

The Company Secretary is designated as a “Compliance Officer” who oversees the redressal of the investors’ grievances.

Name and designation of Compliance Officer:

Mr. Sandeep A. Phadnis, Company Secretary (up to April 9, 2021)
Associate Vice President and Head – Corporate Secretarial

Mr. Raghunath Apte, Company Secretary (up to November 26, 2021)
General Manager and Head – Corporate Secretarial

Mr. Devang Trivedi, Company Secretary (with effect from March 18, 2022)
General Manager 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:

No complaint was received during the year as on March 31, 2022.

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.

Risk Management Committee:

The Risk Management Committee is 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 is constituted with effect from May 25, 2021. The Committee comprises of Mr. M.S. Unnikrishnan-Chairman and Ms. Rama Kirloskar, Mr. C.M. Mate being the members.

During the year, 2 (Two) meetings of Risk Management Committee were held on August 03, 2021 and January 28, 2022.

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	2		

General Meetings:

Details of last three Annual General Meetings held:

i) 99th Annual General Meeting	August 12, 2019: 11.00 A. M. Yamuna, Survey No.98 (3 to 7), Plot No. 3, Baner, Pune - 411 045.
No special resolution was passed at this meeting.	

ii) 100th Annual General Meeting (Pursuant to MCA circulars Virtual AGM was held due to COVID-19)	September 25, 2020: 11.00 A. M. Yamuna, Survey No.98 (3 to 7), Plot No. 3, Baner, Pune - 411 045.
Special resolution for re-appointment of Mr. Kishor Chaukar (DIN 00033830) as an Independent Director of the Company was placed before the Shareholders for their approval but was not approved.	

iii) 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 to 7), Plot No. 3, Baner, Pune - 411 045.
No special resolution was passed at this meeting.	

Postal Ballot:

Postal ballot for appointment of Independent Directors	
Postal Ballot Voting Period	15th November 2021 to 14th December 2021
Ordinary Resolutions were passed for appointment of Mr. Amitava Mukherjee, Mr. Vivek Pendharkar and Ms. Rekha Sethi as Independent Directors of the Company.	
Mr. Shyamprasad Limaye-Practising Company Secretary was appointed as Scrutiniser and conducted the Postal Ballot exercise.	

Procedure for Postal Ballot has been followed as prescribed under the Companies Act, 2013 and SEBI Listing Regulations, 2015.

Means of Communication:

- Quarterly 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 quarterly results are published in the newspapers viz. Financial Express and Loksatta.
- Presentations for analysts are uploaded on the Company's website.

General Shareholders information:

102nd Annual General Meeting

Day & Date	:	Wednesday, August 10, 2022
Time	:	11.00 A.M. (IST)
Deemed Venue	:	Registered Office at "Yamuna" Survey No. 98 (3 to 7), Plot No.3, Baner, Pune – 411 045.
Financial Year	:	1st April to 31st March
Record Date for dividend	:	August 3, 2022
Dividend payment date	:	September 8, 2022
Listing on Stock Exchanges :		Company's equity shares are listed on BSE Limited and National Stock Exchange of India Limited, Mumbai.
Corporate Identification No. (CIN)	:	L29113PN1920PLC000670
Stock codes / Symbol	:	BSE Limited – 500241 National Stock Exchange of India Limited – KIRLOSBROS –EQ
ISIN	:	INE732A01036

Addresses of stock exchanges:

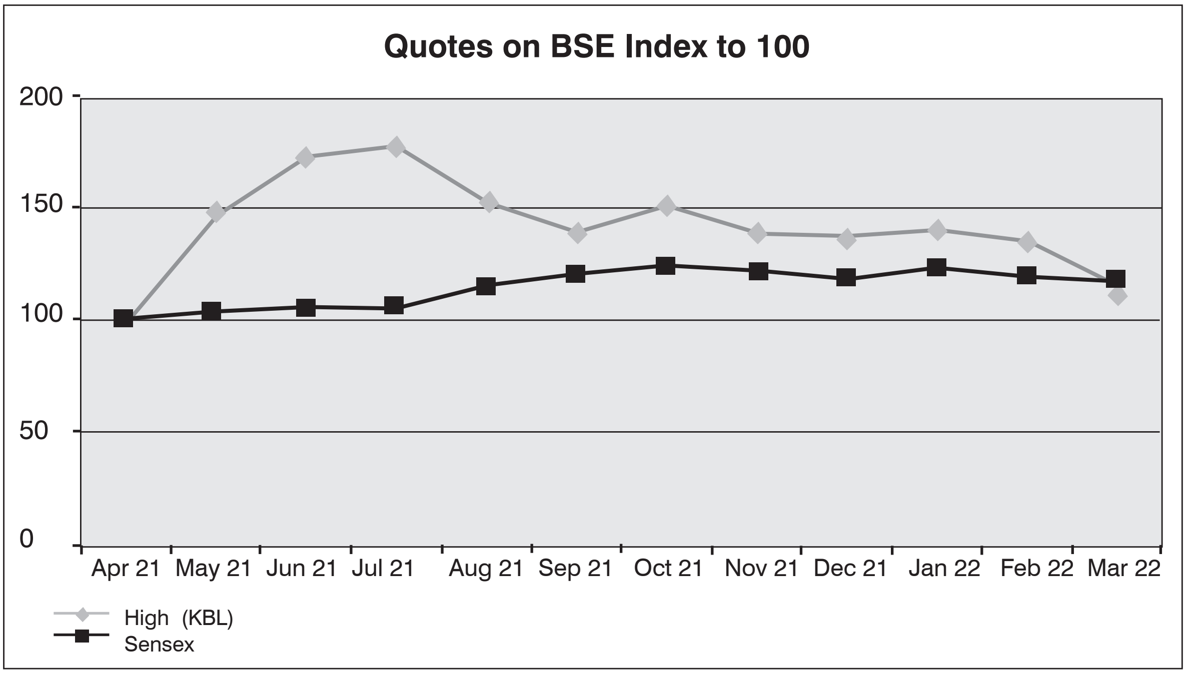
BSE Limited	**National Stock Exchange of India Limited**
Phiroze Jeejeebhoy Towers,	Exchange Plaza, Plot No. C/1,G Block
Dalal Street,	Bandra-Kurla Complex, Bandra (East)
Mumbai – 400 051	Mumbai – 400 001
Tel. No. (022) 2272 1233/34	Tel. No. (022) 2659 8100/8114
Fax No. (022) 2272 1919	Fax No. (022) 2659 8120

The Annual Listing Fees have been paid to both BSE Limited and National Stock Exchange of India Limited (NSE).

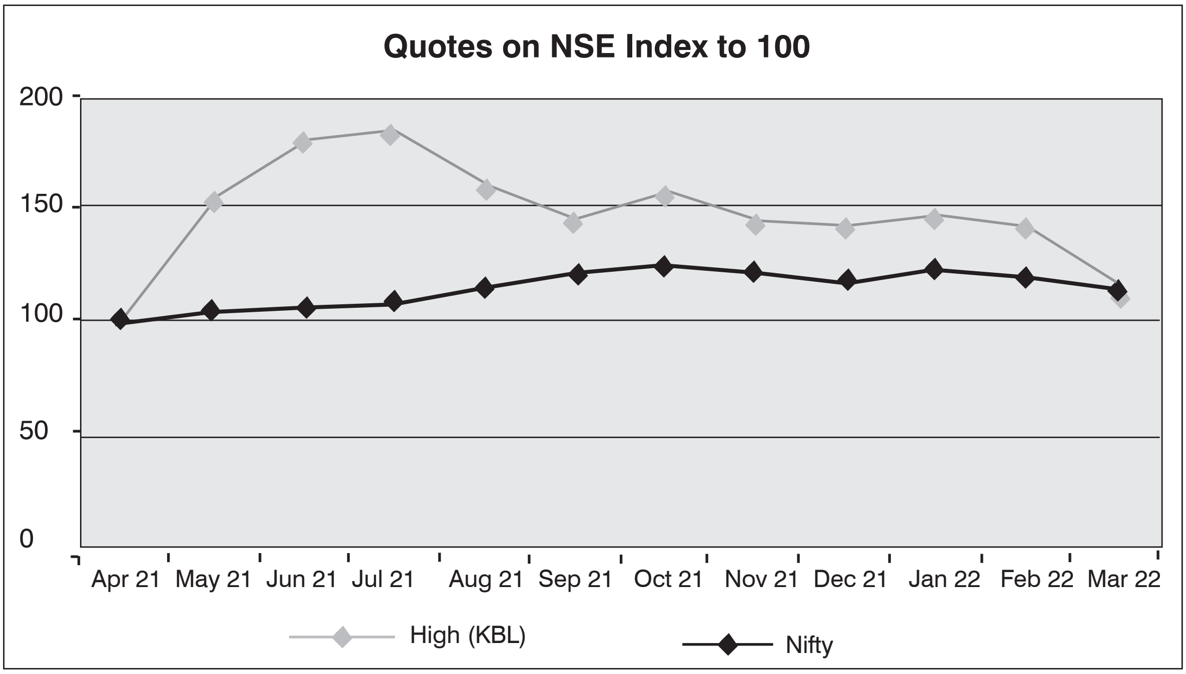
Market Price data:

Month	Quotations on BSE		Quotations on NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2021	285.00	210.10	278.30	210.30
May 2021	420.00	237.45	420.65	236.85
June 2021	490.00	381.55	489.40	381.10
July 2021	504.75	406.15	499.20	405.50
August 2021	432.80	344.10	432.90	344.00
September 2021	395.25	341.15	394.70	340.10
October 2021	428.20	374.85	427.45	372.20
November 2021	394.95	341.55	394.95	341.00
December 2021	388.95	312.00	388.00	311.35
January 2022	398.70	319.30	399.40	317.65
February 2022	385.00	300.00	388.00	300.00
March 2022	315.00	270.00	314.00	270.00

Performance in comparison to broad based indices - BSE sensex:



Performace in comparison to broad based indices-NSE S&P CNX Nifty:



Registrar and Transfer (R&T) Agent:

M/s. Big Share Services Private Limited has been appointed as R&T Agent of the Company.

Share Transfers, dematerialisation of shares, dividend payment and all other investor related activities are attended and processed at the office of the R&T Agent at the following address:

M/s. Big Share 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 – 400093.
Email id: KBL@bigshareonline.com
Tel.: 022-62638200 Fax No.: 022-62638299

Share transfer system:

Pursuant to Regulation 40 of SEBI Listing Regulations, 2015 as amended by SEBI notification dated June 8, 2018 with effect from April 1, 2019 shares held in 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, 97.99% share capital is held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited as on March 31, 2022.

The Company has established connectivity with both the Depositories through its R&T Agent, M/s. Big Share Services Private Limited.

Shareholders are advised to notify to the Company or R&T Agent, any change of address and Bank details, immediately.

Dematerialisation of equity shares and liquidity as on 31st March, 2022:

Equity shares	Number of shares	% of total shares
Held in dematerialised form in NSDL	74,046,979	93.25
Held in dematerialised form in CDSL	3,768,814	4.75
Physical	1,593,133	2.00
Total	**79,408,926**	**100.00**

Distribution of Shareholding as on March 31, 2022:

Nominal value of shares (In ₹)		Number of holders	% to total holders	Total face value (In ₹)	% to total face value
From	To				
1	5000	22022	95.80	9836176	6.19
5001	10000	512	2.23	3607220	2.27
10001	20000	236	1.03	3296660	2.08
20001	30000	61	0.27	1519356	0.96
30001	40000	34	0.15	1251516	0.79
40001	50000	22	0.10	1010818	0.64
50001	100000	44	0.19	3147974	1.98
100001	above	57	0.25	135148132	85.10
	TOTAL	**22988**	**100.00**	**158817852**	**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 Risk

During the Financial Year 2021-22, 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. 40D to the Financial Statements.

Plant locations:

1	Kirloskarvadi Dist. Sangli – 416 308 Maharashtra Tel. No. (02346) 222301 – 05, 222361 – 222365	2	Dewas Station Road, Dewas – 455 001 Madhya Pradesh Tel. No. (07272) 227397,227401/405/409
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. (0421) 2904699	6	Sanand Sr. No. 254/1, Ahmedabad-Viramgam Highway, Village Chharodi, Tal. Sanand, Dist. Ahmedabad – 382 170 Gujarat Tel. No. (02717) 273310

Investor contacts:

Company Address :	Registrar and Transfer Agent :
Secretarial Department, Kirloskar Brothers Limited, Registered Office at "Yamuna", Survey No. 98 (3 to 7), Plot No. 3, Baner, Pune – 411 045 Tel. No. (020) 6721 4444 Fax No. (020) 6721 1136 E-mail : grievance.redressal@kbl.co.in	Big Share 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 – 400093 Email id: KBL@bigshareonline.com Tel.: (022) 62638200 Fax No.: (022) 62638299

Depositories for equity shares :	
National Securities Depository Limited Trade World – A Wing, 4th & 5th Floor, Kamala Mills Compound, Lower Parel, Mumbai – 400 013 Tel. No. (022) 2499 4200 Fax No. (022) 2497 6351	Central Depository Services (India) Ltd. Marathon Futurex, A-Wing, 25th 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.

8. **Disclosures:**

i. There are no materially significant transactions made by the Company with its promoters, directors or the management, their subsidiaries or relatives etc. any related parties which have potential conflict with the interests of the Company at large.

ii. 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.

iii. a. Whistle Blower Policy:

The Company has already in place and implemented a Whistle Blower Policy ('the Policy'). This inter alia provides a mechanism for employees of the Company and other persons dealing with the Company to report to the Chairman of the Audit and Finance Committee; any instance of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct. Thus, any employee / stakeholder has access to the Audit and Finance 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, 2022, 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: Nil

3. Cases pending for more than 90 days: NA

4. No. of workshops and awareness programmes conducted in the year: 02

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

iv. All mandatory requirements of the SEBI Listing Regulations, 2015 have been complied with by the Company and 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 half-yearly 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 and Finance Committee.

   The Board has adopted certain policies viz. Code of Corporate Governance, Corporate Disclosure Policy, Legitimate Purpose Policy under SEBI (Prohibition of Insider Trading) Regulations, 2015.

5. 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

6. 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).

7. Separate meeting of Independent Directors

   Independent Directors of the Company met on November 10, 2021 to review and discuss on the matters required under SEBI Listing Regulations, 2015.

8. Payment of consolidated fees to the Statutory Auditor:

   The Company has paid fees of ₹ 7.3 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, 2022 (Refer Note No. 31).

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

Pune : May 24, 2022

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
(CIN: L29113PN1920PLC000670)
'Yamuna' Survey No.98 (3 to 7)
Plot No.3, Baner, Pune - 411 045.

I have examined and subject to limitation of physical interaction and verification of records caused by COVID-19 Pandemic lock down; the compliance of Corporate Governance by **Kirloskar Brothers Limited** ('the Company'), for the year ended 31st March, 2022, as stipulated in Regulations 17, 18, 19, 20, 22, 23, 24, 25, 26, 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

Dated: May 24, 2022

UDIN : F001587D000373750

Shyamprasad D. Limaye
F.C.S 1587 C.P 572
Practising Company Secretary

Practicing Company Secretary's Certificate on Appointment / Re-appointment of Directors

Certificate

[Pursuant to Schedule V read with Regulation 34(3) of the SEBI Listing Regulations (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 and subject to limitation of physical interaction and verification of records caused by Covid-19 Pandemic;

I certify that the following persons are Directors of the Company (during 01/04/2021 to 31/03/2022) 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	Sanjay Chandrakant Kirloskar	00007885	Managing Director
2	Pratap Baburao Shirke	00104902	Non-Executive Director
3	Alok Sanjay Kirloskar	05324745	Non-Executive Director
4	Rama Sanjay Kirloskar	07474724	Jt. Managing Director
5	Rakesh Mohan	02790744	Independent Director
6	*Rajeev Kher	01192524	Independent Director
7	Shailaja Shrikrishna Kher	08450568	Independent Director
8	Pradyumna Rameshchandra Vyas	02359563	Independent Director
9	Mangalath Unnikrishnan	01460245	Independent Director
10	Ramni Nirula	00015330	Independent Director
11	Shobinder Duggal	00039580	Independent Director
12	Shrinivas Vasudeva Dempo	00043413	Independent Director
13	Vivek Sharad Pendharkar	02791043	Independent Director
14	Rekha Sethi	06809515	Independent Director
15	Amitava Mukherjee	00003285	Independent Director

* Mr. Rajeev Kher (DIN 01192524) ceased to be a Director of the Company w.e.f. 24/01/2022.

Place : Pune
Dated: : May 24, 2022
UDIN : F001587D000373717

Shyamprasad D. Limaye
F.C.S 1587 C.P 572
Practicing Company Secretary

Financial Statements (Standalone)

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 2022, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended and notes to the standalone financial statements, including a summary of 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 2022, 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 matters

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 matters as described below:

A. Accounting treatment for customer contracts where performance obligations are satisfied over time

B. Carrying value of investments in subsidiaries and joint ventures

A. Accounting treatment for customer contracts where performance obligations are satisfied over time

Description of key audit matter:

Revenue amounting to Rs. 1,355 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.

B. Carrying value of investments in subsidiaries and joint ventures

Description of key audit matter:

The Company has invested an amount of Rs. 3,469 Million in subsidiaries and joint ventures. These investments are stated at cost in the financial statement. One of the foreign subsidiaries has further invested in step-down foreign companies including certain acquisitions made in the past with a view to become one of the global leaders in the area of Company's operations. These foreign subsidiaries have their individual gestation periods and have been incurring losses in past few years. Given the multi layered investment structure and being subjected to international business dynamics, the Company is required to evaluate their individual financial status and value propositions to determine carrying value of these investments in light of group's overall stated business plans and its vision, both in domestic and international markets, and hence requires a close monitoring by the management of these situations. Against this background, this matter was of significance in the context of our audit (Refer note 5 to the standalone financial statements).

Description of Auditor's response:

We have obtained audited financial statements of these subsidiaries and joint ventures and have compared their net worth against investment by the ultimate holding Company. As our standard auditing procedure, we have sent to the auditors of all subsidiaries and joint ventures a group reporting instruction requiring each auditor to respond with his comments. Component auditors have not raised any major concern on the ability of the entities to operate as a going concern. Management has provided us with the business plans and how in their business judgement any negative net worth is either compensated with improving business conditions in some of these entities or have additional assets whose market values have adequate coverage to offset the negative net worth condition within the larger scheme of business prospects as a group. Going forward our regular audit procedures are designed to keep a follow up on outcomes of these management assertions.

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.

Managements and Board of Directors 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 2022 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2022 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 2022 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. 47 B (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.

For Sharp & Tannan Associates
Chartered Accountants
Firm's Registration no. 109983W
by the hand of

Tirtharaj Khot
Partner
Membership no.(F) 037457
UDIN:22037457AJNLAU7571

Pune, 24 May 2022

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)

(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) According to the information, explanation and representation provided to us and based on verification carried out by us, 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) According to the information, explanation and representation provided to us and based on verification carried out by us, 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) According to the information, explanation and representation provided to us and based on verification carried out by us, 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 than10% in the aggregate for each class of inventory and the same have been properly dealt with in the books of account.

(b) According to the information, explanation and representation provided to us and based on verification carried out by us, 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 quarterly statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.

(iii) According to the information, explanation and representation provided to us and based on verification carried out by us, the Company has not made any investments in, 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 provided guarantee to companies and has not 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):

	Guarantees	
Particulars	**Provided during the year**	**Balance outstanding as at 31 Mar 2022**
Aggregate amount during the year - Subsidiaries	Rs. 714.97 Mn	Rs. 4,635.97 Mn
- Other than Subsidiaries	Rs. 484.78 Mn	Rs. 4,628.02 Mn

(b) According to the information, explanation and representation provided to us and based on verification carried out by us, 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 are not prejudicial to the Company's interest.

(c) According to the information, explanation and representation provided to us and based on verification carried out by us, 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) According to the information, explanation and representation provided to us and based on verification carried out by us, no amount is overdue for more than ninety days. Accordingly, the reporting under para 3(iii)(d) is not applicable.

(e) According to the information, explanation and representation provided to us and based on verification carried out by us, 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) According to the information and explanations provided to us, 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.

(Amount in Rs. Mn)

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)	 - 9.61
Total (A+B)	9.61
Percentage of loans/ advances in nature of loans to the total loans	6.02%

(iv) According to the information, explanation and representation provided to us and based on verification carried out by us, the Company has complied with provisions of section 185 and section 186 of the Act.

(v) According to the information, explanation and representation provided to us and based on verification carried out by us, 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.

(vii) In respect of statutory dues:

(a) The Company is 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. According to the information and explanations given to us and based on verification carried out by us 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.

(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, 2022, on account of dispute are given below:

Name of statute	Nature of dues	Amount involved Rs. Million	Amount unpaid Rs. Million	Period to which amount Relates	Forum where Dispute is Pending
Sales Tax of Various States	LST, GST, Sales Tax, CST, WCT VAT (including interest, penalty, etc, if any)	22.91	20.86	2011-12, 2012-13, 2016-17 & 2017-18	Additional Commissioner
		73.24	73.24	2005-06, 2008-09, 2009-10, 2010-11 & 2013-14	C.T.O., Telangana
		24.58	24.58	1994-95, 1995-96, 2000-01, 2006-07, 2007-08, 2011-12 to 2017-18	Commissioner of Appeal
		1.07	1.07	1994-95, 1995-96, 2000-01	Deputy Commissioner
		311.24	311.24	1989-90 to 1992- 93, 2008-09, 2009-10, 2011-12 & 2014-15	High court
		52.29	48.29	2003-04, 2009-10, 2013-14	Tribunal
Chapter V of Finance Act, 1994	Service Tax (including interest, penalty, etc, if any)	7.52	7.52	2009-10 to 2012-13	Appeal Tribunal
		95.73	95.73	2004-05 to 2007-08	CESTAT
		1.14	1.14	2012-13	Superintendent
		902.52	902.52	2012-13	Supreme Court

Name of statute	Nature of dues	Amount involved Rs. Million	Amount unpaid Rs. Million	Period to which amount Relates	Forum where Dispute is Pending
Central Excise Act, 1944	Excise Duty (including interest, penalty, etc, if any)	7.12	7.12	2003-04, 2015-16 & 2016-17	CESTAT
		1.35	1.35	2006-07 to 2009-10	Commissioner Appeal
		6.36	6.36	2013-14 to 2016-17	DGGI
		0.14	0.14	1996-97	Deputy Commissioner
		3.66	-	2017-18	Revision Authority
		21.23	21.23	2007-08	High court
The Income Tax Act, 1961	Income Tax (including interest, penalty, etc, if any)	132.51	132.51	2013-15 & 2016-17	CIT (Appeals)

(viii) According to the information, explanation and representation provided to us and based on verification carried out by us, there are no transactions which are not recorded in the books of account and have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, reporting under para 3(viii) is not applicable.

(ix) (a) According to the information, explanation and representation provided to us and based on verification carried out by us, 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) According to the information, explanation and representation provided to us and based on verification carried out by us, we report that the company has not been declared as willful defaulter by any bank or financial institution or other lender. Accordingly, reporting under para 3(ix)(b) is not applicable.

(c) According to the information, explanation and representation provided to us and based on verification carried out by us, the term loans availed by the Company during the year, were applied by the Company for the purposes for which the loans were obtained.

(d) According to the information, explanation and representation provided to us and based on verification carried out by us, 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) According to the information, explanation and representation provided to us and based on verification carried out by us, we report that 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) According to the information, explanation and representation provided to us and based on verification carried out by us, we report that 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) According to the information, explanation and representation provided to us and based on verification carried out by us, 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) According to the information, explanation and representation provided to us and based on verification carried out by us, 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) According to the information, explanation and representation provided to us and based on verification carried out by us, 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) According to the information, explanation and representation provided to us and based on verification carried out by us, 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) According to the information, explanation and representation provided to us and based on verification carried out by us, 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) According to the information, explanation and representation provided to us and based on verification carried out by us, 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) According to the information, explanation and representation provided to us and based on verification carried out by us, 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) According to the information, explanation and representation provided to us and based on verification carried out by us, 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) According to the information, explanation and representation provided to us and based on verification carried out by us, 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) According to the information, explanation and representation provided to us and based on verification carried out by us, 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) According to the information, explanation and representation provided to us and based on verification carried out by us, 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) According to the information, explanation and representation provided to us and 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 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.

(xxi) According to the information, explanation and representation provided to us and based on verification carried out by us, there have been no qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies.

