12th July 2024

BSE Scrip Code: **533293**

To
Corporate Relationship Department
BSE Limited
1st Floor, Rotunda Building,
Dalal Street, Fort,
Mumbai – 400 001

NSE Scrip Code: **KIRLOSENG**

To
Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza, C -1, Block G,
Bandra-Kurla Complex, Bandra (E),
Mumbai – 400 051

Dear Sir/Madam,

Subject: Notice of Annual General Meeting and Annual Report for the FY 2023-24

Pursuant to Regulation 30 and Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and amendments thereunder, please find enclosed herewith copy of Annual Report for the Financial Year 2023-24 including Notice of Annual General Meeting (AGM) of the Company to be held on 8th August 2024.

In compliance with provisions of the General Circular No. 14/2020 dated 8th April 2020; the General Circular No. 17/2020 dated 13th April 2020, the General Circular No. 20/2020 dated 5th May 2020, the General Circular No. 02/2021 dated 13th January 2021, the General Circular No. 19/2021 dated 8th December 2021, the General Circular No. 21/2021 dated 14th December 2021, the General Circular No. 2/2022 dated 5th May 2022, General Circular No. 10/2022 dated 28th December 2022 and General Circular No. 09/2023 dated 25th September 2023, issued by the Ministry of Corporate Affairs and the Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January 2021, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May 2022 and SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5th January 2023, Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated 11th July 2023 and SEBI Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated 7th October 2023 issued by the Securities and Exchange Board of India, the Annual Report for Financial Year 2023-24 including Notice of AGM are being sent only by email to all those Members, whose email addresses are registered with the Company or the Registrar and Share Transfer Agent of the Company or their respective Depository participants.

Kirloskar Oil Engines Limited
A Kirloskar Group Company

Regd. Office: Laxmanrao Kirloskar Road,
Khadki, Pune, Maharashtra - 411 003 India.
Tel: +91 (20) 25810341, 66084000
Fax: +91 (20) 25813208, 25810209
Email: info@kirloskar.com | Website: **www.kirloskaroilengines.com**
CIN: L29100PN2009PLC133351

The Annual Report for Financial Year 2023-24 including Notice of AGM are also available on the website of the Company at www.kirloskaroilengines.com.

You are kindly requested to take the same on your record.

Thanking you.

Yours Faithfully,
For Kirloskar Oil Engines Limited
Smita Arun Raichurkar
Digitally signed by Smita Arun Raichurkar
Date: 2024.07.12 20:48:44 +05'30'
Smita Raichurkar
Company Secretary and Head Legal

Encl.: As above.

Kirloskar
Oil Engines

GROWTH

From Innovation to Impact

Kirloskar Oil Engines Limited
A Kirloskar Group Company

Annual Report 2023-24

About the Report

We are pleased to present our Annual Report which includes voluntary information to the extent available to us, in accordance with reporting framework developed and designed by International Integrated Reporting Council (IIRC). This report is primarily intended to address the information requirements of investors (our equity and prospective investors). Our endeavour is to present this information in a manner that is also relevant to all the key stakeholders. This report also aligns with the Companies Act, 2013, Indian Accounting Standards and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Scope and boundary

This report provides comprehensive information about the business activities of Kirloskar Oil Engines Limited (KOEL), suitably communicated through the six capitals as per the guidelines defined by the International Integrated Reporting Council (IIRC). The document encapsulates our business model, overarching performance, and corresponding results. It's important to note that the financial capital parameters discussed in this report pertain exclusively to 'Kirloskar Oil Engines Limited' on a standalone operation.

Reporting period

The major reporting period for the Annual Report is 1st April, 2023 to 31st March, 2024. However, certain portions of the report provide facts and numbers from prior years in order to give readers a complete picture.

Auditor's Report

To ensure the integrity of facts and information, the financial statements are audited by G. D. Apte & Co., Chartered Accountants and the 'Independent Auditor's Report' has been duly incorporated as part of this report.

Stakeholder feedback

Stakeholders' constructive participation and feedback are welcomed and appreciated. Please send us your feedback to:

Email: investors@kirloskar.com
Website: www.kirloskaroilengines.com

Forward-looking statements

This report contains forward looking statements that describe our expectations, based on reasonable assumptions and past performances. These are subject to change in light of developments in the industry, geographical market conditions, government regulations, laws and other incidental factors. These statements must not be used as a guarantee of our future performance, as the underlying assumptions could change materially.

Capitals that drive our business forward

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

The financial year 2023-24 has been a remarkable journey marked by significant achievements, challenges, and growth opportunities. As we reflect on the year gone by, we are proud of the resilience, adaptability, and commitment demonstrated by our teams, stakeholders, and partners.

Atul Kirloskar
Kirloskar Oil Engines Limited
Chairman

Contents

For more information, please visit our website:

kirloskar
Oil Engines

Limitless

As society changes and progresses, we at Kirloskar keep up with the pace by constantly evolving. Our philosophy, which has been the foundation of our organisation for over 135 years, focuses on the progress of humanity.

We encourage our customers to boldly embrace the future by breaking free from convention and living up to their limitless potential.

Guided by our values, we have a vision that propels us towards an exciting future full of endless possibilities. With innovation as our driving force, we engineer solutions for tomorrow, always keeping human progress at the forefront. We strive to see beyond challenges and envision the unlimited potential that the future holds.

Being limitless also means a firm commitment to the values we live by: Innovative Thinking, Empathy, Collaboration, Integrity, Excellence, and Value Creation. By designing groundbreaking solutions, we create avenues for innovative services that address problems, generate value for our customers and society, and hope to exceed their expectations. We operate with empathy and a strong commitment to moving forward together with our customers and partners because, together, we are limitless.

Innovation to impact

Ours is a story of relentless **GROWTH**, punctuated with equal measures of **INNOVATION** and a **FUTURISTIC** approach.

What fuels our desire to touch new milestones is a firm focus on meeting the expectations of our customers. From pre-empting their needs to consistently designing and delivering new-age solutions, we are determined to make client service and satisfaction a priority.

Harnessing the power of technology and engineering expertise, we have developed skills to produce engines used for different purposes, across sectors. Our desire to build future-proof solutions gives us an edge over others, empowers us to improve lives, and provides us with the strength to adopt sustainable practices within our operations.

With an extensive portfolio covering power generators, industrial engines, water solutions and farm mechanisation equipments, we have set up a nation-wide network of operations with an uncompromising focus on quality and excellence. Relying on advanced R&D efforts, we are determined to take the pioneering spirit of our founders ahead. We adopt the latest machinery, cutting-edge processes for manufacturing and environmentally-safe methods – encouraging us to aspire for excellence, every step of the way.

For us, innovation is the cornerstone of our success. Keeping advanced research at the centre of our manufacturing universe, we aim to build our technological leadership through the design and development of engines and customised engineering solutions that sustain our business growth and colour the ambitious plans of our customers.

As we move ahead and redefine our growth narrative, we realise the importance of innovation, integrity, excellence and experience to set new standards and intricately weave sustainable thinking into our day-to-day operations. Fuelled by groundbreaking innovation, we can now envision a brighter future and take concrete steps to make it a reality.

Corporate Information

Board of Director

Mr. Atul Kirloskar
Non-Executive Non-Independent Director & Chairman

Ms. Gauri Kirloskar
Managing Director

Mr. Rahul Kirloskar

Mr. Mahesh R. Chhabria

Mr. Vinesh Kumar Jairath

Mr. Satish Jamdar

Mr. Sunil Shah Singh
up to 11th September 2023

Mr. Kandathil Mathew Abraham

Dr. Shalini Sarin

Mr. Yogesh Kapur

Ms. Purvi Sheth

Mr. Arvind Goel
Non-Executive Independent Director
w.e.f. 19th May 2023

Chief Financial Officer

Mr. Anurag Bhagania
up to 22nd November 2023

Mr. Sachin Kejriwal
w.e.f. 9th May 2024

Company Secretary and Head Legal

Ms. Smita Raichurkar

Statutory Auditors

G. D. Apte & Co.
Chartered Accountants

Secretarial Auditor

Mr. Mahesh J. Risbud
Practicing Company Secretary

Bankers

State Bank of India

Bank of Maharashtra

HDFC Bank Limited

ICICI Bank Limited

HSBC Limited

Registrar and Share Transfer Agent

Link Intime India Private Limited
Block No. 202, 2nd Floor,
'Akshay' Complex, Near Ganesh Temple,
Off Dhole Patil Road, Pune- 411 001
Ph. No. 020 - 46014473

Location of Factories

Pune, Kagal, Nasik, Rajkot and Bhare

Registered Office

Laxmanrao Kirloskar Road, Khadki,
Pune - 411003, Maharashtra

CIN: L29100PN2009PLC133351

As a part of our constant endeavor to improve shareholder services, we have initiated a shareholders' satisfaction survey.
Please spare a few minutes of your valuable time to fill this questionnaire.
The Link is available on the Company's website viz. https://www.kirloskaroilengines.com/shareholders-survey

Decade at a Glance

₹ in crore (unless otherwise stated)

		Ind AS									Indian GAAP
Sr. No.	**Particulars**	**2023-24**	**2022-23**	**2021-22**	**2020-21**	**2019-20**	**2018-19**	**2017-18**	**2016-17**	**2015-16**	**2014-15**
1	Gross Sales	4,806	4,073	3,268	2,664	2,841	3,117	2,860	2,818	2,587	2,641
2	Net Sales	4,806	4,073	3,268	2,664	2,841	3,117	2,804	2,614	2,406	2,473
3	Profit Before Tax	487	364	263	231	225	336	222	252	205	205
4	Profit After Tax	362	270	208	170	170	225	150	174	165	143
5	Dividend (%)	250	250	200	200	200	250	250	250	250	250
6	Dividend per share (₹)	5	5	4	4	4	5	5	5	5	5
7	Dividend Amount	72	72	58	58	58	72	72	72	72	72
8	Earning Per Share (₹)	25	19	14	12	12	16	10	12	11	10
9	Book Value Per Share (₹)	181	161	148	137	126	123	113	112	100	93
10	Share Capital	29	29	29	29	29	29	29	29	29	29
11	Reserves and Surplus	2,594	2,303	2,111	1,954	1,801	1,746	1,608	1,588	1,415	1,313
12	Shareholders' Funds	2,623	2,332	2,139	1,983	1,830	1,775	1,637	1,617	1,444	1,341
13	Loan Funds	209	75	97	78	15	13	17	12	7	-
14	Total Capital Employed	2,832	2,407	2,236	2,061	1,845	1,788	1,654	1,629	1,451	1,341
15	Net Block	491	425	450	446	362	399	422	440	477	514

Till 30th June, 2017, Excise duty was applicable and included in Gross sale.
All numbers are rounded off.

About Kirloskar Group

An inspiring beacon of innovation and excellence

Built over decades and powered by a rich legacy, Kirloskar Group has always evolved with a sharp focus on fulfilling the needs of the future through innovation and proactive execution.

The Group's legacy dates back to 1888, pre-independent India when indigenous entrepreneurship and business acumen were largely unheard of. It was in the early 1900s that our first products, the iron plough and chaff cutters were introduced by our founder, Honourable Late Shri Laxmanrao Kirloskar to encourage modernisation in the agricultural and farming sector. This step unveiled a series of engineering innovations in the decades that followed, creating employment opportunities and benefiting millions of people in India and worldwide.

Today, our Group operates across diverse sectors, including agriculture, manufacturing, food and beverage, oil and gas, infrastructure and real estate. However, strong focus on growth, diversification, innovation and sustainability remain the key characteristic of Kirloskar companies.

The saga that began with the vision and initiative of our founder, more than a century ago continues to grow and add exciting new chapters, as the Group expands its horizons and touches more lives.

Late Shri Laxmanrao Kashinath Kirloskar
Founder - Kirloskar Group

Kirloskar Oil Engines

Engines, Gensets, Farm Mechanization, Pumps, Electric Motors

Kirloskar Ferrous and ISMT

Pig Iron, Iron Castings Steel, Seamless Pipes and Value added products

Kirloskar Pneumatic Company Limited (KPCL)

Air and Gas Compressors, Refrigeration systems, Gears

Kirloskar Chillers

Chillers

Kirloskar Industries

Unregistered Core Investment Company and Real Estate

ARKA Fincap

Financial Services and Lending

Kirloskar Group in numbers

135+
Years of Excellence

5
Listed companies

₹ 45,101 Cr
Market Cap**

7,000+
Total Group employees#

₹ 10,830 Cr
Combined shareholders' funds*

* Listed companies include Kirloskar Ferrous Industries Ltd., Kirloskar Industries Ltd., Kirloskar Oil Engines Ltd., Kirloskar Pneumatic Company Ltd. and Indian Seamless Tubes Ltd. (ISMT).

**Market cap based on closing market price of 31st May, 2024.

Employees on payroll.

About KOEL

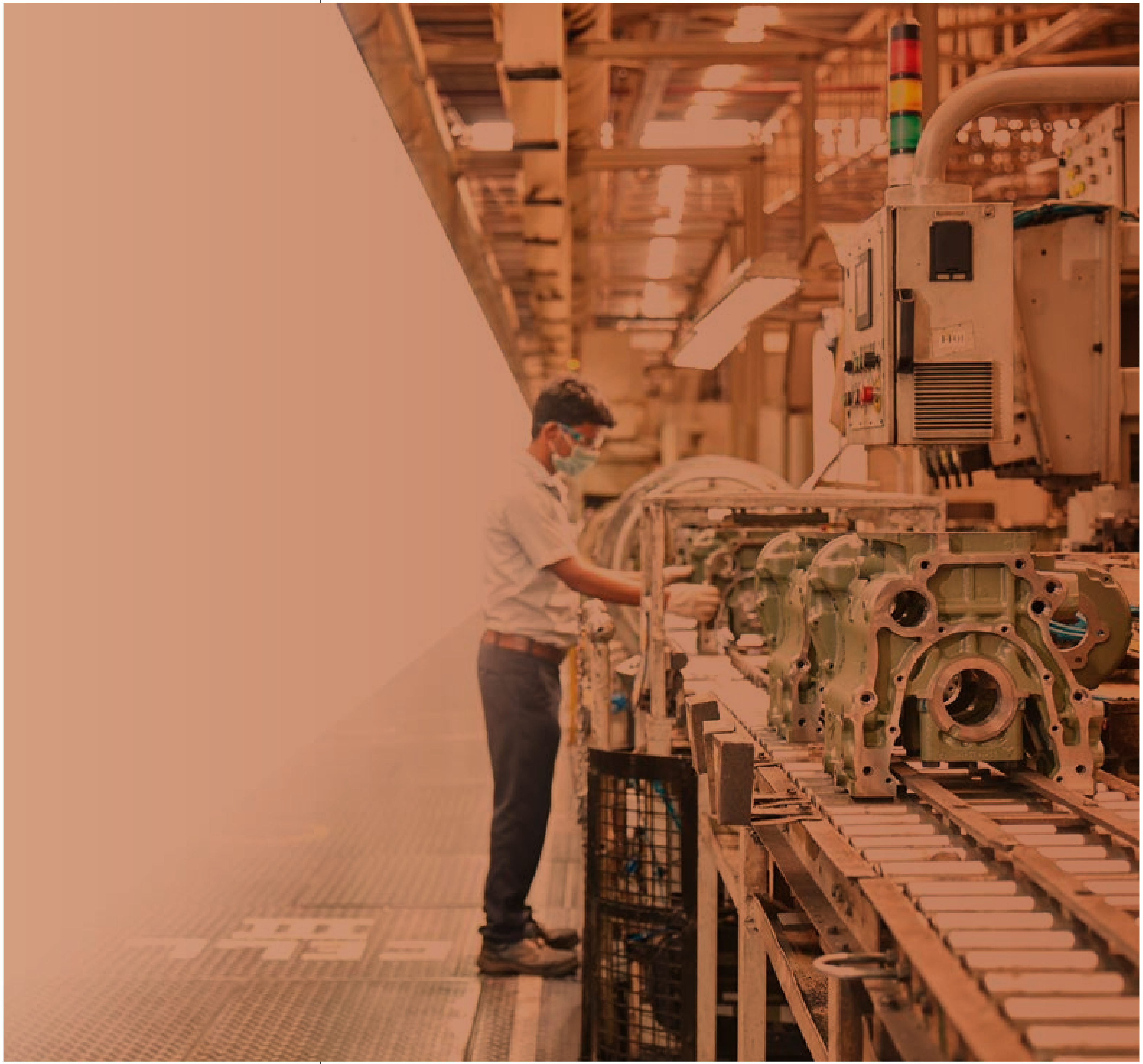
Accelerating growth, delivering unmatched standards industry

Kirloskar Oil Engines Limited (hereinafter referred to as 'KOEL' or 'the Company' or 'we' or us), belongs to the Kirloskar Group, and is one of the leading manufacturers of Gensets, industrial engines, water management solutions and farm mechanisation equipments.

We are one of the world's largest selling Genset brands and have the highest number of IoT-connected DG sets.

We are present in both the domestic as well as international markets. We cater to diverse segments which include indigenous engines for Gensets, industrial segments such as construction, railways, marine, defence, agriculture and others, which enables us to cater to an extensive range of customers. We also offer products ranging from pumps, farm mechanisation equipment to motors and related lines as well as other allied products. These products are designed to be durable and adaptable, empowering our customers to achieve their goals.

Our product range spans a broad spectrum of engines, ranging from 2.5 HP to 1500 HP engines to fuel-agnostic Gensets with an impressive power output of 2.8 kVA to 3000 kVA. Driven by a passion for excellence, our exceptional engineering capabilities and state-of-the-art research centre allow us to continually craft innovative solutions for our customers. With world-class manufacturing facilities, a skilled workforce, and a robust service and distribution network, we deliver top-tier products and support functions globally.



OUR VALUES

- EXCELLENCE
- INTEGRITY
- COLLABORATION
- EMPATHY
- VALUE CREATION
- INNOVATIVE THINKING

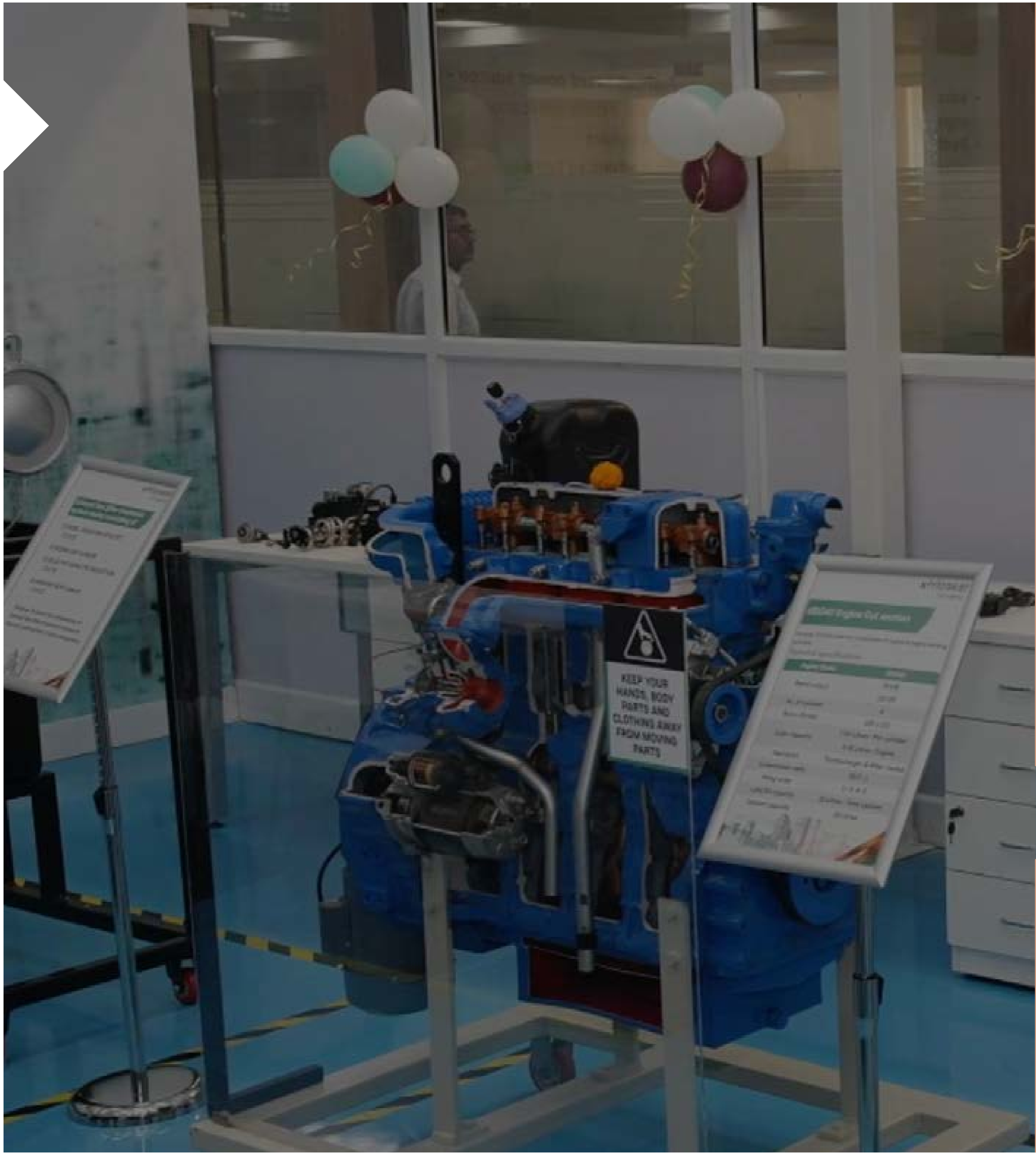
VISION & MISSION

ARE THE VALUES THAT PROPEL OUR VISION WHERE

WE POWER A CARING, PROSPEROUS AND SUSTAINABLE FUTURE.

THIS VISION PROPELS US ON A MISSION WHERE

WE ENGINEER SOLUTIONS TO ENABLE OUR CUSTOMERS TO LIVE THEIR LIMITLESS POTENTIAL.



We are leveraging progressive growth opportunities in various sectors. Our strategic initiatives, coupled with a sharp focus on customer satisfaction and operational excellence, will accelerate our growth trajectory in the years ahead.

Chairman's Letter

At KOEL, we are first a technology company and then a product company. We are very proud of this DNA, and we believe our technology, backed by our great engineering and R&D capabilities and manufacturing skills, generates great products that meet the evolving needs of our customers.

Dear Shareholders,

It gives me great pleasure to present to you the Annual Report for Kirloskar Oil Engines Limited (KOEL) for the financial year 2023-24. This year has been a remarkable journey marked by significant achievements, challenges, and growth opportunities. As we reflect on the year gone by, we are proud of the resilience, adaptability, and commitment demonstrated by our teams, stakeholders, and partners.

The environment we operate in

The business environment that we operate in constantly challenges us. The nature of challenges may vary as times change, but this unpredictability is not something new. Sometimes the change is internal, within the industry or the organisation, like changes in technology, changes in regulation, and so forth and sometimes external to the organisation, like geopolitical changes, introduction of complimentary or alternate products and so on. What makes organisations succeed in the long term is adapting to these changes in a nimble and swift manner. This year, for KOEL, was no exception; we had our own challenges, both internal and external , and I am proud of the way we responded to them as an organisation.

KOEL is uniquely poised to lead the transformation of the power generation sector

At KOEL, we are first a technology company and then a product company. We are very proud of this DNA, and we believe our technology, backed by our great engineering and R&D capabilities and manufacturing skills, generates great products that meet the evolving needs of our customers. Our R&D is in house, and we take great pride in developing our own products, that fit the markets that we serve. The entire fleet of CPCB IV+ Gensets that we launched in the last year, were developed in house, and we were the first manufacturer in the country to get our entire range certified by the regulatory agencies.

We are excited to be in the middle of this great transformation of our industry, where the products are getting cleaner, technically is becoming more advanced, and efficient. We believe this presents a significant opportunity to pioneer the industry with products that cater to our customers' needs while making a positive environmental impact. In the previous year, we made significant progress, firstly with a completely new range of products in the Genset segment, which not only met the latest CPCBIV+ norms, but also global emission standards. This is a testimony to the R&D prowess of the company to build world class products in India.

We are also significantly expanding our product range, both in terms of power ranges, and fuels. We have made significant forays into the High Horse Power segment with new products like OptiPrime, and we are confident that we will make significant inroads in our market share in these segments. We also have Internal Combustion Engine (ICE) products that run on a range of fuels like Hythane, Natural Gas, Ethanol, Methanol, Hydrogen and the thought is to have the products ready as these fuels become available. We are also researching and developing products on other non-ICE power generation technologies like fuel cells, hybrid products, batteries, and micro grids. We are committed to leading this transition of the industry, and we will continue to focus on our core, whether it is in the form of capital allocation or R&D spends.

Sustainability is at the heart of our business and products

As the world strives to be more sustainable, cleaner and greener initiatives form the core of our industry. Energy drives the progress we witness today, it The world needs energy and it is energy that is behind all the advancements that we see today. Energy has alleviated the quality of human life on this planet and it will continue to do so. It will continue to move the world. As its demand keeps increasing the need for energy will not go down, so the question is how can we have technology that creates energy in a clean, green and sustainable way?