For Sharp & Tannan Associates
Chartered Accountants
Firm's Registration no. 109983W
by the hand of

Tirtharaj Khot
Partner
Membership no.(F) 037457
UDIN:22037457AJNLAU7571

Pune, 24 May 2022

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 2022 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 2022, 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

Tirtharaj Khot
Partner
Membership no.(F) 037457
UDIN:22037457AJNLAU7571

Pune, 24 May 2022

BALANCE SHEET AS AT 31 MARCH 2022

(Amounts in Million ₹)

Particulars	Note No	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3A	**3,420.800**	2,914.123
Capital work-in-progress		**214.425**	719.921
Investment property	4	**5.020**	5.020
Other intangible assets	3A	**22.776**	34.167
Right to use assets	3B	**64.329**	36.845
Financial assets			
Investments	5	**3,113.936**	3,364.863
Trade receivables	6	**246.004**	465.541
Loans	7	**150.000**	150.000
Other financial assets	8	**84.441**	96.767
Deferred tax assets (net)	19	**365.755**	330.717
Other non-current assets	9	**968.620**	992.362
Total non-current assets		**8,656.106**	9,110.326
Current assets			
Inventories	10	**4,192.581**	3,744.928
Financial assets			
Investments	5	**1,584.198**	1,268.231
Trade receivables	6	**4,088.001**	3,491.890
Cash and cash equivalents	11 A	**1,548.662**	604.319
Other bank balances	11 B	**14.971**	18.107
Loans	7	**9.614**	10.414
Other financial assets	8	**853.677**	991.811
Other current assets	9	**2,705.562**	3,241.905
Total current assets		**14,997.266**	13,371.605
TOTAL ASSETS		**23,653.372**	22,481.931
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	**158.818**	158.818
Other equity	13	**11,095.109**	10,523.413
Total equity		**11,253.927**	10,682.231
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	14	**824.738**	337.526
Lease liabilities	46	**42.923**	15.272
Trade payables	15	**73.220**	87.125
Other financial liabilities	16	**0.580**	2.123
Provisions	17	**204.319**	191.022
Other non-current liabilities	18	**687.959**	215.184
Total non-current liabilities		**1,833.739**	848.252
Current liabilities			
Financial liabilities			
Borrowings	14	**1,539.596**	1,052.658
Lease liabilities	46	**23.841**	23.841
Trade payables			
- Micro, small and medium enterprises	15	**650.041**	857.466
- Others	15	**3,871.064**	3,825.248
Other financial liabilities	16	**1,004.490**	1,255.873
Other current liabilities	18	**3,051.152**	3,611.401
Provisions	17	**425.522**	324.961
Total current liabilities		**10,565.706**	10,951.448
Total liabilities		**12,399.445**	11,799.700
TOTAL EQUITY AND LIABILITIES		**23,653.372**	22,481.931

Corporate information	1
Significant accounting policies	2
See accompanying notes to financial statements	**3 - 47B**

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)

TIRTHARAJ KHOT
Partner
Membership No: (F) - 037457

Pune : 24 May 2022

For and on behalf of the Board of Directors

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Shobinder Duggal
Director
DIN: 00039580

Chittaranjan Mate
Chief Financial Officer

Pune : 24 May 2022

Devang Trivedi
Company Secretary

Pune : 24 May 2022

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2022

(Amounts in Million ₹)

Particulars	Note No	Year ended 31 March 2022	Year ended 31 March 2021
Income			
Revenue from operations	20	**21,659.422**	17,998.573
Other income	21	**357.202**	189.651
Total income		**22,016.624**	18,188.224
Expenses			
Cost of raw materials consumed	22 A	**12,065.299**	8,696.213
Purchases of stock-in-trade		**1,321.965**	1,660.503
Changes in inventories of finished goods, stock -in-trade and work-in-progress	22 B	**(217.853)**	345.633
Employee benefits expense	23	**2,508.542**	2,254.727
Finance costs	24	**157.892**	241.287
Depreciation and amortization expense	25	**406.790**	382.723
Other expenses	26	**4,411.692**	3,317.275
Total expenses		**20,654.327**	16,898.361
Profit before exceptional items and tax		**1,362.297**	1,289.863
Less : Exceptional items	5	**250.927**	40.914
Profit before tax		**1,111.370**	1,248.949
Tax expenses	19		
(1) Current tax		**328.423**	359.591
(2) Deferred tax		**(35.026)**	(42.934)
(3) Short provision of earlier years		**36.272**	-
Total tax expenses		**329.669**	316.657
Profit after tax for the year		**781.701**	932.292
Other comprehensive income	27		
Items that will not be reclassified to profit or loss		**22.349**	33.328
Income tax relating to items that will not be reclassified to profit or loss		**5.873**	(10.409)
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		**28.222**	22.919
Total comprehensive income for the year (comprising of profit for the year and other comprehensive income for the year)		**809.923**	955.211
Earnings per equity share	32		
(1) Basic		**9.85**	11.74
(2) Diluted		**9.85**	11.74

Corporate information	1
Significant accounting policies	2
See accompanying notes to financial statements	3 - 47B

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)

TIRTHARAJ KHOT
Partner
Membership No: (F) - 037457

Pune : 24 May 2022

For and on behalf of the Board of Directors

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Shobinder Duggal
Director
DIN: 00039580

Chittaranjan Mate
Chief Financial Officer

Pune : 24 May 2022

Devang Trivedi
Company Secretary

Pune : 24 May 2022

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

(Amounts in Million ₹)

	Particulars	Year ended 31 March 2022	Year ended 31 March 2021
A	**Cash flow from operating activities**		
	Profit before tax	**1,111.370**	1,248.949
	Adjustments for :-		
1	Depreciation / amortization	**406.790**	382.723
2	(Profit) /loss on sale / write-off of fixed assets	**0.476**	9.404
3	Bad debts written off	**83.694**	111.983
4	Advances, deposits and claims written off	**8.304**	7.484
5	Liquidated damages	**77.817**	(27.065)
6	Provision for loss on long term contracts	**(5.861)**	(17.305)
7	Provision slow-non moving inventory	**28.890**	62.673
8	Provision for doubtful debts, advances and claims	**77.534**	207.170
9	Interest income	**(26.844)**	(31.422)
10	Dividend income	**(250.692)**	(53.334)
11	Interest expenses	**124.345**	201.708
12	Unrealized exchange (gain)/ loss - others	**3.313**	9.940
13	Profit on sale of mutual funds	**(32.192)**	(27.006)
14	Impairment of investment	**250.927**	40.914
	Operating profit before working capital changes	**1,857.871**	2,126.816
	Adjustments for :-		
1	(Increase)/ decrease in inventories	**(476.543)**	389.370
2	(Increase)/ decrease in trade receivables	**(631.432)**	(327.870)
3	(Increase)/ decrease in financial assets	**151.379**	53.938
4	(Increase)/ decrease in non-financial assets	**487.267**	469.540
5	Increase/ (decrease) in trade payable	**(159.887)**	176.771
6	Increase/ (decrease) in financial liabilities	**(259.311)**	74.206
7	Increase/ (decrease) in non-financial liabilities	**(87.474)**	(196.750)
8	Increase/ (decrease) in provisions	**147.332**	(70.413)
	Cash generated from operations	**1,029.202**	2,695.608
9	Income tax (paid) / refunded (net)	**(249.732)**	(268.304)
	Net cash from operating activities	**779.470**	2,427.304
B	**Cash flow from investing activities**		
1	Purchase of fixed assets (Including right to use lease assets as per Ind AS 116)	**(424.539)**	(574.094)
2	Investment in subsidiary company	**-**	(490.094)
3	Purchase of mutual funds	**(5,779.890)**	(8,354.000)
4	Sale of mutual funds	**5,496.120**	7,563.000
5	Interest received	**18.484**	31.346
6	Dividend received	**250.692**	53.334
7	Repayment of loans from subsidiaries	**0.800**	-
	Net cash from/ (used in) investment activities	**(438.333)**	(1,770.508)
C	**Cash flow from financing activities**		
1	Proceeds from borrowing	**1,891.797**	800.000
2	Repayment of borrowings	**(917.647)**	(2,504.564)
3	Interest paid	**(114.680)**	(243.225)
4	Payment of dividend and tax thereon	**(241.507)**	(43.639)
	Net cash used in financing activities	**617.963**	(1,991.428)
	Unrealized exchange gain / (loss) in cash and cash equivalents	**(14.757)**	(7.118)
	Net increase / (decrease) in cash and cash equivalents	**959.100**	(1,334.632)
1	Cash & cash equivalents at beginning of year	**604.319**	1,946.069
2	Cash & cash equivalents at end of year (refer note 11A)	**1,548.662**	604.319

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)

TIRTHARAJ KHOT
Partner
Membership No: (F) - 037457

Pune : 24 May 2022

For and on behalf of the Board of Directors

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Shobinder Duggal
Director
DIN: 00039580

Chittaranjan Mate
Chief Financial Officer

Pune : 24 May 2022

Devang Trivedi
Company Secretary

Pune : 24 May 2022

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

(Amounts in Million ₹)

A. Equity Share Capital

Balance as at 1 April 2020	Changes in equity share capital during the year	Balance as at 31 March 2021
158.818	-	158.818

Balance as at 1 April 2021	Changes in equity share capital during the year	Balance as at 31 March 2022
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 2020	0.172	4.000	414.604	5,787.407	3,401.723	**9,607.906**
Profit for the year					932.292	**932.292**
Other comprehensive income					22.919	**22.919**
Dividend					(39.704)	**(39.704)**
Balance as at 31 March 2021	0.172	4.000	414.604	5,787.407	4,317.230	**10,523.413**
Profit for the year					781.701	**781.701**
Other comprehensive income					28.222	**28.222**
Dividend					(238.227)	**(238.227)**
Balance as at 31 March 2022	**0.172**	**4.000**	**414.604**	**5,787.407**	**4,888.926**	**11,095.109**

As per our report of even date attached

For **SHARP & TANNAN ASSOCIATES**
Chartered Accountants
(ICAI Firm Regn. No. 109983W)

TIRTHARAJ KHOT
Partner
Membership No: (F) - 037457

Pune : 24 May 2022

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NOTES TO ACCOUNTS :

Significant accounting policies

Notes to the financial statements for the year ended 31st March 2022

(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. 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 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 it's 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 it's meeting held on 24 May 2022.

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
Share based payment transactions	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.

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

2.4 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information is presented in INR 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 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)

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.

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

- **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.

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, 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.

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

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; any discounts and rebates are deducted in arriving at the purchase price.

Own manufactured PPE is capitalized at cost including an appropriate share of overheads. Administrative and other general overhead expenses that are specifically attributable to

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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 upto completion or acquisition are capitalised 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 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

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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

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.

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.

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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 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, it's share in the assets/ liabilities held / incurred jointly with the other parties of the joint arrangements. Revenue is recognised for it's share of revenue from the sale of output by the joint operator. Expenses are recognised for it's 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 cost also includes exchange differences in relation to the foreign currency borrowings to the extent those are regarded as an adjustment to the borrowing costs.

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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.

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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.

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 under other non financial liabilities.

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.

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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 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 Provident Fund 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.

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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 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 Share-based payments

Share based compensation benefits are provided to the employees (including senior executives) of the company under the Company's Employee Stock Option Scheme, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The fair value of the options granted to employees is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2.20 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 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.

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

2.21 Leases

Company has adopted Ind AS 116 'Leases' from 1 April 2019. On transition, company has recognized right-to-use asset equal to lease liability which is the present value of the remaining lease payments, discounted using incremental borrowing rate at the date of initial application i.e. 1 April 2019.

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.

A 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

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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.

B 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 asrental 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.

2.22 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.

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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.

2.23 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 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

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.

2.24 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.

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value. 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 Company 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 11 and Ind AS 18
- 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 17

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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 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.

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

2.25 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).

2.26 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 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'

2.27 Recent accounting pronouncement

The Ministry of Corporate Affairs (MCA) on 5 April 2022, vide Notification dated 23 March 2022 has issued Companies (Indian Accounting Standard) Amendment Rules, 2022 in consultation with the National Financial Reporting Authority (NFRA).

The notification states that these rules shall be applicable from 1 April 2022 and would thus be applicable for the financial year ending 31 March 2023.

The amendments to Ind ASs are intended to keep the Ind ASs aligned with the amendments made in IFRS.

- **Amendments to Ind AS 16, "Property, Plant and Equipment"**

  The amendments to Ind AS 16 issued by the Ministry of Corporate Affairs amends provisions regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.

- **Amendments to Ind AS 37, "Provisions, Contingent Liabilities and Contingent Assets"**

  The amendments to Ind AS 37 issued by the Ministry of Corporate Affairs amends provisions regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

- **Amendments to 101, "First-time Adoption of Indian Accounting Standards"**

  The amendments to Ind AS 101 issued by the Ministry of Corporate Affairs amends provisions to simplify the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

- **Ind AS 103, "Business Combination"**

  The amendments to Ind AS 103 issued by the Ministry of Corporate Affairs amends provisions to:

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

- substitute the word 'Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework)' with the words 'Conceptual Framework of Financial Reporting in Ind AS'.
- add to Ind AS 103 a requirement that, for transactions and other events within the scope of Ind AS 37 , an acquirer applies Ind AS 37 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination
- add to Ind AS 103 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

NOTES TO ACCOUNTS : (CONTD.)

Note 3A: Property, Plant and Equipment

(Amounts in Million ₹)

	Property, plant and equipment									Intangible Assets		
	Land free hold	Land lease hold	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles siding	Railway	Total	Computer software	Sales tax deferral rights	Total
Gross Block												
As at 1 April 2020	425.049	75.157	1,700.736	4,808.206	145.573	41.017	91.759	1.528	7,289.025	276.454	31.730	308.184
Additions	-	-	20.349	368.065	2.347	5.985	0.484	-	397.230	15.125	-	15.125
Disposals	-	-	(11.462)	(28.416)	(1.053)	(0.058)	(0.435)	-	(41.424)	(0.458)	-	(0.458)
As at 31 March 2021	425.049	75.157	1,709.623	5,147.855	146.867	46.944	91.808	1.528	7,644.831	291.121	31.730	322.851
Additions	**-**	**-**	**225.934**	**614.563**	**0.650**	**12.928**	**16.363**	**-**	**870.438**	**4.648**	**-**	**4.648**
Disposals	**-**	**-**	**-**	**(48.910)**	**(0.764)**	**(0.004)**	**(3.688)**	**-**	**(53.366)**	**-**	**-**	**-**
As at 31 March 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**
Depreciation/ Amortisation												
As at 1 April 2020	-	5.634	447.483	3,787.258	119.407	23.339	59.695	1.520	4,444.336	238.571	31.553	270.124
Charge for the year	-	1.003	40.708	257.083	5.706	6.965	6.924	0.003	318.392	18.841	0.177	19.018
Depreciation on disposal	-	-	(2.134)	(28.342)	(1.051)	(0.058)	(0.435)	-	(32.020)	(0.458)	-	(0.458)
As at 31 March 2021	-	6.637	486.057	4,015.999	124.062	30.246	66.184	1.523	4,730.708	256.954	31.730	288.684
Charge for the year	-	**1.003**	**47.319**	**296.324**	**5.147**	**6.635**	**6.854**	**0.003**	**363.285**	**16.039**	**-**	**16.039**
Depreciation on disposal	**-**	**-**	**-**	**(48.434)**	**(0.764)**	**(0.004)**	**(3.688)**	**-**	**(52.890)**	**-**	**-**	**-**
As at 31 March 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**
Net block												
As at 1 April 2020	425.049	69.523	1,253.253	1,020.948	26.166	17.678	32.064	0.008	2,844.689	37.883	0.177	38.060
As at 31 March 2021	425.049	68.520	1,223.566	1,131.856	22.805	16.698	25.624	0.005	2,914.123	34.167	-	34.167
As at 31 March 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**

Notes:

a) Plants and machines acquired out of proceeds of term loan, are pledged as security against the loan.

b) During the year no provision envisaged for impairment loss .

c) Refer note no 29 for estimated amount of contract remaining to be executed on capital account.

d) Company has not revalued any property, plant and equipment during the FY 2021-22 and FY 2020-21

e) All title deeds of immovable properties are held in the name of company

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 3B : Right to use assets

Particulars	**Amt (₹ in Million)**
Opeing balance as at 1 April 2020	160.293
Net addition / (deletion)during the year	(78.135)
Depreciation	(45.313)
Balance as at 31 March 2021	**36.845**
Net addition / (deletion) during the year	**54.950**
Depreciation	**(27.466)**
Balance as at 31 March 2022	**64.329**

Note 4 : Investment property

Particulars	**Amt (₹ in Million**
Land	
Gross Block	
As at 1 April 2020	5.020
Additions	
Disposals	-
As at 31 March 2021	5.020
Additions	-
Disposals	-
As at 31 March 2022	**5.020**
Depreciation and Impairment	
As at 1 April 2020	-
Charge for the year	-
Depreciation on disposals	-
As at 31 March 2021	-
Charge for the year	-
Depreciation on disposals	
As at 31 March 2022	-
Net block	
As at 1 April 2020	**5.020**
As at 31 March 2021	5.020
As at 31 March 2022	**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 2017 was ₹ 58.303 MN. and there is no significant movement in fair value over last 5 years.

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 5 : Financial assets: Investments

	Particulars	As at 31 March 2022	As at 31 March 2021
I	**Long term investments - at cost**		
	Trade Investments		
	(a) Investment in Equity and Preference instruments	**3,113.931**	3,364.858
	(b) Capital contribution in partnership firm	**0.005**	0.005
II	**Current investments**	**1,584.198**	1,268.231
	Total	**4,698.134**	4,633.094

	Particulars	31 March 2022	31 March 2021
	Aggregate amount of quoted investments	**84.198**	1,268.231
	Aggregate amount of unquoted investments	**3,113.936**	3,364.863

Sr No	Particulars	Face Value	Partly Paid / Fully paid	Extent of holding (%)		No. of Shares / Units		Amount in Million Rupees	
				As at 31 March 2022	As at 31 March 2021	**As at 31 March 2022**	As at 31 March 2021	**As at 31 March 2022**	As at 31 March 2021
Non-current investments									
(1)	Investments at fair value through Other comprehensive income Investment in Structured Entities Kirloskar Proprietary Limited *	INR 100	Fully Paid		-	2	2	-	-
(2)	Investment in equity shares (unquoted) accounted at cost								
a	**Investment in Joint venture**								
1	Kirloskar Ebara Pumps Limited	INR 10	Fully Paid	**45%**	45%	**225,000**	225,000	**2.747**	2.747
b	**Investment in Subsidiaries**								
1	The Kolhapur Steel Limited	INR 1	Fully Paid	**99%**	99%	**266,315,115**	266,315,115	**343.884**	343.884
2	Kirloskar Corrocoat Private Limited	INR 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**	198,076	**1,398.025**	1,398.025
4	Karad Projects & Motors Ltd.	INR 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	INR 1	Fully Paid	**100%**	100%	**150,000,000**	150,000,000	**150.000**	150.000
	Investment in Partnership Firm								
1	KBL Synerge LLP**	N A	N A	**50%**	50%	**N A**	N A	**0.005**	0.005
	Provision for impairment of investment (##)							**(355.368)**	**(104.441)**
	Total investment in equity shares of subsidiaries and joint venture							**3,113.936**	3,364.863
Current investments									
(1)	**Investments at fair value through profit and loss**								
	Investment in mutual funds							**1,584.198**	1,268.231

* 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.

** KBL Synerge LLP a limited liability partnership was formed in year 2017 between Kirloskar Brothers Ltd, Mrs. Sneha Phatak and Synerge Overseas Pte. Ltd. This LLP has been created for a short term project. Following are the details of total capital and share of each partner in it. Currently KBL Synerge LLP is not operative.

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Name of Partner	Capital Contributed (Rs)	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**

(##) During the year company has made further provision for partial impairment of it's investment in the subsidiary company viz. 'The Kolhapur Steel Limited', which is treated and disclosed as an exceptional item.

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 not made any additional investment in it's group companies during the year. (In FY 2020-21 company has made additional investment of Rs 340 Mn in it's wholly owened subsidiary Kirloskar Brothers International B.V. for making the further investment in step down subaidiaries.)

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 6 : Financial assets: Trade receivables

Particulars	As at 31 March 2022	As at 31 March 2021
Non-current		
Unsecured, considered good	**246.004**	465.541
Doubtful	**764.443**	803.041
	1,010.447	1,268.582
Less : Provision for significant increase in credit risk and credit impaired receivables	**764.443**	803.041
	246.004	465.541
Current		
Unsecured, considered good		
From related parties	**652.166**	822.074
Others	**3,435.835**	2,669.816
	4,088.001	3,491.890
Total trade receivables	**4,334.005**	3,957.431

Trade receivables are non-interest bearing and are generally on terms of 1 to 90 days. Refer note 44 (A) for ageing.

Note 7 : Financial assets: Loans

Particulars	As at 31 March 2022	As at 31 March 2021
Non-current		
Advances to related parties (Refer note 36)		
Unsecured, considered good	**150.000**	150.000
	150.000	150.000
Current		
Advances to related parties (Refer note 36)		
Unsecured, considered good	**9.614**	10.414
	9.614	10.414
Total loans	**159.614**	160.414

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 8 : Financial assets: Other financial assets

Particulars	As at 31 March 2022	As at 31 March 2021
Non-current		
(a) **Claims receivable**		
Unsecured, considered good		
Other Miscellaneous Claim	**16.422**	16.743
Doubtful	**12.552**	12.545
	28.974	29.288
Less : Provision for significant increase in credit risk and credit impaired claims	**12.552**	12.545
	16.422	16.743
(b) **Fixed deposits with the original maturity of more than 12 months**	**18.406**	28.137
(c) **Security deposits**		
Unsecured, considered good	**49.613**	51.887
Doubtful	**11.147**	18.274
	60.760	70.161
Less : Provision for significant increase in credit risk and credit impaired deposits	**11.147**	18.274
	49.613	51.887
	84.441	96.767
Current		
(a) **Claims receivable**		
Unsecured, considered good	**20.268**	26.544
(b) **Interest accrued**	**8.908**	0.548
(c) **Security deposits**	**824.501**	964.719
Unsecured, considered good		
	853.677	991.811
Total other financial asset	**938.118**	1,088.578

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 9 : Other assets

Particulars		As at 31 March 2022	As at 31 March 2021
Non-current			
(a)	**Advances to supplier of capital goods**	**74.493**	198.103
(b)	**Advances to supplier and others**		
	Unsecured, considered good	**275.884**	16.480
	Doubtful	**70.340**	72.576
		346.224	89.056
	Less : Provision for significant increase in credit risk and credit impaired advances	**70.340**	72.576
		275.884	16.480
(c)	**Prepaid expenses**	**3.366**	2.883
(d)	**Retention (Net of provision)**	**371.489**	458.690
(e)	**Advance income tax (Net of provision)**	**243.388**	316.206
		968.620	992.362
Current			
(a)	Advances to supplier and others		
	Unsecured, considered good		
	Advances to related parties	**109.950**	80.020
	Others	**86.271**	426.382
		196.221	506.402
(b)	Prepaid expenses	**113.768**	156.147
(c)	Gross amount due from customer for project related work	**203.097**	231.799
(d)	Retention	**1,013.052**	1,195.388
(e)	Balances with government authorities	**1,179.424**	1,152.169
		2,705.562	3,241.905
	Total other assets	**3,674.182**	4,234.267

Note 10 : Inventories

Particulars		As at 31 March 2022	As at 31 March 2021
(a)	Raw Materials *	**1,046.265**	822.184
(b)	Work-in-progress	**1,606.401**	1,391.149
(c)	Finished goods	**1,201.655**	1,090.530
(d)	Stock-in-trade	**242.206**	350.730
(e)	Stores and spares	**96.054**	90.335
	(Mode of valuation refer note 2.6)		
	Total inventories	**4,192.581**	3,744.928

* Include goods in transit - ₹ 45.835 MN (PY 2020-21 : ₹ 47.000 MN)

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

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 ₹ 29.027 MN (PY 2020-21: (₹64.623 MN)) These were recognised as expenses during the year.

Note 11 A : Cash and cash equivalents

Particulars		As at 31 March 2022	As at 31 March 2021
(a)	**Balances with bank**		
	In current account	**484.550**	420.692
	In EEFC accounts	**104.094**	174.594
	Fixed deposits	**959.365**	8.374
(b)	**Cash on hand**	**0.653**	0.650
(c)	**Cheques on hand**	**-**	0.009
	Total cash and cash equivalents	**1,548.662**	604.319

Note 11 B : Other bank balances

Particulars		As at 31 March 2022	As at 31 March 2021
(a)	**Earmarked balances with bank**		
	Unpaid dividend accounts	**11.600**	14.880
(b)	**Margin money**	**3.371**	3.227
	Total other bank balances	**14.971**	18.107

Note 12: Equity share capital

Particulars	As at 31 March 2022	As at 31 March 2021
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 2022 the board of directors have proposed final dividend of ₹ 3.00 (2021: ₹ 3.00) per share subject to shareholders' approval.

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

(b) Reconciliation of share capital

Particulars	As at 31 March 2022 Number	As at 31 March 2022 Amount (Million ₹)	As at 31 March 2021 Number	As at 31 March 2021 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 2022 No. of Shares	As at 31 March 2022 % of Holding	As at 31 March 2021 No. of Shares	As at 31 March 2021 % 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)	**4,278,923**	**5.39%**	4,278,923	5.39%

(d) Details of shares held by promoters

Particulars	As at 31 March 2022 No. of Shares	As at 31 March 2022 % of Holding	As at 31 March 2021 No. of Shares	As at 31 March 2021 % 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	**398,888**	**0.50%**	398,888	0.50%
Mr. Vikram Shreekant Kirloskar	**70,236**	**0.09%**	70,236	0.09%
Ms. Jyotsna Gautam Kulkarni	**441,805**	**0.56%**	441,805	0.56%

There is no change in shares held by promoters' during the FY 2021-22 and FY 2020-21. Details of shares held by promoter's group are available on Company's website.

* includes 1,761,919 (PY : 1,761,919), 2% (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.

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 13: Other equity

Particulars		As at 31 March 2022	As at 31 March 2021
(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 Earning**		
	Opening balance	**4,317.230**	3,401.723
	Add : Total comprehensive income for the year	**809.923**	955.211
	Balance available for appropriation	**5,127.153**	4,356.934
	Less : Appropriations :		
	Final and interim dividend paid	**238.227**	39.704
	Sub total	**238.227**	39.704
	Closing balance	**4,888.926**	4,317.230
	Total other equity	**11,095.109**	10,523.413

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 ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 14 : Financial liabilities: Borrowings

Particulars		As at 31 March 2022	As at 31 March 2021
Non-current			
Secured			
(a)	**Term loan from ICICI bank**	-	117.647
	(Terms of loan: Term loan is repayable in 17 quarterly instalments starting from 31 March 2018. The loan carries interest as MCLR+ 3 months spread. The loan is secured against fixed asset purchased out of this borrowing.)		
	Less- Current maturities of non-current borrowings	**-**	117.647
		-	-
(b)	**Term loan from HDFC bank**	**856.971**	472.537
	(Terms of loan: Term loan is repayable in 19 quarterly instalments starting from 31 March 2020 and another fresh loan of ₹ 550 MN taken in FY-21-22 and is repayable in 18 quarterly instalments starting from 31 January 2022. Loan carries interest rates in range of 6.95% to 7.30% p.a. The loan is secured against fixed asset purchased out of this borrowing.)		
	Less- Current maturities of non-current borrowings	**257.233**	135.011
		599.738	337.526
(c)	**Term loan from EXIM bank**	**300.000**	-
	(Terms of loan: Term loan is repayable in 16 quarterly instalments starting from 30 June 2022. The loan carries interest as 6.85% p.a. The loan is secured against fixed asset purchased out of this borrowing.)		
	Less- Current maturities of non-current borrowings	**75.000**	-
		225.000	-
	Total non-current borrowings	**824.738**	337.526
Current			
Secured			
1)	**Loans repayable on demand from bank**		
(i)	Cash / export credit facilities	**197.363**	-
(ii)	Working capital demand loans/ Short term loans	**1,010.000**	800.000
	(Terms of loans: Loan carries interest @ 4.45% to 6.55% per annum and secured against the inventory and receivables)		
	Total secured loan - Current	**1,207.363**	800.000
	Current maturities of long term loan	**332.233**	252.658
	Total current borrowings	**1,539.596**	1,052.658
	Total borrowings	**2,364.334**	1,390.184

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

1. The quarterly returns or statements filed by the Company for working capital limits with such banks and financial institutions are in agreement with the books of account of the Company.
2. The company has utilized loans for the specific purpose for which same are availed.
3. The 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.
4. The Company does 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 2022**	As at 31 March 2021
Non-current		
(a) Total outstanding dues of creditors other than micro, small and medium enterprises	**73.220**	87.125
	73.220	87.125
Current		
(a) Total outstanding dues of micro, small and medium enterprises (refer note 42)	**650.041**	857.466
(b) Total outstanding dues of creditors other than micro, small and medium enterprises	**3,871.064**	3,825.248
	4,521.105	4,682.714
Total trade payables	**4,594.325**	4,769.839

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.

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 16: Other financial liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Non-current		
(a) Financial guarantee contracts with banks for subsidiary company	0.580	2.123
	0.580	2.123
Current		
(a) Investor Education & Protection fund (will be credited as and when due).		
Unclaimed dividends	11.600	14.880
(b) Others		
Trade deposits	82.858	102.157
Interest accrued	29.115	19.450
Salary and reimbursements	367.325	352.823
Payables on account of purchases of fixed assets	8.665	38.005
Provision for expenses	502.410	716.478
Financial guarantee contracts with bank for subsidiaries	2.517	12.080
	992.890	1,240.993
	1,004.490	1,255.873
Total other financial liabilities	1,005.070	1,257.996

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)

Note 17: Provisions

Particulars	As at 31 March 2022	As at 31 March 2021
Non-current		
Provision for employee benefits		
(a) Compensated absences (refer note 38)	136.410	132.347
(b) Pension scheme (refer note 34)	23.987	23.811
	160.397	156.158
Other provision (refer note 38)		
(a) Provision for product warranty	35.030	26.646
(b) Provision for decommissioning and restoration costs	8.892	8.218
	43.922	34.864
	204.319	191.022
Current		
Provision for employee benefits		
(a) Compensated absences (refer note 38)	149.203	140.156
(b) Gratuity & provident fund (refer note 34)	33.016	24.267
	182.219	164.423
Other provision (refer note 38)		
(a) Provision for product warranty	229.629	141.003
(b) Provision for loss on long term contracts	13.674	19.535
	243.303	160.538
	425.522	324.961
Total provisions	629.841	515.983

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 18: Other liabilities

Particulars		As at 31 March 2022	As at 31 March 2021
Non-current			
(a)	Gross amount due to customers for project related contract work	**165.624**	64.859
(b)	Advance from customer	**522.335**	150.325
		687.959	215.184
Current			
(a)	Gross amount due to customers for project related contract work	**1,398.859**	1,620.061
(b)	Advance from customer	**1,458.066**	1,856.328
(c)	Contribution to PF and superannuation	**1.418**	19.461
(d)	Statutory dues	**106.202**	24.525
(e)	Deferred revenue	**86.607**	91.026
		3,051.152	3,611.401
Total other non-financial liabilities		**3,739.111**	3,826.585

Note 19 : Income tax

(1) The major components of income tax expense for the period ended 31 March 2022 and 31 March 2021 are:

(a) Statement of profit and loss

Particulars	Year ebded 31 March 2022	Year ebded 31 March 2021
Current income tax:		
Current income tax charge	**328.423**	359.591
Adjustments in respect of income tax of previous year	**36.272**	-
Deferred tax:		
Relating to origination and reversal of temporary differences	**(35.026)**	(42.934)
Income tax expense reported in the statement of profit and loss	**329.669**	316.657

(b) Statement of other comprehensive income (OCI)

Current tax related to items recognised in OCI during the year:

Particulars	Year ebded 31 March 2022	Year ebded 31 March 2021
Income tax charged to OCI	**(5.873)**	10.409

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

(2) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31 March 2022 and 31 March 2021:

Particulars	Year ebded 31 March 2022	Year ebded 31 March 2021
Accounting profit before tax	**1,111.370**	1,248.949
At India's statutory income tax rate of 25.168% (a)	**279.710**	314.335
Adjustments		
Add: Exempt income		
Dividend	**250.692**	53.334
Subtotal (b)	**250.692**	53.334
Less : Non deductible expenses		
Provision for advances/ deposits and write off	**1.968**	0.210
Interest payable to MSMED vendors	**4.893**	2.025
Fines and penalties	**0.010**	0.302
Donation	**27.189**	24.030
Provision for impairment of investment	**250.927**	40.914
Subtotal (c)	**284.987**	67.481
Sub total (d) = (b-c)	**(34.295)**	(14.147)
Tax impact of above adjustments	**(8.631)**	(3.561)
Rate difference on opening DTA/ DTL	-	5.188
Other items	**(5.056)**	(3.949)
Short provision for earlier years	**(36.272)**	-
Total (e)	**(49.959)**	(2.322)
Tax expenses at effective rate (a-e)	**329.669**	316.657
Tax expenses recorded in books	**329.669**	316.657

(3) Movement in deferred tax

(a) Balance sheet

Deferred tax relates to the following: DTL/ (DTA)	As at 31 March 2022	As at 31 March 2021
Property, plant and equipment (Depreciation)	**72.202**	69.720
Employee benefits	**(91.219)**	(74.576)
Provision for doubtful debts and advances	**(347.085)**	(325.961)
Others - DTA/DTL	**0.347**	0.100
	(365.755)	(330.717)
Net deferred tax liabilities/(assets)	**(365.755)**	(330.717)

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Reflected in balance sheet as	As at 31 March 2022	As at 31 March 2021
Deferred tax asset	**438.304**	400.537
Deferred tax liability	**72.549**	69.820
Net deferred tax asset	**365.755**	330.717

(b) Statement of profit and loss

Particulars	Year ebded 31 March 2022	Year ebded 31 March 2021
Property, plant and equipment (Depreciation)	**2.482**	(3.831)
Employee benefits - compensated absences	**(16.643)**	7.979
Provision for doubtful debts and advances	**(21.124)**	(46.637)
Others	**0.259**	(0.445)
Deferred tax expense/(income)	**(35.026)**	(42.934)

(4) Movement in Current tax

(a) Balance sheet

Reflected in balance sheet as	Year ebded 31 March 2022	Year ebded 31 March 2021
Non- current advance tax	**243.388**	316.206

(b) Statement of profit and loss and other comprehensive income

Movement in current tax	Year ebded 31 March 2022	Year ebded 31 March 2021
Current tax (asset)/ liability as at beginning of year	**(316.206)**	(417.902)
Add: Additional provision during the year - Statement of Profit and loss account	**364.695**	359.591
Add: Additional provision during the year - Other comprehensive income	**(5.873)**	10.409
Less: Current tax paid during the year (Net of refund received for previous year and adjustment for TDS receivable for previous years)	**(286.004)**	(268.304)
Non Current tax (asset)/ liability as at end of year	**(243.388)**	(316.206)

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 20: Revenue from operations

Particulars		Year ended 31 March 2022	Year ended 31 March 2021
(a)	**Sale of products** (Refer note 30 for the construction contract revenue)	**20,760.253**	17,463.112
(b)	**Sale of services**	**590.207**	391.233
		21,350.460	17,854.345
(c)	**Other operating revenues** (majorly includes scrap sales and exports benefits)	**308.962**	144.228
	Total	**21,659.422**	17,998.573

Note 21: Other income

Particulars		Year ended 31 March 2022	Year ended 31 March 2021
(a)	**Interest Income**		
	From customers and others	**27.624**	52.412
	On income tax and sales tax refund	**-**	28.374
(b)	**Release of deferred income**	**14.324**	17.341
(c)	**Profit on sale of mutual fund investment**	**32.192**	27.006
(d)	**Dividend income from subsidiary and joint venture companies**	**250.692**	53.334
(e)	**Foreign exchange difference (net)**	**21.641**	-
(f)	**Other non-operating income**	**10.729**	11.184
	Total	**357.202**	189.651

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 2022	Year ended 31 March 2021
(A)	**Cost of raw material consumed**	**12,065.299**	8,696.213
(B)	**Changes in inventories of finished goods, work-in-progress and stock-in-trade**		
	Opening Stock (refer note 10)		
	Finished goods	**1,090.530**	1,326.962
	Work-in- progress	**1,391.149**	1,491.540
	Stock in trade	**350.730**	359.540
		2,832.409	3,178.042
	Closing Stock (refer note 10)		
	Finished goods	**1,201.655**	1,090.530
	Work-in- progress	**1,606.401**	1,391.149
	Stock in trade	**242.206**	350.730
		3,050.262	2,832.409
	Total change in inventories	**(217.853)**	345.633

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 23: Employee benefits expense

Particulars		Year ended 31 March 2022	Year ended 31 March 2021
(a)	**Salaries, wages and bonus ***	**2,248.634**	2,014.416
(b)	**Defined contribution plans**		
	Contribution to provident fund, superannuation fund and ESIC	**27.609**	33.353
(c)	**Defined benefit plans**		
	Gratuity, Provident fund and Pension	**118.827**	113.976
(d)	**Welfare expenses**	**113.472**	92.982
	Total	**2,508.542**	2,254.727

* Includes payment on account of Voluntary Retirement Scheme ₹ 5.520 MN (PY 2020-21 - ₹13.930 MN).

Note 24: Finance costs

Particulars		Year ended 31 March 2022	Year ended 31 March 2021
(a)	**Interest expense** (at effective interest rate/ market rate of interest)	**124.345**	201.708
(b)	**Other borrowing costs** (includes bank guarantee commission, LC charges, loan processing charges)	**33.547**	39.579
	Total	**157.892**	241.287

Note 25: Depreciation and amortization expense

Particulars		Year ended 31 March 2022	Year ended 31 March 2021
(a)	Depreciation on property, plant and equipment	**363.285**	318.392
(b)	Amortization of intangible assets	**16.039**	19.018
(c)	Amortisation of right to use assets (Lease)	**27.466**	45.313
	Total	**406.790**	382.723

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 26: Other expenses

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Other Manufacturing Expenses		
Stores and spares consumed	**864.653**	523.789
Processing charges	**393.703**	251.371
Power and fuel	**336.097**	256.168
Repairs and maintenance		
Plant and machinery	**174.467**	79.718
Buildings	**61.261**	30.290
Other	**38.375**	32.406
Other expenses		
Subvention charges	**-**	1.096
Rent	**28.040**	13.587
Rates and taxes	**66.621**	49.761
Travel and conveyance	**111.080**	60.318
Communication expenses	**75.068**	74.133
Insurance	**40.821**	44.461
Directors' sitting fees	**7.650**	5.565
Royalties and fees *	**52.495**	44.258
Freight and forwarding charges	**339.396**	331.861
Brokerage and commission	**10.252**	12.250
Advertisements and publicity	**127.702**	173.821
Provision for product warranty	**289.649**	112.623
Loss on sale/disposal of fixed assets	**0.476**	9.404
Provision for doubtful debts, advances and claims	**77.541**	206.886
Bad debts written off	**83.694**	111.983
Advances, deposits and claims written off	**8.304**	7.484
Auditor's remuneration (refer note 31)	**7.913**	8.000
Professional, consultancy and legal expenses	**479.533**	321.393
Security services	**48.260**	46.573
Computer services	**203.078**	163.183
Non-executive directors remuneration	**13.550**	12.000
Stationery and Printing	**8.893**	6.161
Training course expenses	**0.796**	0.339
Outside labour charges	**298.054**	189.156
Corporate social responsibility expenses (refer note 43)	**26.447**	24.763
Other miscellaneous expenses	**137.823**	112.474
Total	**4,411.692**	3,317.275

* As specified in note given in the Board's Report in respect of legal proceeding 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 order of Hon'ble commercial court, Pune has deposited the claimed royalty amount by way of cheque in safe custody of the Ld. Nazir, District court, Pune from the quarter ended October 2018 onwards until 3rd quarter of 2021-22.

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 27: Other comprehensive income

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Items that will not be reclassified to profit or loss		
Remeasurements gains and losses on post employment benefits	**22.349**	33.328
Tax on remeasurements gains and losses	**5.873**	(10.409)
Total	**28.222**	22.919

Note 28 : Contingent liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Other money for which the company is contingently liable for (Matter Subjudice)		
a) Central excise and service tax	**1,046.772**	1,040.727
b) Sales tax	**265.577**	385.789
c) Income tax	**132.511**	706.217
d) Labour matters	**53.472**	48.733
e) Other legal cases	**167.383**	156.228
Total	**1,665.715**	2,337.694

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.

Note 29 : Commitments

Particulars	As at 31 March 2022	As at 31 March 2021
a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	**233.472**	192.126
b) Letters of credit outstanding	**521.605**	734.617

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

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		As at 31 March 2022	As at 31 March 2021
a)	Contract revenue recognised as revenue for the year	**1,355.112**	1,122.462
b)	Advances received	**1,054.477**	1,188.916
c)	Amount of retentions	**1,384.541**	1,654.078
d)	Gross amount due from customer		
	Contract costs incurred	**9,214.744**	7,803.484
	Recognised profits less recognised losses	**2,508.579**	2,383.279
	Less: Progress billing	**11,444.914**	9,849.565
	Less: Provision for gross amount due from customer	**75.312**	105.399
		203.097	231.799
e)	Gross amount due to customer		
	Contract costs incurred	**26,036.160**	27,590.155
	Recognised profits less recognised losses	**4,888.535**	4,752.598
	Less: Progress billing	**32,489.178**	34,027.673
		(1,564.483)	(1,684.920)

B) Disaggregation of revenue from sale of products / services

Particulars		Year ended 31 March 2022	Year ended 31 March 2021
a)	Within India	**20,071.401**	16,500.345
b)	Outside India	**1,279.059**	1,354.000
		21,350.460	17,854.345

C) Reconciliation of revenue from sale of products / services with the contracted price

Particulars		Year ended 31 March 2022	Year ended 31 March 2021
a)	Contracted price	**21,674.655**	18,041.755
	Less - trade discounts, volume rebates, late delivery charges etc	**324.195**	187.410
		21,350.460	17,854.345

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 31: Remuneration to auditors

Particulars		Year ended 31 March 2022	Year ended 31 March 2021
a)	Audit fees	**5.200**	5.200
b)	Limited review fees	**2.100**	2.100
c)	Certification services	**0.475**	0.397
d)	Expenses reimbursed	**0.138**	0.303
		7.913	8.000

Note 32 : Earning per Share (Basic and diluted)

Particulars		Year ended 31 March 2022	Year ended 31 March 2021
a)	Profit before tax	**1,111.370**	1,248.949
	Less : Tax expenses	**329.669**	316.657
	Profit after tax	**781.701**	932.292
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	**9.85**	11.74

Note 33: Expenditure on research & development activities

Particulars		Year ended 31 March 2022	Year ended 31 March 2021
a)	Revenue expenditure	**234.302**	166.517
b)	Capital Expenditure	**0.464**	1.475
		234.766	167.992

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 34 : Employee benefits

i. Defined Contribution Plans:

Amount of ₹ 27.609 MN. (PY - ₹ 33.353 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 2022**		As at 31 March 2021	
		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	**511.767**	**1,586.091**	465.490	1,490.666
	Less: Fair Value of Plan Assets	**458.990**	**1,605.918**	469.109	1,466.401
	Amount to be recognised as liability or (asset)	**52.777**	**(19.827)**	(3.619)	24.265
B.	Amounts reflected in the Balance Sheet				
	Liabilities	**52.777**	**-**		24.265
	Assets	**-**	**19.827**	3.621	-
	Net Liability/(Assets)	**52.777**	**(19.827)**	(3.621)	24.265

* On conservative basis the company has not recognised the gratuity plan asset in the financials.

b) The amounts recognised in the Profit and Loss Statement are as follows: Funded Plan

Particulars		**2021-22**		2020-21	
		Gratuity Plan	**Provident Fund**	Gratuity Plan	Provident Fund
		(Funded)	**(Funded)**	(Funded)	(Funded)
1	Current Service Cost	**33.467**	**48.860**	35.894	45.656
2	Acquisition (gain)/ loss	**-**	**-**	-	-
3	Past Service Cost	**-**	**-**	-	-
3	Net Interest (income)/expenses	**(0.219)**	**(2.951)**	1.100	(3.384)
5	Actuarial Losses/(Gains)	**-**	**-**	-	-
6	Curtailment (Gain)/ loss	**-**	**-**	-	-
7	Settlement (Gain)/loss	**-**	**-**	-	-
8	Others (Transfer In / (Out))	**0.460**	**-**	-	-
	Net periodic benefit cost recognised in the statement of profit & loss- (Employee benefit expenses - Note 23)	**33.708**	**45.909**	36.994	42.272

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

c) The amounts recognised in the statement of other comprehensive income (OCI) : Funded Plan

Particulars		2021-22		2020-21	
		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	**26.201**	**26.523**	(31.909)	112.434
3	Remeasurement for the year - Plan assets (Gain) / Loss	**(2.867)**	**(74.100)**	(8.705)	(101.192)
4	Total Remeasurements Cost / (Credit) for the year recognised in OCI	**23.334**	**(47.577)**	(40.614)	11.242
5	Less: Accumulated balances transferred to retained earnings	**23.334**	**(47.577)**	(40.614)	11.242
	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 2022		As at 31 March 2021	
		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	**465.490**	**1,490.666**	486.197	1,333.342
2	Acquisition adjustment	**-**	**-**	-	-
3	Transfer in/ (out)	**0.460**	**-**	-	-
4	Interest expenses	**28.035**	**88.609**	28.049	76.208
5	Past Service Cost	**-**	**-**	-	-
6	Current Service Cost	**33.467**	**48.860**	35.894	45.656
7	Curtailment Cost / (credit)	**-**	**-**	-	-
8	Settlement Cost/ (credit)	**-**	**-**	-	-
9	Benefits paid	**(41.886)**	**(168.354)**	(52.741)	(168.051)
10	Employee Contribution	**-**	**99.787**	-	91.077
11	Remeasurements on obligation - (Gain) / Loss	**26.201**	**26.523**	(31.909)	112.434
	Present value of obligation as at the end of the year	**511.767**	**1,586.091**	465.490	1,490.666

NOTES TO ACCOUNTS : (CONTD.)

(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 2022		As at 31 March 2021	
		Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
1	Fair value of the plan assets as at beginning of the period	**469.109**	**1,466.401**	450.136	1,323.956
2	Acquisition adjustment	**-**	**-**	-	-
3	Transfer in/(out)	**-**	**-**	-	-
4	Interest income	**28.255**	**91.560**	26.950	79.592
5	Contributions	**0.645**	**142.211**	36.060	129.712
6	Benefits paid	**(41.886)**	**(168.354)**	(52.742)	(168.051)
7	Amount paid on settlement	**-**	**-**	-	-
8	Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	**2.867**	**74.100**	8.705	101.192
	Fair value of plan assets as at the end of the period	**458.990**	**1,605.918**	469.109	1,466.401

f) Net interest (Income) /expenses: Funded Plan

	Particulars	As at 31 March 2022		As at 31 March 2021	
		Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
1	Interest (Income) / Expense – Obligation	**28.035**	**88.609**	28.049	76.208
2	Interest (Income) / Expense – Plan assets	**(28.255)**	**(91.560)**	(26.950)	(79.592)
3	Net Interest (Income) / Expense for the year	**(0.220)**	**(2.951)**	1.099	(3.384)

g) The broad categories of plan assets as a percentage of total plan assets of Employee's Gratuity Scheme are as under:

All 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.

h) The amounts pertaining to defined benefit plans are as follows: Funded Plan

Particulars	As at 31 March 2022		As at 31 March 2021	
	Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
Defined Benefit Obligation	**511.767**	**1,586.091**	465.490	1,490.666
Plan Assets	**458.990**	**1,605.918**	469.109	1,466.401
Surplus/(Deficit)	**(52.777)**	**19.827**	3.619	(24.265)

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

i) The amounts recognised in Balance Sheet are as follows: Non-Funded Plan

Particulars		As at 31 March 2022	As at 31 March 2021
		Pension Scheme	Pension Scheme
		(Non-Funded)	(Non-Funded)
A.	Amount to be recognised in Balance Sheet		
	Present Value of Defined Benefit Obligation	23.987	23.811
	Less: Fair Value of Plan Assets	-	-
	Amount to be recognised as liability or (asset)	23.987	23.811
B.	Amounts reflected in the Balance Sheet		
	Liabilities	23.987	23.811
	Assets	-	-
	Net Liability/(Assets)	23.987	23.811

j) The amounts recognised in the Profit and Loss Statement are as follows: Non Funded Plan

Particulars		As at 31 March 2022	As at 31 March 2021
		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	1.531	1.622
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)	1.531	1.622

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

k) The amounts recognised in the statement of other comprehensive income (OCI) : Non Funded Plan

Particulars		**As at 31 March 2022**	As at 31 March 2021
		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	**1.894**	(0.022)
3	Remeasurement for the year - Plan assets (Gain) / Loss	**-**	-
4	Total Remeasurements Cost / (Credit) for the year recognised in OCI	**1.894**	(0.022)
5	Less: Accumulated balances transferred to retained earnings	**1.894**	(0.022)
	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		**As at 31 March 2022**	As at 31 March 2021
		Pension Scheme	Pension Scheme
		(Non-Funded)	(Non-Funded)
1	Balance of the present value of Defined benefit Obligation as at beginning of the period	**23.811**	25.507 -
2	Acquisition adjustment	**-**	-
3	Transfer in/ (out)	**-**	-
4	Interest expenses	**1.531**	1.622
5	Past Service Cost	**-**	-
6	Current Service Cost	**-**	-
7	Curtailment Cost / (credit)	**-**	-
8	Settlement Cost/ (credit)	**-**	-
9	Benefits paid	**(3.249)**	(3.296)
10	Remeasurements on obligation - (Gain) / Loss	**1.894**	(0.022)
	Present value of obligation as at the end of the period	**23.987**	23.811

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

m) Net interest (Income) /expenses Non Funded Plan

Particulars		Pension Scheme (Non-Funded)	
		2021-22	2020-21
1	Interest (Income) / Expense – Obligation	**1.531**	1.622
2	Interest (Income) / Expense – Plan assets	**-**	-
3	Net Interest (Income) / Expense for the year	**1.531**	1.622

n) The amounts pertaining to defined benefit plans are as follows:Non Funded Plan

Particulars	Pension Scheme (Non-Funded)	
	2021-22	2020-21
Defined Benefit Obligation	**23.987**	23.811
Plan Assets	**-**	-
Surplus/(Deficit)	**(23.987)**	(23.811)

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 6.3% (PY 6.1%) has been used for the valuation purpose.

o) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

1 Discount rate as at 31-03-2022 - 6.80% (PY- 6.30%)

2 Expected return on plan assets as at 31-03-2022- 6.3%(PY- 6.1%)

3 Salary growth rate : For Gratuity Scheme - 8% (PY - 7%)

4 Attrition rate: For gratuity scheme the attrition rate is taken at 11% (PY - 7%)

5 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 Rs 52.77 MN (P.Y Rs NIL) towards its gratuity plan in the year 2022-23.

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

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Change in assumption		Effect on Gratuity obligation	
		As at 31 March 2022	As at 31 March 2021
1	**Discount rate**		
	Increase by 1% to 7.8% (PY -7.3%)	**487.436**	438.508
	Decrease by 1% to 5.8% (PY- 5.3%)	**538.607**	495.765
2	**Salary increase rate**		
	Increase by 1% to 9% (PY- 8%)	**533.541**	491.123
	Decrease by 1% to 7% (PY- 6%)	**491.587**	442.114
3	**Withdrawal rate**		
	Increase by 1% to 12.0% (PY - 8%)	**510.438**	464.477
	Decrease by 1% to 10.0% (PY - 6%)	**513.212**	466.604

Change in assumption		Effect on Provident Fund obligation	
		As at 31 March 2022	As at 31 March 2021
1	**Discount rate**		
	Increase by 0.5% to 7.5% (PY- 6.8%)	**1,569.087**	39.114
	Decrease by 0.5% to 6.5% (PY- 5.8%)	**1,603.893**	83.262
2	**Interest rate**		
	Increase by 0.50% to 8.60% (PY- 9.00%)	**1,603.236**	81.454
	Decrease by 050% to 7.60% (PY - 8.00%)	**1,568.937**	39.765

Change in assumption		Effect on Pension obligation	Effect on Pension obligation
		As at 31 March 2022	As at 31 March 2021
1	**Discount rate**		
	Increase by 1% to 8.2% (PY -7.9%)	**22.769**	22.578
	Decrease by 1% to 6.2% (PY- 5.9%)	**25.332**	25.180

NOTES TO ACCOUNTS : (CONTD.)