The next big part in the journey of sustainability is clean manufacturing. At KOEL, sustainability is central to our operations.

For us, this starts with our products, because our products are meant to create the power that meets the energy needs of our customers. Our current range of CPCBIV+ products meet the stringest of emission norms, and is a significant step forward in our journey towards clean power. Our products that run on cleaner fuels like Hythane, natural gas and other fuel mixtures, hold immense potential and as these fuels become widely available, they will start playing a bigger role in this journey.

The next big part in the journey of sustainability is clean manufacturing. At KOEL, sustainability is central to our operations, we plan to achieve this through integrating renewable energy sources, enhancing energy efficiency, implementing effective waste and water management, employing green building practices, and investing in carbon offset projects. Our Kagal plant showcases our commitment to reducing harmful environmental impact, setting industry benchmarks, and supporting our customers' decarbonisation efforts with eco-friendly solutions. We aim to expand these sustainable practices across all operations, driving a greener and more sustainable future.

In conclusion, I see KOEL , by being a responsible manufacturer, is in a unique position to make a significant impact on our customers, the society in which we operate and the world at large, I would like to take this opportunity to thank our shareholders for their unwavering support and confidence in KOEL. I also extend my gratitude to our customers, partners, and employees for their relentless dedication and contribution to our success

Thank you for your continued support.

Warm regards,

Atul Kirloskar
Chairman
Kirloskar Oil Engines Limited

Managing Director's Letter

I would like to highlight that KOEL was the first company in India to have its entire engine range certified for the CPCB IV+ norms. And the challenge intensified further when the deadline for the norms changed and was pushed by a year ahead.

Dear Shareholders,

I hope this letter finds you in good health and high spirits. As we conclude the financial year 2024, I am pleased to share with you the significant strides KOEL has made over the past year and our vision for the future.

Performance update for FY 2024

The fiscal year 2024 has marked a period of transition and significant achievements for KOEL, highlighted by our highest annual sales to date. I see our numbers as results, and not the reason for being in business. The numbers that we achieved reflect the confidence our customers have in us, it shows the strength of our internal teams, and it shows the strength the channel that we have, both in Sales and Service.

In the beginning of the year, the we had an emission norms change posed a challenge ahead of us. I would like to highlight that KOEL was the first company in India to have its entire engine range certified for the CPCB IV+ norms. And the challenge intensified further when the deadline for the norms changed and was pushed by a year ahead.

The way we managed this transition is a testimony of who we are as an organisation, starting with our R&D capability, in making sure that our products were developed meeting the emission standards on time, of our supply chain strengths and the strength of our channel. The way we managed the last minute changes in the notification is a testimony of our organisation's strength, our agility and commitment to serve our customers.

Despite the challenging operational environment, we have achieved a commendable performance with notable growth across all our business verticals. Our standalone revenue increased by 18%, reaching ₹4,806 crore, while at EBITDA level, we reached ₹564 crore reaching a double digit margin of 11.6%. Net profit saw a significant rise of 34%, amounting to approximately ₹362 crore. These figures are a testament to our robust business model, operational efficiency, and unwavering commitment to delivering value to our stakeholders.

Expanding our presence

Expanding our footprint in international geographies is a stated strategy of KOEL and improving our export pie as a percentage of our overall sales is an important focus for us. We had also said that as we enter new geographies will do it right. We will make sure that we have the right product portfolio for that market, that we structure the channel in a way that is fit for that market, and that the service network and capability is in place. This is a time-consuming process that takes time, but we will follow this process, to make sure that we are successful in the markets that we enter.

During the year under review, we took a step ahead in this direction. Kirloskar Americas Corporation acquired a 51% stake on Engines LPG, LLC dba Wildcat Power Gen, an Ohio Limited Liability Company at an approximate consideration of $ 357,000. Engines LPG LLC is engaged in the business of designing, manufacturing, selling, and servicing of generators powered by gas, diesel, other environmental fuel/power solution under the brand name of Wildcat Power Gen for all types of applications.

Additionally, on the B2C side, we are concentrating on deepening and broadening our export strategy. Approximately 32% of the production at our LGM plant is exported. We see significant opportunities in our B2C business to expand both domestically and internationally.

Update on the 2X3Y strategy

As you remember, in FY 2022, we had established a resilient strategy 2X3Y, aimed at doubling our revenue in the next three years. Now, two years along the journey of our strategic path, I am pleased and proud with the progress we have achieved. This is despite the last-minute unforeseen changes to the CPCB IV+ deadline. The deadline shift not only impacted our topline growth but also necessitated significant adjustments to our production line and required us to maintain an agile supply chain.

During the year, I believe we have made satisfactory progress across our strategic pillars: focus on core growth, technology roadmap, channel and market pathways, operational excellence, and people and talent development.

Getting ready for the long term strategy

As we approach the final leg of the 2X3Y journey, we remain focused on the journey that lies ahead. Our aim is to excel in internal combustion engine technology, covering alternate fuels, hydrogen blends, and hybrid engines. These innovations are designed to support our customers in their decarbonisation efforts.

We are committed to our technology tracks and will focus our efforts and capital allocation in this area. These technology tracks are – Fuel agnostic engines, Solar and Energy Storage Solutions, Electrification and Fuel Cells. These are discussed in detail in this report. We believe these technology tracks will not only help us stay ahead of the curve but also contribute to a greener and more sustainable future.

On the B2C side, we will complete our product portfolio. We are at the final stages of moving to a new manufacturing location. The focus also continues on improving our market share.

People and culture

At KOEL, our people are our greatest asset. We believe that a strong, inclusive, and innovative culture is crucial for our success. Over the past year, we have launched several initiatives aimed at enhancing employee engagement, fostering a culture of continuous learning, and promoting a culture of diversity and inclusion within the organisation.

We have also invested in leadership development programs to nurture the next generation of leaders who will drive KOEL's future growth. Our commitment to employee well-being and professional development remains unwavering, and we will continue to prioritise creating a workplace where every individual can thrive and contribute to our shared vision.

Conclusion

As we move forward, I would like to express my heartfelt gratitude to you, our shareholders for your encouraging support and confidence in KOEL. Your trust and encouragement are invaluable as we strive to achieve our strategic goals and deliver sustainable growth.

Together, we will continue to power progress, innovate for the future, and create lasting value for all our stakeholders.

Thank you for being an integral part of our journey.

Warm Regards,

Gauri Kirloskar
Managing Director
Kirloskar Oil Engines Limited

Businesses

Offerings that serve as our growth engines

We offer a comprehensive range of products and solutions that are tailored to meet the unique requirements of clients across power generation, industrial (rail, defence, marine, infrastructure) segments, water management and farm mechanisation sectors.

Business segments

B2B segment

Power Gen

Residential Gensets | Telecom | Infrastructure | Realty | Hospitality | Banks | Defence | Retail | Healthcare | Manufacturing | Data centre

Industrial

Excavation | Construction | Railways | Mining | Marine | Agriculture | Fishery | Defence | Oil & Gas

Distribution and Aftermarket

Customer support and service | Retail channel

International Business

Our offerings

- Engines and Gensets
- Industrial Engines
- Power solutions for large/ Institutional project clients (Marine, Defence, among others)
- After-sales support
- Retail channel — Tractor spares, Oil, Batteries

B2C segment

Water Management Solutions

Retail | Agriculture | Industrial

Farm Mechanisation

Agriculture

International Business

Our offerings

- Engine based pump sets
- Electric Pumps (KOEL)
- Electric Pumps (LGM)
- Farm Equipment

Milestones

Expediting growth, amplifying value for decades

1946

Incorporated for manufacturing diesel engines

1979

Collaborated with SEMT Pielstick, France to supply Gensets (1.6 MWe to 5 MWe) and marine propulsion engines (1.6 MW to 8.9 MW).

1992

ISO 9001 certification for manufacturing operations

1998

Received QS 9000 certificate

1999

ISO 14001 certification for environment-friendly manufacturing facilities

2004

Received TS16949 accreditation

2009

Inauguration of Kirloskar Oil Engines, Kagal Plant

2011

KOEL launches its first Corporate Sustainability Report

2012

KOEL enters the residential Genset business with the launch of Chota Chilli

2013

Earned a Limca Book of Records achievement for finalising wage agreements on time, ahead of expiry, for 7 consecutive years

2014

KOEL Green, the new brand identity for KOEL Gensets, was launched

KOEL's first CPCB II compliant Genset launched

Mega T, multipurpose farm equipment, launched

2015

Launch of Kirloskar KMW-MEGA- T Power Tiller

CII EXIM Bank Award for Business Excellence

International IMS certification from ABS

2016

Forayed into Genset electrical space with the launch of control panels and a complete range of switchgear products for Genset Application

Launch of HHP/UHP range 750, 910 and 1010kVA KOEL green Gensets

Incorporated Kirloskar Americas Corporation in the United States

KMW Mega T Power Tiller received the prestigious Japan's Good Design Award and India Design Mark Award

2018

Launch of technologically advanced intelligent KOEL iGreen Gensets

KMW receives Clarivate Analytics India innovation award

Unveiling of 3,000 rpm FM/UL range of firefighting engine

2019

Mega T Power Tiller receives 'Golden Peacock Innovative Product/Service Award' for the second consecutive year

CII Exim Bank Award for Business Excellence, becoming the FIRST Indian Diesel Engines /Gensets manufacturing company to bag this prestigious recognition.

2020

Recognition for our commitment to energy efficiency with a Golden Peacock Award – 2020 from the Institute of Directors (IOD). This is regarded as a benchmark in Corporate Excellence worldwide.

2021

Brand refresh to 'Limitless'

Launch of Kirloskar Firefighting Pumpset

Engines upgraded to Bharat Stage (BS) IV emission norms

Environment Protection Agency (EPA) Tier IV Final

2022

Acquisition of Optiqua Pipes & Electricals (P) Ltd

Optiqua formed a JV with ESVA Pumps India (P) Ltd

2023

Business transformation and a Strategic Roadmap - 2X3Y

CPCB IV+ transition

Completion of LGM Acquisition

Introduction of alternate fuel engines and Gensets (Natural Gas, Ethanol and Methanol)

Nasik Plant won the 'First Prize for National Energy Conservation Award 2022', organised by the Bureau of Energy Efficiency under the Ministry of Power, Government of India, presented by the Honourable President of India, Smt. Droupadi Murmu

Acquisition of 100% stake in La Gajjar Machineries Private Limited.

2024

Launch of OptiPrime across 1000 kVA, 1500 kVA and 2020 kVA

Appointment of MYSPAN POWER SOLUTIONS FZE as the first international GOEM for the Middle East and North Africa Region

A prestigious order from Nuclear Power Corporation of India Limited (NPCIL) worth ₹768 Cr for the supply of 10 numbers of 6.3 MW Emergency Diesel Gensets

Amalgamation of Optiqua Pipes and Electricals Private Limited with La-Gajjar Machineries Private Limited

Acquisition of Engines LPG LLC through a wholly owned subsidiary Kirloskar Americas Corporation which is a step towards business expansion and to enable market development in Powergen applications for the North American markets.

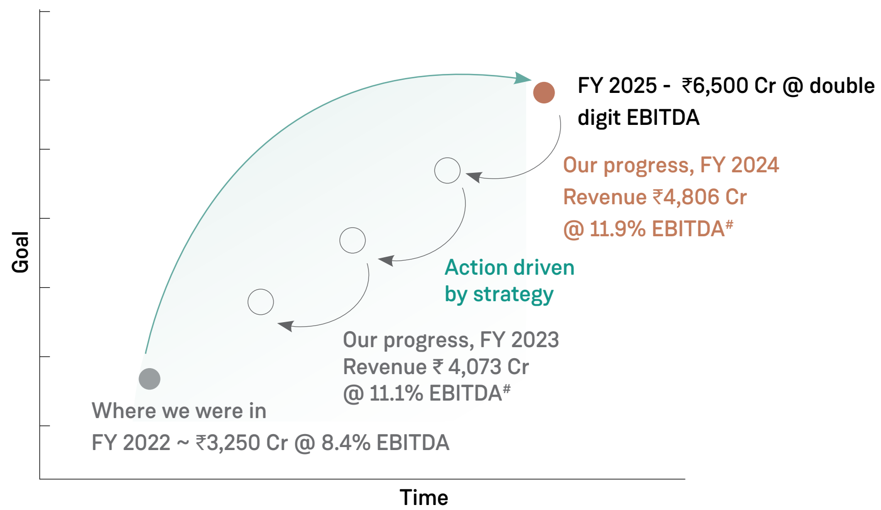
Our Strategy

Doubling with the 2X3Y strategy

India achieved an impressive GDP rate of 8.2% and has been the fastest-growing large economy. It is anticipated that the next seven fiscal years will see the Indian economy crossing the $5 trillion mark and inching closer to $7 trillion.[1]

We are committed to delivering exceptional value to our clients while upholding the highest standards of environmental responsibility and sustainability. With favourable economic and regulatory conditions, we have devised a robust 2X3Y strategy to double our FY 2021-22 revenue within three years. This ambitious plan, communicated in August 2022, has driven double digit growth across our business verticals and is set to solidify our leadership position in the sector.

2X3Y framework

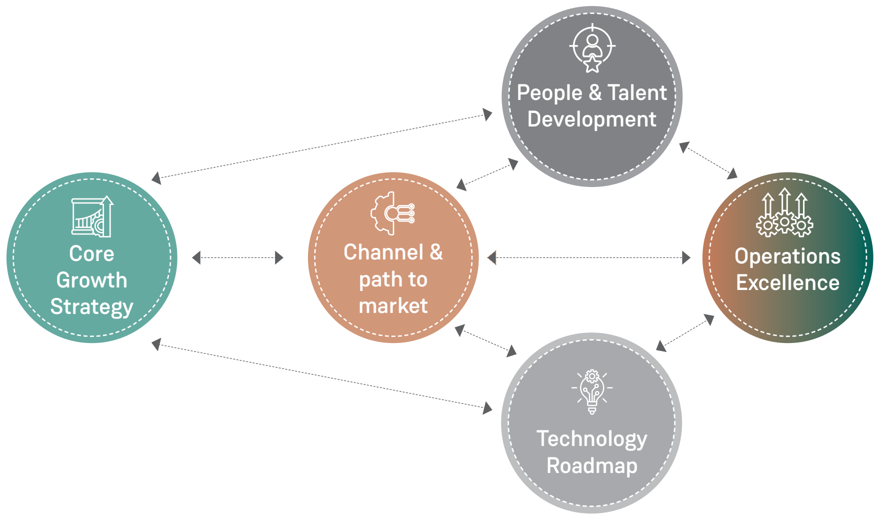


The Goal

₹6,500 Cr @ double digit EBITDA | Customer Delight | Employer of choice

Strategic pillars to achieve 2X3Y

We have identified five strategic pillars to propel the growth trajectory under the 2X3Y umbrella. So far, we have witnessed encouraging progress in all areas and are confident this strategy will propel us to new heights notwithstanding the unexpected last-minute alterations to the CPCB IV+ deadline. Though the revised deadline has affected our top-line target and necessitated substantial adjustments to our production line, it has heightened flexibility in our supply chain to manage the resultant pressures effectively.



[1]Crisil-India Outlook 2024 Report

Progress on our strategy

Our performance during the year under review continues to thrive on the momentum set for achieving our ambitious **2X3Y** journey. We reported double-digit growth across all business segments, including Power Generation, Industrial, Distribution and Aftermarket, International Businesses, and Water Management Solutions.

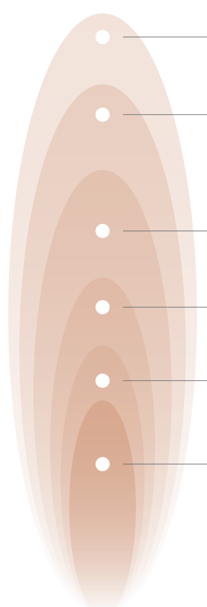
- **18%** Top line growth
- **4,806** Revenue (₹ in crore)
- **26%** EBITDA# growth
- **7.7%** PAT# Margin
- **269** Strong net cash* position (₹ in crore)
- **7** Consecutive quarters of over ₹ 1,000 crore revenue
- **11.9%** EBITDA# Margin

*Net of debt; includes treasury investments and excludes unclaimed dividends.

#Numbers excluding provision/(reversal) for overdue receivables made for a customer towards sales made in the previous year.

Growth strategy

This pillar focuses on expanding market share, particularly in the high-horsepower (HHP) engine segment. Additionally, it emphasises product diversification and exploring new market opportunities domestically and internationally.



- Introduction of OptiPrime with highest range now at **3000 kVA**
- Full range certification for the **CPCB IV+** emission norms
- Launched **Retrofit Emission Control Device (RECD) technology**, Dual Fuel Kits and a wider motor selection
- Alternate fuel engines **– CNG engines sales**
- **Wildcat** acquisition
- **Nuclear Power Corporation India** order

Channel strategy

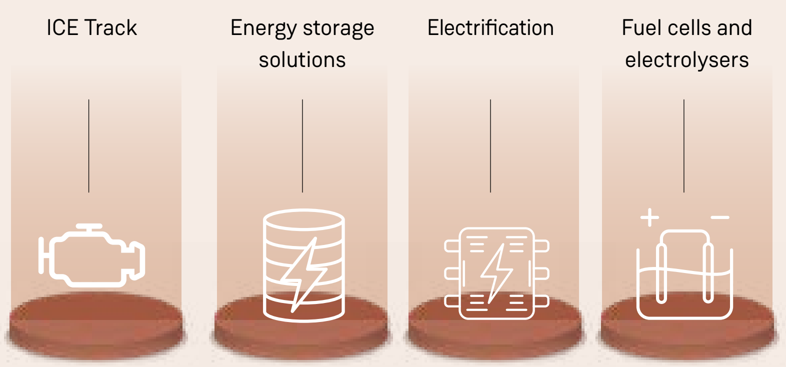
Creating a clear roadmap for product launches, channel expansion, and talent acquisition is crucial for smooth execution. This ensures all business units are aligned with the overall 2X3Y goals.

- Channel deepening and widening in B2C segment
- Dealer reach out programs
- Supplier connects

To read more, refer to **page 70** of Social and Relationship Capital

Technology roadmap

KOEL recognises the importance of technological innovation to remain competitive. Their strategy prioritises developing new products that meet stringent emission regulations like CPCB4+ and BSV, while keeping them fuel efficient and cost effective.



To read more, refer to **page 56** of Intellectual Capital

Operational excellence

We are dedicated to operational excellence, ensuring resilient processes that meet delivery and quality targets. By optimising efficiency and minimising costs, we support sustainable growth and aspire to lead the industry.

Delivered a single, large order of **100 DV Gensets** to one of the leading international customers

Delivered the highest number of **DV Engines - 313** in a single month

Delivered **53%** more engines compared to FY2023 in the BS IV category

To read more, refer to **page 48** of Manufactured Capital

People & talent development

The success of the 2X3Y strategy hinges on a skilled and motivated workforce. We are committed to talent development and building a team capable of achieving ambitious goals.

Talent Management

Leadership

Learning and Upskilling

Performance Culture

To read more, refer to **page 64** of Human Capital

So, the final year, right?

Yes, as we embark on the final year of our 2X3Y journey, we are confident in the readiness and determination of our team to stay the course. We will continue delivering exceptional value to our clients while upholding the highest standards of environmental responsibility and sustainability. We hold an optimistic outlook on our growth prospects.

Stakeholder Engagement

Transparent communication builds trust, unleashes new growth avenues

At KOEL, we prioritise building strong relationships with our stakeholders. We conduct regular meetings with diverse stakeholders, fostering transparent communication and addressing their concerns with urgency. This interaction ensures our stakeholders that they have a voice in shaping our decisions and allows us to implement meaningful changes.

Stakeholder Groups	Why we engage
Employees **Capitals involved –** Human Capital Financial Capital Social and Relationship Capital	To stay in touch with employees, listen to their needs and address their concerns **Key topics** ▸ New initiatives, strategic direction, and organisational progress ▸ Emerging business trends ▸ Healthy and safe operations ▸ Career development ▸ Diversity & Inclusion ▸ Training & Development ▸ Motivation and job satisfaction ▸ Employee well-being ▸ Reward and recognition ▸ Grievance and concerns ▸ Policy updates **How we engage** ▸ Townhalls ▸ Quarterly appraisals ▸ Performance Review forums ▸ Employee Engagement Survey ▸ Trainings ▸ Employee onboarding ▸ External consultants' interactions ▸ AOP/LRP deployment meets ▸ Feedback from unions ▸ IR Committee / Grievance Handling Committee / Dept. Safety Committee ▸ Intrane

Stakeholder Groups	Why we engage
Shareholders and Investors **Capitals involved –** Financial Capital Social and Relationship Capital	To stay abreast of developments in the Company; to apprise quarterly and annual results **Key topics** ▸ Business strategy, financial performance and outlook ▸ Future investments ▸ Governance practices ▸ Grievances received and addressed ▸ Compliance with applicable laws ▸ Sustainability **How we engage** ▸ Annual General Meetings ▸ Analyst meets ▸ Media Releases ▸ Annual Report

Stakeholder Groups	Why we engage
Customers **Capitals involved –** Social and Relationship Capital	To develop relationships, anticipate short-term and long-term needs and expectations, and improve customer experience. **Key topics** ▸ Brand awareness ▸ Information about new and existing products ▸ Availability, quality and pricing of products ▸ Grievance redressal and transparency ▸ Product Development feedback ▸ Pre and post-sales service **How we engage** ▸ One-on-one interaction ▸ Customer satisfaction surveys ▸ Helpdesk ▸ Customer events ▸ Camps and Exhibitions

Stakeholder Groups	Why we engage
Technical Collaborators **Capitals involved –** Manufactured Capital Social and Relationship Capital	To strengthen relationships by creating win-win situations **Key topics** ▸ Business opportunities ▸ New product development ▸ Utilising mutual strengths ▸ Product knowledge **How we engage** ▸ One-on-one interaction

Stakeholder Groups	Why we engage
Dealers and Distributors **Capitals involved –** Manufactured Capital Social and Relationship Capital	To align both sides by clarifying expectations, sharing company policies and communication processes, providing updates on new offerings and sales strategies, understanding the current market landscape, and gaining valuable insights into customer needs and experiences. **Key topics** ▸ KOEL expectations and need assessment ▸ Product availability ▸ Product portfolio ▸ Quality and timely delivery ▸ Market conditions and requirements ▸ Customer expectations and experience ▸ Brand awareness ▸ Contractual obligations **How we engage** ▸ One-on-one interaction ▸ Monthly/ Quarterly reviews ▸ Helpdesk ▸ Dealer conferences and Meets

Stakeholder Groups	Why we engage
Banks **Capitals involved –** Financial Capital Manufactured Capital Social and Relationship Capital	To approve funding and non-funding limits for the company **Key topics** ▸ Funding and non-funding limits ▸ Financial performance ▸ Strategic business direction **How we engage** Consortium Meetings: Periodical meetings/ interactions with members of the Banks in the consortium

Stakeholder Groups	Why we engage
Suppliers and Vendors **Capitals involved –** Manufactured Capital Social and Relationship Capital	To mutually share needs and expectations and to develop strategic partnerships and value creation, to share technology **Key topics** ▸ Quality, cost, and delivery improvement ▸ Technology sharing ▸ Contractual obligations ▸ Innovation opportunities ▸ Long-term associations **How we engage** ▸ One-on-one interaction ▸ Supplier meets /conferences (yearly) ▸ Quality audit ▸ SQI visit ▸ Supplier 'A' Panel Meet ▸ Technology Day ▸ Quality contests (yearly) ▸ Supplier Satisfaction Survey ▸ BPR (Buffer Penetration Report) ▸ Supplier Web Portal ▸ Supplier Performance Index ▸ Joint improvement activities ▸ Samvardhan programme ▸ Value Engineering exercises

Stakeholder Groups	Why we engage
Society/Local Communities **Capitals involved –** Natural Capital Social and Relationship Capital	To contribute towards social development by implementing various initiatives, to spread awareness of environmental and social issues **Key topics** ▸ Need assessment and brand perception ▸ Community development and welfare initiatives **How we engage** ▸ One-on-one interaction ▸ Vasundhara Film festival ▸ CSR committee meetings ▸ CSR survey ▸ Society Perception Survey

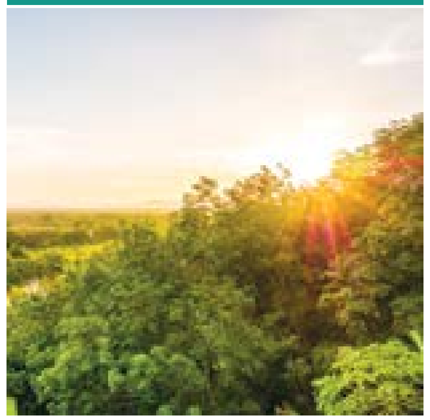
Stakeholder Groups	Why we engage
Regulator/Government **Capitals involved –** Financial Capital Social and Relationship Capital	To discuss various regulations and amendments, inspections, approvals **Key topics** ▸ Compliance with applicable laws and regulations ▸ Regular tax payments ▸ Employment generation ▸ Social responsibility ▸ Industry concerns and policy advocacy ▸ Government expectations **How we engage** ▸ Economic Publication in journals/ seminars/ media reports ▸ Interaction with District and State Authorities / Central Govt./ PCB meetings with Direct/ Indirect Tax officials

Materiality Assessment

Focused ESG approach based on refreshed materiality study

KOEL places great emphasis on the materiality assessment process, which plays a crucial role in identifying key material topics and its impact on both internal and external stakeholders. This proactive approach enables us to develop effective strategies for risk management and leverage opportunities for growth.