(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 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 Kiroskar Brothres (Thailand) Ltd
21	SPP Pumps (Singapore) Ltd	Subsidiary of Kiroskar Brothres (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

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 35 :Related Party Disclosures

(B) : Names of related parties with whom transactions have been entered into:

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.
2)	Joint Venture	Kirloskar Ebara Pumps Limited
3)	Key Management Personnel	Mr. Sanjay Kirloskar Mr. Pratap Shirke Mr. Alok Kirloskar Ms. Rama Kirloskar Mr. Rakesh Mohan Mr. Rajeev Kher Ms. Shailaja Kher Mr. Pardyumn Vyas Mr. S. Unnikrishnan Mr. Amitava Mukherjee Ms. Rekha Sethi Mr. Vivek Pendharkar Mr. Shobinder Duggal Mr. Shrinivas Dempo Ms. Ramni Nirula
4)	Relatives of Key Management Personnel	Mrs.Pratima Kirloskar (wife of Mr. Sanjay Kirloskar) Mrs.Suman Kirloskar (mother 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

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 35 :Related Party Disclosures

(C) Disclosure of related parties transactions

Sr. No.	Nature of transaction/relationship/ major parties	2021-22 Amount	2021-22 Amount for Major parties *	2020-21 Amount	2020-21 Amount for Major parties *
1	**Purchase of goods & services**	**4,240.619**		2,703.957	
	Subsidiary/Fellow subsidiary Companies				
	Karad Projects and Motors Limited		**3,940.758**		2,421.239
2	**Sale of goods/contract revenue**	**854.057**		844.402	
	Subsidiary/Fellow subsidiary Companies				
	SPP Pumps Limited		**203.343**		174.813
	Kirloskar Brothers (Thailand) Ltd.		**221.489**		273.246
	SPP Pumps Inc.		**174.276**		181.434
	Rodelta Pumps International BV		**10.057**		17.665
	The Kolhapur Steel Limited		**113.131**		73.604
3	**Rendering Services**	**133.412**		108.401	
	Subsidiary/Fellow subsidiary Companies/ Joint venture				
	Kirloskar Corrocoat Private Limited		**8.674**		7.992
	Kirloskar Ebara Pumps Limited		**53.745**		29.238
	SPP Pumps Limited		**38.363**		39.396
4	**Receiving Services**	**29.429**		125.583	
	Subsidiary/Fellow subsidiary Companies / Joint Venture				
	Kirloskar Brothers (Thailand) Ltd.		**13.535**		15.587
	Kirloskar Ebara Pumps Limited		**0.869**		12.752
	Karad Projects and Motors Limited		**1.631**		22.104
	Kirloskar Pompen B.V.		**-**		12.910
	Kirloskar Corrocoat Private Limited		**3.411**		1.771
	SPP Pumps Limited		**3.195**		-
	Relatives of Key Management Personnel				
	Mrs Pratima Kirloskar		**6.405**		5.417
5	**Interest Received**	**12.750**		12.715	
	The Kolhapur Steel Limited		**12.750**		12.715
6	**Purchase of fixed assets**	**-**		51.500	
	Subsidiary/Fellow subsidiary Companies/ Joint venture				
	Kirloskar Ebara Pumps Limited		-		51.500

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 35 :Related Party Disclosures

(C) Disclosure of related parties transactions

Sr. No.	Nature of transaction/relationship/ major parties	2021-22 Amount	2021-22 Amount for Major parties *	2020-21 Amount	2020-21 Amount for Major parties *
7	**Investment Made**	**-**		490.093	
	Subsidiary/Fellow subsidiary Companies				
	Kirloskar Brothers International B.V		**-**		340.093
	The Kolhapur Steel Limited		**-**		150.000
8	**Dividend Paid**	**95.169**		14.672	
	Key Management Personnel				
	Mr. Sanjay Kirloskar (**)		**53.542**		8.254
	Relatives of Key Management Personnel				
	Mrs. Pratima Kirloskar		**41.548**		6.405
9	**Dividend Received**	**250.690**		53.334	
	Subsidiary/Fellow subsidiary Companies/ Joint Venture				
	Karad Projects & Motors Limited		**237.190**		48.834
	Kirloskar Ebara Pumps Limited		**13.500**		4.500
10	**Remuneration Paid**	**86.947**		96.997	
	Key Management Personnel				
	Short Term Employee Benefit				
	Mr. Sanjay Kirloskar		**47.570**		50.258
	Ms. Rama Kirloskar		**12.305**		1.300
	Commission on profits				
	Mr. Pratap Shirke		**1.300**		1.300
	Mr. Alok Kirloskar		**1.300**		1.300
	Mr. Kishor Chaukar		**-**		0.650
	Mr. Rakesh Mohan		**1.300**		1.300
	Mr. Rajeev Kher		**1.083**		1.300
	Mrs. Shailaja Kher		**1.300**		1.300
	Mr. Pradyumna Vyas		**1.300**		1.300

(**) Includes dividend received in capacity of trustee of ₹ 5.285 Mn. (PY- ₹ 0.814 Mn.)

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 35 :Related Party Disclosures

(C) Disclosure of related parties transactions (contd.)

Sr. No.	Nature of transaction/relationship/ major parties	2021-22 Amount	2021-22 Amount for Major parties *	2020-21 Amount	2020-21 Amount for Major parties *
	Commission on profits (Continued)				
	Mr. S. Unnikrishnan		**1.300**		1.300
	Mr. Shobinder Duggal		**1.192**		-
	Mr. Shrinivas Dempo		**1.192**		-
	Ms. Ramni Nirula		**1.192**		-
	Mr. Amitava Mukherjee		**0.650**		-
	Mr. Vivek Pendharkar		**0.650**		-
	Ms. Rekha Sethi		**0.650**		-
	Key Management Personnel				
	Sitting Fees				
	Mr. Pratap Shirke		**0.848**		0.810
	Mr. Alok Kirloskar		**0.450**		0.375
	Mr. Kishor Chaukar		**-**		0.270
	Mr. Rakesh Mohan		**1.200**		1.020
	Ms. Rama Kirloskar		**0.150**		0.570
	Mr. Rajeev Kher		**0.803**		1.155
	Mrs. Shailaja Kher		**0.503**		0.375
	Mr. Pardyumn Vyas		**0.420**		0.495
	Mr. S. Unnikrishnan		**1.125**		0.495
	Mr. Shobinder Duggal		**0.473**		-
	Mr. Shrinivas Dempo		**0.338**		-
	Ms. Ramni Nirula		**0.405**		-
	Mr. Amitava Mukherjee		**0.135**		-
	Mr. Vivek Pendharkar		**0.150**		-
	Ms. Rekha Sethi		**0.135**		-
	Post Employment Benefit				
	Mr. Sanjay Kirloskar		**3.180**		30.123
	Ms. Rama Kirloskar		**2.348**		-

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 35 :Related Party Disclosures

(C) Disclosure of related parties transactions (contd.)

Sr. No.	Nature of transaction/relationship/ major parties	2021-22 Amount	2021-22 Amount for Major parties *	2020-21 Amount	2020-21 Amount for Major parties *
11	**Reimbursement Received**	**28.734**		26.753	
	Subsidiary/ Fellow Subsidiary Company/ Joint Venture				
	Kirloskar Ebara Pumps Limited		**2.851**		5.444
	SPP Pumps Limited		**15.912**		13.496
	Spp Pumps Inc		**4.368**		0.674
	Rodelta Pumps International BV		**0.093**		0.641
	Rotaserve B.V.		**-**		4.285
	Kirloskar Brothers (Thailand) Ltd.		**4.127**		-
12	**Reimbursement Paid**	**71.521**		62.108	
	Subsidiary/ Fellow Subsidiary Company				
	Kirloskar Brothers (Thailand) Ltd.		**5.544**		5.671
	Rodelta Pumps International BV		**49.344**		53.551
	Kirloskar Ebara Pumps Limited		**13.178**		0.002
13	**Business Advance/ Loan Given**	**71.585**		105.643	
	Subsidiary/ Fellow Subsidiary Company				
	The Kolhapur Steel Limited		**54.051**		36.477
	SPP Pumps Limited		**17.534**		63.776
14	**Advance/Loan Repaid/Utilised/Written off**	**0.800**		-	
	Subsidiary/ Fellow Subsidiary Company				
	The Kolhapur Steel Limited		**8.000**		-
15	**Contribution Paid for Post Employment Benefit Plan**	**46.740**		84.289	
	Provident Fund		**44.636**		39.575
	Superannuation Trust		**2.104**		8.504
	Gratuity		**-**		36.210
16	**Corporate Guarantees Given**	**714.978**		880.595	
	The Kolhapur Steel Limited		**-**		85.500
	Kirloskar Corrocoat Private Limited		**-**		204.850
	SPP Pumps Limited		**341.132**		-
	SPP Pumps International Proprietary Limited		**-**		105.112
	Rodelta Pumps International B. V.		**222.232**		-
	Kirloskar Brothers(Thailand) Limited		**75.807**		485.133
	Kirloskar Pompen B.V.		**75.807**		-

"* Major parties denote entities who account for 10% or more of the aggregate for that category of transaction.

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 35 :Related Party Disclosures

(D) Amount due to/from related parties

Sr. No.	Nature of transaction/relationship/ major parties	2021-22 Amount	2021-22 Amount for Major parties	2020-21 Amount	2020-21 Amount for Major parties
1	**Accounts receivable**				
	Subsidiary/Fellow subsidiary Companies/ Joint Venture	**765.542**		846.901	
	SPP Pumps Ltd.		**57.396**		56.816
	Kirloskar Brothers (Thailand) Ltd.		**157.285**		302.966
	SPP Pumps (MENA) L.L.C.		**1.096**		1.424
	Braybar Pumps Proprietary Limited		**-**		0.052
	SPP Pumps South Africa Proprietary Limited		**41.805**		0.827
	Spp Pumps Inc.		**16.132**		24.977
	Kirloskar Ebara Pumps Limited		**44.992**		11.296
	SyncroFlo Inc.		**-**		0.018
	Rodelta Pumps International BV		**74.536**		92.320
	The Kolhapur Steel Ltd		**284.571**		120.634
	SPP Pumps International Proprietary Limited		**-**		35.789
	Kirloskar Brothers Pompen BV		**82.491**		197.311
	Rotaserve B.V.		**1.954**		0.655
	Karad Projects And Motors Limited		**0.694**		1.816
	SPP France S A S		**-**		-
	Kirloskar Corrocoat Private Limited		**2.590**		
2	**Accounts payable**				
	Subsidiary/Fellow subsidiary Companies/ Joint Venture	**755.396**		941.351	
	Karad Projects And Motors Limited		**678.788**		820.119
	Kirloskar Corrocoat Pvt Ltd.		**3.739**		5.081
	Rodelta Pumps International BV		**4.775**		11.248
	SPP Pumps Ltd.		**0.829**		21.227
	Kirloskar Brothers (Thailand) Ltd.		**10.165**		8.028
	Spp Pumps Inc.		**1.347**		14.705
	Kirloskar Brothers Pompen BV		**53.737**		53.898
	Rotaserve B.V.		**2.016**		0.287
	SPP Pumps International Proprietary Limited		**-**		6.758

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 35 :Related Party Disclosures

(D) Amount due to/from related parties

Sr. No.	Nature of transaction/relationship/ major parties	2021-22 Amount	2021-22 Amount for Major parties	2020-21 Amount	2020-21 Amount for Major parties
3	**Key Management Personnel (#)**	**53.640**		45.050	
	Mr. Sanjay Kirloskar		**32.058**		34.000
	Mr. Pratap Shirke		**1.300**		1.300
	Mr. Alok Kirloskar		**1.300**		1.300
	Mr. Kishor Chaukar		**-**		0.650
	Mr. Rakesh Mohan		**1.300**		1.300
	Ms. Rama Kirloskar		**7.176**		1.300
	Mr. Rajeev Kher		**1.080**		1.300
	Mrs. Shailaja Kher		**1.300**		1.300
	Mr. Pradyumna Vyas		**1.300**		1.300
	Mr. S. Unnikrishnan		**1.300**		1.300
	Mr. Amitava Mukherjee		**0.650**		
	Ms. Rekha Sethi		**0.650**		
	Ms. Ramini Niruala		**1.192**		
	Mr. Shrinivas Dempo		**1.192**		
	Mr. Shobinder Duggal		**1.192**		
	Mr. Vivek Pendharkar		**0.650**		
4	**Relatives of Key Management Personnel**	**0.870**			
	Mrs Pratima Kirloskar		**0.870**		

(#) Commission to Chairman- Managing Director and Non-Executive Directors is approved in board meeting held on 24th May 2022. Payment will be made in the year 2022-23

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 35 :Related Party Disclosures

(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	As at 31 March 2022 Amount	As at 31 March 2021 Amount
i)	By the company to ICICI Bank Ltd. on behalf of Kirloskar Pompen B.V. (EURO 7,350,000)	**622.250**	632.828
ii)	By the company to Citi Bank on behalf of SPP Pumps Ltd.(USD 2,000,000)	**-**	147.009
iii)	By the company to Citi Bank on behalf of Kirloskar Brothers (Thailand) Ltd. (USD 5,750,000)	**-**	422.652
iv)	By the company to Citi Bank on behalf of Kirloskar Pompen B.V. (USD 1,750,000)	**-**	128.633
v)	By the company to Citi Bank on behalf of Kirloskar Brothers International Pty. Ltd. (USD 2,500,000)	**-**	183.762
vi)	By the company to ICICI Bank Ltd. on behalf of The Kolhapur Steel Limited.	**185.500**	185.500
vii)	By the company to ICICI Bank Ltd. on behalf of SPP Pumps Ltd. (GBP 23,100,000)	**2,299.660**	2,331.970
viii)	By the company to ICICI Bank Ltd. on behalf of The Kirloskar Corrocoat Private Limited.	**190.000**	190.000
ix)	By the company to Sinhan Bank Ltd. on behalf of The Kirloskar Corrocoat Private Limited.	**14.850**	14.850
x)	By the company to Axis Bank on behalf of SPP Pumps International Proprietary Limited (USD 14,30,000)	**108.404**	105.112
xi)	By the company to Axis Bank on behalf of Kirloskar Brothers (Thailand) Ltd. (USD 66,00,000)	**500.327**	485.133
xii)	By the company to Citi Bank on behalf of SPP Pumps Ltd.(USD 4,500,000)	**341.132**	-
xiii)	By the company to Citi Bank on behalf of Kirloskar Pompen B.V. (USD 1,000,000)	**75.807**	-
xiv)	By the company to Citi Bank on behalf of Kirloskar Brothers (Thailand) Ltd. (USD 1,000,000)	**75.807**	
xv)	By the company to ICICI Bank Ltd. on behalf of Rodelta pumps International B.V. (EURO 2,625,000)	**222.232**	
		4,635.969	4,827.449

NOTES TO ACCOUNTS : (CONTD.)

(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	
	As at 31 March 2022	As at 31 March 2021	**As at 31 March 2022**	As at 31 March 2021
To Subsidiary Companies				
The Kolhapur Steel Limited *	**159.614**	160.414	**160.414**	160.414
To Associates				
KBL Synerge LLP	**-**	-	**-**	-

* Consists of Rs 9.610 MN out of Rs. 57.500 MN 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 Rs 150.000 Mn is with 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 31 March 2022	As at 31 March 2021
1	Kirloskar Ebara Pumps Limited	Assets	**2,342.219**	2,119.749
		Liabilities	**572.133**	607.666
			2021-22	2020-21
		Income	**2,305.913**	1,909.661
		Expenses (including tax expenses)	**2,020.501**	1,707.005
		Profit after tax	**285.412**	202.656
		Other comprehensive income	**2.590**	1.615
		Total comprehensive income	**288.002**	204.271

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

c) **Contingent liabilities, if any, incurred in relation to interest in Joint Ventures: For income tax - Nil (₹13.282 Million)**

d) **Capital commitments, if any, in relation to interest in Joint Ventures : ₹ 23.627 Million (₹15.837 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

NOTES TO ACCOUNTS : (CONTD.)

(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 2020	296.598	218.959	7.595	36.839
Add: Provision during the year 2020-21				
(net of excess/ short provision of earlier year)	11.970	112.623	-	0.554
Add: Unwinding of discounts	-	5.220	0.623	
Less: Amount utilized during the year 2020-21	(36.065)	(169.153)	-	(17.858)
Carrying amount as at 31 March 2021	**272.503**	**167.649**	**8.218**	**19.535**
Add: Provision during the year 2021-22				
(net of excess/ short provision of earlier year)	**41.650**	**289.649**	**-**	**3.369**
Add: Unwinding of discounts	**-**	**2.979**	**0.674**	**-**
Less: Amount utilized during the year 2021-22	**(28.540)**	**(195.618)**	**-**	**(9.230)**
Carrying amount as at 31 March 2022	**285.613**	**264.659**	**8.892**	**13.674**
Non-current provision	**136.410**	**35.030**	**8.892**	**-**
Current provision	**149.203**	**229.629**	**-**	**13.674**

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. upto18 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 ACCOUNTS : (CONTD.)

(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 FVOCI (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 2022	As at 31 March 2021
	Financial Asset		
	Levelled at Level 1		
a)	**Carried at fair value through profit and loss**		
	Investment in mutual funds	**1,584.198**	1268.231
	Levelled at Level 2		
b)	**Carried at amortized cost**		
	Trade receivables	**4,334.005**	3,957.431
	Advances to subsidiaries	**159.614**	160.414
	Other financial assets	**938.118**	1,088.578
	Cash and cash equivalent	**1,548.662**	604.319
	Other bank balances	**14.971**	18.107
	Levelled at Level 3		
c)	**Investments in unquoted equity shares (FVOCI) ***	**0.000**	0.000
	Financial Liabilities		
	Levelled at Level 2		
a)	**Carried at amortized cost**		
	Non-current borrowings	**824.738**	337.526
	Current borrowings	**1,539.596**	1,052.658
	Trade payable	**4,594.325**	4,769.839
	Other current financial liabilities	**1,001.973**	1,243.793
	Lease liability	**66.764**	39.113
	Financial guarantee contracts	**3.097**	14.203

* The investment in unquoted equity shares is ₹ 200/- and therefore not seen in the above table.

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

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.

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.	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 (INR)	Sensitivity Analysis	Management follows established risk management policies, including use of derivatives like foreign exchange forward con tracts, 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,

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

(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 company 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 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 2022**	As at 31 March 2021
Trade Receivables	**5,098.448**	4,760.472
Less : Expected Loss	**764.443**	803.041
	4,334.005	3,957.431
Security Deposits	**885.261**	1,034.880
Less : Expected Loss	**11.147**	18.274
	874.114	1,016.606
Claims Receivable	**49.242**	55.832
Less : Expected Loss	**12.552**	12.545
	36.690	43.287

Trade receivables ageing used in the provision matrix for life time expected credit loss is as -

	As at 31 March 2022	As at 31 March 2021
Trade Receivables		
Neither past due nor impaired	**2,122.918**	1,734.442
Past due but not impaired		
Less than 180 days	**927.560**	559.610
181 - 365 days	**316.030**	482.402
More than 365 days	**967.497**	1,180.977
Total	**4,334.005**	3,957.431

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Reconciliation of loss provision

	Trade receivables	Others
Loss allowance as at 1 April 2020	694.197	42.836
Changes in loss allowance	108.844	(12.017)
Loss allowance as at 31 March 2021	803.041	30.819
Changes in loss allowance	(38.598)	(7.120)
Loss allowance as at 31 March 2022	**764.443**	**23.699**

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 2022	As at 31 March 2021
Interest bearing borrowings		
On demand	**197.363**	-
Less than 180 days	**1,342.233**	1,052.658
181 - 365 days	**-**	-
More than 365 days	**824.738**	337.526
Total	**2,364.334**	1,390.184
Other financial liabilities		
On demand	**94.458**	117.037
Less than 180 days	**908.773**	1,132.796
181 - 365 days	**1.259**	6.040
More than 365 days	**0.580**	2.123
Total	**1,005.070**	1,257.996
Lease liability		
On demand	-	-
Less than 180 days	**11.921**	11.921
181 - 365 days	**11.920**	11.920
More than 365 days	**42.923**	15.272
Total	**66.764**	39.113
Trade & other payables		
Not due	**2,749.542**	3,090.742
Less than 180 days	**644.822**	490.138
181 - 365 days	**121.920**	15.086
More than 365 days	**1,078.041**	1,173.873
Total	**4,594.325**	4,769.839

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 40: Financial risk management policy and objectives (Contd.)

The company has access to following undrawn facilities at the end of the reporting year (Interest rates 4.5% - 8.5%)

	As at 31 March 2022	As at 31 March 2021
Expiring within one year	**990.000**	1,019.810
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 INR 11.822 MN on the company's profitability.

(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 INR (MN)**	
		As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Trade Receivables	EUR	1.075	2.278	90.380	196.083
	GBP	0.045	0.249	4.464	25.156
	USD	7.578	8.933	574.332	656.555
Bank Accounts	EGP	0.358	0.478	1.482	2.224
	EUR	0.051	0.099	4.325	8.499
	GBP	0.415	0.244	41.308	24.601
	USD	1.042	2.068	78.938	152.012
	VND	-	-	-	-
	XOF	0.144	1.835	0.025	0.239
Other Deposits	XOF	-	0.500	-	0.065
	USD	0.003		0.205	
Amount Due from Employees	EGP	-	0.002	-	0.009
	EUR	-	0.006	-	0.486
	GBP	0.005	-	0.523	-
	XOF	-	-	-	-
	USD	0.002	0.047	0.174	3.444

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 40: Financial risk management policy and objectives (Contd.)

The company has access to following undrawn facilities at the end of the reporting year (Interest rates 4.5% - 8.5%)

Financial Liabilities	Currency	Amount in Foreign Currency (MN)		Amount in INR (MN)	
		As at 31 March 2022	As at 31 March 2021	**As at 31 March 2022**	As at 31 March 2021
Trade Payables	EGP	**0.731**	0.731	**3.025**	3.397
	EUR	**1.347**	2.912	**113.330**	250.682
	GBP	**0.038**	0.200	**3.736**	20.216
	USD	**4.454**	4.773	**337.554**	350.819
	JPY	**-**	0.375	**-**	0.249
	VND	**15,649.974**	15,649.974	**51.645**	49.610
	XOF	**149.962**	155.666	**25.494**	20.237
	SGD	**0.003**		**0.140**	
Amount Due to Employees	EUR	**-**	(0.005)	**-**	(0.440)
	XOF	**-**	-	**-**	-
	USD	**(0.002)**	(0.002)	**(0.155)**	(0.125)

Currency wise net exposure (assets - liabilities)

Particulars	Amount in Foreign Currency (MN)		Amount in INR (MN)	
	As at 31 March 2022	As at 31 March 2021	**As at 31 March 2022**	As at 31 March 2021
EGP	**(0.373)**	(0.250)	**(1.543)**	(1.164)
EUR	**(0.221)**	(0.535)	**(18.625)**	(46.054)
GBP	**0.428**	0.293	**42.558**	29.541
USD	**4.173**	6.276	**316.249**	461.316
JPY	**-**	(0.375)	**-**	(0.249)
VND	**(15,649.974)**	(15,649.974)	**(51.645)**	(49.610)
XOF	**(149.818)**	(153.331)	**(25.469)**	(19.933)
SGD	**(0.003)**	-	**(0.140)**	-

Sensitivity Analysis

Currency	Amount in INR (MN)		**Sensitivity % (*) (2021-22)**	Sensitivity % (*) (2020-21)
	2021-22	2020-21		
EGP	(1.543)	(1.164)	3.54%	4.74%
EUR	(18.625)	(46.054)	4.19%	3.11%
GBP	42.558	29.541	4.33%	1.67%
USD	316.249	461.316	3.25%	2.18%
JPY	-	(0.249)	1.66%	2.54%
VND	(51.645)	(49.610)	3.01%	1.36%
XOF	(25.469)	(19.933)	7.96%	1.64%
SGD	(0.140)	-	3.84%	2.13%

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Currency	Impact on profit (strengthen)		Impact on profit (weakening)	
	2021-22	**2020-21**	**2021-22**	**2020-21**
EGP	**0.055**	0.055	**(0.055)**	(0.055)
EUR	**0.780**	1.432	**(0.780)**	(1.432)
GBP	**(1.843)**	(0.493)	**1.843**	0.493
USD	**(10.278)**	(10.057)	**10.278**	10.057
JPY	**-**	0.006	**-**	(0.006)
VND	**1.555**	0.675	**(1.555)**	(0.675)
XOF	**2.027**	0.327	**(2.027)**	(0.327)
SGD	**0.005**	-	**(0.005)**	-
Total	**(7.699)**	(8.055)	**7.699**	8.055

(EGP- Egyptian Pound, GBP - Great Britain Pound, EUR- Euro, USD - US Dollar, VND- Vietnamese Dong, JPY - Japanese Yen, XOF- CFA Franc, SGD - Singapore dollar)

* Sensitivity % are derived based on variation in the exchange rates over the period of last 5 years.

Note 41: Capital management

a) Risk management

The company's objectives when managing capital are to

- safeguard it's 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 2022**	As at 31 March 2021
Loans and borrowings (Including current maturities of long term debt)	**2,364.334**	1,390.184
Less: Cash and cash equivalents (Including other bank balances)	**1,563.633**	622.426
Less: Investment in mutual funds	**1,584.198**	1,268.231
Net debt	**(783.497)**	(500.473)

Gearing ratio is not applicbale as net debt of company is negative.

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

b) **Dividend**

Particulars	**As at 31 March 2022**	As at 31 March 2021
Equity Shares		
(i) Interim dividend for the year	**Nil**	Nil
(ii) Dividends not recognised at the end of the reporting year	**238.227**	238.227

Since year end the directors have recommended the payment of a final dividend of INR 3 per fully paid equity share (31 March 2021 - INR 3). 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 March 31, 2022. The disclosure pursuant to the said Act is as under:

Particulars	**Year ended 31 March 2022**	Year ended 31 March 2021
Total outstanding amount in respect of micro, small and medium enterprises	**650.041**	857.466
Other disclosures in respect of micro and small enterprises		
Principal amount due and remaining unpaid	**2.880**	0.276
Interest due on above and unpaid interest	**0.066**	0.050
Interest paid		-
Payment made beyond appointment day	**426.961**	141.439
Interest due and payable for the period of delay	**4.893**	1.134
Interest accrued and remaining unpaid (excluding interest accrued for earlier years)	**4.959**	1.184
Amount of further interest remaining due and payable in succeeding years	**4.959**	-

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 of vendors.

Note 43 : Corporate social responsibility expenditures

(a) Amount required to be spent by the Company during the current year is ₹ 26.163 Million (PY - ₹ 24.216 Million)

(b) Amount spent by the Company during the current year is ₹ 26.447 Million (PY - ₹ 24.763 Million)

The company as per its policy on Corporate Social Responsibility (CSR) and recommendation and approval of the CSR committee has contributed ₹ 11 Million towards education through its implementing agency Vikas Charitable Trust in the current financial year, ₹ 7.68 Mn on Skill Development Programme and balance amount on various projects for students and society at large (Technical lab development at RIT- Islampur, assistance during Covid-19 outbreak, WASH activity for students and donation to charitable organisation such as Annamitra foundation etc.) The company has not spent any amount towards construction or acquisition of asset.

Refer board report for detailed disclosure.

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 44A : Trade receivables ageing

Trade receivables as at 31 March 2022

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 receivables							
Considered good	2,122.918	927.560	296.400	271.190	228.980	442.930	4,289.978
Which have significant increase in credit risk	-	-	13.860	32.170	98.460	548.310	692.800
Credit impaired							
Total undisputed trade receivables (a)	**2,122.918**	**927.560**	**310.260**	**303.360**	**327.440**	**991.240**	**4,982.778**
Disputed trade receivables							
Considered good	-	-	5.770	0.410	-	37.860	44.040
Which have significant increase in credit risk	-	-	-	-	23.150	39.020	62.170
Credit impaired	-	-	-	-	-	9.460	9.460
Total Disputed trade receivables (b)	**-**	**-**	**5.770**	**0.410**	**23.150**	**86.340**	**115.670**
Total trade receivables (a+b)	**2,122.918**	**927.560**	**316.030**	**303.770**	**350.590**	**1,077.580**	**5,098.448**
Provision for increase in significnat risk and credit impaired							**764.443**
Net trade receivables							**4,334.005**

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 44A : Trade receivables ageing (Contd.)

Trade receivables as at 31 March 2021

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 receivables							
Considered good	1,728.918	559.610	450.316	543.583	111.337	511.983	**3,905.747**
Which have significant increase in credit risk		-	32.036	139.911	131.895	456.969	**760.811**
Credit impaired							
Total undisputed trade receivables (a)	**1,728.918**	**559.610**	**482.352**	**683.494**	**243.232**	**968.952**	**4,666.558**
Disputed trade receivables							
Considered good	5.524	-	0.050	9.796	-	36.312	51.682
Which have significant increase in credit risk	-	-	-	-	-	32.768	32.768
Credit impaired						9.464	9.464
Total Disputed trade receivables (b)	5.524	-	0.050	9.796	-	78.544	**93.914**
Total trade receivables (a+b)	**1,734.442**	**559.610**	**482.402**	**693.290**	**243.232**	**1,047.496**	**4,760.472**
Provision for increase in significnat risk and credit impaired							**803.041**
Net trade receivables							**3,957.431**

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 44B : 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	**2022**	**627.116**	**14.527**	**8.398**				**650.041**
	2021	857.060	0.040	0.370				857.470
2. MSME - disputed	**2022**	-	-	-	-	-	-	-
	2021	-	-	-	-	-	-	-
3 . Others - Non disputed	**2022**	**2,094.360**	**630.295**	**113.522**	**257.206**	**92.091**	**716.358**	**3,903.832**
	2021	2,217.620	490.098	14.716	263.778	61.515	836.194	3,883.921
4 . Others - disputed	**2022**	**28.066**					**12.386**	**40.452**
	2021	16.062					12.386	28.448

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 44C : Capital work- in- progress

Particulars	Year	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	**2022**	**170.400**	**25.097**	**17.143**	**-**	**212.640**
	2021	310.913	366.059	33.924	4.891	715.787
Projects temporarily suspended	**2022**	**-**	**1.785**	**-**	**-**	**1.785**
	2021	1.785	-	-	2.349	4.134

Following projects which were expected to be completed by March 22, got delayed and now expected to be completed as -

Particulars	To be completed in				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Manufacturing Plant Expension	121.410	-	-	-	121.410
Augmentation of Existing plant and machinery	6.900	-	-	-	6.900
Upgradation of IT infrastructure	5.790	-	-	-	5.790
Windmill and other school building	3.075	1.785	-	-	4.860

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

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 2022**	Year ended 31 March 2021
Opening right-to-use asset	**36.845**	160.293
Net addition / (deletion)during the year	**54.950**	(78.135)
Depreciation charged during the year	**(27.466)**	(45.313)
Closing right-to-use asset	**64.329**	36.845

Particulars	**Year ended 31 March 2022**	Year ended 31 March 2021
Opening lease liability	**39.113**	169.530
Net addition / (deletion)during the year	**54.814**	(88.353)
Finance cost	**4.109**	9.363
Lease payments	**(31.272)**	(51.427)
Closing lease liability	**66.764**	39.113
Non-Current	**42.923**	15.272
Current	**23.841**	23.841

Contractual maturities of lease payments

Particulars	**As at 31 March 2022**
Less than one year	32.868
Between 1-2 years	22.899
More than 2 years	20.975

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 ₹59.312 Mn (PY 2020-21 - ₹ 65.014 Mn)
3. Company has not entered into any sublease arrangements.

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 47A: Ratio Analysis

Particulars	Year ended 31 March 2022				Year ended 31 March 2021				Absolute Variance (%)
	Numerator	Denominator	%	Days	Numerator	Denominator	%	Days	
Current Ratio [Current assets / current Liability]	14,997.266	10,565.706	1.419		13,371.605	10,951.448	1.221		16.216%
Debt-Equity Ratio [Debt/Equity] (Additional capex loan taken during the year)	2,364.334	11,253.927	0.210		1,390.184	10,682.231	0.130		61.538%
Debt Service Coverage Ratio [(PBID+ exceptional items) /(Interest+ Principal repayment)]	1,563.763	1,663.941	0.940		1557.637	1254.366	1.242		24.316%
Return on Equity Ratio [(PAT + exceptional items)/(Total op. Equity+Total cl. Equity)/2]	1,032.628	10,968.079	9.415%		973.206	10,224.478	9.518%		1.082%
Inventory Turnover [Consumption /(op. Inventory+cl. Inventory)/2]	13,169.411	3,968.755	3.318	110	10,702.349	3,970.950	2.695	135	23.117%
Trade Receivables Turnover [Revenue from operations / (op. receivable+cl. Receivables)/2]	21,659.422	4,145.718	5.225	70	17,998.573	3,948.685	4.558	80	14.634%
Trade Payable Turnover [Purchases/(op.payables+cl. Payables)] (Creditors in terms of days purchases have come down due to improved working capital management)	13,617.064	4,682.082	2.908	126	10,250.306	4,688.769	2.186	167	33.028%
Net Capital Turnover ratio [Revenue from operations/ Working Capital] (Due to increase in inventory and receivables consequent to increased sales of last quarter - working capital has gone up, which is expected to be liquidated in near future.)	21,659.422	4,431.560	4.888		17,998.573	2,420.157	7.437		34.275%
Net profit Ratio [PAT before exceptional items/ Revenue from operations]	1,032.628	21,659.422	4.768%		973.206	17,998.573	5.407%		11.818%
Return on Capital Employed [PBIT before exceptional items/ Total capital employed (NW-DTA+debt+DTL)]	1,486.642	13,252.506	11.218%		1,491.571	11,741.698	12.703%		11.690%
Return on Investment (quoted) [ROI=(Income received on FD+ MF)/ (Average outside investment)]	41.871	1,910.084	2.192%		40.887	1,466.826	2.787%		21.349%

NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 47B: 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 Currancy or Virtual Currancy 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. 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

Shobinder Duggal
Director
DIN: 00039580

Chittaranjan Mate
Chief Financial Officer
Pune : 24 May 2022

Devang Trivedi
Company Secretary
Pune : 24 May 2022

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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	**Kirloskar Ebara Pumps Limited (₹ in Million)**
1. Latest audited Balance Sheet Date	31st March 2022
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	27th 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	796.54
7. Profit / Loss for the year	
(i) Considered in Consolidation	128.44
(ii) Not Considered in Consolidation	156.98
8. Total comprehensive income for the year	
(i) Considered in Consolidation	129.60
(ii) Not Considered in Consolidation	158.40

Details of associate KBL Synergy LPP are not provided as yet to commence operations.

PART "A": Subsidiaries

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Venture

(₹ in Million)

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	Invest-ment	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Pro-posed Divi-dend	Country	% of Holding
1	Karad Projects & Motors Ltd.	9-Sep-06	1-Apr-21 to 31-Mar-22	INR	1 / 1	139.525	1,526.461	2,754.354	1,088.369	0.005	4,775.310	494.347	147.628	346.719		India	100.00
2	The Kolhapur Steel Limited	2-Aug-08	1-Apr-21 to 31-Mar-22	INR	1 / 1	417.000	(777.920)	344.087	705.007	0.000	314.306	(157.213)	0.316	(157.529)	-	India	99.00
3	Kirloskar Corrocoat Pvt. Ltd.	12-Nov-09	1-Apr-21 to 31-Mar-22	INR	1 / 1	50.000	28.274	210.382	132.109	0.000	257.565	1.098	(1.221)	2.319	-	India	65.00
4	Kirloskar Brothers International B V	30-Aug-07	1-Apr-21 to 31-Mar-22	Euro	84.13 / 84.39	1,992.722	(692.648)	1,388.989	88.915	1,172.492	0.000	(265.019)	0.000	(265.019)	-	The Netherlands	100.00
5	SPP Pumps Ltd.	15-Feb-10	1-Apr-21 to 31-Mar-22	GBP	99.46 / 100.9	298.365	1,074.306	2,535.236	1,162.565	137.515	4,328.283	30.349	(29.001)	59.350	-	U K	100.00
6	Kirloskar Brothers(Thailand) Ltd.	1-Jan-11	1-Apr-21 to 31-Mar-22	Baht	2.28 / 2.28	145.082	(140.559)	748.011	743.487	86.254	807.441	(28.968)	(2.427)	(26.541)	-	Thailand	100.00
7	SPP Pumps (MENA) L.L.C.	13-Sep-11	1-Apr-21 to 31-Mar-22	EGP	4.16 / 4.69	110.732	(233.718)	21.302	144.288	0.000	21.784	(2.262)	0.000	(2.262)	-	Egypt	100.00
8	Kirloskar Pompen B.V	10-Apr-08	1-Apr-21 to 31-Mar-22	Euro	84.13 / 84.39	84.134	(265.848)	169.337	351.051	2.103	95.298	(19.368)	0.000	(19.368)	-	The Netherlands	100.00
9	Micawber 784 (Proprietary Ltd.)	29-Oct-09	1-Apr-21 to 31-Mar-22	Rand	5.20/ 4.94	0.001	48.134	118.089	69.954	0.000	0.000	11.350	3.228	8.122	-	South Africa	100.00
10	SPP Pumps International PTY Limited	3-Dec-13	1-Apr-21 to 31-Mar-22	Rand	5.20 / 4.94	0.001	49.768	302.417	252.649	0.001	275.865	8.521	6.905	1.617	-	South Africa	100.00
11	SPP France S A S	11-Jun-13	1-Apr-21 to 31-Mar-22	Euro	84.13 / 84.39	24.745	(30.031)	37.003	42.288	0.000	106.164	(22.096)	0.000	(22.096)	-	France	100.00
12	SPP Pumps Inc	17-Jul-15	1-Apr-21 to 31-Mar-22	USD	75.79 / 75.24	293.560	124.761	754.114	335.793	206.659	1,856.975	46.031	15.735	30.296	-	U S A	100.00
13	SPP Pumps South Africa Proprietary Limited	24-Oct-14	1-Apr-21 to 31-Mar-22	Rand	5.20 / 4.94	0.001	(161.940)	59.097	221.037	0.000	150.525	7.114	0.537	6.577	-	South Africa	100.00
14	Braybar Pumps Limited	13-Oct-14	1-Apr-21 to 31-Mar-22	Rand	5.20 / 4.94	0.001	42.074	127.239	85.164	0.000	214.942	18.321	3.100	15.221	-	South Africa	100.00
15	Rodelta Pumps International BV	14-Jul-15	1-Apr-21 to 31-Mar-22	Euro	84.13 / 84.39	1.514	(265.868)	325.500	589.854	0.000	151.333	(132.884)	0.000	(132.884)	-	The Netherlands	100.00
16	Rotaserve Overhaul B.V.	4-Jan-16	1-Apr-21 to 31-Mar-22	Euro	84.13 / 84.39	2.103	79.475	102.819	21.240	0.000	79.634	12.110	0.000	12.110	-	The Netherlands	100.00
17	SPP Pumps Real Estate LLC	16-Aug-12	1-Apr-21 to 31-Mar-22	USD	75.79 / 75.24	97.015	20.556	626.174	508.603	0.000	0.000	8.083	0.000	8.083	-	U S A	100.00
18	Syncroflow Inc.	28-Feb-14	1-Apr-21 to 31-Mar-22	USD	75.79 / 75.24	94.235	215.489	543.208	233.483	0.000	1,247.110	91.165	21.581	69.584	-	U S A	100.00
19	SPP Pumps (Asia) Ltd	27-May-16	1-Apr-21 to 31-Mar-22	Baht	2.28 / 2.28	4.559	(15.527)	72.201	83.170	0.059	28.113	(12.276)	(0.756)	(11.520)	-	Thailand	100.00
20	SPP Pumps (Singapore) Ltd	29-Jun-16	1-Apr-21 to 31-Mar-22	SGD	56.11 / 55.66	81.754	(41.250)	175.390	134.886	0.000	239.269	2.071	0.398	1.674	-	Singapore	100.00

Financial Statements (Consolidated)

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 2022, 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 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 31March 2022, 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 Rs.1,355 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.

Managements and Board of Directors 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 over seeing 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 consolidated financial statements include the Ind AS financial statements of three domestic subsidiaries, whose Ind AS financial statements reflect total assets of Rs. 3,309 million as at 31 March 2022; as well as the total revenue of Rs. 5,347 million, total comprehensive income of Rs. 192 million and net cash outflow of Rs. 240 million for the year then ended. The Statement also includes the Group's share of profit of Rs. 128 million for the year then ended 31 March 2022, in respect of a joint venture, whose financial statements have not been audited by us. These Ind AS financial statements have been audited by their respective independent auditors whose audit reports have been furnished to us by the 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 report of such auditors and the procedures performed by us are as stated in paragraph above.

B. One domestic associate is a non-operative entity and its financial information as at 31 March 2022 is unaudited. This financial information is provided by the Holding Company's management in whose opinion it is not material to the group.

C. The Statement includes the consolidated Ind AS financial statements of one foreign subsidiary, whose consolidated Ind AS financial statements reflect total assets of Rs. 5,776 million as at 31 March 2022; as well as the total revenue of Rs. 8,775 million, total comprehensive loss of Rs. 124 million and net cash outflowof Rs. 118 million for the year then ended. These consolidated Ind AS financial statements have been reviewed by other auditor whose special purpose 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 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 2021. Respective management of these components have prepared financial information for the period from 1 January 2022 to 31 March 2022 only for the purpose of consolidation with the Ultimate Holding Company.

- Financial information of fifteen foreign subsidiaries has been prepared by the respective management for the period from 1 January 2022 to 31 March 2022 only for the purpose of consolidation with the Ultimate Holding Company. It reflects total assets of Rs. 3,240 million as at 31 March 2022; as well as the total revenue of Rs. 971 million, total comprehensive loss of Rs. 56 million and net cash outflow of Rs. 137 million for the said period.
- Financial information of one foreign subsidiary for the period from 1 January 2022 to 31 March 2022 has been reviewed by their respective auditor and issued a limited review report on which we have placed our reliance. It reflects total assets of Rs. 2,535 million as at 31 March 2022; as well as the total revenue of Rs. 924 million, total comprehensive lossof Rs. 98 million and net cash inflow of Rs. 33 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 2021 and 31 March 2022, total revenue, total comprehensive income and net cash inflow/outflow for the year/period then ended are not material to the group.

D. 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

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 ourknowledge 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 31March 2022 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 2022 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 andaccording to the explanations given to us:

   i. the consolidated financial statements disclose the impact of pending litigations as at 31 March 2022 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 loses, 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.

For Sharp & Tannan Associates
Chartered Accountants
Firm's Registration no. 109983W
by the hand of

Tirtharaj Khot
Partner
Membership no.(F) 037457
UDIN:22037457AJNLOP9604

Pune, 24 May 2022

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 2022 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 2022, 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').

Managements and Board of Directors 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

Tirtharaj Khot
Partner
Membership no.(F) 037457
UDIN:22037457AJNLOP9604

Pune, 24 May 2022

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CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2022

(Amounts in Million ₹)

Particulars	Note No.	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3	**4,870.379**	4,284.421
Capital work-in-progress		**267.259**	728.833
Investment property	5	**2.038**	25.088
Goodwill	3	**139.157**	141.200
Other intangible assets	3	**37.309**	53.932
Right to use assets	4	**274.053**	301.712
Financial assets			
Investments accounted using equity method	6	**796.543**	680.442
Investments	6	**0.005**	0.005
Trade receivables	7	**390.283**	595.852
Other financial assets	8	**252.897**	165.666
Deferred tax assets (net)	19	**417.750**	472.248
Other non-current assets	9	**1,036.285**	1,036.495
Total non-current assets		**8,483.958**	8,485.894
Current assets			
Inventories	10	**6,435.235**	6,028.435
Financial assets			
Current investment	6	**1,584.198**	1,268.231
Trade receivables	7	**5,295.815**	4,636.866
Cash and cash equivalents	11 A	**2,292.688**	1,735.306
Other bank balances	11 B	**298.101**	18.615
Other financial assets	8	**866.887**	1,002.109
Current tax assets (net)	19	**92.550**	65.753
Other current assets	9	**3,417.559**	3,904.632
Total current assets		**20,283.033**	18,659.947
TOTAL ASSETS		**28,766.991**	27,145.841
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	**158.818**	158.818
Other equity	13	**11,615.424**	10,888.096
Equity attributable to owners of parents		**11,774.242**	11,046.914
Non-controlling interest		**26.086**	25.491
Total equity		**11,800.328**	11,072.405
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	14	**1,363.633**	840.218
Lease liabilities	46	**42.920**	80.801
Trade payables	15	**74.851**	89.440
Other financial liabilities	16	**108.448**	16.606
Provisions	17	**259.433**	245.374
Other non-current liabilities	18	**687.959**	215.184
Total non-current liabilities		**2,537.244**	1,487.623
Current liabilities			
Financial liabilities			
Borrowings	14	**2,388.326**	2,164.685
Lease liabilities	46	**166.389**	224.296
Trade payables			
- Micro, small and medium enterprises	15	**683.536**	875.852
- Others	15	**5,226.980**	4,621.710
Other financial liabilities	16	**1,527.746**	2,059.277
Other current liabilities	18	**3,696.678**	4,087.110
Provisions	17	**739.764**	552.883
Total current liabilities		**14,429.419**	14,585.813
Total liabilities		**16,966.663**	16,073.436
TOTAL EQUITY AND LIABILITIES		**28,766.991**	27,145.841

Corporate information	**1**
Significant 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)

TIRTHARAJ KHOT
Partner
Membership No: (F) - 037457

Pune : 24 May 2022

For and on behalf of the Board of Directors

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Shobinder Duggal
Director
DIN: 00039580

Chittaranjan Mate
Chief Financial Officer

Pune : 24 May 2022

Devang Trivedi
Company Secretary

Pune : 24 May 2022

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2022

(Amounts in Million ₹)

Particulars	Note No.	Year ended 31 March 2022	Year ended 31 March 2021
Revenue from operations	20	**30,576.277**	27,165.402
Other income	21	**324.326**	537.329
Total Income		**30,900.603**	27,702.731
Expenses			
Cost of raw materials consumed	22 A	**15,164.812**	12,321.289
Purchases of stock-in-trade		**1,651.360**	2,131.849
Changes in inventories of finished goods, stock-in -trade and work-in-progress	22 B	**(13.157)**	42.100
Employee benefits expense	23	**5,015.526**	4,887.691
Finance costs	24	**334.677**	441.509
Depreciation and amortization expense	25	**695.143**	679.925
Other expenses	26	**6,697.412**	5,377.595
Total expenses		**29,545.773**	25,881.958
Profit before tax		**1,354.830**	1,820.773
Tax expenses	19		
(1) Current tax		**423.199**	459.843
(2) Deferred tax		**79.824**	(2.301)
(3) MAT entitlement for earlier years		-	(174.245)
(4) (Excess)/ Short provision of earlier years		**36.477**	(1.605)
Total Tax expenses		**539.500**	281.692
Profit after tax but before share in profit of joint venture company for the year		**815.330**	1,539.081
Share in profit of joint venture company		**128.435**	68.373
Profit for the year		**943.765**	1,607.454
Attributable to			
Non-controlling interest		**0.408**	(3.457)
Equity holder's of parent		**943.357**	1,610.911
Other Comprehensive Income	27		
Items that will not be reclassified to profit or loss			
Remeasurement gains and losses		**22.363**	34.693
Income tax relating to remeasurement gains and losses		**5.968**	(10.816)
Share in other comprehensive income of joint venture company		**1.165**	0.727
Items that will be reclassified to profit or loss			
Gains/ losses on currency translation for foreign subsidiaries		**(7.111)**	20.659
Foreign exchange loss of subsidiary company		**-**	-
Other Comprehensive Income		**22.385**	45.263
Total Comprehensive Income for the year (Comprising of net profit after tax and other comprehensive income for the year)		**966.150**	1,652.717
Attributable to			
Non-controlling interest		**0.595**	(3.330)
Equity holder's of parent		**965.555**	1,656.047
Earnings per equity share	32		
(1) Basic		**11.88**	20.29
(2) Diluted		**11.88**	20.29

Corporate information	**1**
Significant 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)

TIRTHARAJ KHOT
Partner
Membership No: (F) - 037457

Pune : 24 May 2022

For and on behalf of the Board of Directors

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Shobinder Duggal
Director
DIN: 00039580

Chittaranjan Mate
Chief Financial Officer
Pune : 24 May 2022

Devang Trivedi
Company Secretary
Pune : 24 May 2022

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

(Amounts in Million ₹)

	Particulars	Year ended 31 March 2022	Year ended 31 March 2021
A	**Cash flows from Operating Activities**		
	Net Profit before taxation and extraordinary items	**1,354.830**	1,820.773
	Adjustments for :-		
1	Depreciation / Amortization	**695.143**	679.925
2	(Profit)/ Loss on sale of Fixed Assets	**0.730**	9.449
3	Bad debts written off	**88.297**	124.398
4	Advances, deposits and claims written off	**8.304**	7.484
5	Provision for loss on long term contracts	**21.196**	(27.550)
6	Provision for doubtful debts, advances and claims	**80.733**	164.036
7	Interest Income	**(54.035)**	(62.762)
8	Interest Expenses	**217.300**	314.635
9	Excess provision written back	**-**	-
10	Unrealized exchange (gain)/ Loss	**45.009**	39.133
11	Profit on sale of mutual funds	**(32.192)**	(27.006)
	Operating Profit Before Working capital changes	**2,425.315**	3,042.515
	Adjustments for :-		
1	(Increase)/ decrease in inventories	**(406.801)**	128.393
2	(Increase)/ decrease in trade receivables	**(622.409)**	20.072
3	(Increase)/ decrease in financial assets	**(227.977)**	28.818
4	(Increase)/ decrease in non-financial assets	**415.054**	398.108
5	Increase/ (decrease) in trade payable	**398.365**	134.023
6	Increase/ (decrease) in financial liabilities	**(446.074)**	(19.525)
7	Increase/ (decrease) in non-financial liabilities	**82.343**	(173.769)
8	Increase/ (decrease) in provisions	**208.075**	(34.896)
	Cash Generated from Operations	**1,825.891**	3,523.739
9	Income Tax (Paid) / Refunded	**(414.244)**	(357.961)
	Net Cash from Operating Activities	**1,411.647**	3,165.778
B	**Cash flows from Investing Activities**		
1	Purchase of Fixed Assets	**(819.524)**	(758.898)
2	Sale of Fixed Assets	**193.356**	46.234
3	Investment in subsidiaries, associates and joint venture	**-**	-
4	Purchase of Mutual funds	**(5,779.890)**	(8,354.000)
5	Sale of Mutual funds	**5,496.120**	7,563.060
6	Interest Received	**42.213**	60.445
7	Dividend received	**13.500**	4.500
	Net Cash from Investment Activities	**(854.225)**	(1,438.657)
C	**Cash Flows from Financing Activities**		
1	Proceeds from borrowing	**3,031.186**	1,671.181
2	Repayment of borrowings	**(2,284.130)**	(4,447.099)
3	Interest Paid	**(207.635)**	(334.306)
4	Dividend and tax on dividend paid	**(241.506)**	(43.719)
5	Loans and advances to joint venture/ associate	**-**	-
	Net Cash used in Financing Activities	**297.915**	(3,153.943)
a	Net Increase in Cash and Cash Equivalents (A+B+C)	**855.337**	(1,426.823)
b	Cash & Cash Equivalents at beginning of year	**1,735.814**	3,169.575
c	Unrealized Exchange Gain / (Loss) in cash and cash equivalents	**(15.332)**	(6.938)
d	Cash & Cash Equivalents at end of year (refer note 11) (a+b+c)	**2,575.819**	1,735.814

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.
Cash & Cash Equivalents includes fixed deposits with original maturity of more than 3 months
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)

TIRTHARAJ KHOT
Partner
Membership No: (F) - 037457

Pune : 24 May 2022

For and on behalf of the Board of Directors

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Shobinder Duggal
Director
DIN: 00039580

Chittaranjan Mate
Chief Financial Officer

Pune : 24 May 2022

Devang Trivedi
Company Secretary

Pune : 24 May 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

(Amounts in Million ₹)

A. Equity Share Capital

Balance as at 1 April 2020	Changes in equity share capital during the year	Balance as at 31 March 2021
158.818	-	158.818

Balance as at 1 April 2021	Changes in equity share capital during the year	**Balance as at 31 March 2022**
158.818	-	**158.818**

B. Other Equity

Particulars	Reserves and Surplus						Total Reserves and Surplus	Non-Controlling interest	Total
	Capital Reserve	Capital redemption reserve	Securities Premium	General reserve	Foreign currency translation reserve	Retained Earnings			
Balance as at 1 April 2020	5.237	9.237	414.700	6,334.597	277.219	2,230.763	9,271.753	28.822	9,300.575
Profit for the year						1,610.911	1,610.911	(3.457)	1,607.454
Other comprehensive income					20.659	24.477	45.136	0.126	45.262
Dividends and tax thereof						(39.704)	(39.704)		(39.704)
Balance as at 31 March 2021	5.237	9.237	414.700	6,334.597	297.878	3,826.447	10,888.096	25.491	10,913.587
Profit for the year						943.357	943.357	0.408	943.765
Other comprehensive income					(7.111)	29.309	22.198	0.187	22.385
Dividends and tax thereof						(238.227)	(238.227)		(238.227)
Balance as at 31 March 2022	**5.237**	**9.237**	**414.700**	**6,334.597**	**290.767**	**4,560.886**	**11,615.424**	**26.086**	**11,641.510**

As per our report of even date attached

For **SHARP & TANNAN ASSOCIATES**
Chartered Accountants
(ICAI Firm Regn. No. 109983W)

TIRTHARAJ KHOT
Partner
Membership No: (F) - 037457

Pune : 24 May 2022

For and on behalf of the Board of Directors

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Shobinder Duggal
Director
DIN: 00039580

Chittaranjan Mate
Chief Financial Officer

Pune : 24 May 2022

Devang Trivedi
Company Secretary

Pune : 24 May 2022

NOTES TO ACCOUNTS :

Significant accounting policies

Notes to the financial statements for the year ended 31st March 2022

(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 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 it's 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 it's meeting held on 24th May 2022.