Our updated key material issues

ENVIRONMENT	SOCIAL	GOVERNANCE
		
High priority	**Medium priority**	**Low priority**
1 Employee Health & Safety	6 Responsible Supply Chain	9 Cybersecurity & Data Privacy
2 Talent Management	7 Innovation Management	
3 Circular Economy	8 Labour Practices & Human Rights	
4 Climate Action		
5 Stakeholder Relations		

10 Corporate Governance

Areas covered under key material issues

Circular economy

Areas covered under the key material issue

- Waste Management
- Water Management
- Product Stewardship and Lifecycle Management

Climate action

- GHG Emissions
- Energy Management

Corporate governance

- Business Ethics
- Board Structure and Management
- Risk Management
- Tax Transparency

Stakeholder relations

- Shareholders
- Customers
- Community
- Supply Chain Partners

Labour practices & human rights

- Diversity, Equity, and Inclusion
- Human Rights

Framework for ESG commitments

Group-Theme and common areas

ESG Focus

To create a sustainable and limitless future through Innovation, Inclusion, and Integrity

Integrating Climate Action and deepening Circular Economy efforts

01 Green planet

- Circular economy (Waste & water management, product stewardship & life cycle management)
- Climate action (Energy management, GHG emissions)

Sustainability Foundation

Maintaining stakeholder relationships and creating social value

02 Nurturing workplace

- Employee health and safety
- Talent Management
- Stakeholder Relations (Shareholders, Customers, Community & Supply Chain Partners)
- Responsible Supply Chain
- Human Rights & labor practices (Diversity, Equity & Inclusion, Human Rights)

Corporate Governance

Building transparent Governance

03 Transparent governance

- Corporate Governance (Business Ethics, Board Structure & Management, Risk Management, Tax Transparency)
- Innovation Management
- Cyber security & Data privacy
- Transparent disclosures

Policies

Transparency

KOEL's alignment for the target 2030

Climate Action

- Increased share of renewable energy in the current energy basket
  - Additional 250 KW Solar capacity planned for Nasik
  - Explore option for third party renewable energy
- Reduction in carbon emissions intensity
  - Conduct LCA for critical products to ascertain resource use and emissions throughout their life cycle and identify initiatives for impact reduction
  - Undertake Limited Scope 3 emission Inventorisation
  - Identify decarbonisation levers for your sector and prepare a decarbonisation roadmap (energy efficiency, energy transition and scope 3 reduction)

Circular Economy

- Waste Management
  - 100% Plastic Waste Recycling
  - Zero Landfill Working towards
- Water Management
  - Zero Liquid Discharge across all plants
  - Increase in rainwater harvesting

Net Zero

- The target of net zero emissions by 2070

Business Model

A robust paradigm for sustainable growth

Inputs	Outputs	Outcomes	Stakeholders impacted
Financial Capital • Shareholders' fund ₹ 2,623 crore • Loan fund ₹ 209 crore	• Revenue ₹ 4,806 crore • EBITDA ₹ 564 crore • PAT ₹ 362 crore	• Robust revenue growth • Improved profitability through cost optimisation • Strong balance sheet	• Employees • Shareholders and Investors
Manufactured Capital • Manufacturing plants 7 * • Countries of market presence: 30+	**Segment wise sales** • B2B - ₹ 4,182 crore • B2C - ₹ 624 crore	• Advanced manufacturing capabilities • Emission-compliant engines introduced • Optimised supply chain processes	• Shareholders and Investors • Customers • Society / Local Communities • Regulator / Government
Human Capital • Employees: 2,496 ** • Training and development hours: 10,375 hours • Training programmes conducted: 300+ • Mock drills organised: 17	• Total man-hours of training - 10,375 • Investment in learning and development - ₹ 1.98 crore	• Zero accidents across all plants • Comprehensive training programs • Supportive work environment	• Employees
Intellectual Capital • R&D Expenditure: ₹ 172 crore • R&D employees: 250+	• Gas engines were developed and certified for CPCBIV+ norms 1. HA294 2. 3R1040 3. 6R1080 4. SL90 5. DV8 • Number of Patents granted: 2	• Significant R&D investment • New patents and innovations • Development of hybrid engines	• Shareholders and Investors • Customers • Dealers and Distributors • Suppliers and Vendors
Natural Capital • Water consumption through harvested rainwater at Kagal Plant: 18 % • Renewable energy usage: 43 % • Water Recycled: 100 % • Solar power plant at Kagal unit: 8.2 MWp	• 5% increase in specific energy consumption (kWh/BHP) due to product mix required for CPCB IV product stabilisation • 9% reduction in specific carbon emission (kg of CO2/BHP) considering scope-1 and scope-2 emission	• Sustainable manufacturing practices • Reduced greenhouse gas emissions • Commitment to environmental improvement	• Customers • Dealers and Distributors • Suppliers and Vendors • Society / Local Communities • Regulator / Government
Social and Relationship Capital • CSR Expenditure ₹ 6 crore	• Beneficiaries of healthcare services: 1,798 • Students from Kolhapur and Pune covered under our educational initiatives: 4,253 • Fostering mutually beneficial relationships for all our stakeholders, nurturing connections that contribute to their growth and success, nurturing connections that contribute to their growth and success.	• Active community engagement • Strong stakeholder relationships • Transparent communication	• Customers • Dealers and Distributors • Suppliers and Vendors • Society / Local Communities

What we offer

Product Lines	Business Segments
	B2B Business
Engines and Gensets	Power Gen
Industrial Engines Power Solutions for Large / Institutional Project Clients (Marine, Defence etc)	Industrial
After Sales Support Retail Channel – Tractor spares, Oil, Batteries	Distribution and After Market
	International Business
	B2C Business
Engine based Pump Sets Electric Pumps (KOEL) Electric Pumps (LGM)	Water Management Solutions
Farm Equipment	Farm Mechanisation
Financial Services	Arka Group

Industries served

Residential Gensets, Healthcare, Hospitality, IT, Food and Beverage, Data Centre, Manufacturing, Agriculture, Commercial marine, Fishery, Defence, Telecom, Banks, Railways, Real estate, Marine, Infrastructure and construction, Compressors, Oil & Gas, Earth moving, Retail, Industrial, Mining

*Including subsidiaries
**Employees on payroll

Governance

Real cornerstone and catalyst of growth

We believe that effective corporate governance is both a cornerstone and catalyst to building a successful and sustainable business. Our commitment to these practices is deeply rooted in our values, guiding every interaction we have with our stakeholders, and every decision we take. We uphold the highest ethical standards and transparency and continuously benchmark ourselves against highest standards global practices to ensure that we remain at the forefront of responsible business conduct.

Our Board is dedicated to continuous improvement of our corporate governance framework. This includes staying informed of evolving regulations and best practices through engagement with regulators, industry bodies and stakeholder feedback. Our robust policies and processes encourage transparency and accountability. Led by an experienced management team and guided by a visionary Board, we operate with the highest integrity, embedding efficient governance into every aspect of our operations. Every decision we undertake is aligned with the values and principles that define the Kirloskar Group.

Components of group governance framework

GRC Components

01
Internal Audit

Policies / Practices for monitoring

- Annual Internal Audit Plan

02
Internal Control Framework

Policies / Practices for monitoring

- Delegation of Authority Matrix
- Testing of Internal Financial Controls
- Control Self Assurance
- Capital Allocation Framework

03
Governance & Ethics

Policies / Practices for monitoring

- Whistle Blower / Vigil Mechanism
- Code of Conduct for Directors / employees / suppliers / senior management

04
Compliance

Policies / Practices for monitoring

- POSH Policy
- Related Party Transactions practices
- Prevention of Insider Trading
- Dividend distribution policy

05
Enterprise Risk Management

Policies / Practices for monitoring

- Risk Management Policy & practices
- Digital / Cyber Security Policy
- Business Continuity plan

06
Environmental, Occupational Health and Safety

Policies / Practices for monitoring

- EHS policy including annual safety plan and sustainability reporting
- Corporate Social Responsibility Policy

Authority

- Audit Committee / Board of Directors as the case may be
- Managing Director / CEO / Business Unit Head as the case may be
- Board of Directors / Director authorised by the Board
- Board of Directors

Group governance policy

The Group Governance Policy, at KOEL, is designed to enhance organisational effectiveness by integrating Governance, Risk and Compliance processes at the Group level. It ensures the delivery of strategic objectives through a cohesive framework, monitoring governance initiatives objectively and regularly.

Key policy highlights

- It also serves as the Group governance framework in terms of the Kotak Committee recommendations on SEBI LODR, 2015, including amendments thereunder.
- This Policy shall apply to all material subsidiaries (except such Company/ Companies) formed and engaged in the financial services business of Kirloskar Oil Engines Limited
- This may extend to step-down subsidiaries, joint ventures or associates, subject to Board approval.

Our policies*

As part of our commitment to the principles of corporate governance, we have formulated various policies that serve as a framework for decision making across the organisation.

01	02	03	04	05	06	07	08
Whistleblower Policy	Familiarisation Programme	Dividend Distribution Policy	Corporate Social Responsibility Policy	Nomination and Remuneration Policy	Policy on Material Subsidiaries	Policy for Determination of material events or information	Code of Practices and Procedures for Fair Disclosure of UPSI
09	10	11	12	13	14	15	16
Board Diversity Policy	Archival Policy	Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions	ESG Policy	Grievance Redressal Policy	Stakeholder Engagement Policy	Business Continuity Policy	Human Rights Policy

Link to our policies - https://www.kirloskaroilengines.com/investors/policies

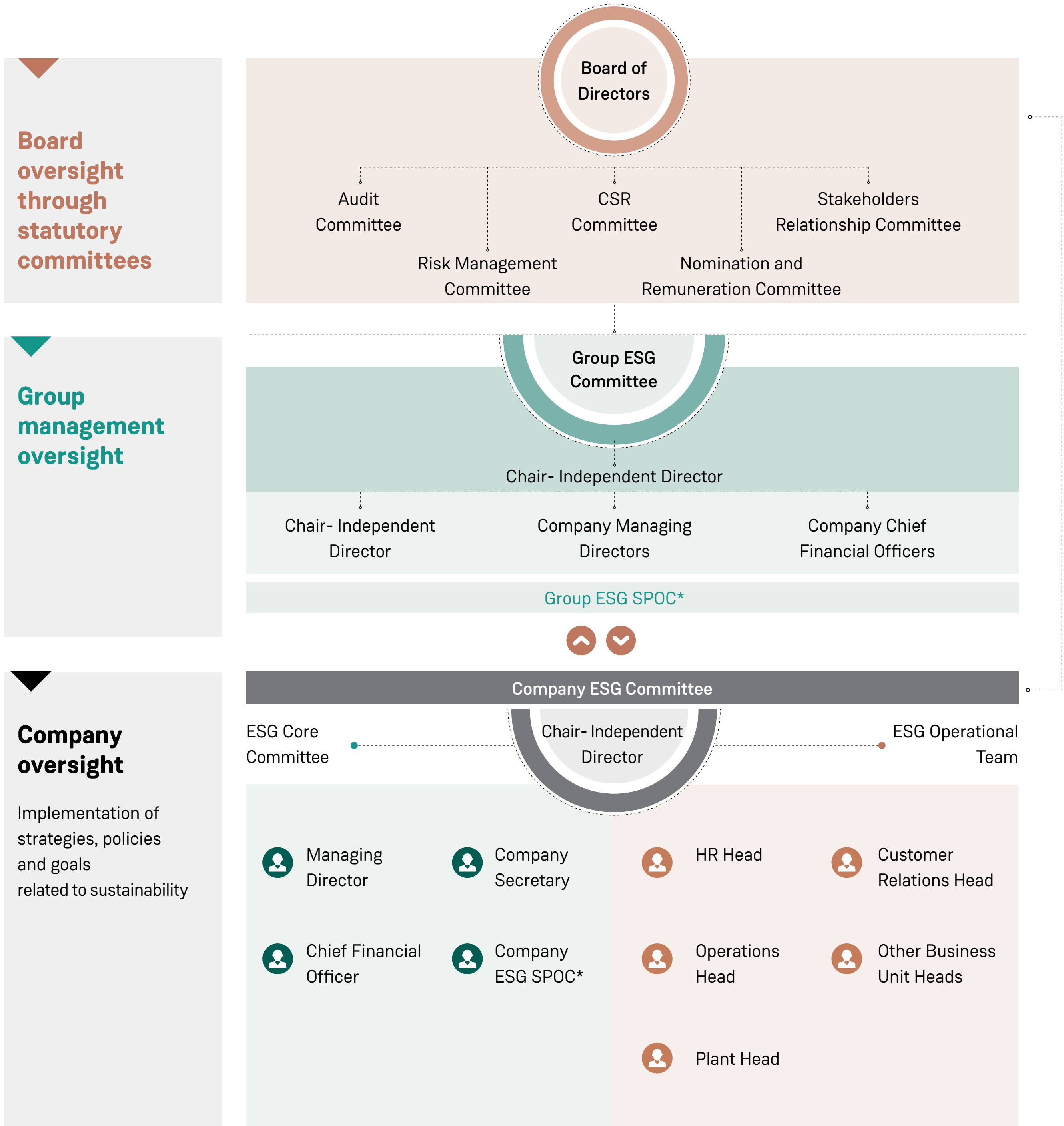
* Indicative list

ESG governance structure

The principles and standards of our ESG governance structure guides our environmental, social, and governance practices (ESG). We prioritise ESG factors to enhance investor confidence, meet customer expectations and attract top-tier talent. This framework strengthens risk management and reputation, adds shareholder value and fosters talent retention.

Governance structure

Sustainable governance structure



*SPOC - Single Point Of Contact

Governance week

We celebrated Governance Week across our facilities, highlighting the importance of robust governance practices. Through engaging activities like knowledge sharing sessions, team quizzes and informative skits, we deepened our understanding of critical topics including ESG, cybersecurity and health and safety. We raised awareness regarding good governance among employees through informative flyers, badges and standees. This helped strengthen our commitment to excellence and ethical standards in all our endeavours.

Board of Directors

We operate in a complex and volatile world. Therefore, our Board constantly keeps a close eye on evolving industry trends and consumer aspirations across multiple geographies, formulating appropriate policies to safeguard the long-term interests of all stakeholders. We will continue to strengthen our Board with emphasis on diversity and inclusion in Board composition.

Accountability and transparency

The Board is committed to maintaining accountability and transparency through precise financial and non-financial reporting, backed by a comprehensive feedback mechanism. We diligently ensure compliance with applicable laws, adherence to established policies and procedures, review and approval of financial outcomes. Our focus on corporate governance is aimed at improving practices that safeguard the best interests of our stakeholders. We adhere to industry leading disclosure practices and undergo internal and/or external assurance and governance procedures to ensure the integrity of our operations.

Planning for Board succession

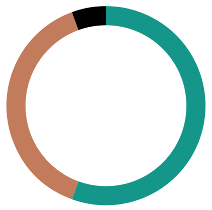
Succession planning for board members is a paramount duty of the entire board, supported by the Nomination and Remuneration Committee (N&RC). The N&RC ensures that all appointments, whether to the Board or Senior Management, align with the Company's mission, vision and values. They consistently assess the balance between executive, non-executive, and independent directors, along with their skills, experience, and tenure. A key focus of the N&RC is succession planning, whereby the board actively evaluates future leadership prospects as directors approach retirement age, in accordance with the Company's policies for leadership selection.

Composition and diversity of the Board

Our policy on diversity of the Board has been devised by the Nomination and Remuneration Committee in accordance with the Securities and Exchange Board of India Regulations, 2015 and approved by the Board of Directors. This aims to ensure a transparent nomination process for appointing Directors so that we have a well-rounded board with a mix of Executive and Non-Executive Directors including Independent Director. This ensures that board has diversity of thoughts, experience, knowledge, education, skills, perspective, geography, culture, age and gender.

Composition and diversity of the board

Directors chart

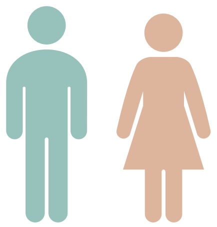


1 Executive Director

10 Non-Executive Director

6 Independent Director

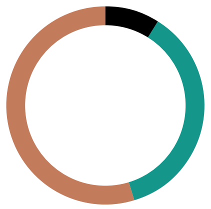
Gender diversity



8 Male

3 Female

Age



1 — 31-50 years

4 — 51-60 years

6 — Above 61 years

Experience

3-5 years — NIL

5-10 years — NIL

Above 10 years — 11

Board of Directors

Chairman and Non-Executive Director

Mr. Atul Kirloskar

Non-Independent Director

Mr. Mahesh Chhabria

Mr. Rahul C. Kirloskar

Mr. Vinesh Kumar Jairath

Managing Director

Ms. Gauri Kirloskar

Independent Director

Mr. Kandathil Mathew Abraham

Dr. Shalini Sarin

Mr. Yogesh Kapur

Mr. Satish Jamdar

Mrs. Purvi Sheth

Mr. Arvind Goel

Board Committees

The Board comprises of several Board and Non-Board Committees to deal with specific matters and has delegated powers for different functional areas, as required under the Act, the SEBI Listing Regulations and various other relevant regulatory frameworks, guidelines, notifications, directions and circulars issued from time to time. These Committees monitor the activities falling within their specific terms of reference and support the Board in discharging its functions.

Audit Committee

Chairperson
- K. M. Abraham

Members
- Mahesh Chhabria
- Vinesh Kumar Jairath
- Arvind Goel
- Satish Jamdar
- Yogesh Kapur

67% Independent Directors

97.22 Average attendance of Directors

6 Meetings in FY 2024

Principal issues addressed during the year

Financial Results, Investment in Subsidiary Companies, Related Party Transactions, Internal Audit

Nomination and Remuneration Committee

Chairperson
- Satish Jamdar

Members
- Purvi Sheth
- Mahesh Chhabria

67% Independent Directors

100% Average attendance of Directors

4 Meetings in FY 2024

Principal issues addressed during the year

Appointment/Re-appointment of Director, & KMP, Grant of ESOPs Review of Succession Plan at Board or Senior Management

Stakeholders Relationship Committee

Chairperson
- Yogesh Kapur

Members
- Purvi Sheth
- Gauri Kirloskar

67% Independent Directors

100% Average attendance of Directors

5 Meetings in FY 2024

Principal issues addressed during the year

Allotment of equity shares under ESOP Scheme, Review of investors grievance report and process followed by RTA in providing services to shareholders

Risk Management Committee

Chairperson
- Satish Jamdar

Members
- Shalini Sarin
- K. M. Abraham

100% Independent Directors

100% Average attendance of Directors

4 Meetings in FY 2024

Principal issues addressed during the year

Enterprise Risk Management including review of mitigation plan

Corporate Social Responsibility Committee

Chairperson
- Rahul C. Kirloskar

Members
- Shalini Sarin
- Gauri Kirloskar

33% Independent Directors

100% Average attendance of Directors

1 Meeting in FY 2024

Principal issues addressed during the year

To consider Annual Plan for CSR activities and budget

Risk Management

We are committed to establishing a structured and disciplined approach to Risk Management. Our policy guides decisions on risk-related issues to ensure business growth with financial stability. Here's how we implement and uphold our Risk Management principles:

Guiding principles of risk management

Informed Decision-Making	All business decisions are made with full awareness and acceptance of the risks involved.
Value Protection and Enhancement	Our policy is designed to protect and enhance business value by mitigating uncertainties and potential losses.
Employee Awareness	We ensure that all employees are aware of the risks in their respective domains and understand the measures to mitigate them.
Long-Term Effectiveness	The risk mitigation measures we adopt are effective in the long term and are integrated into our business processes.
Regular Review of Risk Tolerance	We regularly review and adjust our risk tolerance levels in line with changes according to our company's strategy.
Prompt Reporting and Action	Occurrence, progress, and status of all risks are promptly reported, and appropriate actions are taken.

Risk assessment process

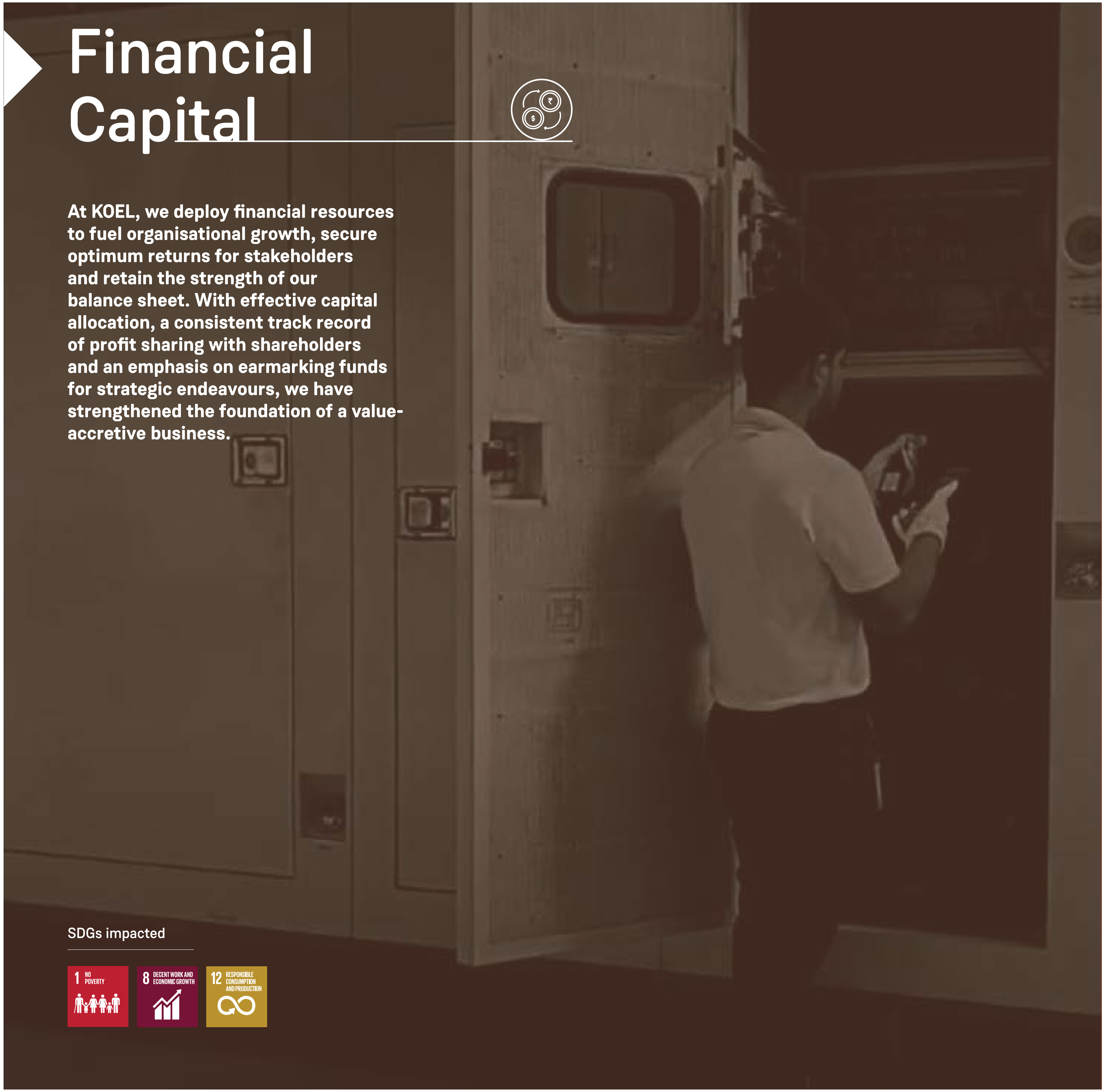
Our risk management process identifies, evaluates, mitigates, and reviews risks aligned with our strategy. It addresses major risks at all organisational levels using a balanced approach. We review the risks regularly and consider external changes impacting our risk landscape.