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.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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.%
The Kolhapur Steel Limited (TKSL)	India	99.78%
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%
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 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 2022 are also consolidated. Accordingly, consolidated financials ended 31 March 2022, considers results for foreign subsidiaries for 12 months ended March 2022 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.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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
KBL Synerge LLP	India	50%
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. 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

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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 (INR).

All financial information is presented in INR 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 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 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.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

- 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)

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.

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.

2.8 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, 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:

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

(1) changes during the period in inventories and operating receivables and payables transactions of a non-cash nature;

(2) non-cash items such as depreciation, provisions, unrealized foreign currency gains and losses; and

(3) all other items for which the cash effects are investing or financing cash flows.

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

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; any discounts and rebates are deducted in arriving at the purchase price.

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.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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 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.

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.

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.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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.

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
- 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, it's 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 cost also includes exchange differences in relation to the foreign currency borrowings to the extent those are regarded as an adjustment to the borrowing costs.

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.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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 (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 Group 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 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.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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 under other non financial liabilities.

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.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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.

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 Provident Fund 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

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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 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 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 Share-based payments

Share based compensation benefits are provided to the employees (including senior executives) of the Group under the Group’s Employee Stock Option Scheme, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The fair value of the options granted to employees is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2.21 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.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

2.22 Leases

Group has adopted Ind AS 116 'Leases' from 1 April 2019. On transition, Group has recognized right-to-use asset equal to lease liability which is the present value of the remaining lease payments, discounted using incremental borrowing rate at the date of initial application i.e. 1 April 2019.

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.

A. 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.

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

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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.

B. 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 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.

2.23 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.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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.

2.24 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.

2.25 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.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value. 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 11 and Ind AS 18
- 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 17

The application of simplified approach does not require the group to track changes in credit risk.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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.

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.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

2.26 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).

2.27 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'

2.28 Recent accounting pronouncement

Standards issued but not yet effective

The Ministry of Corporate Affairs (MCA) on 5 April 2022, vide Notification dated 23 March 2022 has issued Companies (Indian Accounting Standard) Amendment Rules, 2022 in consultation with the National Financial Reporting Authority (NFRA).

The notification states that these rules shall be applicable from 1 April 2022 and would thus be applicable for the financial year ending 31 March 2023.

The amendments to Ind ASs are intended to keep the Ind ASs aligned with the amendments made in IFRS.

- **Amendments to Ind AS 16, "Property, Plant and Equipment"**

  The amendments to Ind AS 16 issued by the Ministry of Corporate Affairs amends provisions regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.

- **Amendments to Ind AS 37, "Provisions, Contingent Liabilities and Contingent Assets"**

  The amendments to Ind AS 37 issued by the Ministry of Corporate Affairs amends provisions regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

- **Amendments to 101, "First-time Adoption of Indian Accounting Standards"**

  The amendments to Ind AS 101 issued by the Ministry of Corporate Affairs amends provisions to simplify the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

- **Ind AS 103, "Business Combination"**

  The amendments to Ind AS 103 issued by the Ministry of Corporate Affairs amends provisions to:

- substitute the word 'Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework)' with the words 'Conceptual Framework of Financial Reporting in Ind AS'.
- add to Ind AS 103 a requirement that, for transactions and other events within the scope of Ind AS 37 , an acquirer applies Ind AS 37 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination
- add to Ind AS 103 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The above exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from 1 April, 2022 as at the date of approval of these financial statements.

On issue of the amendment by MCA, the Company would evaluate the impact of the change in the consolidated financial statements.

NOTES TO ACCOUNTS : (CONTD.)

Note 3: Property, Plant and Equipment. Goodwill and Intangible assets

(Amounts in Million ₹)

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 2020	579.379	85.328	2,691.440	6,708.746	699.154	51.458	122.137	1.714	10,939.356	141.941	323.050	205.289	528.339
Additions	-	-	23.258	527.790	17.229	6.440	2.853	-	577.570		15.727	0.411	16.138
Disposals /impairment	-	-	(11.462)	(77.630)	(6.614)	(0.061)	(3.990)	-	(99.757)	-	(13.859)	-	(13.859)
Exchange difference	(4.464)	0.004	34.090	38.726	24.738	0.007	2.271	-	95.371	(0.741)	1.717	1.232	2.949
As at 31 March 2021	574.915	85.332	2,737.326	7,197.632	734.507	57.844	123.271	1.714	11,512.540	141.200	326.635	206.932	533.567
Additions	11.971	-	243.967	779.608	17.795	14.581	30.085	-	1,098.007		6.863	-	6.863
Disposals /impairment	-	-	-	(73.114)	(2.522)	(1.143)	(5.728)	-	(82.507)	-	(0.043)	-	(0.043)
Exchange difference	(17.103)	(0.022)	11.032	17.187	(1.719)	(0.004)	0.453	-	9.824	(2.043)	(0.409)	0.396	(0.013)
As at 31 March 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**
Depreciation/ Amortisation													
As at 1 April 2020	-	7.646	766.206	5,161.783	593.069	29.970	84.963	1.629	6,645.266	-	279.207	180.693	459.900
Charge for the year	-	1.088	71.812	430.172	28.494	7.991	8.348	0.085	547.990		19.863	6.369	26.232
Depreciation on disposal	-	-	(2.134)	(32.064)	(6.357)	(0.059)	(3.003)	-	(43.617)		(0.458)	-	(0.458)
Exchange difference	-	0.352	10.022	40.703	26.888	(0.056)	0.571	-	78.480		(7.930)	1.891	(6.039)
As at 31 March 2021	-	9.086	845.906	5,600.594	642.094	37.846	90.879	1.714	7,228.119	-	290.682	188.953	479.635
Charge for the year	-	1.544	79.039	435.478	33.876	7.681	8.833	-	566.451		17.512	6.076	23.588
Depreciation on disposal	-	-	-	(75.592)	(7.362)	(1.143)	(5.831)	-	(89.928)		(0.043)	-	(0.043)
Exchange difference	-	2.846	(6.953)	(7.052)	(25.233)	(0.003)	(0.761)	-	(37.157)		(0.063)	(0.052)	(0.115)
As at 31 March 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**
Net block													
As at 1 April 2020	579.379	77.682	1,925.234	1,546.963	106.085	21.488	37.174	0.085	4,294.090	141.941	43.843	24.596	68.439
As at 31 March 2021	574.915	76.246	1,891.420	1,597.038	92.412	19.998	32.392	(0.000)	4,284.421	141.200	35.953	17.979	53.932
As at 31 March 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**

Notes:

a) Plants and machines acquired out of proceeds of term loan, are pledged as security against the loan.

b) During the year no provision envisaged for impairment loss .

c) Refer note no 29 for estimated amount of contract remaining to be executed on capital account.

d) Company has not revalued any property, plant and equipment during the FY 2021-22 and FY 2020-21

e) All title deeds of immovable properties are held in the name of company

f) Other intangible assets includes sales tax deferral rights, trade marks, patents and licenses.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 4 : Right to use assets

Particulars	Amount
Opeing balance as at 1 April 2020	484.058
Net addition / (deletion)during the year	(76.749)
Depreciation	(105.597)
Balance as at 31 March 2021	301.712
Net addition / (deletion)during the year	77.339
Depreciation	(104.998)
Balance as at 31 March 2022	**274.053**

Note 5 : Investment property

Particulars	Amount
Gross Block	
As at 1 April 2020	25.724
Additions	-
Disposals	-
As at 31 March 2021	25.724
Additions	-
Disposals	22.944
As at 31 March 2022	**2.780**
Depreciation and Impairment	
As at 1 April 2020	0.530
Charge for the year	0.106
Depreciation on disposals	-
As at 31 March 2021	0.636
Charge for the year	0.106
Depreciation on disposals	-
As at 31 March 2022	**0.742**
Net block	
As at 1 April 2020	25.194
As at 31 March 2021	25.088
As at 31 March 2022	**2.038**

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Information regarding income and expenditure of investment property

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Rental Income derived from investment property	-	0.035
Less: Direct operating expenses *	-	-
Profit arising from investment properties before depreciation and indirect expenses	-	0.035
Less - Depreciation	**0.106**	0.106
Profit/ (loss) arising from investment properties after depreciation and indirect expenses	**(0.106)**	(0.071)

* Considering the materiality, operating expenses are not apportioned to investment property.

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 2017 was ₹ 65.491 Mn. and there is no significant movement in fair value.

Note 6 : Financial assets: Investments

	Particulars	As at 31 March 2022	As at 31 March 2021
I	**Long term investments - at cost**		
	(a) Investment in Equity instruments	**796.543**	680.442
	(b) Capital contribution in Partnership Firm	**0.005**	0.005
	Total	**796.548**	680.447
II	**Current investment**	**1,584.198**	1,268.231
	Total	**1,584.198**	1,268.231

Particulars	As at 31 March 2022	As at 31 March 2021
Aggregate amount of quoted investments	**1,584.198**	1,268.231
Aggregate amount of unquoted investments	**796.548**	680.447

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 6 : Financial assets: Investments (Contd.)

Sr No	Particulars	Face Value	Partly Paid / Fully paid	Extent of holding (%)		No. of Shares / Units		Amount in Million Rupees	
				As at 31 March 2022	As at 31 March 2021	**As at 31 March 2022**	As at 31 March 2021	**As at 31 March 2022**	As at 31 March 2021
Non-current investments									
(1)	**Investments at fair value through Other comprehensive income**								
1	Kirloskar Proprietary Limited *	INR 100	Fully Paid	-	-	**512**	512	**0.005**	0.005
(2)	**Investment accounted using equity method**								
a	Kirloskar Ebara Pumps Limited	INR 10	Fully Paid	**45%**	45%	**225,000**	225,000	**796.538**	680.004
b	KBL Synerge LLP*	N A	N A	**50%**	50%		-	**0.005**	0.005
c	SPP Neziv Pump Solution Proprietary Limited	Rand 1	Fully Paid		49%		49	-	0.433
	Total Investments accounted using equity method							**796.543**	680.442
	Total Investments							**796.548**	680.447
Current investments									
3	**Investment accounted using fair value through profit and loss**								
a	Investment in mutual funds							**1,584.198**	1,268.231

All joint ventures and associate companies are incorporated and have place of business as India. except, the SPP Neziv Pump Solution Propritary Limited, which was joint venture of step down subsidiary SPP Pumps International PTY Ltd, incorporated and has place of business as South Africa.

*KBL Synerge LLP a limited liability partnership was formed in year 2017 between Kirloskar Brothers Ltd, Mrs. Sneha Phatak and Synerge Overseas Pte. Ltd. This LLP has been created for a short term project. Following are the details of total capital and share of each partner in it. Currently KBL Synerge LLP is not operative.

Name of Partner	Capital Contributed (Rs)	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 not made any additional investment in it's group companies during the year. (In FY 2020-21 company has made additional investment of ₹340 Mn in it's wholly owened subsidiary Kirloskar Brothers International B.V. for making the further investment in step down subsidiaries.)

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 7 : Financial assets: Trade receivables

Particulars	As at 31 March 2022	As at 31 March 2021
Non-current		
Unsecured, considered good	**390.283**	595.852
Doubtful	**622.176**	675.177
	1,012.459	1,271.029
Less : Provision for significant increase in credit risk and credit impaired receivables	**622.176**	675.177
	390.283	595.852
Current		
Unsecured, considered good	**5,295.815**	4,636.866
Doubtful	**80.913**	93.465
	5,376.728	4,730.331
Less : Provision for significant increase in credit risk and credit impaired receivables	**80.913**	93.465
	5,295.815	4,636.866
Total trade receivables	**5,686.098**	5,232.718

Trade receivables are non-interest bearing and are generally on terms of 1 to 90 days. Refer note 44 (A) for ageing.

Note 8 : Financial assets: Other financial assets

Particulars	As at 31 March 2022	As at 31 March 2021
Non-current		
(a) Claims receivable		
Unsecured, considered good	**17.648**	17.968
Doubtful	**12.545**	12.545
	30.193	30.513
Less : Provision for significant increase in credit risk and credit impaired claims	**12.545**	12.545
	17.648	17.968
(b) Fixed deposits with the original maturity of more than 12 months	**151.928**	66.479
(c) Interest accrued	**0.039**	0.037
(d) Security deposits		
Unsecured, considered good	**83.282**	81.182
Doubtful	**11.147**	18.273
	94.429	99.455
Less : Provision for significant increase in credit risk and credit impaired deposits	**11.147**	18.273
	83.282	81.182
	252.897	165.666

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 8 : Financial assets: Other financial assets (Contd.)

Particulars	As at 31 March 2022	As at 31 March 2021
Current		
(a) Claims receivable		
Unsecured, considered good	**23.146**	27.688
(b) Interest accrued	**15.026**	3.203
(c) Security deposits		
Unsecured, considered good	**828.715**	971.218
	866.887	1,002.109
Total other financial asset	**1,119.784**	1,167.775

Note 9 : Other assets

Particulars	As at 31 March 2022	As at 31 March 2021
Non-current		
(a) Advances to supplier of capital goods	**104.108**	215.201
(b) Advances to supplier and others		
Unsecured, considered good	**303.370**	28.388
Doubtful	**70.340**	72.576
	373.710	100.964
Less : Provision for doubtful advances	**70.340**	72.576
	303.370	28.388
(c) Prepaid expenses	**5.431**	9.935
(d) Retention	**371.489**	458.690
(e) Advance income tax (net of provision)	**251.887**	324.117
(f) Claims receivable	**-**	0.164
	1,036.285	1,036.495
Current		
(a) Advances to supplier and others		
Unsecured, considered good	**288.194**	597.535
(b) Prepaid expenses	**250.014**	295.980
(c) Gross amount due from customer for project related contract work	**203.097**	231.799
(d) Retention	**1,239.920**	1,413.932
(e) Claims receivable	**1,436.334**	1,365.386
	3,417.559	3,904.632
Total other assets	**4,453.844**	4,941.127

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 10 : Inventories

Particulars		As at 31 March 2022	As at 31 March 2021
(a)	Raw Materials (*)	**2,119.052**	1,747.756
(b)	Work-in-progress	**2,237.327**	2,313.191
(c)	Finished goods	**1,682.800**	1,483.708
(d)	Stock-in-trade (*)	**249.075**	359.146
(e)	Stores and spares (Mode of valuation refer note 2.7)	**146.981**	124.634
	Total inventories	**6,435.235**	**6,028.435**

(*) 'Include goods in transit - ₹ 111.876 MN (PY 2020-21 : ₹ 90.116 MN)

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 ₹ 31.569 MN (PY 2020-21 ₹ 65.892 MN) was recognised as an expense during the year.

Note 11 A : Cash and cash equivalents

Particulars		As at 31 March 2022	As at 31 March 2021
(a)	**Balances with bank**		
	In current and EEFC account (Including cheques on hand)	**766.166**	1,197.024
	Bank deposits	**1,525.074**	536.159
(b)	**Cash on hand**	**1.448**	2.123
	Total cash and cash equivalents	**2,292.688**	1,735.306

Note 11 B : Other bank balances

Particulars		As at 31 March 2022	As at 31 March 2021
(a)	**Earmarked balances with bank**		
	Unpaid dividend accounts	**11.600**	14.880
(b)	**Other deposits**	**283.131**	0.508
(c)	**Margin money**	**3.370**	3.227
	Total other balances	**298.101**	18.615

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 12: Equity share capital

Particulars	As at 31 March 2022	As at 31 March 2021
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
	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 2022 the board of directors have proposed final dividend of Rs. 3.00 (FY 2021 : Rs. 3.00) per share subject to shareholder's approval.

(b) Reconciliation of share capital

Particulars	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021	As at 31 March 2021
	Number	**Amount**	Number	Amount
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 2022	As at 31 March 2022	As at 31 March 2021	As at 31 March 2021
	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	**4,278,923**	**5.39%**	4,278,923	5.39%

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

(d) Details of shares held by promoters

Particulars	**As at 31 March 2022**	**As at 31 March 2022**	As at 31 March 2021	As at 31 March 2021
	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	**398,888**	**0.50%**	398,888	0.50%
Mr. Vikram Shreekant Kirloskar	**70,236**	**0.09%**	70,236	0.09%
Ms. Jyotsna Gautam Kulkarni	**441,805**	**0.56%**	441,805	0.56%

There is no change in shares held by promoters' during the FY 2021-22 and 2020-21. 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.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 13: Other equity

Particulars		As at 31 March 2022	As at 31 March 2021
(a)	**Capital reserve**	**5.237**	5.237
(b)	**Capital redemption reserve**	**9.237**	9.237
(c)	**Securities premium**	**414.700**	414.700
(d)	**General reserves**	**6,334.597**	6,334.597
(e)	**Foreign Currency Translation Reserve**		
	Opening balance	**297.878**	277.219
	Add: Current year transfer	**(7.111)**	20.659
	Closing balance	**290.767**	297.878
(f)	**Retained Earnings**		
	Opening balance	**3,826.447**	2,230.763
	Add : Net profit for the year	**943.357**	1,610.911
	Other comprehensive income for the year	**29.309**	24.477
	Balance available for appropriation	**4,799.113**	3,866.151
	Less : Appropriations :		
	Final and interim dividend	**238.227**	39.704
	Sub total	**238.227**	39.704
	Closing balance	**4,560.886**	3,826.447
		11,615.424	10,888.096

Capital reserve:

The company has recognised profit or loss on purchase, sale, issue or forfeiture/ cancellation of own equity instrument to capital reserve.

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.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

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.

Note 14 : Financial liabilities: Borrowings

Particulars	As at 31 March 2022	As at 31 March 2021
Non-current		
Secured		
Term loan from various banks	**1,738.870**	1,120.893
(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 varing 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	**375.237**	282.470
	1,363.633	838.423
Unsecured		
Other unsecured borrowings	-	1.795
(Terms of loans: It includes deferral payment liabilities under sales tax deferral scheme and finance lease obligations. The sale tax deferral loan is to be repaid in 9 yearly installments starting from April 2013. Other loan carries market interest rate and are repaid till December 2020.)	**1,363.633**	**840.218**
Current		
Secured		
Loans repayable on demand from bank		
(i) Cash / export credit facilities and working capital demand loans	**2,013.089**	1,882.215
(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	**2,013.089**	1,882.215
Current maturities of long term loan	**375.237**	282.470
Total current borrowings	**2,388.326**	2,164.685
Total borrowings	**3,751.959**	3,004.903

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

1. The quarterly returns or statements filed by the Company and it's group companies for working capital limits with such banks and financial institutions are in agreement with the books of account of the Company and it's group companies.
2. The group has utilized loans for the specific purpose for which same are availed.
3. 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.
4. The Company and it's 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 2022	As at 31 March 2021
Non-current		
Total outstanding dues of creditors other than micro, small and medium enterprises	**74.851**	89.440
	74.851	89.440
Current		
Total outstanding dues of micro, small and medium enterprises (refer note 42)	**683.536**	875.852
Total outstanding dues of creditors other than micro, small and medium enterprises	**5,226.980**	4,621.710
	5,910.516	5,497.562
Total trade payables	**5,985.367**	5,587.002

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.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 16: Other financial liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Non-Current		
Other liabilities	**108.448**	16.606
	108.448	16.606
Current		
(a) **Investor Education & Protection fund (will be credited as and when due).**		
Unclaimed dividends	**11.600**	14.880
(b) **Others**		
Trade deposits	**85.177**	103.528
Salary and reimbursements	**518.204**	511.870
Payables on account of purchases of fixed assets	**20.479**	42.526
Provision for expenses and other liabilities	**892.286**	1,386.473
	1,516.146	2,044.397
	1,527.746	2,059.277
Total other financial liabilities	**1,636.194**	2,075.883

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)

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 17: Provisions

Particulars	As at 31 March 2022	As at 31 March 2021
Non-current		
Provisions for employee benefits		
(a) Compensated absences (refer note 38)	**151.435**	147.134
(b) Pension scheme (refer note 34)	**38.617**	36.286
(c) Gratuity (refer note 34)	**23.561**	25.013
	213.613	208.433
Other provisions		
(a) Provision for product warranty (refer note 38)	**36.928**	28.723
(b) Provision for decommissioning and restoration costs (refer note 38)	**8.892**	8.218
	45.820	36.941
	259.433	245.374
Current		
Provisions for employee benefits		
(a) Compensated absences (refer note 38)	**165.946**	156.049
(b) Gratuity and Provident fund (refer note 34)	**47.158**	32.550
	213.104	188.599
Other provisions (refer note 38)		
(a) Provision for product warranty	**464.104**	322.924
(b) Provision for loss on long term contracts	**62.556**	41.360
	526.660	364.284
	739.764	552.883
Total provisions	**999.197**	798.257

Note 18: Other liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Non-current		
(a) Gross amount due to customers for project related contract work	**165.624**	64.859
(b) Advance from customer	**522.335**	150.325
	687.959	215.184
Current		
(a) Gross amount due to customers for project related contract work	**1,398.859**	1,620.061
(b) Advances from customer	**1,931.786**	2,157.982
(c) Contribution to provident fund and superannuation fund	**132.915**	134.679
(d) Statutory dues	**143.994**	71.280
(e) Deferred revenue	**89.124**	103.108
	3,696.678	4,087.110
Total other non-financial liabilities	**4,384.637**	4,302.294

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 19 : Income tax

(1) The major components of income tax expense for the year ended 31 March 2022 and 31 March 2021 are:

(a) Statement of profit and loss

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Current income tax:		
Current income tax charge (Net of MAT credit entitlement)	**423.199**	459.843
Adjustments in respect of income tax of previous year	**36.477**	(175.850)
Deferred tax:		
Relating to origination and reversal of temporary differences	**79.824**	(2.301)
Income tax expense reported in the statement of profit or loss	**539.500**	281.692

(b) Statement of other comprehensive income (OCI)

Tax related to items recognised in OCI during in the year:

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Related to remeasurement gains and losses		
Income tax charged to OCI	**(5.968)**	10.816
Deferred tax charged to OCI	**-**	-
	(5.968)	10.816

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

(2) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31 March 2022 and 31 March 2021:

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Accounting profit before tax	**1,354.830**	1,820.773
At India's statutory income tax rate of 25.168%/ (25.168%) (a)	**340.984**	458.252
Adjustments		
Non deductible expenses (b) (Including provisions for advances, Interest on TDS, donation, penalties etc.)	**(34.060)**	(92.166)
Tax impact of above adjustments	**(8.572)**	(23.196)
MAT credit assets (not recorded) / Utilized	**-**	-
MAT entitlement for earlier years and other credits of earlier years -		174.794
Rate difference on opening DTA/ DTL/ different tax rates from holding company	**19.540**	94.733
Tax impact of B/F losses (Tax losses on which DTA is not recognised)	**(169.384)**	(67.248)
Other items	**(3.832)**	(4.128)
Effect of overseas branch exemption	**-**	-
Earlier year excess / short provision	**(36.268)**	1.605
Reversal of deferred tax recognised in earlier years		
Total (c)	**(198.516)**	176.560
Tax expenses at effective rate (a-c)	**539.500**	281.692
Tax expenses recorded in books	**539.500**	281.692

(3) Movement in deferred tax

(a) Balance sheet

Deferred tax relates to the following: DTL/ (DTA)	As at 31 March 2022	As at 31 March 2021
Property, plant and equipment (Depreciation)	**80.998**	84.068
Employee benefits	**(110.261)**	(114.355)
Provision for doubtful debts and advances	**(352.142)**	(332.294)
Others - (DTA) /DTL (Including deferred tax on undistributed profits of joint venture and carry forwarded losses)	**47.192**	37.026
	(334.213)	(325.555)
MAT credit	**(83.537)**	(146.693)
	(417.750)	(472.248)
Reflected in balance sheet as		
Deferred tax asset	**417.750**	472.248

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

(b) Statement of profit and loss

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Property, plant and equipment (Depreciation)	**(3.070)**	(10.531)
Employee benefits	**4.094**	5.070
Provision for doubtful debts and advances	**(19.848)**	(41.442)
Others - (DTA) /DTL (Including deferred tax on undistributed profits of joint venture and carry forwarded losses)	**10.166**	41.543
	(8.658)	(5.360)
MAT Credit utilised and forex difference	**88.482**	3.059
Deferred tax expense/(income)	**79.824**	(2.301)

(2) Movement in Current tax

(a) Balance sheet

Reflected in balance sheet as	As at 31 March 2022	As at 31 March 2021
Non- current advance tax	**251.887**	324.117
Current advance tax	**92.550**	65.753
	344.437	389.870

(b) Statement of Profit and loss and other comprehensive income

Particulars	Year ebded 31 March 2022	Year ebded 31 March 2021
Current tax (asset)/ liability as at beginning of year	**(389.870)**	(490.147)
Add: Additional provision during the year - Statement of Profit and loss account	**459.676**	283.993
Add: Additional provision during the year - Other comprehensive income	**(5.968)**	10.816
Less: Current tax paid during the year (Net of refund received for previous years)	**(408.275)**	(194.532)
Non Current tax (asset)/ liability as at end of year	**(344.437)**	(389.870)

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 20: Revenue from operations

Particulars		Year ended 31 March 2022	Year ended 31 March 2021
(a)	**Sale of products** (Refer note 30 for the construction contract revenue)	**29,083.940**	26,239.855
(b)	**Sale of services**	**858.735**	603.224
		29,942.675	26,843.079
(c)	**Other operating revenues** (majorly includes scrap sales and exports benefits)	**633.602**	322.323
	Total	**30,576.277**	27,165.402

Note 21: Other income

Particulars		Year ended 31 March 2022	Year ended 31 March 2021
(a)	**Interest Income**		
	From customers and others	**39.643**	62.762
	On income tax and sales tax refund	**0.023**	28.570
(b)	**Release of deferred income**	**14.369**	17.372
(c)	**Profit on sale of mutual fund investment**	**32.192**	27.006
(d)	**Other non-operating income**	**238.099**	242.155
(e)	**Foreign exchange gain**	**-**	159.464
	Total	**324.326**	537.329

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 2022	Year ended 31 March 2021
(A)	**Cost of raw material consumed**	**15,164.812**	12,321.289
(B)	**Changes in inventories of finished goods, work-in-progress and stock-in-trade**		
	Opening Stock (Refer note 10)		
	Finished goods	**1,483.708**	1,671.288
	Work-in- progress	**2,313.191**	2,164.018
	Stock in trade	**359.146**	362.839
		4,156.045	4,198.145
	Closing Stock (Refer note 10)		
	Finished goods	**1,682.800**	1,483.708
	Work-in- progress	**2,237.327**	2,313.191
	Stock in trade	**249.075**	359.146
		4,169.202	4,156.045
	Total change in inventories	**(13.157)**	42.100

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 23: Employee benefits expense

Particulars		Year ended 31 March 2022	Year ended 31 March 2021
(a)	**Salaries, wages and bonus**	**4,522.001**	4,411.449
(b)	**Defined contribution plans**	**184.165**	198.398
	Contribution to provident fund, superannuation fund and ESIC		
(c)	**Defined benefit plans**	**146.299**	141.522
	Gratuity, Provident fund and Pension		
(d)	**Welfare expenses**	**163.061**	136.322
	Total	**5,015.526**	4,887.691

Note 24: Finance costs

Particulars		Year ended 31 March 2022	Year ended 31 March 2021
(a)	**Interest expense** (at effective interest rate/ market rate of interest)	**217.300**	314.635
(b)	**Other borrowing costs** (includes bank guarantee commission, LC charges, loan processing charges)	**117.377**	126.874
	Total	**334.677**	441.509

Note 25: Depreciation and amortization expense

Particulars		Year ended 31 March 2022	Year ended 31 March 2021
(a)	Depreciation on property, plant and equipment and investment property	**566.557**	548.096
(b)	Amortization of intangible assets	**23.588**	26.232
(c)	Amortisation of right to use assets (Lease)	**104.998**	105.597
	Total	**695.143**	679.925

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 26: Other expenses

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Other Manufacturing Expenses		
Stores and spares consumed	**1,078.991**	750.440
Processing charges	**826.865**	616.155
Power & fuel	**479.462**	397.211
Repairs and maintenance		
Plant and machinery	**230.362**	133.742
Buildings	**100.781**	63.042
Other	**63.996**	47.841
Other expenses		
Rent	**30.346**	38.082
Rates and taxes	**124.466**	113.725
Travelling and conveyance	**187.140**	136.624
Communication expenses	**99.592**	109.703
Insurance	**170.016**	169.230
Directors' sitting fees	**7.890**	5.923
Royalties and fees *	**59.659**	52.268
Freight and forwarding charges	**596.527**	538.609
Brokerage and commission	**125.935**	146.022
Advertisements and publicity	**156.147**	193.225
Provision for product warranty	**358.119**	173.428
Loss on sale/disposal of fixed assets	**0.730**	9.449
Provision for doubtful debts, advances and claims	**80.733**	164.036
Bad debts written off	**88.297**	124.398
Advances, deposits and claims written off	**8.304**	7.484
Auditor's remuneration (refer note 31)	**46.679**	41.794
Professional, consultancy and legal expenses	**599.681**	441.565
Security services	**65.967**	62.084
Computer services	**291.179**	252.454
Non-executive directors remuneration	**13.550**	12.000
Stationery & Printing	**39.459**	30.010
Training course expenses	**20.136**	16.649
Outside labour charges	**363.581**	205.810
Corporate social responsibility expenses (refer note 43)	**31.407**	29.723
Other miscellaneous expenses	**351.415**	294.869
Total	**6,697.412**	5,377.595

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

* As specified in note given in the Board's Report in respect of legal proceeding 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 order of Hon'ble commercial court, Pune has deposited the claimed royalty amount by way of cheque in safe custody of the Ld. Nazir, District court, Pune from the quarter ended October 2018 onwards until 3rd quarter of 2021-22.

Note 27: Other Comprehensive Income

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Items that will not be reclassified to statement of profit and loss		
Remeasurements gains and losses on post employments benefits	**22.363**	34.693
Tax on Remeasurements gains and losses	**5.968**	(10.816)
Share in other comprehensive income of joint venture company	**1.165**	0.727
Items that will be reclassified to statement of profit and loss		
Gains/ losses on currency translation for foreign subsidiaries	**(7.111)**	20.659
Total	**22.385**	45.263

Note 28 : Contingent liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Other money for which the company is contingently liable for		
i) Central Excise and Service tax (Matter Subjudice)	**1,048.672**	1,043.720
ii) Sales Tax (Matter Subjudice)	**280.723**	401.073
iii) Income Tax (Matter Subjudice)	**154.024**	726.756
iv) Labour Matters (Matter Subjudice)	**69.001**	64.763
v) Other Legal Cases (Matter Subjudice)	**503.080**	491.925
	2,055.500	2,728.237

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 resepct to above matters.

Note 29 : Commitments

Particulars	As at 31 March 2022	As at 31 March 2021
i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	**281.000**	273.840
ii) Letters of credit outstanding	**521.605**	739.936
	802.605	1,013.776

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

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 2022	Year ended 31 March 2021
a)	Contract Revenue recognised as revenue for the year	**1,357.765**	1,122.462
b)	Advances received	**1,054.480**	1,188.919
c)	Amount of retentions	**1,611.409**	1,872.623
d)	**Gross amount due from customer**		
	Contract costs incurred	**9,216.748**	7,803.484
	Recognised Profits less recognised Losses	**2,509.231**	2,383.279
	Less: Progress Billing	**11,447.570**	9,849.566
	Less: Provision for gross amount due from customer	**75.312**	105.398
		203.097	231.799
e)	**Gross amount due to customer**		
	Contract costs incurred	**26,036.163**	27,590.155
	Recognised Profits less recognised Losses	**4,888.535**	4,752.598
	Less: Progress Billing	**32,489.181**	34,027.673
		(1,564.483)	(1,684.920)

b) Reconciliation of revenue from sale of products with the contracted price

Particulars		Year ended 31 March 2022	Year ended 31 March 2021
a)	Contracted price	**30,306.658**	27,238.395
b)	Less - trade discounts, volume rebates, late delivery charges etc	**363.983**	395.316
	Total revenue	**29,942.675**	26,843.079

Note 31: Remuneration to Auditors

Particulars		Year ended 31 March 2022	Year ended 31 March 2021
Statutory Auditors :			
a)	Audit Fees	**32.564**	29.611
b)	Tax Audit Fees	**0.426**	4.625
c)	VAT/ GST Audit Fees	**2.555**	0.262
d)	Limited review fees	**3.361**	2.100
e)	Certification services	**0.506**	0.424
f)	Other services	**7.072**	4.444
g)	Expenses reimbursed	**0.195**	0.328
	Total	**46.679**	41.794

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 32 : Earning per Share (Basic and diluted)

Particulars		Year ended 31 March 2022	Year ended 31 March 2021
a)	Profit for the year before tax	**1,354.830**	1,820.773
	Less : Attributable Tax thereto	**539.500**	281.692
	Add: Share of profit / (loss) in joint venture company	**128.435**	68.373
		943.765	1,607.454
	Less: Attributable to Non-controlling interest	**0.408**	(3.457)
	Profit attributable to owners of equity	**943.357**	1,610.911
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	**11.88**	20.29

Note 33 : Expenditure on Research & Development activities

Particulars		Year ended 31 March 2022	Year ended 31 March 2021
A	Revenue expenditure	**245.359**	173.405
B	Capital Expenditure	**0.464**	2.427
		245.823	175.832

Note 34 :Employee Benefits :

i. Defined Contribution Plans:

Amount of ₹184.165 Mn.(PY 2020-21 ₹ 198.398 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 2022		As at 31 March 2021	
		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	**546.318**	**1,586.091**	495.532	1,490.666
	Less: Fair Value of Plan Assets	**485.812**	**1,605.918**	496.951	1,466.401
	Amount to be recognised as liability or (asset)	**60.506**	**(19.827)**	(1.419)	24.265
B.	**Amounts reflected in the Balance Sheet**				
	Liabilities	**60.506**			24.265
	Assets	**-**	**19.827**	1.419	
	Net Liability/(Assets)	**60.506**	**(19.827)**	(1.419)	24.265

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

b) The amounts recognised in the Profit and Loss Statement are as follows: Funded Plan

Particulars		2021-22		2020-21	
		Gratuity Plan	**Provident Fund**	Gratuity Plan	Provident Fund
		(Funded)	**(Funded)**	(Funded)	(Funded)
1	Current Service Cost	37.626	48.860	40.025	45.656
2	Acquisition (gain)/ loss	-	-	-	-
3	Past Service Cost	-	-	-	-
3	Net Interest (income)/expenses	(0.088)	(2.951)	1.254	(3.384)
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)	37.538	45.909	41.279	42.272

c) The amounts recognised in the statement of other comprehensive income (OCI) : Funded Plan

Particulars		2021-22		2020-21	
		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	**27.205**	**26.523**	(33.640)	112.434
3	Remeasurement for the year - Plan assets (Gain) / Loss	**(2.066)**	**(74.100)**	(9.058)	(101.192)
4	Total Remeasurements Cost / (Credit) for the year recognised in OCI	**25.140**	**(47.577)**	(42.698)	11.242
5	Less: Accumulated balances transferred to retained earnings	**25.140**	**(47.577)**	(42.698)	11.242
	Closing balances (remeasurement (gain)/loss recognised OCI	**-**	**-**	-	-

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(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 2022		As at 31 March 2021	
		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	495.532	1,490.666	516.202	1,333.342
2	Acquisition adjustment	-	-	-	-
3	Transfer in/ (out)	0.460	-	-	-
4	Interest expenses	29.998	88.609	29.927	76.208
5	Past Service Cost	-	-	-	-
6	Current Service Cost	37.626	48.860	40.025	45.656
7	Curtailment Cost / (credit)	-	-	-	-
8	Settlement Cost/ (credit)	-	-	-	-
9	Benefits paid	(44.503)	(168.354)	(56.982)	(168.051)
10	Employee Contribution		99.787	(33.640)	91.077
11	Remeasurements on obligation - (Gain) / Loss	27.205	26.523		112.434
	Present value of obligation as at the end of the year	546.318	1,586.091	495.532	1,490.666

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 2022		As at 31 March 2021	
		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	496.951	1,466.401	475.604	1,323.956
2	Acquit ion adjustment	-	-	-	-
3	Transfer in/(out)	-	-	-	-
4	Interest income	30.086	91.560	28.673	79.592
5	Contributions	1.213	142.211	40.599	129.712
6	Benefits paid	(44.504)	(168.354)	(56.983)	(168.051)
7	Amount paid on settlement	-	-	-	-
8	Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	2.066	74.100	9.058	101.192
	Fair value of plan assets as at the end of the year	485.812	1,605.918	496.951	1,466.401

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

f) Net interest (Income) /expenses: Funded Plan

Particulars		2021-22		2020-21	
		Gratuity Plan	**Provident Fund**	Gratuity Plan	Provident Fund
		(Funded)	**(Funded)**	(Funded)	(Funded)
1	Interest (Income) / Expense – Obligation	**29.998**	**88.609**	29.927	76.208
2	Interest (Income) / Expense – Plan assets	**(30.086)**	**(91.560)**	(28.673)	(79.592)
3	Net Interest (Income) / Expense for the year	**(0.088)**	**(2.951)**	1.254	(3.384)

g) The broad categories of plan assets as a percentage of total plan assets of Employee's Gratuity Scheme are as under:

All 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.

h) The amounts pertaining to defined benefit plans are as follows: Funded Plan

Particulars	As at 31 March 2022		As at 31 March 2021	
	Gratuity Plan	**Provident Fund**	Gratuity Plan	Provident Fund
	(Funded)	**(Funded)**	(Funded)	(Funded)
Defined Benefit Obligation	**546.318**	**1,586.091**	495.532	1,490.666
Plan Assets	**485.812**	**1,605.918**	496.951	1,466.401
Surplus/(Deficit)	**(60.506)**	**19.827**	1.419	(24.265)

i) The amounts recognised in Balance Sheet are as follows: Non Funded Plan

Particulars		As at 31 March 2022		As at 31 March 2021	
		Gratuity Scheme	**Pension Scheme**	Gratuity Scheme	Pension Scheme
		(Non Funded)	**(Non Funded)**	(Non Funded)	(Non (Funded)
A.	Amount to be recognised in Balance Sheet				
	Present Value of Defined Benefit Obligation	**29.812**	**38.617**	31.096	36.286
	Less: Fair Value of Plan Assets	**-**	**-**	-	-
	Amount to be recognised as liability or (asset)	**29.812**	**38.617**	31.096	36.286
B.	Amounts reflected in the Balance Sheet				
	Liabilities	**29.812**	**38.617**	31.096	36.286
	Assets		**-**		-
	Net Liability/(Assets)	**29.812**	**38.617**	31.096	36.286

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

j) The amounts recognised in the Profit and Loss Statement are as follows: Non Funded Plan

Particulars		2021-22		2020-21	
		Gratuity	Pension Scheme	Gratuity	Pension Scheme
		(Non Funded)	(Non Funded)	(Non Funded)	(Non (Funded)
1	Current Service Cost	**1.916**	**2.292**	1.922	2.375
2	Acquisition (gain)/ loss	**-**	**-**	-	-
3	Past Service Cost	**-**	**-**	-	0.041
3	Net Interest (income)/expenses	**1.943**	**1.719**	1.955	1.778
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)	**3.859**	**4.011**	3.877	4.193

k) The amounts recognised in the statement of other comprehensive income (OCI) : Non Funded Plan

Particulars		2021-22		2020-21	
		Gratuity	Pension Scheme	Gratuity	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	**(1.819)**	**1.894**	0.718	(0.022)
3	Remeasurement for the year - Plan assets (Gain) / Loss	**-**	**-**	-	-
4	Total Remeasurements Cost / (Credit) for the year recognised in OCI	**(1.819)**	**1.894**	0.718	(0.022)
5	Less: Accumulated balances transferred to retained earnings	**(1.819)**	**1.894**	0.718	(0.022)
	Closing balances (remeasurement (gain)/loss recognised OCI	**-**	**-**	-	-

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(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		2021-22		2020-21	
		Gratuity	Pension Scheme	Gratuity	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	31.096	36.286	31.862	35.337
2	Acquisition adjustment	-	-	-	-
3	Transfer in/ (out)	-	-	-	-
4	Interest expenses	1.943	1.719	1.955	1.778
5	Past Service Cost	-	-	-	0.041
6	Current Service Cost	1.916	2.292	1.922	2.375
7	Curtailment Cost / (credit)	-	-	-	-
8	Settlement Cost/ (credit)	-	-	-	-
9	Benefits paid	(3.324)	(3.249)	(5.361)	(3.296)
10	Remeasurements on obligation - (Gain) / Loss	(1.819)	4.187	0.718	3.950
11	Foreign exchange difference	-	(2.618)	-	(3.899)
	Present value of obligation as at the end of the year	29.812	38.617	31.096	36.286

m) Net interest (Income) /expenses Non Funded Plan

Particulars		2021-22		2020-21	
		Gratuity	Pension Scheme	Gratuity	Pension Scheme
		(Non Funded)	(Non Funded)	(Non Funded)	(Non (Funded)
1	Interest (Income) / Expense – Obligation	1.943	1.719	1.955	1.778
2	Interest (Income) / Expense – Plan assets	-	-	-	-
3	Net Interest (Income) / Expense for the year	1.943	1.719	1.955	1.778

n) The amounts pertaining to defined benefit plans are as follows:Non Funded Plan

Particulars	2021-22		2020-21	
	Gratuity	Pension Scheme	Gratuity	Pension Scheme
	(Non Funded)	(Non Funded)	(Non Funded)	(Non (Funded)
Defined Benefit Obligation	29.812	38.617	31.096	36.286
Plan Assets	-	-	-	-
Surplus/(Deficit)	(29.812)	(38.617)	(31.096)	(36.286)

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

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 6.3 % (PY 2020-21 6.1%) has been used for the valuation purpose.

o) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

1 Discount rate as at 31-03-2022 - 6.80% (PY- 6.30%)

2 Expected return on plan assets as at 31-03-2022- 6.3%(PY- 6.1%)

3 Salary growth rate : For Gratuity Scheme - 8% (PY - 7%)

4 Attrition rate: For gratuity scheme the attrition rate is taken at 11% (PY - 7%)

5 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 ₹ 52.77 MN (P.Y Rs NIL) towards its gratuity plan in the year 2022-23.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(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 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 Brothres (Thailand) Ltd (KBTL)
21	SPP Pumps (Singapore) Ltd	Subsidiary of Kirloskar Brothres (Thailand) Ltd (KBTL)
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

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 35 :Related Party Disclosures

(B) : Names of related parties with whom transactions have been entered into:

1)	Joint Venture	Kirloskar Ebara Pumps Limited	
2)	Key Management Personnel	Mr. Sanjay Kirloskar	Mr. K.Taranath
		Ms. Rama Kirloskar	Mr. Owen Shelvin
		Mr. Alok Kirloskar	Mr. C.M. Mate
		Mr. Pratap Shirke	Mr. Stephen Apel
		Mr. Rakesh Mohan	Mr. Achyut Dhadphale
		Mr. Rajeev Kher	Ms. Prabha Kulkarni
		Mrs. Shailaja Kher	Mr. Akshay Dhar
		Mr. Pradyumna Vyas	Mr. Ravindra Samant
		Mr. S. Unnikrishnan	Mr. John Karen
		Mr. Shobinder Duggal	Mr. Mohammed Hassan
		Mr. Shrinivas Dempo	Mr. Clive Harper
		Ms. Ramni Nirula	Mr. Bob Tichband
		Mr. Amitava Mukherjee	Mr. Remko Dubois
		Mr. Vivek Pendharkar	Mr. Ajeet Kulkarni
		Ms. Rekha Sethi	
3)	Relatives of Key Management Personnel	Mrs. Pratima Kirloskar Sanjay Kirloksar HUF	Wife of Mr. Sanjay Kirloskar HUF 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 Gratuit Fund Kirloskar Brothers Executive Staff Superannuation fund	
5)	Substantial Interest	Corrocoat Limited, UK	

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

(C) Disclosure of related parties transactions

Sr. No.	Nature of transaction/relationship/ major parties	2021-22 Amount	2021-22 Amount	2020-21 Amount	2020-21 Amount
1	**Purchase of goods**	**33.739**		97.405	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		**27.809**		90.605
	Substantial Interest				
	Corrocoat Limited, UK		**5.930**		6.800
2	**Sale of goods/contract revenue**	**2.324**		6.896	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		**2.324**		6.896
3	**Rendering Services**	**78.890**		62.087	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		**78.890**		62.087
4	**Receiving Services**	**7.386**		18.281	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		**0.869**		12.752
	Substantial Interest				
	Corrocoat Limited, UK		**0.112**		0.112
	Relatives of Key Management Personnel				
	Mrs. Pratima Kirloskar		**6.405**		5.417
5	**Reimbursement of expenses by KBL**	**13.178**		0.002	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		**13.178**		0.002
6	**Dividend received**	**13.500**		4.500	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		**13.500**		4.500
7	**Dividend paid**	**96.504**		15.117	
	Key Management Personnel				
	Mr. Sanjay Kirloskar (*)		**54.405**		8.542
	Mr. Alok Kirloskar		**0.244**		0.078
	Mr. Pratap Shirke		**0.060**		0.009
	Ms. Rama Kirloskar		**0.225**		0.075
	Relatives of Key Management Personnel				
	Mrs. Pratima Kirloskar		**41.571**		6.413

(*) Includes dividend received in capacity of trustee of ₹ 5.285 Mn. (PY- ₹ 0.814 Mn.)