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

Risk description	Capitals impacted	Mitigation measure
Strategic Risk		▸ Continuous monitoring of market trends and government policies ▸ Maintaining strong relationships with stakeholders ▸ Diversifying the product portfolio to mitigate impacts from competition
Business Risk		▸ Implement robust project management practices ▸ Ensure clear communication and coordination across teams ▸ Maintain flexibility in project planning to address delays promptly
Operational Risk		▸ Develop contingency plans for catastrophic events ▸ Implement efficient resource management strategies ▸ Focus on employee retention and satisfaction to reduce attrition
Compliance Risk		▸ Regularly update compliance policies ▸ Conduct internal audits ▸ Provide training to employees on legal and regulatory requirements to ensure adherence
People Risk		▸ Enhance employee engagement programs ▸ Provide career development opportunities ▸ Create a positive work environment to reduce attrition and maintain employee motivation
Economic Risk		▸ Monitor macroeconomic indicators ▸ Hedge against currency fluctuations ▸ Engage in proactive financial planning to mitigate economic risks
Sustainability Risk		▸ Invest in sustainable technologies ▸ Adopt environment- friendly practices ▸ Adapting ESG principles into our operations
Cyber Security Risk		▸ Implement advanced cybersecurity measures ▸ Conduct regular security audits ▸ Train employees on best practices for data protection
Business Continuity		▸ Develop and regularly update business continuity plans ▸ Conduct disaster recovery drills ▸ Ensure backup systems are in place to maintain operations during disruptions

Governance and review

Our Risk Management Committee, Audit Committee, and Board of Directors periodically review the enterprise risks and mitigation plans to ensure continuous improvement and alignment with our strategic goals. By adhering to these principles and processes, we remain committed to managing risks effectively, ensuring our business thrives in a stable and secure environment.



Financial Capital

At KOEL, we deploy financial resources to fuel organisational growth, secure optimum returns for stakeholders and retain the strength of our balance sheet. With effective capital allocation, a consistent track record of profit sharing with shareholders and an emphasis on earmarking funds for strategic endeavours, we have strengthened the foundation of a value-accretive business.

SDGs impacted

1 NO POVERTY

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

"At KOEL, our financial capital management prioritises a strong focus on our core business, strategic capital allocation for technological advancements, maintaining cost efficiencies, and continually improving our margins."

Gauri Kirloskar
Managing Director

Strengths of Financial Capital

- Robust financial risk management framework
- Good relationships with financial institutions
- Positive Credit rating
- Strategic allocation of resources

Strategic growth path

Grow 2 times in 3 years
2X3Y strategy on FY 2022 Base

65
Revenue
(₹ in Bn)

Double digit
EBITDA

Highlights of the year

Gross Sales (₹ in crore)

FY 2023-24	4,806
FY 2022-23	4,073
FY 2021-22	3,268
FY 2020-21	2,664
FY 2019-20	2,841

EBITDA* (₹ in crore)

FY 2023-24	564
FY 2022-23	429
FY 2021-22	267
FY 2020-21	285
FY 2019-20	241

Net Profit (₹ in crore)

FY 2023-24	362
FY 2022-23	270
FY 2021-22	208
FY 2020-21	170
FY 2019-20	170

Earnings per Share (₹)

FY 2023-24	25
FY 2022-23	19
FY 2021-22	14
FY 2020-21	12
FY 2019-20	12

Book Value (₹)

FY 2023-24	181
FY 2022-23	161
FY 2021-22	148
FY 2020-21	137
FY 2019-20	126

*Previous year numbers have been regrouped to make them comparable with FY 2023-24

Key financial ratios

Asset Turnover Ratio (times)

FY 2023-24	1.3
FY 2022-23	1.3
FY 2021-22	1.1
FY 2020-21	1.0
FY 2019-20	1.2

Return on Equity (%)

FY 2023-24	14.60
FY 2022-23	12.09
FY 2021-22	10.09
FY 2020-21	8.90
FY 2019-20	9.43

Return on Operating Capital Employed (%)

FY 2023-24	56.65
FY 2022-23	54.77
FY 2021-22	36.45
FY 2020-21	36.62
FY 2019-20	22.12

Credit Ratings

CRISIL has revised its rating outlook on the long-term bank facilities of the Company to 'Positive' from 'Stable' and reaffirmed the 'CRISIL AA' rating. It has also reaffirmed the 'CRISIL A1+' rating for our short-term bank facilities and commercial paper programme.

CRISIL AA/Positive
(Outlook revised from 'Stable';
Rating Reaffirmed)

Long Term Rating

CRISIL A1+
(Reaffirmed)

Short Term Rating

CRISIL A1+
(Reaffirmed)

₹100 crore Commercial Paper

Segment wise review

B2B

Power Gen Sales (₹ in crore)

FY 2023-24	1,905
FY 2022-23	1,655
FY 2021-22	1,297

Industrial Sales (₹ in crore)

FY 2023-24	1,008
FY 2022-23	852
FY 2021-22	699

Distribution and After Market Sales (₹ in crore)

FY 2023-24	749
FY 2022-23	630
FY 2021-22	535

International Sales (₹ in crore)

FY 2023-24	520
FY 2022-23	393
FY 2021-22	249

B2C

WMS Sales (₹ in crore)

FY 2023-24	537
FY 2022-23	435
FY 2021-22	400

FMS Sales (₹ in crore)

FY 2023-24	87
FY 2022-23	107
FY 2021-22	88

Progressing towards the 2X3Y journey

Our performance during the year under review continues to thrive on the momentum set for achieving our ambitious 2X3Y journey. It has enabled us to deliver robust top-line growth along with higher profit margins.

B2B SEGMENT

- Highest recorded yearly numbers across businesses with consistent, high-volume delivery of engines
- Power Generation:
  · Fulfilling high demand for CPCBII and CPCBIV+ Gensets
  · High sales growth in gas Gensets (>150 YTD numbers)
- Biggest single order worth ₹768 crore from Nuclear Power Corporation of India Limited
- GOEM appointed for MENA and US region and shipments started

B2C SEGMENT

- 105% increase in segment profit for FY2024
- La-Gajjar Machineries: Profit Before Tax increased from ₹11 crore to ₹25 crore
- Water Management Solutions: Pumps and small engines are growing at 25% and 30% respectively
- La-Gajjar Machineries: Export growth rate at 10% with further margin improvement

Manufactured Capital

Leveraging our state-of-the-art manufacturing facilities, we continue to achieve operational excellence. Our technology-driven processes have streamlined production, enhanced efficiency, increased productivity and consistently improved the quality of our products. It has also enabled us to fulfil our commitment to create a safe working environment for our people.

SDGs impacted

7 AFFORDABLE AND CLEAN ENERGY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

"KOEL's manufacturing excellence is marked by operational efficiencies, a robust local supply chain, and record production for the year. We deliver quality-assured, customer-centric products while maintaining a safe environment for our employees, achieving zero accidents for the year."

Rahul Sahai
CEO - B2B Business

Strengths of Manufactured Capital

- Strong manufacturing capabilities to produce high-quality engines
- Eco-friendly manufacturing process
- Focus on innovation and the use of cutting-edge technology
- Reputation for durability and reliability

Purpose of Manufactured Capital

Create high quality and durable products

Manufacturing facilities

Nothing but the finest facilities will suffice manufacturing dreams

We have four advanced manufacturing facilities located in Pune, Nasik and Kolhapur, India. Equipped with modern machines and advanced production lines, it enables us to produce world-class engines and Gensets for diverse customers. Along with ensuring the quality of each product, it inculcates sustainable practices to minimise our environmental footprint.

Highlights of our facilities

Kagal

- Located close to the culturally diverse city of Kolhapur
- Spans across 163 acres of area with extensive production and warehousing space
- Three specialised units for engine and Genset production

Nasik

- Produces customised engines for defence and power applications
- Adheres to strict quality standards and advanced testing facilities
- Most energy-efficient facility

Rajkot

- Manufactures products for agricultural and industrial sectors
- Equipped with advanced testing capabilities
- Efficient assembly process

Bhare

- Caters to both B2B and B2C markets.
- Produces small-range Gensets for power generation in the B2B segment
- Manufactures power weeder engines used for farm mechanisation by B2C customers

Kagal

Located near Kolhapur, Maharashtra, the Kagal plant is the backbone of our operations, contributing 70% of the production requirements for the B2B business. This facility, spanning 163 acres, with a dedicated production and warehousing area, was constructed in a record-breaking 19 months.

The Kagal facility has advanced machining centres, single-piece flow manufacturing and a C-type layout with integrated quality control processes to ensure smooth, high-volume production. It has achieved over 85%-line efficiency and a remarkable 99.4% first-time/straight pass rate for domestic and international customers. Additionally, the plant has an impressive safety record with zero reportable accidents for over 3800 days. This facility houses three dedicated units solely focused on engine and Genset production.

Zero
Reportable accidents for more than 3,800+ days

99.4%
Straight pass rate for domestic as well as international customers

Engine plant

Precision manufacturing

The facility utilises best-in-class CNC machines to ensure the quality of engine components, from crankshafts and camshafts to cylinder heads and connecting rods.

Agile assembly

Dedicated assembly lines with built-in digital tools and error-proofing mechanisms (POKA-YOKE) ensure efficient production with the flexibility to meet specific customer needs.

Rigorous in-process checks

Regular inspections throughout the assembly process, aided by digital tools ensure the production of the best quality engines at our production lines.

Genset plant

Advanced manufacturing

The plant utilises cutting-edge technology, including single-piece flow and conveyorised assembly lines, to streamline production and ensure efficiency.

Automated quality control

High-quality Gensets are produced through a combination of automated machining systems and rigorous quality checks throughout the process.

FY 2024 highlights

- Delivered a single big order of DV 100 Genset to one of the leading international customers
- Delivered the highest number of DV Engines - 313 in a single month
- Delivered 53% more engines compared to FY 2023 in the BS IV category
- New production line for 3R 1190 crankcase finish machining
- CPCB IV + Engines and Gensets - Successful Proto prove out and productionisation
- Designed and developed OptiPrime series of Gensets - 114 kVA, 250 kVA, 320 kVA, 400 kVA, 500 kVA, 1000 kVA, 2000 kVA
- Supported the development of 1500 kVA and 1250 K4300 Gensets
- Developed PNG series Gensets of 62.5 kVA, 125 kVA and 250 kVA
- Received numerous awards and accolades from CII, QCFI, IMTMA, IIIE and Manufacturing Today forum for implementation of 5S, Kaizen, Quality Circle, Six Sigma, LEAN, SMED, ENCON, WATERCON and digital initiatives across the manufacturing process

Nasik

Located in Nasik, Northern Maharashtra, the manufacturing plant specialises in producing large engines and Gensets, tailored for defence applications and power plants. This facility is equipped with advanced testing facilities for type and rain testing while adhering to stringent quality standards. It has also been honoured as the 'Most Energy Efficient Unit' by the Confederation of Indian Industry for its energy conservation endeavours.

With a dedicated project management team overseeing all stages from concept to commissioning, including application engineering, contract management, manufacturing, testing and after-sales service, our Nasik facility ensures consistent delivery of high-quality and reliable products.

Rajkot

The Rajkot manufacturing facility plays an important role in our overall production process, focusing on meeting the needs of the agricultural and industrial sectors. Dedicated to crafting engines for pump sets and agro-industrial equipment, this facility specialises in assembly lines and has skilled operators to ensure the quality of our products. We ensure adherence to the highest quality standards for critical components such as crankshafts, connecting rods and cylinder heads. This facility has advanced testing capabilities, including 100% engine testing, alongside efficient assembly and painting processes.

Our focus has been on the designing and manufacturing of cost-effective engine pump sets tailored to the requirements of farmers. We also produce engines for small construction equipment, customising models to match specific equipment clusters. We follow the quality gate process at every step, from vendor to final engine assembly to ensure best performance of our products. Also, we take regular feedback from customers to make necessary improvements

In line with our commitment to responsible business practices, we prioritise initiatives such as environmental conservation projects, quality circles, Kaizens and safety training. This ensures that our Rajkot facility consistently delivers top-notch products while adhering to sustainable practices.

100%
Engine testing

Bhare Facility

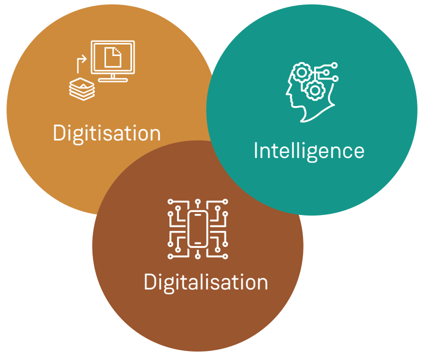
The Bhare facility in Pirangut, Pune, Maharashtra, serves both B2B and B2C markets. This facility specialises in the production of small-range Gensets for power generation in the B2B sector. It also caters to the farm mechanisation industry in the B2C segment, supplying power weeder engines.

These engines are crafted to boost agricultural productivity, providing farmers with efficient and user-friendly weeding equipment.

Digital integration and automation

We are ushering in a digital transformation at our Kagal manufacturing facility through the implementation of a three phased plan that to helps convert the entire plant into a SMART manufacturing facility by 2025.

Digital transformation in three phases



Enabling seamless communication

We have already connected the Kagal plant with our customers as well as our supply chain partners through our digital portals. We have also implemented digital solutions to connect the core manufacturing functions of the plant (such as stores, Genset ATP, Engine ATPP, and Machine Shop) with other internal support functions such as stores, manufacturing engineering, maintenance, utility, quality assurance and human resources.

To ensure smooth communication and collaboration across the organisation, we have also implemented digital solutions to connect internal functions such as stores, manufacturing, maintenance and HR.

Ensuring efficiency

We are identifying pilot projects across all our business verticals to lay the foundation of sustainable operations. To offer solutions for critical problems, various proof of concepts (POCs) have been carried out digitally. To enable faster data transfer, we have strengthened our communication network. Moreover, we are using QR code scanning, GPS systems, Artificial Intelligence, Machine Learning and IoT gateways to increase the efficiency of our processes. It also empowers us to minimise product defects and ensure quality control.

We are also in the process of implementing an Operational Technology (OT) Private 5G network along with an Edge Server at our Kagal plant. With the implementation of this advanced facility, we plan to establish a Digital Twin-a near-reality virtual facility of the manufacturing plant to support our data management, data analytics, data-based decision making and manufacturing efficiency improvement processes at the plant.

Improving productivity

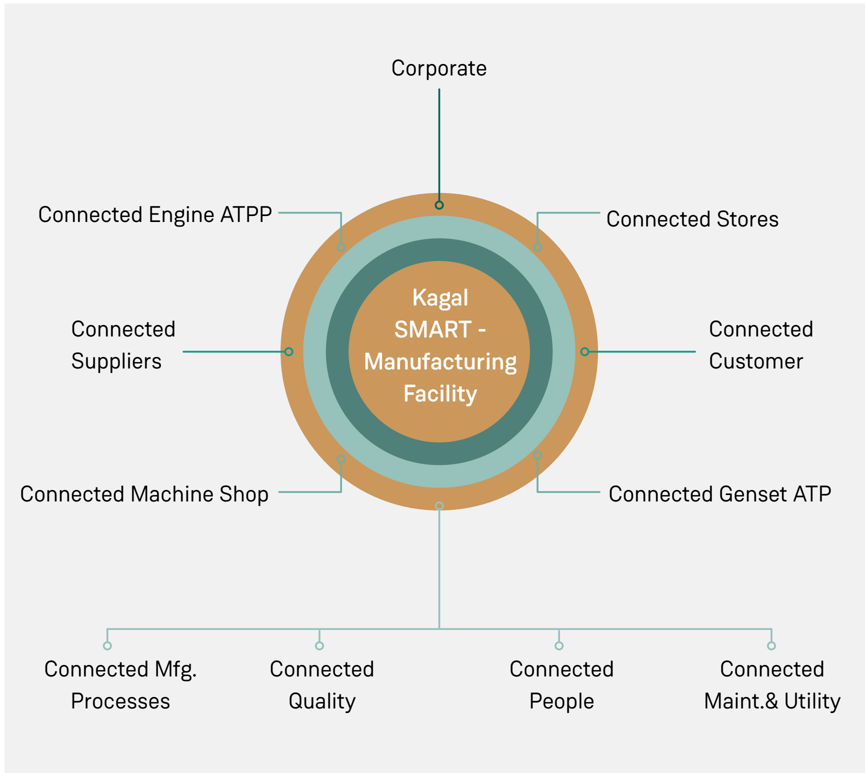
To improve plant productivity, we have undertaken initiatives for LEAN manufacturing through the implementation of 5S, Kaizen, Standardised Work, Value Stream Mapping (VSM), Single Minute Exchange of Dies (SMED) and 3M. The Quality Circle, Six Sigma, Lean Quality and Six Sigma processes support quality improvement initiatives across our plants. We also intend to implement advanced digital technology to ensure continuous improvement of our manufacturing processes.

Automation

At KOEL, we are embracing automation across our operations to not only improve worker safety but also to ensure the quality of our products and enhance the efficiency of our operations.

Key initiatives

- Use of robotics for parts washing and parts deburring
- Use of Auto Guided Vehicles (AGV) for movement of Engine Assembly Kit Trolley from stores to the assembly line eliminate dependence on manpower
- Loading and unloading at machining lines are automated to eliminate worker fatigue and improve safety standards
- Auto in-process gauging and correction ensures manufacturing of parts in adherence to established standards



Quality assurance

At KOEL, we uphold a rigorous approach to quality assurance, integrating systems for standardising manufacturing processes and ensuring strict adherence to the highest quality standards. The KOEL quality system has been incorporated within the integrated management systems (IMS) framework, which covers quality, environment and organisational health and safety standards.

Across the production cycle, multiple quality checks are performed at key points for proto approvals, material approval, receipt clearance, in-process clearance, pre-dispatch clearance and dispatch clearances.

Quality transformation

With an emphasis on ensuring best quality, we strive to guarantee uniformity of practices across our manufacturing plants. With Quality Transformation we aspire to catalyse organisational excellence through the implementation of many new initiatives.

One key approach is the implementation of Six Sigma across all plants. This data-driven methodology allows us to identify and solve problems systematically and minimises variations in quality. Additionally, we have established structures like the product quality council (PQC) and regular quality review meetings (QRMs). These initiatives facilitate the swift resolution of customer concerns and ensure long-term quality control at our GOEM facilities. It has also resulted in significant reduction in defects and customer complaints.

Key initiatives aimed at enhancing the quality assurance process

- Integrated Management System (IMS) adhering to quality (QMS), environment (EHS) and safety (OHSAS) standards
- Implementation of Quality Circles, Six Sigma and data analytics tools for addressing quality challenges and enhancing competency
- Building a pool of 6 Sigma Black belts who are being certified by the Indian Statistical Institute for advanced problem-solving statistical tools
- Offering application-based solutions for customers
- Implementing proper gauging procedures
- The Six Sigma 2.0 programme launched with participants from different functions helped to identify and tackle quality issues within their areas of expertise
- Digital checklist implementation to simplify quality control procedures
- Digital engine history cards to track past issues and engine performance patterns, enabling proactive maintenance and corrective action when necessary
- Regular process and product audits
- Expanding the Quality and Audit system to GOEMs
- Striving towards Zero Defect with suppliers

Quality 4.0 at KOEL

With Quality 4.0, we aspire to catalyse organisational excellence through the integration of advanced technologies. It is expected to drive cost reduction, elevate quality standards, streamline compliance procedures and enhance overall efficiency.

Under Quality 4.0, following initiatives were undertaken at KOEL

- Integrated dashboards for Manufacturing Quality for customer satisfaction.
- Implemented data integration at manufacturing plants to collect real-time production insights (in-process product data).
- Development of specialised applications, such as online PDI and its deployment across our plants.
- Deployed IMS System portals across plants, extending functionality to GOEM plants for Audits, Document Management and Engineering Change Management.
- Alignment of different cross-functional teams (CFTs) to support the organisation's priorities - Infant Care CFT, PQC, GOEM Support Team
- Data analytics is being used to reduce test bed cycles and improving efficiency.

These initiatives played a key role in making Quality Systems more collaborative, scalable and data-driven. It also facilitated seamless data exchange between systems by leveraging real-time data insights.

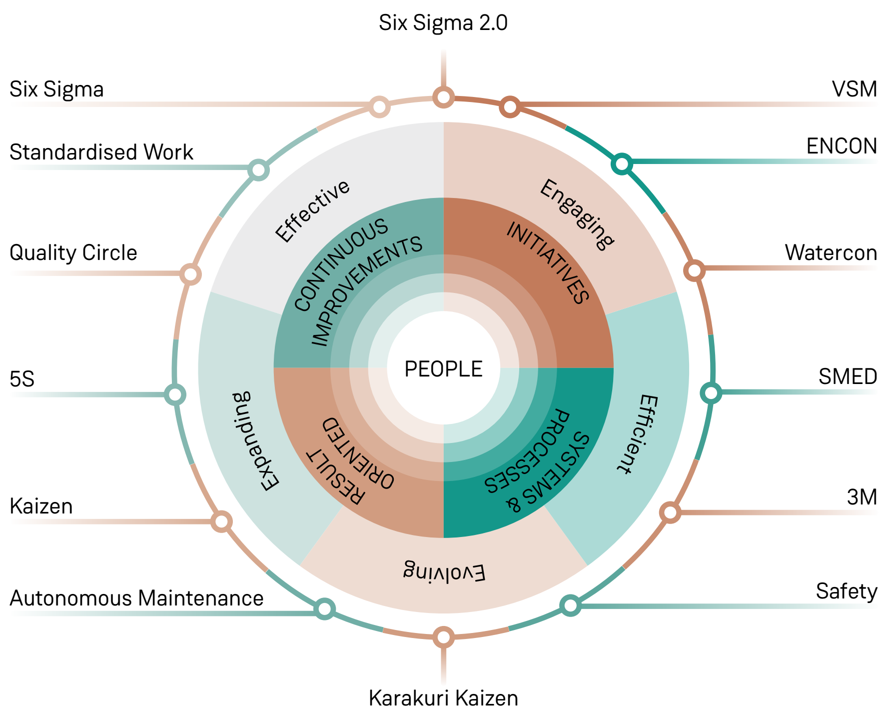
Product technology transition

During the year, we underwent a significant transition in the power generation segment, shifting from mechanical governing to electronic governing in product technologies.

CPCB II to CPCB IV

We are also working towards product technology transition of BS IV to BS V. This is expected to be completed by FY2025. As engine technology is transitioning from mechanical to electronic govered, we have undertaken the following initiatives to ensure product quality by

- Enhancing the knowledge and skills of our teams.
- Upgrading all test facilities and assembly lines.
- Equipping critical joints with Digital Feedback torque tools.
- Implementing the 'No Fault Forward' process through POKA YOKE at critical stations.



Supply chain management

We, at KOEL, prioritise a resilient supply chain to safeguard against disruptions and ensure uninterrupted manufacturing. Our strategies, coupled with a skilled procurement team and strong supplier relationships, have enabled us to navigate external challenges and maintain a steady flow of materials. We continuously strive to improve our supply chain efficiency and resilience through strategic integration, to ensure long-term growth and sustainability.

5-pronged strategy for supply chain resilience

01 Supplier diversity

We strategically source critical components from a diversified supplier base , enabling us to switch suppliers, if necessary, and manage uncertainties.

02 Regular supplier evaluation

These evaluations are carried out on defined parameters to ensure their adherence to statutory compliance requirements.

03 Building supplier resilience

We collaborate with suppliers on initiatives such as zero defect, zero WIP and batch size of one (001) to enhance their flexibility and responsiveness. This enables our manufacturing processes to easily adapt to changing requirements.

04 Financial health monitoring

Yearly assessments are carried out to evaluate the financial health of our suppliers.

05 Proactive risk management

We have a structured risk assessment process to identify potential issues related to quality, cost and capacity of suppliers. Mitigation plans are then implemented to address these concerns.

Intellectual Capital

At KOEL, we prioritise intellectual capital through innovation, talent development, and sustainable technology. We emphasise indigenous product development, tailoring solutions to regional needs and building a strong patent portfolio. We foster local talent by providing continuous learning opportunities, collaborating with educational institutions, and creating an engaging work environment. We support intellectual growth through innovation hubs, knowledge-sharing initiatives, and recognition programs. We invest in green technologies, enhancing energy efficiency and exploring alternative fuels to reduce our carbon footprint. Our sustainable manufacturing practices aim to minimise waste and optimise resource use. By integrating these strategies, we maintain our industry leadership and contribute positively to society and the environment.

SDGs impacted

7 AFFORDABLE AND CLEAN ENERGY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

“Our comprehensive approach ensures that our products meet stringent emission norms while driving economic and technological progress. Ultimately, our focus on intellectual capital supports our long-term vision of innovation and sustainability.”

Rahul Sahai
CEO - B2B Business

Strengths of Intellectual Capital

- Focused approach towards R&D
- Expert technical team members
- Integration of sustainable methods
- Strengthened process through technology

Purpose of Intellectual Capital

Maintain top-notch quality standard

Regular process innovation

Strengthen portfolio through product development

B2B

We have the most extensive portfolio of Gensets certified to stringent CPCB IV+ emission standards in the industry. With the introduction of the K4300 platform, we have further expanded our engine range. Through this platform, we offer high-horsepower engines designed to meet the demanding needs of the power generation and industrial sectors. From petrol and diesel to natural gas, ethanol, methanol and dual-fuel options, we cater to every customer need, ensuring a perfect fit for any application.

Our Engines and Gensets across diverse sectors:

Construction

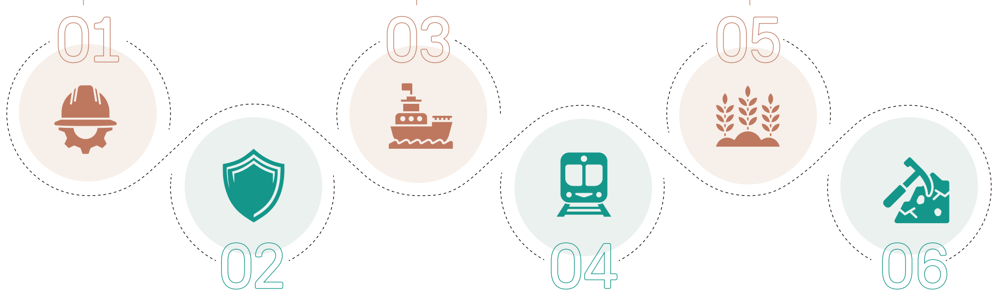
From powering heavy machinery and lighting at remote sites to keeping critical equipment running during outages, our solutions ensure construction projects follow schedule

Marine

We offer marine-grade Gensets designed to withstand the harsh conditions at sea. These Gensets provide essential power for navigation, communication and onboard operations on various vessels.

Agriculture

From powering irrigation systems to cold storage facilities, we provide reliable backup power for various agricultural needs. This ensures that farmers can maintain optimal conditions for their crops and livestock, even during power outages.



Defence

Adhering to stringent defence requirements, our Gensets are built for durability and reliability in demanding environments. They can be found powering military bases, communication facilities and even specialised defence equipment

Railways

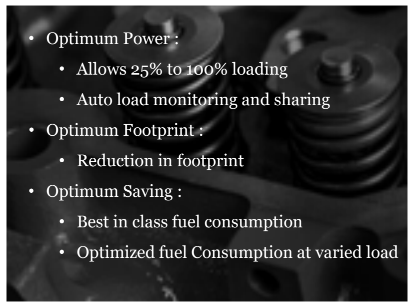
Ensuring uninterrupted power supply for railway signalling systems and critical infrastructure.

Mining

Mining operations often take place in remote locations with limited access to grid power. Our Gensets deliver reliable power for vital mining activities such as ventilation, lighting and equipment operation.

OptiPrime

The Kirloskar OptiPrime generator is a customised solution designed to address the challenge of fluctuating power demands. This innovative system incorporates two independent engines within a single Genset, managed by a centralised control panel with an integrated Power Management System (PMS). During periods of high demand, both engines operate simultaneously to deliver the necessary power output. Conversely, during low or medium power usage, the PMS seamlessly shuts down one engine, optimising fuel consumption and minimising exhaust emissions. OptiPrime leads to reductions of up to 40% in fuel consumption and CO2 emissions, compared to traditional single-engine generators.



B2C

Over the years, we have gained expertise beyond industrial applications to empower individual consumers through our B2C segment. This segment tackles two crucial areas- water management and farm mechanisation. In the field of water management, we offer a comprehensive suite of user-friendly products. From pumps and pump-sets to induction motors, small engines, column pipes and cables, we provide a one-stop shop for efficient water management solutions tailored to fulfill diverse individual needs. Moreover, we extend our expertise to the farm mechanisation market, recognising the unique requirements of India's unorganised agricultural sector. Our meticulously designed range of products, including tillers and weeders, empowers individual farmers by enhancing agricultural efficiency and productivity.

Water management solutions (WMS)

We have established ourselves as a leading manufacturer of pumps and diesel engines and cater to a diverse range of industries, including construction, agriculture and residential applications. Not only do we ensure stringent product quality, but we have also built a robust sales and service network to support our expanding customer base.

During the reporting year, we have registered significant growth in the domestic and agricultural pump segments, with both diesel and electric options demonstrating strong sales figures. In the electric pump sector, we have created a well-organised distribution network across India, with an emphasis on the southern and northern markets.

Asana for programme management

To improve efficiency throughout the project lifecycle, we at KOEL are implementing Asana as a programme and project management tool. It supports us at every stage of the project lifecycle, from initiating new projects to tracking their completion. Asana makes it easy to collaborate by monitoring real-time progress and encouraging transparent communication through features including file attachments and comments. Asana ensures that, throughout the course of the project, everyone is informed and in agreement.

Features

Project team formation	Portfolio management	Document management
Easily creates and manages project teams while fostering ownership and collaboration	Organises and tracks the entire project portfolio in one place while facilitating more informed decision-making	Stores and manages all project documents centrally, thereby improving accessibility and reducing the risk of losing important files

Farm mechanisation solutions (FMS)

In India, our Farm Mechanisation Services (FMS) segment provides farmers with solutions for improving agricultural yield. We offer a range of cutting-edge equipment, including advanced tillers, weeders and precision planting machinery. These meticulously designed tools address the unique challenges faced by Indian agriculture. By increasing farm efficiency and reducing reliance on manual labour, our FMS segment contributes significantly to the mechanisation drive, ultimately promoting sustainable farming practices for the future.

Driving the energy transition agenda

The macro indicators show clear signs of a strong and continued capex cycle in India. Recognising this, we at KOEL, are gearing up to cater to this high demand, as India aligns on making infrastructure and manufacturing — both carbon-intensive- its key growth engines. Climate change-related action will, therefore, pose a unique challenge to the country.

We are getting ready to address this challenge with an array of innovative solutions which are ready to cater to the ever-increasing power need while at the same time reducing the carbon footprint of our products.

Dual Fuel Genset Technology

The concept of partially substituting diesel with hydrogen in power generation is not entirely new, but Kirloskar Oil Engines brings forth several advancements and efficiencies. Hydrogen, known for its clean-burning properties and abundant availability, has long been hailed as a promising alternative to fossil fuels. However, its adoption in power generation has been hindered by challenges such as storage, transportation, and cost-effectiveness. Kirloskar Oil Engines' Dual Fuel Gensets tackle these challenges head-on.

At the heart of Kirloskar Oil Engines' Dual Fuel Genset lies a sophisticated Programmable Logic Controller which controls the H2 substitution. This device seamlessly manages the transition between hydrogen and diesel operation. This is based on various factors such as load demand, fuel availability and environmental conditions. The intelligent control ensures optimal performance and efficiency while minimising emissions.

"Trade-off between energy security and economic growth versus energy transition" is a key challenge for the economy*.

*Source - CRISIL, Indian Economy: Managing the trade-offs

Hydrogen Internal Combustion Engines (H2ICE) and Hydrogen Fuel Enhanced Combustion (HFEC) technologies

Our commitment is rooted in leveraging advanced technology to build a limitless future. With Hydrogen Internal Combustion Engines (H2ICE) and Hydrogen Fuel Enhanced Combustion (HFEC) technologies, we are at the forefront of energy innovation, sustainable engines and a greener world. We are dedicated to consistent research that enables us to stay ahead of the curve in meeting the growing needs of industries, with better power. We believe that our work in hydrogen combustion technology will help us drive the industry toward a more sustainable future.

Ensuring optimal performance

- Overcoming the issues of fuel admission and combustion stability issues
- Ensuring safety of hydrogen-based technologies
- Consistently defining systems for customer satisfaction

Building our credibility with stringent testing

- Adhering to rigorous validation processes
- Conducting extensive trials under diverse conditions
- Setting high standards of performance and safety

A vision to push the boundaries of technology

- A transition to cleaner and greener energy sources
- Continuous research and development to pioneer the world's growing needs
- Power the world with greener alternatives

Remote monitoring app

We monitor critical Genset parameters with our Kirloskar Remote Monitoring (KRM) software by leveraging the Internet of Things. This 'Plug and Play' device enables real-time data collection and analysis when used in combination with the KRM software. It integrates effortlessly into the machine's harness. Using an efficient preventative maintenance schedule, the KRM app is excellent at keeping our machinery, equipment and facilities operating at maximum efficiency.

It continuously tracks machine health and operational indicators, sending out notifications for early action in the event of suspected failures or required service interventions. Further, it plays an important role in reducing operational costs by ensuring that generators are used efficiently. We have updated the app further to accommodate the needs of CPCB IV engines and integrate modern technology for enhancing our offerings.

Key improvements made

- Ability to manage complex data from new engines for better analysis
- Faster, reliable data flow for real-time insights
- Improved dashboards with clear visuals and customisable alerts
- Featuring an advanced diagnostic tool for faster troubleshooting and longer uptime

Digitalisation

To inspire innovation and foster a spirit of problem-solving, we conducted workshops on digital literacy and planned leadership sessions that emphasised adopting a solution-oriented approach. Additionally, by developing 'Digital Champions' across the value chain through demanding training programmes, we are strengthening internal competencies. Prototypes and pilot programmes are encouraged for the purpose of testing and validating new digital concepts. We facilitate knowledge sharing through cross-company mechanisms. Further, backed by partnerships with system integrators, automation vendors and startups, we are scaling our labs. This collaborative environment will enable us to advance validated ideas from testing to production, keeping us at the forefront of Industry 4.0.

Technology Tracks

Internal Combustion Engines

- Methanol
- Dual Fuel → Natural Gas (NG) → NG +H2 blends → H2
- Ethanol
- Build on HHP Portfolio in ICE

Energy storage solutions

Pb- Acid batteries → Li Ion Energy Storage → Polymer-based Energy Storage → Na Ion Energy Storage

Electrification

Electric motors (Single and 3 Phase) → Industrial and Traction Motors → Power Electronic Controllers → Traction/ Propulsion

Fuel cells and electrolysers

Fuel cells, Electrolysers → Quantum Engines

Human Capital

Our people have been the real contributors to our growth story. To empower and engage our workforce, we provide numerous opportunities for training and development. It has not only upskilled our people but created avenues for future growth. We also remain committed to ensuring workplace safety and designing a conducive working environment that is ideal for nurturing leaders of tomorrow.

SDGs impacted

1 NO POVERTY
3 GOOD HEALTH AND WELL-BEING
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

"At KOEL, we prioritise the overall employee experience with the goal of becoming the employer of choice. We maintain a balance between highly experienced business leaders and new-generation talent, empowering our employees to make wise business decisions. We are dedicated to upskilling our workforce with the latest technology and management tools."

George Verghese
CHRO

Strengths of Human Capital

- Balanced mix of human resources acquired through campus drives and internal placement
- Presence of people from diverse backgrounds
- Streamlined training processes
- Strong safety protocols to ensure 'zero harm'.

Purpose of Human Capital

Facilitate skill development

Retain and attract the best talent

Enhance employee safety and wellness

Proper succession planning through cross-functional job rotation

Significant reduction in attrition rate

2,496
Total employee strength

Talent management

Effective talent acquisition is pivotal to ensure continuous growth and innovation. With this objective in mind, we have initiated a robust campus hiring programme aimed at identifying and nurturing promising talent.

In our recent efforts, we welcomed 90 campus hires from diverse backgrounds to infuse fresh perspectives into our workforce. Moreover, we are strategically improving our talent pipeline through the recruitment of approximately 100 interns across critical functions including sales, supply chain management, information technology, strategy, human resources, finance and R&D.

~100

Interns recruited during FY 2024

20%

Women hired

Campus to corporate

We conduct an induction programme for our new hires to help them assimilate with the organisational culture. We communicate to them, the values and objectives of the business along with our expectation from respective roles. This ensures a smooth transition from campus to the corporate world.

At KOEL, we also prioritise internal job rotations to facilitate professional growth. During the FY2024, we have filled 20% positions through internal job rotations. It has allowed many of our dedicated resources to move up the ladder from the shop floor to higher levels within the organisation.

Talent day

During FY2024, we inaugurated Talent Day with the aim of discerning critical talent and identifying prospective successors for key organisational roles. This strategic endeavour has facilitated the identification of a talent pool that is anticipated to be the breeding ground for future leaders at KOEL.

Employee retention grant

We have implemented an Employee Retention Grant for our people, from M5 to DGM levels. Based on individual performance contribution to achieving business objectives, these grants are offered to our people.

12.5%

Attrition rate, reduced by **3.3%** during FY 2024

Learning and development

We acknowledge the critical role of learning and development programmes in nurturing growth and progress across every level of the organisation. To this end, we have instituted a meticulously structured learning and development framework to discern the precise training requisites of our workforce.

Competency mapping and skill mapping techniques have proved to be instrumental in identifying areas of development, thereby facilitating the formulation of tailored training interventions. We actively promote participation in training programmes to foster skill refinement and uphold a culture of perpetual learning.

10,375

Total man-hours of training

300+

Training sessions conducted

1.98

Investment in learning and development

(₹ in crore)

Succession planning

At KOEL, we have a formally outlined succession planning process that enables all our business partners and functional heads to undergo comprehensive trainings to align themselves with the expectations from a leadership role. Through collaborative interaction between the HR head and the Business Unit head, candidates are selected for various units. Based on the feedback of the top management, the final composition of successors is decided along with comprehensive development plans for each individual.

Tie up with Kirloskar Institute of Management (KIM)

Our collaboration with the executive development wing, KIM, helps to strengthen the leadership skills of employees. Targeted interventions in association with educational institutions help to drive professional development initiatives across the organisation.

Talent development programmes

Culture Project

Through this programme, we aim to assess alignment of leadership behaviour with the cultural values of the organisation.

Key activities

- Identifying cultural values
- Assessing current leadership behaviour against cultural expectations
- Implementing strategies to bridge the gap
- Monitoring progress and adjusting interventions

Future Leaders Programme

This programme aims to develop soft skills and business acumen among people chosen for future leadership roles.

Key activities

- Identifying skill gaps
- Providing necessary skill development training for leadership roles

Benefits

- Helps in teamwork and collaboration
- Improves strategic thinking and decision-making abilities
- Provides insight for market analysis
- Ensures clarity in communication and easy conflict resolution

Passport to Leadership Programme

The programme aims to support first-time managers in navigating challenges associated with leading and managing a team.

Key activities

- Helps in planning goals and expectations
- Team building activities
- Effective task delegation
- Building and maintaining team morale

Diversity and inclusion

We prioritise an inclusive and diverse work culture with an emphasis on creating a fair and dignified working environment. Our hiring, retention and promotion policies are merit-based and we have implemented an Equal Employment Opportunity policy to foster equality.

Through initiatives like 'Limitless Labs', we encourage our people to develop innovative ideas and create a distinctive identity. The number of women employees hired in FY2024 increased from 2% to 8%, in comparison to the last fiscal year.

5%
Women managers

Employee engagement

To enhance employee experience within the organisation, diverse engagement initiatives are being implemented across departments and business units. One such initiative, 'Happy Hours', involves monthly activities such as walkathons, competitions and celebrations to foster employee engagement. Additionally, at the plant level, employees take part in various sports events to showcase their skills beyond professional roles.

Our 3S employee engagement policy

1. Say
Employee advocacy

At KOEL, we prioritise employee concerns and strive to create a positive working environment. We have also implemented the Code of Conduct to ensure adherence to the Company culture and the whistle-blower policy to raise issues confidentially. Our Ethics Helpline also ensures confidentiality, allowing employees to voice concerns without the fear of retaliation. In FY2024, we conducted Focus Group Discussions across business units to gather feedback for improvement.

2. Stay
Retention

At KOEL, we value our people and strive to retain top talent with provision for fair remuneration, adequate opportunities for skill development and professional growth. We, therefore, lay emphasis on job rotations and internal job postings to support professional development. Besides, we allow our people to obtain flexible work arrangements to promote work-life balance and improve job satisfaction.

Additionally, we have instituted a comprehensive rewards and recognition programme to motivate employees and reinforce dedication towards the organisation. We have recognised employees with SPOT Awards, BU Achiever Awards and MD Awards for their exemplary contribution. In FY 2024, we launched a retention bonus programme for people in important junior and mid-management roles

3. Strive
Extra effort

We continue to offer a rewarding working environment and strive to instil a sense of belonging among our people. Along with empowering our people to take ownership of their work, we keep them aligned to our vision and objectives through open communication. We also collaborate with institutes to offer tailored learning and development opportunities. These efforts inspire excellence and help employees reach their full potential. In FY2024, we launched the Future Leaders' Programme for key talent and identified individuals for our Succession Planning process.

1,208
Employees rewarded with SPOT awards

486
Employees rewarded with BU achiever

520
Employees rewarded with MD award

92
Employees promoted to leadership positions

Employee safety and well-being

With our aim of attaining zero harm, we have adopted numerous initiatives to create a secure working environment. These measures encompass both routine and non-routine activities, meticulously designed to mitigate potential risks and hazards. Additionally, we prioritise the well-being of our people by conducting regular health check-ups.

Employee safety

Fulfilling our commitment to employee safety, we undertake various initiatives to raise awareness and provide training. Regular mock drills, including fire simulations across departments, assess our emergency preparedness. Training sessions on the use of fire hydrant and smoke detection systems are conducted to enhance safety knowledge. Competitions are also organised to promote safety awareness among employees.

We also arrange training sessions covering topics such as fire-fighting, defensive driving and the importance of Personal Protective Equipment (PPEs). Virtual demonstrations on fire fighting and exhibitions showcasing PPEs are conducted during Safety Week. Mock drills are meticulously planned and executed for scenarios including fire, cardiac arrest, hazardous substance leakage and plant emergencies.

On-the-job awareness initiatives cover safety protocols for operating equipment like EOT cranes. It ensures unobstructed access to fire-fighting equipment, emphasising the importance of housekeeping and proper material handling, and the significance of wearing PPEs to achieve our goal of 'ZERO HARM.'

202
Safety trainings conducted

17
Mock drills organised

Employee well-being

To ensure employee health and wellness, we organise various programmes and awareness sessions covering first-aid training, eye check-ups and cardiac screening camps. Additionally, we conduct medical health check-ups and awareness sessions on topics such as Gastroesophageal Reflux Disease (GERD), spinal health, blood pressure and diabetes management and Yoga Day celebrations. These initiatives are aimed at promoting employee well-being and ensuring a healthy workforce.

38
Health camps organised

Human rights

We uphold a comprehensive human rights framework that focuses on upholding the dignity of every individual working for us. As part of this commitment, we have established an Ethics Committee led by the Senior Leadership Team at KOEL. This committee oversees an Ethics Complaint Portal accessible to all employees for reporting concerns or complaints. Reports are thoroughly investigated and details along with recommendations are deliberated upon by the Ethics Committee for a final decision.

We have an Internal Complaints Committee dedicated to investigating cases related to Prevention of Sexual Harassment (POSH). To create a fair and inclusive work environment, we have developed a robust Code of Conduct, Whistle-blower Policy and offer equal employment opportunity.

Social and Relationship Capital

We believe in shared value creation and therefore, aspire to strengthen ties with diverse stakeholders including communities, customers and investors. With an emphasis on building trust and reliability, we strive to engage in initiatives that promote sustainable livelihoods. Through open communication, teamwork and timely response, we foster a harmonious ecosystem where mutually beneficial relations thrive.

SDGs impacted

"At KOEL, we prioritise customer and dealer outreach, delivering high-quality, customer-centric products. We are expanding our dealer network in the B2C business, believing in shared value creation to strengthen ties with a diverse set of stakeholders. We engage with the community to support sustainable livelihoods and foster growth for all lives we touch, directly or indirectly."

Aseem Srivastav
CEO - B2C Business

Strengths of Social and Relationship Capital

- Strong relationship with all stakeholders
- Good stakeholder-feedback mechanism

Purpose of Social and Relationship Capital

Holistic value creation

Social Capital

At Kirloskar, we believe in reciprocating to society and creating value for every stakeholder by helping unlock their potential. This desire to contribute to the collective good is a fundamental pillar of what we do. Additionally, we take feedback from the community to develop CSR projects that create a lasting impact on society.

Key highlights of our CSR initiatives

Ongoing CSR activities in

15+

villages covering

~50,000+

People

Environment-related activities in

20

colleges and Kolhapur city

CSR Ethos

Strengthen our image as a responsible corporate citizen

People's participation is increasing in all CSR activities.

Women's empowerment is increased due to a holistic approach.

The harmonious relationship with the communities. There is no IR issue from the nearby community.

Pillars of CSR

Health

Education

Sustainable Livelihood

Environment

Education

We are implementing comprehensive educational programmes that equip students with the knowledge and skills necessary to thrive in a competitive professional arena. These initiatives contribute to the overall growth and prosperity of the communities we serve.

4,223

Beneficiaries

Emphasis on vocational training for youth

To promote education including skill development for the youth from economically backward sections, associated with Nettur Technical Training Foundation (NTTF), S.L. Kirloskar CSR Foundation offers vocational training. It has supported around 100 youths from different parts of India in FY 2023-24.

~100

Youths supported by NTTF

NTTF is among the oldest technical training institutes in the country, founded almost six decades ago in Thallaserry on the Malabar Coast. It provides industry-relevant skill training through higher education and offers placement in different sectors, in partnership with the central and state governments.

Currently, the institute is offering 3-year Diploma courses in Mechatronics Engineering and Smart Factory and Electronics and Embedded Systems at Bangalore, Dharwad and Pune. The candidates were selected from various states like Maharashtra, Jharkhand, Tamil Nadu and Karnataka.

Encouraging education

To make a difference in society, we have initiated competency-based education to facilitate healthy child development. Competency-based education is a combination of Knowledge, Attitude and Skills that are observable and measurable. The learning outcomes focus on building the skills children need to become better learners in adulthood. Competency-based education also helps to create an inclusive culture where all students are given equal opportunity to succeed.

Gyan Prakash Foundation and India Education Collective have established a collaborative model in association with government schools, communities and NGOs to make a sustainable shift from the present recall-based teaching and assessment method to competency-based education in rural schools. It has also made efforts to drive the development of teachers through community engagement. It has helped to reach over 400 clusters, influencing 20,000 teachers in the five states of Maharashtra, Goa, Uttarakhand, Uttar Pradesh and Chhattisgarh.

400+ clusters
Total project outreach

20,000 teachers
Influenced in the five states

In the financial year 2023-24, SLKCSR Foundation supported the Gyan Prakash Foundation in implementing system-led Competency-Based Education in Uttarakhand's Nainital and Bageshwar districts. The project reached 239 schools and a total of 4829 students were enrolled in the project. Around 350 teachers were also trained through the teacher training initiative.

~240 schools
Total project outreach

4,829 students
Enrolled under the project

~350
Teachers trained through the teacher training initiative

Ensuring water supply

We successfully made provision for supplying water to Kharsha Monastery in Padum Valley of Zanskar-Ladakh, in association with Navikarna Trust. It is one of the largest community learning centres in the Zanskar Valley, supporting the education of 22 villages around it. The Navikarna Trust supports projects for supplying clean water for drinking and irrigation and focuses on sustainable livelihood generation.

S.L. Kirloskar CSR Foundation collaborated with Navikarna Trust to lift water to the monastery with the help of a 15 HP solar-powered pump with an intermediate reservoir used for lift irrigation from an 8-inch borewell to the final reservoir at the Kharsha Monastery Photang, through a 1.5 km long pipeline from the river bank.

After the successful completion of the project, people in the adjoining areas have a steady supply of water for consumption as well as agricultural purposes. As a token of appreciation, people from the surrounding villages planted more than 100 trees at the site – as a symbol of hope and resistance to climate change.

Sustainable livelihood generation

At KOEL, we have undertaken several initiatives to promote sustainable livelihood generation and empower women in Kolhapur and Pune. It has positively impacted numerous families by providing them with opportunities for income generation, economic literacy, capacity building, improved agricultural practices and social engagement.

1,750
Beneficiaries

Cultivating 'Can Do' Confidence

With an emphasis on women's empowerment, we have initiated a transformative programme that prioritises the 'Can Do' attitude. It helps to nurture the confidence of rural women and motivates them to be financially independent.

We provide different types of vocational training for backyard poultry farming, tailoring, beautician courses, Mehendi designing, bag making, organic farming etc. It helps women to engage with self-help groups (SHGs) to pursue entrepreneurial endeavours.

This has helped more than 100 women to successfully establish small businesses in rural areas, with many expanding their reach by selling agricultural products to different markets. Moreover, the implementation of kitchen gardening, backyard poultry, goat farming and organic farming techniques have bolstered food security and sustainable agricultural practices.

100+
Women benefitted

Environment

At KOEL, we are minimising our environmental footprint and embracing sustainable practices by engaging with communities and inspiring them to inculcate sustainable practices in day-to-day lives. It has also helped to address environmental challenges and empowered individuals to lead change and accomplish the goal of environmental stewardship.

2,559
Beneficiaries

We actively seek feedback from community members through partnerships with NGOs. This collaborative approach ensures the creation of CSR activities tailored to address the most pressing environmental challenges and create a culture of shared responsibility for a sustainable future.

The Kirloskar Vasundhara Eco Rangers (KVER)

This programme educates school and college students on environmental issues, equipping them with the knowledge and passion to become environmental champions. Through interactive workshops and real-world projects, students gain a deep understanding of critical issues like waste management, conservation and pollution control.

Plastic waste collection project

We address the challenge of plastic waste pollution through our plastic waste collection project in Kolhapur city. This initiative raises awareness about responsible waste management practices and proper waste segregation at source. By collecting and diverting plastic waste from landfills, we contribute to a cleaner environment and a healthier future. So far, we have distributed 500 compost bins for manure-making from kitchen waste.