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

(C) Disclosure of related parties transactions

Sr. No.	Nature of transaction/relationship/ major parties	2021-22 Amount	2021-22 Amount for Major parties	2020-21 Amount	2020-21 Amount for Major parties
8	**Remuneration Paid**	**205.474**		210.910	
	Key Management Personnel				
	Short Term Employee Benefit				
	Mr. Sanjay Kirloskar		**47.570**		50.258
	Mr. Ravindra Samant		**7.149**		6.392
	Ms. Rama Kirloskar		**23.807**		13.737
	Mr. Alok Kirloskar		**26.795**		27.320
	Mr. Stefan Apel		**21.465**		19.222
	Mr. Remko Dubois		**23.910**		22.451
	Mr. Ajeet Kulkarni		**1.049**		10.245
	Mr. Owen Shevlin		**18.067**		17.028
	Mr. Mohammed Hassan		**1.804**		1.626
	Mr. John Kahren		**21.680**		27.326
	Mr. Bob Tichband		**12.178**		15.304
		13.109		8.450	
	Key Management Personnel				
	Commission on profits				
	Mr. S Unnikrishnan		**1.300**		1.300
	Mr. Pratap Shirke		**1.300**		1.300
	Mr. Kishor Chaukar		**-**		0.650
	Mr. Rakesh Mohan		**1.300**		1.300
	Mr. Rajeev Kher		**1.083**		1.300
	Mr. Pradyumna Vyas		**1.300**		1.300
	Ms. Shailaja Kher		**1.300**		1.300
	Mr. Shobinder Duggal		**1.192**		
	Mr. Shrinivas Dempo		**1.192**		
	Ms. Ramni Nirula		**1.192**		
	Mr. Amitava Mukherjee		**0.650**		
	Mr. Vivek Pendharkar		**0.650**		
	Ms. Rekha Sethi		**0.650**		
		9.030		6.133	
	Key Management Personnel				
	Sitting Fees				
	Mr. Padmakar Jawadekar		-		0.030
	Mr. Pratap Shirke		2.353		0.810
	Mr. Alok Kirloskar		0.480		0.405
	Mr. Kishor Chaukar		-		0.270
	Mr. K.Taranath		0.100		0.133
	Mr. Clive Harper		0.030		0.030
	Mr. Chittranjan Mate		0.030		0.030
	Mr. S.R.Yadwadkar		-		0.013

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

(C) Disclosure of related parties transactions

Sr. No.	Nature of transaction/relationship/ major parties	2021-22 Amount	2021-22 Amount for Major parties	2020-21 Amount	2020-21 Amount for Major parties
	Mr. Sanjay Kirloskar		**0.045**		0.055
	Ms. Rama Kirloskar		**0.150**		0.570
	Mr. Rakesh Mohan		**1.200**		1.020
	Mr. Rajeev Kher		**0.803**		1.155
	Mr. S Unnikrishnan		**1.125**		0.495
	Mr. Achyut Dhadphale		**0.098**		0.140
	Mr. Anant Sathe		**-**		0.063
	Ms. Prabha Kulkarni		**0.043**		0.045
	Mr. Pradyumna Vyas		**0.420**		0.495
	Ms. Shailaja Kher		**0.503**		0.375
	Mr. Shobinder Duggal		**0.473**		-
	Mr. Shrinivas Dempo		**0.338**		-
	Ms. Ramni Nirula		**0.405**		-
	Mr. Amitava Mukherjee		**0.135**		-
	Mr. Vivek Pendharkar		**0.150**		-
	Ms. Rekha Sethi		**0.135**		-
	Mr. Akshay Dhar		**0.015**		-
	Post Employment Benefit	**14.948**		40.508	
	Mr. Sanjay Kirloskar		**3.180**		30.123
	Ms. Rama Kirloskar		**4.294**		1.665
	Mr. Ravindra Samant		**1.120**		1.299
	Mr. Alok Kirloskar		**2.433**		2.581
	Mr. Bob Tichband		**1.415**		3.968
	Mr. Mohammed Hassan		**-**		0.025
	Mr. Stefan Apel		**1.631**		-
	Mr. John Kahren		**0.874**		0.846
9	**Contribution paid to post Employment benefit plans**	**46.740**		84.289	
	Provident Fund		**44.636**		39.575
	Superannuation Fund		**2.104**		8.504
	Gratuity Trust		**-**		36.210
10	**Reimbursement received**	**2.851**		15.704	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		**2.851**		15.704
11	**Purchase of asset**	-		51.500	
	Joint Venture				51.500
	Kirloskar Ebara Pumps Limited		-		

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

(D) Amount due to/from related parties

Sr. No.	Nature of transaction/relationship/ major parties	2021-22 Amount	2021-22 Amount for Major parties	2020-21 Amount	2020-21 Amount for Major parties
1	**Accounts receivables**				
	Joint Venture	**44.980**		29.720	
	Kirloskar Ebara Pumps Limited		**44.980**		29.720
2	**Accounts payables**	**3.004**		37.847	
a	**Joint Venture**				
	Kirloskar Ebara Pumps Limited		**1.315**		37.592
b	**Substantial Interest**				
	Corrocoat Limited, UK		**1.690**		0.256
	Key Management Personnel (#)	**56.004**		48.862	
	Mr. Sanjay Kirloskar		**32.058**		34.000
	Mr. S Unnikrishnan		**1.300**		1.300
	Mr. Pratap Shirke		**1.300**		1.300
	Mr. Alok Kirloskar		**1.300**		1.300
	Mr. Kishor Chaukar		**-**		0.650
	Mr. Rakesh Mohan		**1.300**		1.300
	Ms. Rama Kirloskar		**9.540**		5.089
	Mr. Rajeev Kher		**1.080**		1.300
	Mr. Pradymana Vyas		**1.300**		1.300
	Ms. Shailaja Kher		**1.300**		1.300
	Mr. K.Taranath		**-**		0.012
	Mr. Achyut Dhadphale		**-**		0.012
	Mr. Amitava Mukherjee		**0.650**		-
	Ms. Rekha Sethi		**0.650**		-
	Ms.Ramini Niruala		**1.192**		-
	Mr. Shrinivas Dempo		**1.192**		-
	Mr. Shobinder Duggal		**1.192**		-
	Mr. Vivek Pendharkar		**0.650**		-
c	**Relatives of Key Management Personnel**	**0.870**			
	Mrs Pratima Kirloskar		0.870		

(#) Commission to Chairman- Managing Director and Non-Executive Directors is approved in board meeting held on 24th May 2022. Payment will be made in the year 2022-23

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(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	
	As at 31 March 2022	As at 31 March 2021	**As at 31 March 2022**	As at 31 March 2021
To Subsidiary Companies				
The Kolhapur Steel Limited	**159.610**	160.414	**160.414**	160.414
To Associate				
KBL Synerge LLP	-	-	-	-

* Consists of ₹ 9.610 MN, out of Rs. 57.500 MN unsecured loan given under order from Board for Industrial and Financial Reconstructions (BIFR) without any specific agreed terms for charge of interest and repayment. Balance loan of ₹150.000 Mn is with 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 31 March 2022	As at 31 March 2021
1	Kirloskar Ebara Pumps Limited	Assets	**2,342.219**	2,119.749
		Liabilities	**572.133**	607.666
			2021-22	2020-21
		Income	**2,305.913**	1,909.661
		Expenses (including tax expenses)	**2,020.501**	1,707.005
		Profit after tax	**285.412**	202.656
		Other comprehensive income	**2.590**	1.615
		Total comprehensive income	**288.002**	204.271

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

c) Contingent liabilities, if any, incurred in relation to interest in Joint Ventures: For income tax - Nil (₹ 13.282 Million)

d) Capital commitments, if any, in relation to interest in Joint Ventures : ₹ 23.627 Million (₹15.837 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

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(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 2020	327.736	363.159	7.595	68.910
Add: Provision during the year 2020-21 net of reversal of excess provision for earlier years	13.640	186.503	-	0.554
Add: Unwinding of discounts	-	5.204	0.623	-
Less: Amount utilized during the year 2020-21	(38.193)	(209.559)	-	(29.504)
Less: Amount reversed during the year 2020-21	-	(0.120)	-	-
Add: Foreign exchange difference		6.460	-	1.400
Carrying amount as at 31 March 2021	**303.183**	**351.647**	**8.218**	**41.360**
Add: Provision during the year 2021-22 net of reversal of excess provision for earlier years	**44.863**	**363.926**	**-**	**30.945**
Add: Unwinding of discounts	**-**	**2.580**	**0.674**	**-**
Less: Amount utilized during the year 2021-22	**(30.665)**	**(209.543)**	**-**	**(9.234)**
Less: Amount reversed during the year 2021-22	**-**	**(5.806)**	**-**	**-**
Add: Foreign exchange difference		**(1.772)**	**-**	**(0.515)**
Carrying amount as at 31 March 2022	**317.381**	**501.032**	**8.892**	**62.556**
Non-current provision	**151.435**	**36.928**	**8.892**	**-**
Current provision	**165.946**	**464.104**	**-**	**62.556**

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 18-24 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.

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.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(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 FVOCI (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 2022	As at 31 March 2021
	Levelled at Level 1		
(a)	**Carried at fair value through Profit and loss (FVTPL)**		
	Investment in Mutual funds	**1,584.198**	1,268.231
	Levelled at Level 2		
(b)	**Carried at amortised cost**		
	Trade receivable	**5,686.098**	5,232.718
	Other financial assets	**1,119.784**	1,167.775
	Cash and cash equivalent	**2,292.688**	1,735.306
	Other bank balances	**298.101**	18.615
	Levelled at Level 3		
(c)	**Investments in unquoted equity shares (FVOCI)**	**0.005**	0.005
	Financial Liabilities		
(a)	**Carried at amortised cost**		
	Non-current borrowings	**1,363.633**	840.218
	Current borrowings	**2,388.326**	2,164.685
	Trade payable	**5,985.367**	5,587.002
	Lease liability	**209.309**	305.098
	Other financial liabilities	**1,636.194**	2,075.883

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

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.	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 - Foreign Currency Risk	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	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 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,

(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.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

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 2022**	As at 31 March 2021
Trade Receivables	**6,389.187**	6,001.360
Less : Expected Loss	**703.089**	768.642
	5,686.098	5,232.718
Security Deposits	**923.144**	1,070.673
Less : Expected Loss	**11.147**	18.273
	911.997	1,052.400
Claims Receivable	**53.339**	58.201
Less : Expected Loss	**12.545**	12.545
	40.794	45.656

Trade receivable ageing used in the provision matrix for life time expected credit loss is as -

Trade Receivables	**As at 31 March 2022**	As at 31 March 2021
Neither past due nor impaired	**2,270.046**	1,875.614
Past due but not impaired		
Less than 180 days	**1,869.694**	1,448.337
181 - 365 days	**380.054**	533.651
More than 365 days	**1,166.304**	1,375.115
Total	**5,686.098**	5,232.717

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Reconciliation of loss provision

	Trade receivables	Others
Loss allowance as at 1 April 2020	741.479	42.835
Changes in loss allowance	27.163	(12.017)
Loss allowance as at 31 March 2021	768.642	30.818
Changes in loss allowance	(65.553)	(7.126)
Loss allowance as at 31 March 2022	**703.089**	**23.692**

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 2022**	As at 31 March 2021
Interest bearing borrowings		
On demand	**1,012.705**	1,092.629
Less than 180 days	**1,380.327**	1,082.470
181 - 365 days	**4.910**	-
More than 365 days	**1,354.017**	829.804
Total	**3,751.959**	3,004.903
Other financial liabilities		
On demand	**95.258**	118.104
Less than 180 days	**1,424.641**	1,817.409
181 - 365 days	**2.161**	138.250
More than 365 days	**114.134**	2.120
Total	**1,636.194**	2,075.883
Lease liability		
On demand	**-**	-
Less than 180 days	**83.195**	112.148
181 - 365 days	**83.194**	112.149
More than 365 days	**42.920**	80.801
Total	**209.309**	305.098
Trade & other payables		
On demand	**2,337.546**	2,267.327
Less than 180 days	**1,243.145**	955.976
181 - 365 days	**1,083.301**	877.678
More than 365 days	**1,321.374**	1,486.021
Total	**5,985.366**	5,587.002

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

The Group has access to following undrawn facilities at the end of the reporting year (Interest rates 6.8% - 10.1%)

	As at 31 March 2022	As at 31 March 2021
Expiring within one year	**1,346.710**	1,210.821
Expiring beyond one year	**-**	-

Note 40: Financial risk management policy and objectives (continued)

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 ₹ 18.760 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.

Financial Assets	**Currency**	**Amount in Foreign Currency (MN)**		**Amount in INR (MN)**	
		As at 31 March 2022	As at 31 March 2021	**As at 31 March 2022**	As at 31 March 2021
Trade Receivables	EUR	**1.144**	0.081	**96.192**	6.906
	GBP	**0.139**	0.040	**13.848**	4.025
	USD	**12.365**	11.072	**937.107**	809.443
	SGD	**0.003**	0.194	**0.148**	10.567
	AED	**-**	0.034	-	0.704
Bank Accounts	EGP	**0.358**	0.478	**1.482**	2.221
	EUR	**0.051**	0.099	**4.325**	8.469
	GBP	**0.514**	0.273	**51.089**	27.471
	USD	**1.729**	2.405	**131.069**	175.852
	VND	**-**	12.254	**-**	0.038
	XOF	**0.144**	1.835	**0.025**	0.232
	SGD	**0.014**	0.004	**0.766**	0.213
	AED	**0.019**	0.009	**0.377**	0.184
	IDR	**142.567**	107.529	**0.755**	0.553
	CZK	**0.719**	1.933	**2.481**	6.632
Other Deposits	XOF	**-**	0.500	**-**	0.063
	USD	**0.003**		**0.205**	
Amount Due from Employees	EGP	**-**	0.002	**-**	0.009
	EUR	**-**	0.006	**-**	0.484
	GBP	**0.005**	-	**0.523**	-
	USD	**0.002**	0.047	**0.174**	3.426

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Financial Liabilities	Currency	Amount in Foreign Currency (MN)		Amount in INR (MN)	
		As at 31 March 2022	As at 31 March 2021	**As at 31 March 2022**	As at 31 March 2021
Trade Payables	EGP	**0.731**	0.731	**3.025**	3.391
	EUR	**1.356**	2.088	**114.053**	179.112
	GBP	**0.065**	0.032	**6.481**	3.223
	USD	**4.660**	4.539	**353.175**	331.816
	JPY	-	0.375	**-**	24.793
	VND	**15,649.974**	15,649.974	**51.645**	48.515
	XOF	**149.962**	155.666	**25.494**	19.723
	SGD	**0.003**	0.023	**0.140**	1.255
	IDR	**11.435**		**0.061**	
	CZK	**-**	-	**-**	-
	AED	**0.176**	0.069	**3.437**	1.416
Amount Due to Employees	EUR	**-**	(0.005)	**-**	(0.438)
	XOF	**-**	-		-
	USD	**(0.002)**	-0.002	**(0.155)**	-0.124

Currency wise net exposure (assets - liabilities)

Particulars	Amount in Foreign Currency (MN)		Amount in INR (MN)	
	As at 31 March 2022	As at 31 March 2021	**As at 31 March 2022**	As at 31 March 2021
EGP	**(0.373)**	(0.250)	**(1.543)**	(1.162)
EUR	**(0.161)**	(1.898)	**(13.537)**	(162.815)
GBP	**0.593**	0.281	**58.979**	28.273
USD	**9.438**	8.987	**715.330**	657.029
JPY	**-**	(0.375)	**-**	(24.793)
VND	**(15,649.974)**	(15,637.720)	**(51.645)**	(48.477)
XOF	**(149.818)**	(153.331)	**(25.469)**	(19.427)
SGD	**0.014**	0.175	**0.774**	9.525
CZK	**0.719**	1.933	**2.481**	6.632
AED	**(0.157)**	(0.026)	**(3.059)**	(0.528)
IDR	**142.567**	107.529	**0.755**	0.553

Sensitivity Analysis

Currency	Amount in INR (MN)		Sensitivity % 2021-22	Sensitivity % 2020-21
	2021-22	2020-21		
EGP	**(1.543)**	(1.162)	**3.54%**	4.78%
EUR	**(13.537)**	(162.815)	**4.19%**	3.11%
GBP	**58.979**	28.273	**4.33%**	1.67%
USD	**715.330**	657.029	**3.25%**	2.18%
JPY	**-**	(24.793)	**1.66%**	2.54%
VND	**(51.645)**	(48.477)	**3.01%**	0.91%
XOF	**(25.469)**	(19.427)	**7.96%**	1.12%
SGD	**0.774**	9.525	**3.84%**	2.13%
CZK	**2.481**	6.632	**6.69%**	4.91%
AED	**(3.059)**	(0.528)	**2.18%**	2.68%
IDR	**0.755**	0.553	**1.69%**	0.72%

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Currency	Impact on profit (strengthen)		Impact on profit (weakening)	
	2021-22	2020-21	**2021-22**	2020-21
EGP	**0.055**	0.055	**(0.055)**	(0.055)
EUR	**0.568**	5.059	**(0.568)**	(5.059)
GBP	**(2.556)**	(0.472)	**2.556**	0.472
USD	**(23.232)**	(14.316)	**23.232**	14.316
JPY	**-**	0.629	**-**	(0.629)
VND	**1.553**	0.440	**(1.553)**	(0.440)
XOF	**2.027**	0.218	**(2.027)**	(0.218)
SGD	**(0.030)**	(0.203)	**0.030**	0.203
CZK	**(0.166)**	(0.325)	**0.166**	0.325
AED	**0.067**	0.014	**(0.067)**	(0.014)
IDR	**(0.013)**	(0.004)	**0.013**	0.004
Total	**(21.728)**	(8.904)	**21.728**	8.904

* Sensitivity % are derived based on variation in the exchange rates over the period of last 5 years.

(EGP- Egyptian Pound, GBP - Great Britain Pound, EUR- Euro, USD - US Dollar, VND- Vietnamese Dong, SGD- Singapore Dollar, JPY - Japanese Yen, 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 it's 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, investment in mutual funds and other bank balances) 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 2022	As at 31 March 2021
Loans and borrowings (Including current maturities of long term debt)	**3,751.959**	3,004.904
Less: Cash and cash equivalents (Including other bank balances)	**2,590.789**	1,753.921
Less: Investment in mutual funds	**1,584.198**	1,268.231
Net debt	**(423.028)**	(17.248)

Gearing ratio is not applicable as net debt of group is negative.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

‘b) Dividend

Particulars	As at 31 March 2022	As at 31 March 2021
Equity Shares		
(i) Interim dividend for the year	**-**	
(ii) Dividends not recognised at the end of the reporting year	**238.227**	238.227
(iii) Dividends not recognised at the end of the reporting year payable to non-controlling interest	**-**	-

Since year end the directors have recommended the payment of a final dividend of ₹ 3.00 per fully paid equity share (31 March 2021 - ₹ 3.00). 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

Group has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at March 31, 2022. The disclosure pursuant to the said Act is as under:

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Total outstanding amount in respect of Micro, small and medium enterprises	**683.536**	875.852
Other disclosures in respect of micro and small enterprises		
Principal amount due and remaining unpaid	**4.822**	3.965
Interest due on above and unpaid interest	**0.103**	0.050
Interest paid	**-**	-
Payment made beyond appointment day	**426.961**	141.439
Interest due and payable for the period of delay	**4.933**	1.170
Interest accrued and remaining unpaid (excluding interest accured for earlier years)	**5.036**	1.275
Amount of further interest remaining due and payable in succeeding years	**5.087**	0.004

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 ₹ 30.935 MN (₹ 29.176 MN)

(b) Amount spent by the group during the current year is ₹ 31.407 Million (₹ 29.723 Million)

The company and it’s subsidiaries as per policy on Corporate Social Responsibility(CSR) and recommendation and approval of the CSR committee has contributed ₹13.491 MN towards education through its implementing agency Vikas Charitable Trust and balance amount on various projects for students and society at large (including Technical lab development at RIT- Islampur, assistance during Covid-19 outbreak, WASH activity for students and donation to charitable organisation such as Annamitra foundation etc.) The group has not spent any amount towards construction or acquisition of asset.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 44 A : Trade receivables ageing

(Amounts in Million ₹)

Trade receivables as at 31 March 2022

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	2,270.046	1,869.671	360.424	323.138	306.787	511.989	5,642.055
Which have significant increase in credit risk	-	-	13.860	32.170	98.460	460.491	604.981
Credit impaired	-	0.023	0.000	1.751	1.742	22.965	26.481
Total undisputed trade receivables (a)	**2,270.046**	**1,869.694**	**374.284**	**357.059**	**406.989**	**995.445**	**6,273.517**
Disputed trade receivables							
Considered good	-	-	5.770	0.410	-	37.860	44.040
Which have significant increase in credit risk	-	-	-	-	23.150	39.020	62.170
Credit impaired	-	-	-	-	-	9.460	9.460
Total Disputed trade receivables (b)	**-**	**-**	**5.770**	**0.410**	**23.150**	**86.340**	**115.670**
Total trade receivables (a+b)	**2,270.046**	**1,869.694**	**380.054**	**357.469**	**430.139**	**1,081.785**	**6,389.187**
Provision for increase in significant risk and credit impaired							**703.089**
Net trade receivables							**5,686.098**

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Trade receivables as at 31 March 2021

(Amounts in Million ₹)

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	1,870.090	1,448.319	499.941	643.371	161.688	557.626	5,181.035
Which have significant increase in credit risk	-	-	32.036	139.911	131.895	398.419	702.261
Credit impaired	-	0.018	1.624	0.842	3.847	17.820	24.151
Total undisputed trade receivables (a)	**1,870.090**	**1,448.337**	**533.601**	**784.124**	**297.430**	**973.865**	**5,907.447**
Disputed trade receivables							
Considered good	5.524	-	0.050	9.796	-	36.312	51.682
Which have significant increase in credit risk	-	-	-	-	-	32.768	32.768
Credit impaired	-	-	-	-	-	9.464	9.464
Total Disputed trade receivables (b)	**5.524**	**-**	**0.050**	**9.796**	**-**	**78.544**	**93.914**
Total trade receivables (a+b)	**1,875.614**	**1,448.337**	**533.651**	**793.920**	**297.430**	**1,052.409**	**6,001.361**
Provision for increase in significant risk and credit impaired							**768.643**
Net trade receivables							**5,232.718**

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 44 B : Trade payables ageing

(Amounts in Million ₹)

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	2022	**645.128**	**20.878**	**17.531**	-	-	-	**683.537**
	2021	869.838	1.955	4.059	-	-	-	875.852
2. MSME - disputed	2022	-	-	-	-	-	-	-
	2021	-	-	-	-	-	-	-
3 . Others - Non disputed	2022	**1,664.352**	**1,222.267**	**1,065.770**	**323.660**	**144.389**	**840.939**	**5,261.377**
	2021	1,381.427	954.022	873.619	431.188	190.396	852.048	4,682.700
4 . Others - disputed	2022	**28.066**	**-**	**-**	**-**	**-**	**12.386**	**40.452**
	2021	16.062	-	-	-	-	12.386	28.448

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	2022	**221.527**	**26.187**	**17.143**	**0.617**	**265.474**
	2021	319.196	366.059	33.924	5.520	724.699
Projects temporarily suspended	2022	**-**	**1.785**	**-**	**-**	**1.785**
	2021	1.785	-	-	2.349	4.134

Following projects which were expected to be completed by March 22, got delayed and now expected to get completed as per following table.

Particulars	To be completed in				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Manufacturing Plant Expansion	121.410	-	-	-	121.410
Augmentation of Existing P & M	6.900	-	-	-	6.900
Upgradation of IT infrastructure	5.790	-	-	-	5.790
Windmill and other school building	3.075	1.785	-	-	4.860

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

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.

	Within India		Outside India		Total	
	2021-22	**2020-21**	**2021-22**	**2020-21**	**2021-22**	**2020-21**
a) **Segment Revenue Geographic Segment by location of customer**	**21,236.586**	17,400.758	**9,339.691**	9,764.644	**30,576.277**	27,165.402
b) **Carrying Amount of non-current assets other than deferred tax asset and financial assets**	**5,341.250**	5,290.790	**1,285.220**	1,280.890	**6,626.470**	6,571.680

Note 46: Disclosure in respect of Ind AS 116, 'Leases'

Right-to-use asset	**Year ended 31 March 2022**	Year ended 31 March 2021
Opening right-to-use asset	**301.712**	484.058
Net addition during the year including forex difference	**77.339**	(76.749)
Depreciation charged during the year	**(104.998)**	(105.597)
Closing right-to-use asset	**274.053**	301.712

Particulars	**Year ended 31 March 2022**	Year ended 31 March 2021
Opening lease liability	**305.097**	506.181
Net addition / (deletion) during the year including forex	**(7.103)**	(106.251)
Finance cost	**12.521**	16.306
Lease payments	**(101.206)**	(111.139)
Closing lease liability	**209.309**	305.097
Non-Current	**42.920**	80.801
Current	**166.389**	224.296

Contractual maturities of lease payments

Particulars	**As at 31 March 2022**
Less than one year	**75.800**
Between 1-2 years	**52.362**
More than 2 years	**99.877**

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 ₹ 131.552 Mn

3. Group has not entered into any sublease arrangements.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 47: Additional information regarding subsidiaries as per Schedule III of The Companies Act, 2013

Name of the Entity in the Group	As at 31 March 2022		Year ended 31 March 2022					
	Net Assets (Total Assets - Total Liabilities)		Share in Profits or Loss		Share in Other comprehensive income		Share in Total comprehensive income	
	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)	96.442%	11,380.480	78.893%	744.564	94.305%	21.110	79.250%	765.674
Subsidiaries								
Indian								
1. Karad Projects and Motors Pvt Ltd	5.896%	695.781	38.647%	364.735	(7.941%)	(1.778)	37.567%	362.957
2. The Kolhapur Steel Limited	(5.335%)	(629.554)	(16.382%)	(154.609)	7.887%	1.766	(15.820%)	(152.843)
3. Kirloskar Corrocoat Private Limited	(0.376%)	(44.400)	0.085%	0.800	(1.278%)	(0.286)	0.053%	0.514
Foreign								
1. Kirloskar Brothers International B V (Consolidated)	(3.486%)	(411.369)	(14.894%)	(140.568)	0.000%	0.000	(14.549%)	(140.568)
Non-controlling interest in all Subsidiaries, (Investment as per equity method)								
Indian	0.221%	26.087	0.043%	0.408	1.821%	0.408	0.084%	0.816
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	6.638%	783.303	13.609%	128.435	5.206%	1.165	13.414%	129.600
TOTAL	**100.000%**	**11,800.328**	**100.000%**	**943.765**	**100.000%**	**22.385**	**100.000%**	**966.150**

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

Note 48: 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. 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

Shobinder Duggal
Director
DIN: 01192524

Chittaranjan Mate
Chief Financial Officer

Devang Trivedi
Company Secretary

Pune : 24 May 2022

Pune : 24 May 2022

Advanced Technology Product Division

at **Kirloskarvadi**

A state-of-the-art facility, equipped with modern machines and testing facilities for high-end technology products

Product Superiority

Live demonstration of our product performance to establish the product superiority over competition

Management Development Program

Shaping young minds into future leaders

Corporate Social Responsibility (CSR)

Offering helping hand to the society through various CSR activities

Enriching Lives

KIRLOSKAR BROTHERS LIMITED
Established 1888
A Kirloskar Group Company

Registered office & Global Headquarters: Yamuna, Survey No. 98/(3-7), Plot No. 3, Baner, Pune 411 045, INDIA.
Email: marketing@kbl.co.in | **Website:** www.kirloskarpumps.com
CIN.: L29113PNC000670

Our Companies

United kingdom | U.S.A | South Africa | India | The Netherlands