8 to 10 kg
Plastic waste collected daily and sent for recycling

Wastewater management project

We recognise the importance of clean water for healthy communities. In collaboration with local NGOs, we have implemented innovative reed bed systems for wastewater treatment in two semi-urban communities. These natural filtration systems effectively treat wastewater, improving sanitation and water quality for residents.

Two wastewater treatment processes for semi-urban communities consisting of 6,000 to 7,000 people is ongoing, utilising the reed bed concept.

Way forward

We recognise the importance of people's participation in our projects. Therefore, we aim to involve schools, colleges and local communities in our environmental programmes. Our focus driving behaviour change through education and community involvement helps to instil a culture of environmental stewardship and responsibility.

Relationship Capital

Customers

KOEL CARE

The Kirloskar CARE brand is renowned for its dedicated after-sales services for Kirloskar Powergen and Industrial products. We have an extensive network of over 400 service outlets throughout India, all connected through a digital platform. Additionally, we have a team of over 3,000 trained service personnel, setting an industry benchmark for customer service.

In light of evolving market trends, including the wide use of industrial engines and shifting diesel Genset usage patterns, we strive to restructure our service channel. This restructuring aims to ensure optimal service reach for long-term customer retention by offering assured service packages. This will also widen our customer outreach and help to achieve a positive Net Promoter Score (NPS) and revenue growth.

3,000+
Trained service personnel

400+
Service outlets

Bandhan

Our innovative service offerings, such as Bandhan and Anubandh (AMCs) and Extended Warranty, are supported by a strong Customer Retention Index (CRI) measurement process. Continued focus on improving the assured CRI through improvement of service, market share growth and launch of new and allied products has enabled us to report impressive performance in FY 2024.

During the reporting period, we also relaxed our policies for annual maintenance contracts and allowed service dealers to sign off AMCs with the customers. We also introduced a tailored offering, Bandhan Plus – which aims to target customers with low-utilisation DG Sets. This allows us to develop enduring relationships with customers.

Building lasting relationships with customers

We have initiated a Service Dealer Optimisation strategy that is expected to make our dealers self-sufficient and enable us to provide superior customer service.

We also inaugurated a state-of-the-art Rapid Response Centre (RRC), a control centre at Khadki, which enabled us to support customers and address issues in the minimum possible time. To keep our technicians updated with the latest technological improvements in our products, we also inaugurated a state-of-the-art capability centre for offering training.

Our robust systems and processes, coupled with proactive service support, enabled the customer support business to generate revenues worth ₹596 crore in FY 2024, representing an 18% increase over the previous year.

Way forward

As we move ahead, we will press on with our Service Dealer Optimisation strategy to ensure the delivery of top-notch service to customers. Additionally, we aim to form a separate vertical focusing on Key Accounts to improve our services for these customers and ensure sales growth.

Business partners

We foster a collaborative relationship with our partners and recognise their critical role in our success. During the fiscal year 2024, we focused on a series of strategic initiatives aimed at elevating the capabilities and competencies of our partners while deepening engagement across various touchpoints. As we grow, we strive to build a collaborative ecosystem that fosters innovation, efficiency and mutual growth.

Supplier development programmes

We partnered with leading Indian business schools to offer an exclusive programme on the growth mindset and service orientation, equipping suppliers with valuable insights to enhance their businesses.

Zero defect journey

We developed the 'Zero Defect Journey' for large suppliers and aimed to promote a data-driven culture through the deployment of Six Sigma clusters.

Digital transformation

We have implemented a two-way communication portal to streamline information sharing and manage various supply chain activities for fostering transparency and collaboration. This commitment to 'data democracy' empowers suppliers to make informed decisions.

These initiatives, combined with long-standing programmes like Samvardhan and Six Sigma clusters, contribute significantly to:

Supplier growth

Initiatives such as the 'Samvardan' journey have supported our partners in building their long-term growth plans and keeping the engagement with KOEL active. We have seen a significant impact of this initiative on the growth mindset of participants and their readiness to support us in our growth journey.

Quality improvement

Leveraging methodologies such as Lean Clusters and Six Sigma, we have entrenched a grassroots-level data-driven culture, driving continual improvement in supplier quality metrics.

Responsible supply chain

Our commitment to responsible supply chain practices includes sourcing materials from suppliers within a 250 km radius, with a particular emphasis on MSMEs. We employ a Milk Run philosophy for inbound material logistics to minimise greenhouse gas (GHG) emissions. Additionally, initiatives such as Zero Fettling and Zero Splatter Welding are implemented to minimise the consumption of natural resources and ensure responsible resource consumption.

Zero
Fettling

Zero
Splatter welding

Shareholders and investors

We prioritise the creation of long-term value for shareholders and investors. This commitment translates to sustainable business growth, a strong financial foundation and consistent growth in returns and profitability.

We foster transparent communication to keep shareholders and investors informed about strategic decisions shaping our way forward. Through proactive engagement, we strive to respond to their concerns and strengthen relationships.

Dividend payouts

(in %)

FY 2023-24	250
FY 2022-23	250
FY 2021-22	200
FY 2020-21	200
FY 2019-20	200

Shareholding pattern

- Public and Institutions - 58.79%
- Promoter and Promoter Group - 41.21%

Natural Capital

At KOEL, we harness eco-conscious efforts through responsible practices, aimed at fortifying the groundwork for a sustainable future. Emphasising demonstrable and scalable outcomes, our focus remains steadfast on controlling emissions, conserving water, managing waste, fostering afforestation and preserving the flora and fauna for a greener future.

SDGs impacted

6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

"At KOEL, our efforts are built on four key pillars: energy conservation, emission reduction, waste reduction and recycling, water conservation, and innovative environmental protection practices, all aimed at promoting sustainable business practices. We are committed to fostering nature through a balanced approach that reduces our carbon footprint while preserving biodiversity.

Atul Kirloskar

Kirloskar Oil Engines Limited
Chairman

Strengths of Natural Capital

- Captive solar power plant
- Installed software to access data for the central monitoring system
- Installed wind turbines
- Installed digital water monitoring system
- 6R principle to reduce waste generation
- ISO 14001 certified for Environmental Management System

Purpose of natural capital

Enhance energy efficiency to reduce carbon footprint

Increase the reliability of renewable energy

Impactful water conservation

Minimum waste generation

Promote biodiversity development

Energy management

We remain committed to implementing energy-efficient measures across our processes and have increased reliance on renewable energy. By integrating innovative and impactful low-carbon solutions across our operations, we have optimised energy consumption across all our manufacturing sites.

10%
Reduction in carbon footprint

43%
Renewable energy usage

50%
Reduction in PNG consumption for the powder coating process

Our focus remains on operational excellence culminated in the attainment of a Specific Energy Consumption (SEC) of 2.19kWh/BHP, despite changes in product mix and evolving pollution control board regulations related to new product development.

We have also earmarked CAPEX for the installation of cutting-edge processes for waste heat recovery, fuel substitution, integration of renewable energy and the adoption of energy-efficient processes.

Besides, we have facilitated server upgrades to integrate IoT-driven energy management and the deployment of energy-efficient compressors.

As per current government regulations, we are utilising the maximum capacity of renewable energy generated from our captive solar plant. We intend to offset the remaining energy requirement through wind energy. At the group level, we have already set a target of meeting 50% of our energy needs with renewable energy, demonstrating a comprehensive commitment to sustainability and reducing reliance on non-renewable sources of energy.

Kagal facility

equipped with
8.2MWp
captive solar plant

Nasik facility

equipped with
250 kWp
solar plant

50%
Energy is substituted with renewable energy for Khadki

SCADA

With the installation of the SCADA system at our solar plant, we have created the provision for accessing data through a centralised monitoring system, supervised by regulatory authorities, to ensure compliance with environmental norms. The system also aids in scheduling and forecasting energy production which helps us to avoid penalties for inaccurate forecasting. Additionally, the SCADA system assists in fault identification, preventive maintenance and evaluation of plant performance.

Highlights of FY 2024

Installed a
2.4 MWp
captive solar power plant in addition to the existing 5.5 MWp solar power plant

Installed
40kWp
solar plant at vehicle charging area

Installed
30kWp
micro wind turbines

Bagged
CII, IGBC, APEX, Green Leaf awards
For energy management and environmental initiatives

Efforts to reduce GHG emissions

We have initiated efforts to reduce greenhouse gas emissions by conducting Life Cycle Assessment (LCA) analyses and Scope 3 inventories to evaluate potential emissions. Following this, the organisation has developed fuel-efficient products and transitioned to cleaner fuel sources. Additionally, retrofitting emission control devices for new products is being explored. We are also emphasising implementing greener supply chain and logistics practices.

Effective use of biomass

The Kagal facility features a dedicated Biogas plant equipped with a Biogas generator. This system processes kitchen waste to produce gas, which is then utilised to power streetlights through a generator.

Water management

To minimise water consumption, we have implemented a digital water monitoring system to detect and minimise water wastage. We have implemented rainwater harvesting facilities through the construction of recharge wells and water-efficient technologies for our existing auxiliaries. Additionally, we have started to reuse wastewater for use in washrooms and other facilities within our sites.

100%
Water recycled

18%
Water consumption through harvested water

For the upcoming year, we have already approved a CAPEX of ₹1.3 crore to develop new water harvesting structures, invest in water-efficient technologies and implement water recycling and reuse initiatives.

Honoured with **National Award** for **water conservation**

Waste management

At KOEL, we have implemented various initiatives to ensure efficient waste management. This includes strict compliance with hazardous waste management regulations and the conditions set by the State Pollution Control Board (SPCB) for obtaining consent to operate.

Strategically, we have adopted the 6R principle to minimise and avoid waste generation and disposal. As part of this initiative, we are transitioning from solvent-based paints to water-based paints to reduce (Volatile Organic Compound) VOC emissions and the disposal of solvent-based paint sludge. Our goal is to achieve zero waste to landfill and zero liquid discharge by 2030.

Our specific actions

- Switching over to water-based paints.
- Adopting briquetting machines for metal chips.
- Utilising plastic residue for road construction.
- Implementing zero liquid discharge and zero solid waste disposal plants.
- Enhancing the capacity of our existing biogas plant to accommodate extra pre and post-kitchen waste.
- Waste collection and segregation
- Reuse of wood and wastewater, reuse of lube oil and plastic
- Use of returnable metal skids instead of wooden packaging.


रोज होतेय १५ ते २० किलो संकलन

ओल्या कचऱ्याबाबत प्रबोधन

With an aim to reduce plastic waste, we have installed plastic-to-fuel conversion plant which helps in processing waste and utilising the residual material for road construction.

We also celebrate World Environment Day, participate in plastic elimination drives in association with government organisations and attend conferences on waste management to further upgrade our practices. Alongside this, we engage in awareness drives by circulating flyers and displaying informational material on waste management across all our facilities. During the year 2024, we have collaborated with several NGOs like KVIFF and Samvedana to organise waste collection drives.

Waste generation

(in MT)

FY 2023-24	4,864.81
FY 2022-23	5,501.92

Hazardous waste

(in MT)

FY 2023-24	542.89
FY 2022-23	481.26

Non-hazardous waste

(in MT)

FY 2023-24	4,817.73
FY 2022-23	4,982.25

Conservation of biodiversity

We are deeply committed to preserving our ecosystem and have implemented several initiatives aimed at improving the local biodiversity. Through these measures, we dedicate ourselves to safeguarding the environment and promoting a thriving and diverse ecosystem.

Our initiatives include the plantation of native species of plants and the removal of invasive plantations. We have also developed farm ponds and water harvesting structures to support various animals, along with creating a butterfly garden and eco-structures to attract birds, reptiles and mammals.

550

Saplings planted

Species - Raktachandan, Bahava, Jambhul, Rudraksha,Tamhan, Behada,Satvin, Hirada,Kanchan,Surangi,Muchkund, Nagkeshar, Korfad, Sadafuli, Arjun,Vekhand, Miri Vel, Adusala,Velchi, Mor Awala,Hadjodi, Tulas,Lavang, Vala,Shevaga, Kavath,Rui, Lemon(Limbu),Star fruit,Chiku, Mango,Fanas, Peru and White Jam.

We also conduct biodiversity surveys annually, and there have been major improvements as per our latest survey conducted in FY 2024.

35%

Increase in the number of species

63

Species identified, including **22** species of butterflies, **11** species of dragonflies, **8** species of insects and grasshoppers, **7** species of reptiles and **5** species of mammals.

Notice

Notice is hereby given that the 15th Annual General Meeting ("AGM") of the Members of Kirloskar Oil Engines Limited ('the Company') will be held on Thursday, the 8th day of August 2024 at 11.30 AM (IST) through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM') facility, in compliance of provisions of the Companies Act, 2013 ('the Act') and Rules thereof read with the General Circular No. 14/2020 dated 8th April 2020; the General Circular No. 17/2020 dated 13th April 2020, the General Circular No. 20/2020 dated 5th May 2020, the General Circular No. 02/2021 dated 13th January 2021, the General Circular No. 21/2021 dated 14th December, 2021, the General Circular No. 2/2022 dated 5th May 2022, the General Circular No. 10/2022 dated 28th December 2022 and the General Circular No. 09/2023 dated 25th September 2023, issued by the Ministry of Corporate Affairs (herein after referred as "Circulars") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January 2021 and SEBI/HO/CFD/CMD 2/CIR/P/2022/ 62 dated 13th May 2022, SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5th January 2023, Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated 11th July 2023 and SEBI Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated 7th October 2023 to transact the businesses as mentioned below:

ORDINARY BUSINESS

ITEM NO.1

To receive, consider and adopt:

(a) the Audited Standalone Financial Statements of the Company for the Financial Year ended 31st March 2024, together with the Reports of the Board of Directors and the Auditors' thereon; and

(b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March 2024 and the Report of the Auditors thereon.

ITEM NO.2

To declare final dividend of Rs. 3.50/- per equity share (175%) and to confirm the Interim Dividend of Rs. 2.50/- per equity share (125%) already paid during the year for the Financial Year ended 31st March 2024.

ITEM NO.3

To appoint a Director in place of Mr. Mahesh Chhabria (DIN 00166049) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

ITEM NO. 4

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

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions if any of the Companies Act, 2013, and the rules made thereunder (including any statutory amendment, modification(s) or re-enactment thereof, for the time being in force) and based on the recommendation of the Audit Committee, the remuneration of Rs. 8,75,000/- p.a. (Rupees Eight Lacs Seventy Five Thousand only) plus applicable taxes thereon, other certification charges and the reimbursement of out of pocket expenses on actual basis as approved by the Board of Directors of the Company, payable to M/s. Parkhi Limaye and Co., Cost Accountants, (Firm Registration No. 191) for conducting the audit of the Cost records maintained by the Company for the financial year ended 31st March 2025, be and is hereby ratified and confirmed."

ITEM NO. 5

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

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, Regulation 16(1)(b), 17 (1C), 25(2A) and 25(8) including such other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory amendment, modification(s) or re-enactment thereof for the time being in force) based on the recommendation of Nomination and Remuneration Committee and Board of Directors, Mr. Kandathil Mathew Abraham (DIN 05178826) whose period of office is valid upto 9th August 2024, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 and Rules thereof including amendments thereunder, proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of 5 (five) consecutive years with effect from 10th August 2024."

ITEM NO. 6

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

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, Regulation 16(1)(b), 17 (1C), 25(2A) and 25(8) including such other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory amendment, modification(s) or re-enactment thereof for the time being in force) based on the recommendation of Nomination and Remuneration Committee and Board of Directors, Dr. Shalini Sarin (DIN 06604529) whose period of office is valid upto 24th October 2024, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 and Rules thereof including amendments thereunder, proposing her candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of 5 (five) consecutive years with effect from 25th October 2024."

By Order of the Board of Directors

Place: Pune

Sd/-
Smita Raichurkar

Date: 8th May 2024

Company Secretary & Head Legal

NOTES

1. Pursuant to the General Circular No. 14/2020 dated 8th April 2020, the General Circular No. 17/2020 dated 13th April 2020, the General Circular No. 20/2020 dated 5th May 2020, the General Circular No. 02/2021 dated 13th January 2021, the General Circular No. 21/2021 dated 14th December 2021, the General Circular No. 2/2022 dated 5th May 2022, the General Circular No. 10/2022 dated 28th December 2022 and the General Circular No. 09/2023 dated 25th September 2023, issued by Ministry of Corporate Affairs and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January 2021, SEBI/HO/CFD/CMD 2/CIR/P/2022/62 dated 13th May 2022, SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5th January 2023 and Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated 11th July 2023 and SEBI Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated 7th October 2023 issued by the Securities and Exchange Board of India (SEBI) (herein after referred as "Circulars") prescribing the procedures and manner of conducting the Annual General Meeting through VC/OAVM. In terms of the said Circulars, the 15th Annual General Meeting (AGM) of the members of the Company will be held through VC/OAVM only.

   For detailed procedure for participating in the AGM through VC/OAVM please refer point no. 26 below.

2. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

   Only a member of the Company will be entitled to attend and vote at the Annual General Meeting of the Company which will be held through VC or OAVM and no member will be entitled to appoint a proxy to attend and vote instead of himself/herself.

3. Corporate Member(s) intending to appoint their authorized representative(s) to attend the Annual General Meeting (AGM) through VC/OAVM are requested to send a duly certified copy of their Board Resolution authorizing their representatives to attend and vote at the AGM, pursuant to Section 113 of the Companies Act, 2013 and rules thereof including amendments thereunder, to the Scrutinizer by e-mail at csmsp.office@gmail.com with a copy marked to evoting@nsdl.com

4. The facility for participation at the AGM through VC/OAVM is limited and on first come first serve basis. The same shall open 15 minutes before the time scheduled for the AGM and closed after 15 minutes from scheduled time for AGM. However, the participation of members 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. who are allowed to attend the AGM is not restricted on account of first come first serve basis.

5. The attendance of the Members attending the AGM through VC / OVAM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013 and Rules thereunder, including amendments thereof.

6. The statement pursuant to Section 102 of the Companies Act, 2013 and rules thereof, including amendments thereunder relating to the special business to be transacted at the meeting is annexed hereto.

7. Details pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder, in respect of directors seeking re-appointment at Annual General Meeting forms part of this Notice.

8. The Register of Members and Share Transfer Books of the Company will remain closed from 2nd August 2024, Friday to 8th August 2024, Thursday (both days inclusive) for the purpose of AGM and final dividend, if any.

9. The dividend, if declared at the AGM, will be paid to those members:

   a. whose name appear as Beneficial Owners as at the end of the business hours on 1st August 2024, in the list of Beneficial Owners to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of equity shares held in electronic form; and

   b. whose name appear as Members in the Register of Members of the Company after giving effect to valid share transmissions / deletion of names in physical form lodged with the Company / its Registrar and Share Transfer Agent on or before 1st August 2024.

10. In case members wish to ask for any information about accounts and operations of the Company, they are requested to send their queries by providing full name, DP ID and Client ID / Folio Number and contact number at email address viz. investors@kirloskar.com at least 7 days in advance of the date of this meeting so that the information can be made available at the time of this meeting.

11. Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 and rules thereunder, including amendments thereof, any money transferred to the unpaid dividend account, which remains unpaid or unclaimed for a period of 7 years from the date of such transfer is required to be transferred to the 'Investor Education and Protection Fund (IEPF)'.

    Pursuant to the provisions of IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016 and its amendments thereon, all shares in respect of which the dividend has not been paid or claimed for 7 consecutive years or more, are required to be transferred to IEPF.

    Accordingly, the unpaid / unclaimed dividend for the years 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16 along with equity shares has been transferred to the said Fund, after following the prescribed procedure.

Members are requested to send their claims to the Company/ R & T Agent, if any, before the amount becomes due for transfer to the above Fund. Members are requested to encash the dividend warrants immediately on their receipt by them.

The details of unclaimed and unpaid amount of Dividend are available on the Company's website viz. www.kirloskaroilengines.com.

Members can claim the unclaimed dividend and the shares transferred to the IEPF including all benefits accruing on such shares, if any, from IEPF Authority after following the procedure prescribed by the Rules.

12. **Register National Electronic Clearing Service (NECS) Mandate**

Regulation 12 and Schedule I of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder, requires all companies to use the facilities of electronic clearing services for payment of dividend. In order to get your dividend through electronic mode or NECS, members who are holding shares in physical form are requested to inform their Bank account details such as the name of the Bank, branch, its address, account number, 9 digit MICR code, IFSC code and type of account i.e. Savings or Current or Cash Credit etc. to Link Intime India Private Limited, R & T Agent of the Company having its office at 'Akshay' Complex, Block No. 202, 2nd Floor, Off Dhole Patil Road, Near Ganesh Temple, Pune – 411 001. (Ph. No. 020-46014473).

Members holding shares in dematerialised form are requested to inform their bank account particulars to their respective Depository Participant (DP) and not to the R & T Agent of the Company. Those Members who do not opt for NECS facility may inform only bank account number and bank name for printing the same on the dividend warrant to ensure safety.

As per SEBI vide circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20th April 2018, unpaid/unclaimed dividend will be processed through electronic mode only.

13. The payment of Interim Dividend for FY 2023-24, as declared by the Board of Directors of the Company in its meeting held on 12th February 2024 is processed on 6th March 2024 for the members of the Company (holding equity shares as on 23rd February 2024, the Record Date fixed for the purpose of said Interim Dividend) through National Electronic Clearing System (NECS) or any other electronic mode or by dividend warrant, as the case may be.

The aforesaid interim dividend was paid after deducting the TDS at the applicable tax rate.

14. In terms of the provisions of the Income-tax Act, 1961, ("the Act") as amended by the Finance Act, 2020, dividend paid or distributed by a Company on or after 1st April 2020 shall be taxable in the hands of the shareholders. Therefore, the Company shall be required to deduct tax at source ("TDS") at the time of payment of dividend at the applicable tax rates.

Tax rate applicable to a shareholder depends upon residential status and classification as per the provisions of the Act. All shareholders are thereby requested to update any change in residential status and/or category with depository participants (in case of shares held in electronic form) or with the RTA, i.e. Link Intime India Private Limited (in case of shares held in physical form).

For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof.

In this regard, the Company has availed the facility for online submission of Tax Exemption forms from RTA, Link Intime India Private Limited wherein the shareholders can submit their tax-exemption forms along with other required documents.

The requisite form for claiming tax exemption can be downloaded from RTA's website at web link https://www.linkintime.co.in/client-downloads.html under the General Tab. All the forms are available under the head "Form 15G/15H/10F".

The aforementioned documents duly completed and signed are required to be uploaded on the URL https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html by selecting the Company Name – Kirloskar Oil Engines Limited and following the process as guided therein.

In case tax on dividend is deducted at a higher rate in the absence of receipt of the specified details/documents, you would still have the option of claiming refund of the excess tax paid at the time of filing your income tax return. No claim shall lie against the Company for such taxes deducted.

Please note that the upload of documents (duly completed and signed) on the website of Link Intime India Private Limited should be done in order to enable the Company to determine and deduct appropriate TDS / Withholding Tax.

Incomplete and/or unsigned forms and declarations will not be considered by the Company.

15. **Permanent Account Number (PAN)**

Securities and Exchange Board of India (SEBI) has mandated the submission of PAN by every participant in securities market. Members are requested to submit their PAN to their DPs (in case of shares held in dematerialised form) or to the Company / R & T Agent (in case of shares held in physical form).

16. Members are requested to immediately notify the R & T Agent (DP in case of shares held in dematerialised form) of any change in their correspondence address or email address.

17. **Dematerialisation of Shares**

Trading in the shares of the Company can be done in dematerialized form only. Members are requested to avail the facility of dematerialisation by opening Depository accounts with the DPs of either National Securities Depository Limited or Central Depository Services (India) Limited and get the equity share certificates held by them dematerialised to ensure safe and speedy transaction in securities.

18. Securities Exchange Board of India has amended relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder, to disallow listed companies from accepting request for transfer of securities which are held in physical form, with effect from 1st April 2019. The Members who continue to hold shares of listed companies in physical form even after this date, will not be able to lodge the shares with Company / its R & T Agent for further transfer. They will need to convert them to demat form compulsorily if they wish to effect any transfer.

    In addition to above, pursuant to SEBI Circular no. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January 2022 regarding 'Issuance of Securities in dematerialized form' which is effective from 25th January 2022, in case of Investor Service Requests viz. Issue of duplicate securities certificate, Claim from Unclaimed Suspense Account, Renewal / Exchange of securities certificate, Endorsement, Sub-division / Splitting of securities certificate, Consolidation of securities certificates/folios, Transmission, Transposition, the listed companies shall issue the securities in dematerialized form only. Accordingly, the Company has processed the aforementioned requests by issuance of Letter of Confirmation to the shareholders, for converting their shares to demat form.

19. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

20. Members having multiple folios are requested to intimate to the Company / R & T Agent such folios, to consolidate all shareholdings into one folio.

21. **Updation of KYC Documents, Nomination, Register E-mail Address and Bank account details etc.**

    To support Green Initiative, Members are requested to register their e-mail addresses with R & T Agent viz. Link Intime India Private Limited in case of holding of shares in physical form and with concerned DPs in case of shares held in dematerialised form.

    In order to receive the correspondence / dividend, if any from the Company in a timely manner, Members are requested to register their e-mail addresses / Bank Account details. As per SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated 16th March 2023, it mandates all the listed Companies to record the PAN, Nomination, KYC details of all the shareholders and Bank Account details of first holder. The KYC letters along with requisite forms were dispatched to all such shareholders holding shares in physical form by Ordinary Post on 31st May 2023. In view of the aforesaid, we request you to submit the requisite Investor Service Request Form(s) along with required supporting documents as stated therein at the earliest. The relevant formats for Nomination and Updation of KYC details viz; Forms ISR -1, ISR-2, ISR-3, SH-13, SH-14 and SEBI circular are available on the RTA website https://www.linkintime.co.in>Resources>Downloads>General> Formats for KYC and on the website of the Company at https://www.kirloskaroilengines.com/investors/for-share-holders/forms. The members of the Company holding shares in dematerialized form and who have not registered their bank details or registered their e-mail address (es), can get the same registered with their respective Depository Participants by following the procedure prescribed by them.

22. In compliance with the aforesaid MCA Circulars and SEBI Circular dated 12th May 2020, 15th January 2021, 13th May 2022, 5th January 2023, 11th July 2023 and 7th October 2023 Notice of the AGM along with the Annual Report 2023-24, is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories.

    Members may note that the Notice and Annual Report 2023-24 will also be available on the Company's website www.kirloskaroilengines.com, on the websites of Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively, and on the website of NSDL https://www.evoting.nsdl.com.

23. **Inspection Documents**

    Electronic copy of relevant documents referred to in the Notice and Explanatory Statement will be made available through email for inspection by the Members. A Member is requested to send an email to investors@kirloskar.com for the same.

    Electronic copies of necessary statutory registers and auditors' reports / certificates will be available for inspection by the Members at the time of AGM.

24. Since the AGM will be held through VC in accordance with the Circulars, the route map, proxy form and attendance slip are not attached to this Notice.

25. National Securities Depositories Limited (NSDL) will be providing facility for voting through remote e-Voting, for participation in this AGM through VC / OAVM facility and e-Voting during this AGM.

26. Instructions for e-voting and procedure for joining the AGM through VC/OAVM

    A. **Voting through electronic means (Remote e-voting / e-voting on the date of AGM)**

       I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and as amended from time to time, Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder and Secretarial Standard on General Meetings (SS2) issued by the Institute of Company Secretaries of India, including amendments thereunder and the circulars issued by the Ministry of Corporate Affairs viz. Circular No. 14/2020 dated 8th April 2020, Circular No. 17/2020 dated 13th April 2020, Circular No. 20/2020 dated

5th May 2020, Circular No. 02/2021 dated 13th January 2021, Circular No. 21/2021 dated 14th December, 2021 and Circular No. 2/2022 dated 5th May 2022, Circular No. 10/2022 dated 28th December 2022 and Circular No. 09/2023 dated 25th September 2023 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the 15th Annual General Meeting.

For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as voting on the date of the AGM will be provided by NSDL.

II. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM through VC/OAVM but shall not be entitled to cast their vote again.

III. THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:

The remote e-voting period commences on **5th August 2024 (9:00 am) (IST) and ends on 7th August 2024 (5:00 pm) (IST)**. During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of **1st August 2024**, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

A. Member whose email IDs are registered with the Company/ R & T Agent viz. Link Intime India Private Limited / Depository Participant(s) will receive an email from NSDL. Once the Members receive the email, he or she will need to go through the following steps to complete the remote e-voting process:

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 No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December 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 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. If you are already registered for **NSDL IDeAS facility**, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “**Beneficial Owner**” icon under “Login” which is available under “**IDeAS**” section. A new screen will open. You will have to enter your 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 options available against company name or **e-Voting service provider - NSDL** and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If the user is 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

Type of shareholders	Login Method
	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 options available against company name or **e-Voting service provider** - 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. 
Individual Shareholders holding securities in demat mode with CDSL	1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then Use your existing my easi username & password. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by Company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you 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 options available against company name or **e-Voting service provider**-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.

Note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

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.com or call at 022 - 4886 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33.

B. Login Method for e-voting and joining the 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 eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. 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. a .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.com mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

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

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

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

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

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

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".

3. Now you are ready for e-Voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

Process for those shareholders whose email IDs are not registered with the Company / R & T Agent / Depository Participants(s) and for procuring user id and password and registration of e-mail ids for e-voting for the resolutions set out in this notice:

1. 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 investors@kirloskar.com.

2. 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 investors@kirloskar.com . If you are an Individual shareholders 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.

3. Alternatively member may send an e-mail request to evoting@nsdl.com for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

4. Please follow all steps from Sr. No. III (A) above, to cast vote.

5. In terms of SEBI circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December 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.

General Guidelines for shareholders

a) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail at csmsp.office@gmail.com with a copy marked to evoting@nsdl.com. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

b) It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

c) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members who need assistance before or during the AGM and remote e-voting user manual for members available on the website www.evoting.nsdl.com under the 'Downloads section'. You can also contact NSDL via e-mail at evoting@nsdl.com or call on 022 - 4886 7000.

IV. THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

3. 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.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

5. In case any Member casts the vote through e-voting to be conducted at the time of AGM in addition to the remote e-voting, the voting through remote e-voting shall be considered as final and vote casted through e-voting at the time of the AGM shall be considered as invalid.

V. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. 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" 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.

2. Members are encouraged to join the Meeting through Laptops for better experience.

3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. 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.

   Facility of joining the AGM through VC / OAVM shall open 15 minutes before the time scheduled for the AGM and closed after 15 minutes from scheduled time for AGM (except for the members holding more than 2%).

5. Members who need assistance before or during the AGM, can contact NSDL via. e-mail at evoting@nsdl.com or call on 022 - 4886 7000.

6. Members who would like to express their views/ask questions during the AGM may register themselves as a speaker and may send their request mentioning their name, demat account number/folio number, email id, mobile number at email address viz. investors@kirloskar.com at least 4 days before date of the meeting. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM.

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

27. You can also update your mobile number and e-mail ID in the user profile details of the Folio, which may be used for sending future communication(s).

28. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on 1st August 2024.

29. 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 send through e-mail and holding shares as of the cut-off date i.e. 1st August 2024, may obtain the login ID and password by sending a request at evoting@nsdl.com 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" or option available on www.evoting.nsdl.com 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. 1st August 2024 may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system"

30. 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 i.e. 1st August 2024 only shall be entitled to avail the facility of remote e-voting as well as e- voting at the AGM.

31. A person who is not a member as on the cut-off date should treat this notice for information purpose only.

32. Mrs. Manasi Paradkar, Practicing Company Secretary, Pune, (Membership No. FCS 5447 CP No. 4385) has been appointed as the Scrutinizer to scrutinize the voting at the AGM and remote e-voting process in a fair and transparent manner.

33. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "e-voting facility availed from NSDL" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

34. The Scrutinizer shall after the conclusion of e-voting at the Annual General Meeting, will unblock the votes cast through remote e-voting/e-voting at the time of AGM, not later than 2 working days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or Managing Director or a person authorized by him/her in writing, who shall countersign the same and declare the result of the voting forthwith.

35. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.kirloskaroilengines.com and on the website of NSDL www.evoting.nsdl.com immediately after the declaration of result by the Chairman or Managing Director or a person authorized by him/her in writing. The results shall also be immediately forwarded to the Stock Exchanges viz. BSE Limited and National Stock Exchange of India Limited.

Annexure to the Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 & RULES THEREOF INCLUDING AMENDMENTS THEREUNDER AND REGULATION 36 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 INCLUDING AMENDMENTS THEREUNDER

ITEM NO. 3 OF THE NOTICE

Mr. Mahesh Chhabria (DIN 00166049) retires by rotation and being eligible offers himself for re-appointment.

He holds 11,552 (0.01%) equity shares in the Company.

Mr. Mahesh Chhabria (Age 60) belief in emerging India growth story and corporate India's global aspiration led him to join Actis, a long standing leading private equity fund. Before Actis he was a Partner at 3i, another private equity fund for whom he was a lead partner for healthcare investing. Before 3i he was co-head at Enam, one of the leading investment banks in India. He is dedicated, focused and accomplished professional with over 30 years of experience in the financial services industry.

He holds a Bachelor of Commerce from the University of Mumbai, and is a Member of the Institute of Chartered Accountants of India. He is currently the Managing Director of Kirloskar Industries Limited and is driving the strategy, capital allocation, risk and new investments for the group.

He is a member of the Audit Committee and Nomination & Remuneration Committee of the Company.

He is also director in the following other companies:

Kirloskar Industries Limited	ZF Commercial Vehicle Control Systems India Limited (earlier known as Wabco India Limited)$
Kirloskar Proprietary Limited	Shopper Stop Limited#$
Kirloskar Ferrous Industries Limited	Arka Financial Holdings Private Limited$
Arka Fincap Limited@#	Kirloskar Management Services Private Limited
Kirloskar Pneumatic Company Limited	

$Audit Committee - Chairman

@Audit Committee - Member

Stakeholders Relationship Committee - Member

He has attended 6 meetings of the Board of Directors of the Company during the Financial Year 2023-24.

He has resigned as Director from the Board of Enam Asset Management Company Private Limited and Tube Investment of India Limited during last three years.

Mr. Mahesh Chhabria is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 read with rules thereunder including amendments thereof and has given his consent to act as a Director.

Mr. Mahesh Chhabria may be deemed to be concerned or interested, financially or otherwise, to the extent for his shareholding in the Company.

Based on the recommendation of the Nomination and Remuneration Committee the Board of Directors recommends the resolution set out in Item no. 3 of the notice for the approval of members of the Company.

Except above, none of the other Directors or Key Managerial Personnel of the Company including their relatives are in any way concerned or interested, financially or otherwise, in the proposed resolution, except to the extent of their shareholding interest in the Company, if any.

ITEM NO. 4 OF THE NOTICE

The Board of Directors on the recommendation of Audit Committee has approved the appointment of M/s. Parkhi Limaye and Co., Cost Accountants (Firm Registration No. 191) to conduct the audit of the cost records of the Company for Financial Year ended 31st March 2025, at the remuneration of Rs. 8,75,000/- p.a. (Rupees Eight Lacs Seventy Five Thousand only) plus applicable taxes thereon, other certification charges and reimbursement out of pocket expenses on actual basis.

Pursuant to provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration payable to the Cost Auditor is required to be ratified by the members of the Company.

M/s. Parkhi Limaye and Co, Cost Accountants have furnished certificate regarding their eligibility for appointment as Cost Auditors of the Company.

The Board recommends resolution set out in Item no. 4 of the notice for approval and ratification by the members of the Company.

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested in the resolution.

ITEM NO. 5 OF THE NOTICE

The members of the Company in its meeting held on 28th August 2020, appointed Mr. Kandathil Mathew Abraham (DIN 05178826) as an Independent Director for a term of 5 (five) consecutive years. His term is valid upto 9th August 2024. Mr. Kandathil Mathew Abraham as a Board Member, made significant contribution towards guiding the Company on various strategic, financial and business issues and that the Company benefited immensely because of his vast experience.

Mr. Kandathil Mathew Abraham (Age 66 years) is a former civil servant from the Indian Administrative Service. He joined the civil services in 1982 and retired in December 2017 as the Chief Secretary to the Government of Kerala. Earlier, he had a stint as Whole Time Member in the Board of SEBI during which tenure he is credited with having produced several landmark orders that have gone a long way in improving the integrity of financial markets and protecting investors.

Currently, he serves as the Chief Executive Officer of the Kerala Infrastructure Investment Fund Board (KIIFB), a Statutory Body under the Government of Kerala, tasked with the responsibility of building infrastructure of Rs. 80,000 crores in the State. Besides that, he is the Executive Vice Chairperson of the Kerala Development and Innovation Strategic Council (K-DISC), a thinktank setup by the Government of Kerala and chaired by the Chief Minister, to bring in strategic projects and emerging technologies into governance and to create a state-wide innovation network for youth. He is currently also the Chief Principal Secretary to the Chief Minister and was conferred the rank and status of a Cabinet Minister of the State.

He holds a PhD with specialisation in Technology Planning from the University of Michigan in Ann Arbor, USA. He is also a Chartered Financial Analyst (CFA®), USA and has qualified as a Licensed International Financial Analyst (LIFA), USA. He holds an M. Tech (Industrial and Management Engineering) from the Indian Institute of Technology, Kanpur. His key areas of professional and academic interest are Data Analytics, Financial Risk Management, Emerging Technologies and Public Finance. He is also the winner of several prestigious awards for governance and integrity.

Pursuant to regulation 17(1C) and 25(2A) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 including amendments thereunder, with effect from 1st January 2022, the approval of members is required to be obtained for appointment or re-appointment of a director at the next general meeting or within a period of 3 months from the date of appointment, whichever is earlier, by way of a special resolution.

The Board of Directors based on recommendation of Nomination and Remuneration Committee, and subject to the approval of members of the Company, considered re-appointment of Mr. Kandathil Mathew Abraham (DIN 05178826) as an Independent Director of the Company for a second term of 5 (five) consecutive years with effect from 10th August 2024, pursuant to Section 149 and 152 (including other applicable provisions if any) of the Companies Act, 2013 and Rules thereof including amendments thereunder and Regulation 17(1C), 25 (2A) (including other applicable provisions if any) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, including amendments thereunder.

Mr. Kandathil Mathew Abraham is not disqualified from being re-appointed as director in terms of Section 164 of the Companies Act, 2013 and Rules thereof including amendments thereunder and has given his consent to act as director.

The Company has also received declaration from Mr. Kandathil Mathew Abraham that he meets with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Rules thereof including amendments thereunder and Regulation 16 (1)(b) and 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder. The Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 and Rules thereof including amendments thereunder, proposing the candidature of Mr. Kandathil Mathew Abraham for the office of Director of the Company.

He does not hold any equity shares in the Company.

He is a Chairman of Audit Committee and Member of Risk Management Committee of the Company.

He is a director in the following other companies:

Transcognit Informatics India Private Limited	Trivandrum Engineering Science and Technology Research Park
KIIFCON Private Limited	Additional Skill Acquisition Programme Kerala

He does not hold any committee positions in other public limited companies.

He has resigned from the Board of Muthoot Capital Services Limited as Director during last three years.

Mr. Kandathil Mathew Abraham has attended 5 meetings of the Board of Directors of the Company during Financial Year 2023-24.

Pursuant to amendment to Schedule II, Part D Para A(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from 1st January 2022, for every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director.

The Board is of the opinion that Mr. Kandathil Mathew Abraham fulfills the conditions specified in the said Act and the Rules made thereunder and also possess appropriate balance of skils, requisite expertise and experience (including the proficiency) and knowledge and he is a person of high integrity and repute so as to enable the Board to discharge its functions and duties effectively. In the opinion of the Board of Directors, Mr. Kandathil Mathew Abraham is independent of the management of the Company and fulfils the conditions specified in the Act, and the rules made thereunder for re-appointment as an Independent Director.

Mr. Kandathil Mathew Abraham meets the following skills and capabilities required for the role as an Independent Director, as have been identified by the Board of Directors of the Company:

Finance, Law, Management, Information Technology, Knowledge about Economy – Formulated several landmark orders that have gone a long way in improving the integrity of financial markets and protecting investors. Extensive knowledge in the areas of Data Analytics, Financial Risk Management, Emerging Technologies and Public Finance.

Compliance Management, Knowledge about statutory/regulatory laws, Experience in developing and implementing Risk Management and Strategic Planning – Contributed towards strategic projects and emerging technologies into governance and created a state-wide innovation network for youth.

Communication and Interpersonal skill, Human Resource, Public Relations and Corporate Restructuring – Leadership Skills and strategic mentoring in elevating organizational performance through skillful leadership management. Cultivating talent engagement through advanced leadership processes and their implementation.

The Board considers that his experience and expertise would be of immense benefit to the Company and it is desirable to avail services of Mr. Kandathil Mathew Abraham as an Independent Director for second term of 5 (five) consecutive years with effect from 10th August 2024.

The draft letter for the re-appointment of Mr. Kandathil Mathew Abraham as an Independent Director setting out the terms and conditions is available for inspection by the members.

Mr. Kandathil Mathew Abraham is not inter-se related with any other Director or Key Managerial Personnel of the Company.

Except Mr. Kandathil Mathew Abraham and his relatives, none of the other Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise in this resolution.

Based on the recommendation of the Nomination and Remuneration Committee the Board of Directors recommends the special resolution set out in item no. 5 of the notice for the approval of members of the Company.

ITEM NO. 6 OF THE NOTICE

The members of the Company in its meeting held on 28th August 2020, appointed Dr. Shalini Sarin (DIN 06604529) as an Independent Director for a term of 5 (five) consecutive years. Her term is valid upto 24th October 2024. Dr. Shalini Sarin as a Board Member, made significant contribution towards guiding the Company on various strategic, financial and business issues and that the Company benefited immensely because of her vast experience.

Dr Shalini Sarin, (Age 58) is the former global CHRO - Philips Professional Lighting & prior to that CHRO Schneider Electric South Asia. Her experience ranges from, leading HR to heading Sustainable social business across India, Europe and the US, both in regional and global roles. In her current avatar, Shalini balances her time between the Corporate and the Development sector through Advisory, Governance and Coaching.

She serves on the Board of Linde India, Kirloskar Ferrous Industries Limited and Supervisory board of Nagarro GmbH. She is also a trustee at Plaksha University and on the Advisory Committee of Climate Group. She holds a Doctorate in Organization Behaviour & Culture and has a Masters in Sociology & Human Resource Management. Her passion & expertise lies in the area of Sustainable business practices, governance, Org design, culture and Leadership Development.

Pursuant to regulation 17(1C) and 25(2A) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 including amendments thereunder, with effect from 1st January 2022, the approval of members is required to be obtained for appointment or re-appointment of a director at the next general meeting or within a period of 3 months from the date of appointment, whichever is earlier, by way of a special resolution.

The Board of Directors based on recommendation of Nomination and Remuneration Committee, and subject to the approval of members of the Company, considered re-appointment of Dr. Shalini Sarin (DIN 06604529) as an Independent Director of the Company for a second term of 5 (five) consecutive years with effect from 25th October 2024, pursuant to Section 149 and 152 (including other applicable provisions if any) of the Companies Act, 2013 and Rules thereof including amendments thereunder and Regulation 17(1C), 25(2A) (including other applicable provisions if any) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, including amendments thereunder.

Dr. Shalini Sarin is not disqualified from being re-appointed as director in terms of Section 164 of the Companies Act, 2013 and Rules thereof including amendments thereunder and has given her consent to act as director.

The Company has also received declaration from Dr. Shalini Sarin that she meets with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Rules thereof including amendments thereunder and Regulation 16 (1)(b) and 25(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder. The Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 and Rules thereof including amendments thereunder, proposing the candidature of Dr. Shalini Sarin for the office of Director of the Company.

She does not hold any equity shares in the Company.

She is a Member of Corporate Social Responsibility Committee and Risk Management Committee of the Company.

She is a director in the following other companies:

Linde India Limited@	Kirloskar Ferrous Industries Limited
ISMT Limited@	Elektromobilitat India Private Limited

@Audit Committee – Member

She has resigned from the Board of Automotive Axles Limited, Meritor HVS (India) Limited and Telenergy Technologies Private Limited as Director during last three years.

Dr. Shalini Sarin has attended 6 meetings of the Board of Directors of the Company during Financial Year 2023-24.

Pursuant to amendment to Schedule II, Part D Para A(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from 1st January 2022, for every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director.

The Board is of the opinion that Dr. Shalini Sarin fulfils the conditions specified in the said Act and the Rules made thereunder and also possess appropriate balance of skills, requisite expertise and experience (including the proficiency) and knowledge and she is a person of high integrity and repute so as to enable the Board to discharge its functions and duties effectively. In the opinion of the Board of Directors, Dr. Shalini Sarin is independent of the management of the Company and fulfils the conditions specified in the Act, and the rules made thereunder for re-appointment as an Independent Director.

Dr. Shalini Sarin meets the following skills and capabilities required for the role as an Independent Director, as have been identified by the Board of Directors of the Company:

General Management, Human Resource, Industry experience, Risk Management, Leadership Skills, Talent Management, Corporate Restructuring, Environment and Sustainability and Corporate Social Responsibility, Specialization in change management, leadership, succession and a significant experience in transformations during mergers, acquisitions, restructuring, divestiture and IPOs.

The Board considers that her experience and expertise would be of immense benefit to the Company and it is desirable to avail services of Dr. Shalini Sarin as an Independent Director for second term of 5 (five) consecutive years with effect from 25th October 2024.

The draft letter for the re-appointment of Dr. Shalini Sarin as an Independent Director setting out the terms and conditions is available for inspection by the members.

Dr. Shalini Sarin is not inter-se related with any other Director or Key Managerial Personnel of the Company.

Except Dr. Shalini Sarin and her relatives, none of the other Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise in this resolution.

Based on the recommendation of the Nomination and Remuneration Committee the Board of Directors recommends the special resolution set out in item no. 6 of the notice for the approval of members of the Company.

By Order of the Board of Directors

Place: Pune

Date: 8th May 2024

Sd/-
Smita Raichurkar
Company Secretary & Head Legal

Report of the Directors

TO THE MEMBERS
OF **KIRLOSKAR OIL ENGINES LIMITED**

The Directors are pleased to present the 15th Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2024 of Kirloskar Oil Engines Limited ("KOEL" or the "Company").

1. COMPANY'S FINANCIAL PERFORMANCE (STANDALONE)

Your Company posted sales of ₹ 4,806.35 Crore, an increase of 18% as compared to the previous year of ₹ 4,073.04 Crore. Profit before tax and exceptional item was ₹ 486.84 Crore as against ₹ 364.14 Crore in the previous year.

The Profit After Tax was ₹ 361.63 Crore as against ₹ 270.25 Crore in the previous year.

2. FINANCIAL RESULTS (STANDALONE)

₹ in Crore

Particulars	Standalone	
	2023-24	2022-23*
Total Income	**4,877.98**	**4,141.03**
Profit before exceptional items and tax	486.84	364.14
Exceptional Items	-	-
Profit before tax	**486.84**	**364.14**
Tax Expense (Current & Deferred Tax)	125.21	93.89
Net Profit for the Period	**361.63**	**270.25**
Other Comprehensive Income	(2.63)	(8.93)
Total Comprehensive Income for the year, net of tax	**359.00**	**261.32**
Profit Brought Forward	1,687.15	1,495.65
Profit Available for Appropriation	2,048.78	1,765.90
Transfer to General Reserve	-	-
Dividend	72.44	72.34
Balance of the Profit carried forward	1,973.63	1,687.15

*Previous year numbers have been regrouped to make them comparable with Financial Year 2023-24.

3. DIVIDEND

The Directors have declared an interim dividend of 125% (₹ 2.50/-per share) and also recommended a final dividend of 175% (₹3.50/-per share) for the year ended 31st March 2024. (Previous Year Interim Dividend 125%, ₹ 2.50/- per share and Final Dividend 125%, ₹ 2.50/- per share).

Total dividend payout during the Financial Year was ₹ 72.44 Crore. The payment of dividend was subject to deduction of TDS at the applicable tax rate.

In terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 including amendments thereunder, the Dividend Distribution Policy of the Company is available on the Company's website (https://www.kirloskaroilengines.com/documents/541738/0a36d92a-4450-1010-8a11-d92ec5426c7c).

4. DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (the Regulations) including amendments thereunder:

1. Details of Key Financial Ratios of the Company as under:

Sr. No.	Particulars	Ratio as on 31st March 2024	Ratio as on 31st March 2023	Reason for significant change (more than 25%)
i.	Debtors' Turnover*	9.3	9.5	NA
ii.	Inventory Turnover*	6.5	7.2	NA
iii.	Interest Coverage Ratio	56.1	84.8	Higher EBIT with higher finance cost

Sr. No.	Particulars	Ratio as on 31st March 2024	Ratio as on 31st March 2023	Reason for significant change (more than 25%)
iv.	Current Ratio*	1.4	1.4	NA
v.	Debt Equity Ratio*	0.08	0.03	Increase in debt on account of secured term loan for immovable property
vi.	Operating Profit Margin (%)	9.7%	8.4%	NA
vii.	Net Profit Margin (%)*	7.5%	6.6%	NA

* Calculated in accordance with the Guidance Note issued on Division II - Ind AS Schedule III of the Companies Act, 2013 issued by ICAI.

There are no sector specific equivalent ratios for disclosure by the Company.

2. Return on Net Worth:

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

Sr. No.	Particulars	As on 31st March 2024	As on 31st March 2023	% of change	Reason for change
i.	Return on Net worth	14.6%	12.1%	20.8%	Improved operating margin with sales growth

5. COMPANIES WHICH HAVE BECOME OR CEASED TO BE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

i. During the year under review, Kirloskar Americas Corporation, USA, had acquired 51% stake of Engines LPG, LLC dba Wildcat Power Gen, on 29th November 2023. Engines LPG, LLC dba Wildcat Power Gen is engaged in the business of designing, manufacturing, selling and servicing of generators powered by gas, diesel, other environmental fuel/power solution under the brand name of Wildcat Power Gen for all types of applications. This acquisition is step towards business expansion and to enable market development in Powergen applications for the North American markets.

Pursuant to the said acquisition, Engines LPG, LLC dba Wildcat Power Gen has become a step-down subsidiary of the Company and subsidiary of KAC with effect from 29th November 2023.

ii. Optiqua Pipes and Electricals Private Limited (OPEPL/Transferor Company) and La-Gajjar Machineries Private Limited (LGM/ Transferee Company) have approved the Scheme of Amalgamation in their respective meetings of Board, Shareholders and Creditors. This Scheme has been further approved by the Regional Director, Ahmedabad (North Western Region) on 22nd March 2024. OPEPL and LGM had filed the order copy issued by Regional Director, Ahmedabad (North Western Region) with Ministry of Corporate Affairs / Registrar of Companies, Ahmedabad, Gujarat on 26th March 2024 which was the effective date of said Scheme. Pursuant to the said approval, OPEPL amalgamated with LGM and consequently OPEPL ceased to be step down subsidiary of the Company.

iii. The Board of Directors in its meeting held on 6th March 2024 considered and has approved the incorporation of a wholly owned subsidiary in UAE with a name Kirloskar International ME FZE, or such other name as may be approved by the Statutory Authority(ies) therein and subject to such other approvals as may be required. The Company is in process of incorporation of the new subsidiary in UAE.

6. SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

On consolidated basis for the year ended 31st March 2024, your Company posted Revenue from Operations of ₹ 5,898.32 Crore (Previous year ₹5,023.80 Crore), Profit before tax and exceptional item was ₹ 610.53 Crore (Previous year ₹ 448.93 Crore) and Profit After Tax was ₹ 439.70 Crore (Previous year ₹ 331.65 Crore).

The consolidated financial statements of the Company and its subsidiaries, prepared in accordance with Ind AS 110, issued by Ministry of Corporate Affairs, forms part of this Annual Report. A statement containing the salient features of the financial statements of the subsidiary company forms part of the Financial Statements of the Company in Form AOC-1. Refer Note 42 to the standalone financial statements.

Pursuant to the provisions of Section 136 of the Companies Act, 2013 & Rules thereof including amendments thereunder, the financial statements along with relevant documents of the Company and its subsidiary are available on the Company's website.

The annual accounts of the subsidiary and related detailed information will be available for inspection in electronic form based on the members' request raised by them on the dedicated email id of the Company at investors@kirloskar.com.

a) The details of financial performance of subsidiaries including step down subsidiaries and associate company of subsidiary as on 31st March 2024 are as under:

Sr. No.	Name of the Company	Category	Turnover / Revenue (₹ in Crore)		Profit after Tax (₹ in Crore)	
			FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
1	Kirloskar Americas Corporation, USA (earlier known as KOEL Americas Corp - KAC)	Subsidiary Company	25.30	28.62	0.10	1.37
2	La-Gajjar Machineries Private Limited, Ahmedabad (LGM) *	Subsidiary Company	540.03	562.11	24.10	4.65
3	Arka Financial Holdings Private Limited, Mumbai (AFHPL)	Subsidiary Company	0.68	0.39	(0.59)	(0.28)
4	Arka Fincap Limited, Mumbai (AFL)	Step-down Subsidiary Company	563.69	370.66	69.23	61.36
5	Arka Investment Advisory Services Private Limited, Mumbai (AIASPL)**	Step-down Subsidiary Company	0.54	-	(1.86)	(0.13)
6	Engines LPG, LLC dba Wildcat Power Gen w.e.f. 29th November 2023 ***	Step-down Subsidiary Company	2.99	NA	(5.60)	NA
7	ESVA Pumps India Private Limited, Coimbatore (ESVA)	Associate/Joint Venture Company of OPEPL upto 25th March 2024 and of LGM w.e.f. 26th March 2024	86.22	101.04	2.62	3.03

*OPEPL got amalgamated into LGM as per the scheme of amalgamation and post merger the transferee company (i.e.LGM) has restated the comparative figures of its financial statements as required under Appendix C of Ind AS 103 and as stated in the accounting policy.

**AIASPL was incorporated on 30th March 2022, as wholly owned subsidiary of AFHPL and there were no commercial operations carried out as on 31st March 2023.

***Numbers reported pertain only to post acquisition period i.e. w.e.f. 29th November 2023 upto 31st March 2024

b) Operational Highlights of subsidiaries including step down subsidiaries during Financial Year 23-24 are as under:

i. Kirloskar Americas Corporation, USA (previously known as KOEL Americas Corp. – "KAC")

During the year under review, KAC's revenue contributed from Firefighting Engines, Industrial and Power Generation. With reference to Environment Protection Agency (EPA) certification of engines, there were no new families that achieved certification during the year under review. Three (3) new families of the R550 series are in process of Tier 4 Final certification from US EPA and California Air Resources Board (CARB) and this is expected to be completed in Financial Year 2024-25. KAC expects business to grow in the Power Generation & Firefighting segments.

During the year under review, KAC had acquired 51% stake of Engines LPG, LLC dba Wildcat Power Gen, an Ohio Limited Liability Company based at PO Box 12234, Wichita, KS 67277 United State of Americas.

ii. Engines LPG, LLC dba Wildcat Power Gen, USA

Engines LPG LLC is engaged in the business of designing, manufacturing, selling and servicing of generators powered by gas, diesel, other environmental fuel/power solution under the brand name of Wildcat Power Gen for all types of applications. With the investment of Kirloskar Americas Corporation in November 2023, the business began to turn as the overall focus changed from customization to volume production with product standardization. The end of the year saw an overall increase in output with increased product availability, standardized build instructions, and new production layout for increased efficiencies.

iii. La-Gajjar Machineries Private Limited ("LGM")

During Financial Year 2022-23, the Board of Directors of LGM considered the proposal to purchase new land situated in Sanand GIDC, Ahmedabad, Gujarat, for its long-term strategy of consolidation of all the manufacturing facilities of LGM. Accordingly, LGM has purchased the land and the project of consolidation of all the manufacturing facilities of LGM is in process. This project is funded through a combination of long term bank borrowings, unsecured loan from parent company and internal accruals.

LGM continued to expand its network both in domestic and international markets and geographies. In this Financial Year, LGM has expanded its network in countries like Mexico, Israel, Lebanon, Uzbekistan and Uganda and achieved total export sales of ₹ 175.2 Crore. LGM continued to expand its footprint in the new potential regions like South Africa, South East Asia, Latin America. LGM continued to focus on quality standards.

iv. **Arka Financial Holdings Private Limited ("AFHPL")**

AFHPL was founded with the aim of bolstering strategic flexibility to establish a dynamic and robust platform for its financial services endeavors. Presently, AFHPL oversees two subsidiaries viz. Arka Fincap Limited and Arka Investment Advisory Services Private Limited. During the year under review AFHPL allotted 3,60,48,524 equity shares of face value of ₹ 10/- each to Kirloskar Oil Engines Limited.

v. **Arka Fincap Limited ("AFL") - Step Down Subsidiary**

- AFL is a Non-Deposit Taking Systemically Important Non-Banking Financial Company (NBFC). It operates as a subsidiary of Arka Financial Holdings Private Limited (AFHPL), which, in turn, is a subsidiary of Kirloskar Oil Engines Limited (KOEL). AFL is professionally managed and specializes in providing structured term financing solutions to Corporate, Real Estate, and Micro, Small, and Medium Enterprise (MSME) borrowers. AFL's growth strategy hinges on robust digital credit assessment and efficient digital onboarding processes, ensuring faster Turnaround Time (TAT) and expedited disbursements. Aligned with its mission of providing technology-enabled, innovative, and customized financial solutions for an enhanced customer experience, AFL considers technology as the key driver for business expansion.

- With a customer-centric approach, a seasoned management team, and diligent monitoring of loan assets, AFL has witnessed growth since the inception of operations in fiscal 2020. It operates in four main business segments: MSME/SME/Retail, Corporate lending, Real estate and urban infrastructure financing, Syndication.

- MSME/SME/Retail business witnessed robust growth in Financial Year 2024 with Retail AUM now accounting for ~50% of the overall Arka book. AUM grew to ₹ 2,613 Crore in Financial Year 2024 from ₹ 1,134 Crore in Financial Year 2023. This is in line with the long-term strategy of focusing on the retail business. Significant growth was registered in all the sub-products including Loan against Property, Business Loans and Digital Partnerships. With 31 active branches, Arka is rapidly expanding its geographical presence with an aim to build a granular & diversified loan book without compromising asset quality. It has also been granted Corporate Agency license (Composite) by IRDAI essential for insurance distribution.

- Corporate Lending division excels in tailoring bespoke loans to precisely fit the unique needs of medium and large corporations. It specializes in delivering customized financial solutions that address the diverse funding needs of companies across a broad spectrum of industries. From pharmaceuticals to renewable energy, power to telecom, entertainment to industrials, auto components, and beyond, it is committed to providing the perfect financing solutions to its clients.

- The Real Estate and Urban Infra Lending division is dedicated to facilitating the growth of India's infrastructure and real estate sectors by providing either partial or complete capital infusion. With a keen focus on catering to the requirements of its esteemed clients, the division ensures a smooth and seamless process from initiation to completion.

- Within AFL, the Syndication business offers comprehensive solutions to corporate clients encompassing project finance, capital expenditure, general corporate needs, last mile financing, and subordinated structured debt. Through advisory, syndicating, sell-down, and co-lending strategies spanning various sectors, it ensures tailored financial assistance for every requirement. Syndication efforts play a pivotal role in nurturing and strengthening investor and client relationships, fostering trust and reliability.

vi. **Arka Investment Advisory Services Private Limited ("AIASPL") - Step Down Subsidiary**

AIASPL was incorporated with an objective including managing or assisting in raising funds for alternative investment funds, venture capital funds, private equity funds, debt funds, structured finance funds, offshore funds, pension funds, property related funds or any other funds, undertaking the business of providing investment advisory services, act as an asset manager, advisor, sponsor, designated partner in respect of various investment or pooled investment vehicles and/ or entities for managing and / or advising with respect to the assets / and / or investments of or by Alternative Investment Funds.

Currently, AIASPL is an Investment Manager to Arka Credit Fund, a fund registered as a Category II Alternative Investment Fund with SEBI and its scheme i.e., Arka Credit Fund I.

7. KIRLOSKAR OIL ENGINES LIMITED – EMPLOYEE STOCK OPTION PLAN 2019 (KOEL ESOP 2019) –

The members of the Company at the Annual General Meeting of Kirloskar Oil Engines Limited held on 9th August 2019, passed a resolution for introducing Employees Stock Option Plan 2019 - (KOEL ESOP 2019), for the benefit of employees of the Company. The resolution also accorded approval to the Board of Directors, to formulate the plan as per broad parameters outlined in the resolution, either directly or through a Nomination and Remuneration Committee.

The Members of the Company at the Annual General Meeting of Kirloskar Oil Engines Limited held on 12th August 2021, passed a resolution amending the Kirloskar Oil Engines Limited – Employee Stock Option Plan 2019 in terms of coverage of the KOEL ESOP 2019 to the eligible employees of its subsidiary company, in or out of India except such subsidiary company(ies) which are formed and engaged in financial service business including without limitation to the Arka Fincap Limited and also authorized the Board of Directors or the Nomination and Remuneration Committee of the Company to grant the Options to such employees of the Subsidiary Company(ies) from time to time.

The Securities and Exchange Board of India ("SEBI") notified the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB Regulations") by repealing and merging the SEBI (Share Based Employee Benefits) Regulations, 2014 and the SEBI (Issue of Sweat Equity) Regulations, 2002 (collectively referred to as "Erstwhile Regulations") with appropriate modifications which came into force from 13th August 2021. The Nomination and Remuneration Committee in its meeting held on 27th October 2021 further amended the KOEL ESOP 2019 to align and comply the requirements of the SEBI SBEB Regulations along with to bring flexibility provided under the SEBI SBEB Regulations.

The Company had obtained in-principle approval from BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) for listing of 14,00,000 equity shares under KOEL ESOP 2019, pursuant to Regulation 12 of the Chapter II of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

The Nomination and Remuneration Committee at its meetings held on 5th March 2021 approved the grant of 9,40,000 stock options exercisable into 9,40,000 Equity Shares of ₹ 2/- each, on 18th May 2022 approved the grant of 2,75,000 stock options exercisable into 2,75,000 Equity Shares of ₹ 2/- each and on 10th August 2023 approved the grant of 1,35,000 stock options exercisable into 1,35,000 Equity Shares of ₹ 2/- each of the Company to its specified employees of the Company. Further the Nomination and Remuneration Committee at its meeting held on 27th October 2021, approved the grant of 50,000 stock options exercisable into 50,000 Equity Shares of ₹ 2/- each of the Company to the specified employees of La-Gajjar Machineries Private Limited, a wholly owned subsidiary company.

KOEL ESOP 2019 is in compliance with the applicable provisions of the Companies Act, 2013 and the Rules issued thereunder, the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB Regulations") and other applicable regulations, if any.

The disclosures as required under Companies (Share Capital and Debentures) Rules, 2014, including amendments thereunder as on 31st March 2024 is as under:

Options granted during the Financial Year 2023-24	1,35,000
Options vested during the Financial Year 2023-24	2,20,270*
Options exercised during the Financial Year 2023-24	2,47,491**
The total number of shares arising as a result of exercise of option during the year 2023-24	2,12,169***
Options lapsed during the year 2023-24	91,395
Exercise Price	103.14/- 128.88/- 87.93/- 267.36/-
Variation of terms of options during the year 2023-24	No variation
Employee wise details of options granted during Financial Year 2023-24	
1. Key Managerial Personnel:	
a) Mr. Rahul Sahai, Chief Executive Officer - B2B	60,000
b) Mr. Aseem Srivastav, Chief Executive Officer - B2C	60,000
2. Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during the year 2023-24:	
a) Mr. M. Kadhirvel	15,000
3. Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant during the year 2023-24.	Nil

* 8,375 options were vested to the specified employees of La-Gajjar Machineries Private Limited, a wholly owned subsidiary company and 2,11,895 options were vested to the specified employees of the Company as per vesting schedule.

**It includes 40,159 options exercised during the Financial Year 2023-24 and allotted during the Financial Year 2024-25. The exercise money for 40,159 equity shares is accounted as Share application money.

***It includes 4837 options exercised during the Financial Year 2022-23 and alloted during the Financial Year 2023-24.

There have been no material changes to the KOEL ESOP 2019 during the Financial Year.

The certificate from Mr. Mahesh J. Risbud, Practicing Company Secretary [PCS No. 185] Secretarial Auditors of the Company, confirming that the scheme has been implemented in accordance with the aforesaid regulations and in accordance with the resolution passed by the Members of the Company at its Annual General Meetings held on 9th August 2019 and 12th August 2021, will be placed before the Members at the ensuing Annual General Meeting. A copy of the same will be available for inspection at the Company's website viz. www.kirloskaroilengines.com.

The disclosures on the scheme, details of options granted, changes to the scheme, if any, etc. are placed on the website of the Company as required under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB Regulations") and can be accessed on the Company's website viz. www.kirloskaroilengines.com.

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

8. CAPITAL STRUCTURE

The Company allotted 2,12,169 equity shares of ₹ 2/- each to the eligible employees of the Company and eligible employees of La-Gajjar Machineries Private Limited during the Financial Year 2023-24 pursuant to KOEL ESOP 2019. Consequent to the aforesaid allotment, Issued Capital and Subscribed Capital of the Company was increased from 14,47,44,102 equity shares of ₹ 2/- each to 14,49,56,271 equity shares of ₹ 2/- each and Paid-up Capital was increased from 14,47,43,637 equity shares of ₹ 2/- each to 14,49,55,806 equity shares of ₹ 2/- each.

The Company allotted 41,689 equity shares of ₹ 2/- each on 19th April 2024, upon exercise of options vested to the eligible employees of the Company pursuant to KOEL ESOP 2019.

9. CHANGE IN THE NATURE OF BUSINESS

There was no change in nature of the business of the Company during the Financial Year 2023-24.

10. DIRECTORS

a) Changes in Composition of the Board of Directors

During the year under review,

i. In compliance with Section 149, 152, 197 and other applicable provisions, if any of Companies Act, 2013 (the "Act"), including rules thereof and Regulation 17(1C) and other applicable provisions, if any of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI LODR") (including any statutory modification(s) or re-enactment thereof for the time being in force), based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company re-appointed Mr. Atul Kirloskar (DIN 00007387) as the Chairman and Non-Executive Director of the Company with effect from 1st April 2024 for a term of 2 (two) year, whose term of office as Chairman and Non-Executive Director of the Company ended on 31st March 2024. The members of the Company approved the said re-appointment by way of Postal Ballot on 24th April 2024.

ii. The Members of the Company in the Annual General Meeting held on 11th August 2023, had approved the appointment of Mr. Arvind Goel (DIN 02300813) as "Non-Executive Independent Director" for a first term of 5 (five) consecutive years with effect from 19th May 2023.

iii. In compliance with Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and Regulation 16(1)(b), 17 (1C), 25(2A) and 25(8) including such other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory amendment, modification(s) or re-enactment thereof for the time being in force) based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company re-appointed Mr. Kandathil Mathew Abraham (DIN 05178826) as "Non-Executive Independent Director" with effect from 10th August 2024. The Company has received requisite notice in writing from a member proposing his candidature for office of Director. The resolution seeking approval of the Members by special resolution for the re-appointment of Mr. Kandathil Mathew Abraham for a second term of 5 consecutive years, has been incorporated in the notice of the forthcoming Annual General Meeting of the Company.

iv. In compliance with Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and Regulation 16(1)(b), 17 (1C), 25(2A) and 25(8) including such other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory amendment, modification(s) or re-enactment thereof for the time being in force) based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company re-appointed Dr. Shalini Sarin (DIN 06604529) as "Non-Executive Independent Director" with effect from 25th October 2024. The Company has received requisite notice in writing from a member proposing her candidature for office of Director.

The resolution seeking approval of the Members by special resolution for the re-appointment of Dr. Shalini Sarin for a second term of 5 consecutive years, has been incorporated in the notice of the forthcoming Annual General Meeting of the Company.

v. The first term of appointment of Mr. Sunil Shah Singh (DIN 00233918), as Independent Director of the Company, was valid till 11th September 2023. Consequent to this, he ceased to be a Director of the Company with effect from 12th September 2023.

vi. Mr. Mahesh R. Chhabria (DIN 00166049) retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The brief resumes and other details relating to the Directors who are proposed to be re-appointed, as required to be disclosed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder, forms part of the Notice of Annual General Meeting.

None of the Directors of the Company have resigned during the year under review.

b) Changes in Key Managerial Personnel

i. Mr. Anurag Bhagania, tendered his resignation vide letter dated 22nd September 2023 as Chief Financial Officer and Key Managerial Personnel of the Company due to personal reasons with effect from close of working hours of 22nd November 2023. Further, the Company has received confirmation from Mr. Anurag Bhagania that there was no other material reason for his resignation other than those mentioned in his resignation letter dated 22nd September 2023. The said confirmation was filed with BSE Limited and National Stock Exchange of India Limited on 22nd September 2023.

ii. Mr. Sachin Kejriwal, the Chief Financial Officer of the Company, is appointed as the Key Managerial Personnel of the Company, with effect from 9th May 2024.

Other than the above, there are no other changes in Key Managerial Personnel of the Company in the Financial Year 2023-24.

c) Declarations from the Independent Directors

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(7) of the Companies Act, 2013 & Rules thereof including amendments thereunder and Regulation 16(1)(b) & 25(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder.

The Company has also received declarations from all the Independent Directors of the Company confirming that they have complied with the Code for Independent Directors as prescribed in Schedule IV to the Companies Act 2013 including amendments thereunder. The said Code is available on the Company's website.

All the Independent Directors of the Company have enrolled themselves in the data bank with the 'Indian Institute of Corporate Affairs', New Delhi, India and eligible Independent Directors have also completed the proficiency test.

There has been no change in the circumstances affecting their status as Independent Directors of the Company.

The Board of Directors of the Company have taken on record the declaration and confirmation submitted by the Independent Directors after undertaking due assessment of the veracity of the same.

d) A statement regarding opinion of the Board with regard to Integrity, Expertise and Experience (including the proficiency) of the Independent Directors appointed during the year

The Board of Directors considered that Mr. Arvind Goel (DIN 02300813) possess the requisite expertise and experience (including the proficiency) and he is the person of high integrity and repute and accordingly recommended his appointment as Independent Director which was approved by the Members in the Annual General Meeting held on 11th August 2023.

Other than the above, there are no other appointment of Independent Directors of the Company in Financial Year 2023-24.

e) Board Evaluation

The Board of Directors carried out a formal review of the performance and effectiveness of the Board, Committees of the Board and of the individual directors including the Chairman of the Board for the Financial Year 2023-24.

The performance of the Board was evaluated on the basis of criteria such as the board composition and structure, effectiveness of Board processes, participation in organization strategy including Long Range Plan and Annual Operating Plan, inorganic growth opportunity evaluation, Enterprise Risk Management etc.

Using appropriate criteria the performance of the various Committees was separately evaluated by the Board.

In a separate meeting of Independent Directors, performance of non-independent directors, performance of the Board as a whole, performance of the Chairman, taking into account the views of executive directors and non-executive directors, was evaluated and inter alia discussed the issues arising out of Committee Meetings and Board discussion including the quality, quantity and timely flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The outcome of the meeting was presented to the Board along with the course of actions taken for implementing the observations.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as achievement against key performance objectives, attendance at meetings, time devoted for the Company, contribution in the Board process etc.

Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance and the evaluation was carried out based on responses received from the Directors.

The Independent Directors shared their inputs on effectiveness of the Board processes with the Chairman of the Board.

The Directors expressed their satisfaction with the evaluation process. The result of evaluation was satisfactory and meets the requirements of the Company.

f) Nomination and Remuneration Policy

The Board of Directors, on the recommendation of the Nomination & Remuneration Committee, has adopted a policy that lays guidelines for selection and appointment of Directors, Key Managerial Personnel and Senior Management personnel together with their remuneration. The Nomination and Remuneration Policy is available on the website of the Company. (Web – link https://www.kirloskaroilengines.com/documents/541738/2bd3cfb1-7d20-f25a-1163-3a003fd96c15)

g) Number of meetings of the Board

During the period under review, Six (6) Board Meetings were held, the details of which form part of the Report on Corporate Governance.

h) Composition of Audit Committee and other Committees of the Board

The Composition including terms of references of Committees of the Board viz. Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Stakeholders Relationship Committee forms part of the Report on Corporate Governance.

The Composition of Corporate Social Responsibility Committee forms part of Annexure A of this report.

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

11. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, the Company has invested in a) Equity shares of Arka Financial Holdings Private Limited, Wholly Owned Subsidiary of the Company and b) Series A-1 Optionally Convertible Redeemable Non-Cumulative Preference Shares of Kirloskar Americas Corporation, USA. The details are given in the Financial Statements. The Company has not granted any Loans and Guarantees covered under Section 186 of the Companies Act, 2013 & Rules thereof including amendments thereunder.

12. AMENDMENT TO THE MAIN OBJECT CLAUSE OF MEMORANDUM OF ASSOCIATION

During the year under review, the Company altered the Main Object Clause of Memorandum of Association, with the approval of members of the Company in the Annual General Meeting held on 11th August 2023, to consider the new business in order to enhance ability to deliver to the long-term strategy of the Company.

13. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered into during the Financial Year 2023-24 were on an arm's length basis and in the ordinary course of business. Hence, there are no transactions to be reported in Form AOC-2. None of the related party transactions entered into by the Company, were materially significant, warranting members' approval under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder. All Related Party Transactions are routinely placed before the Audit Committee for approval after being duly certified by the Independent Chartered Accountant. The Audit Committee had granted the omnibus approval for the proposed transactions other than those approved by the Audit Committee from time to time with Related Party during Financial Year 2023-24, which are reviewed on quarterly basis by the Audit Committee after being duly certified by the Independent Chartered Accountant.

The policy on Related Party Transactions was amended in order to cover the provision of omnibus approval by the Audit Committee and to align with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021. The amended policy on Related Party Transactions is uploaded on the Company's website.

The disclosures as per Ind AS 24 for transactions with related parties are provided in the Financial Statements of the Company. Refer Note No. 40.5.11 of standalone financial statements

14. RISK MANAGEMENT, INTERNAL AUDIT AND INTERNAL CONTROL FRAMEWORK

The Board recognizes the importance of sound internal controls and risk management practices to good corporate governance. The Board is responsible for the governance of risk and ensures that management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders. All material decisions of the Board take into relevant consideration the nature and extent of risks which the Company is willing to take in achieving its strategic objectives and value creation.

The Company's internal control system is commensurate with the nature of the business, size and complexity of operations covering all businesses and functions of the organization. The internal control system maintains a repository of internal controls which is tested and updated through its internal audits to ensure that adequacy and effectiveness of all major internal controls.

In line with the commitment of a high standard of compliance with accounting, financial reporting, internal controls, corporate governance and auditing requirements and any legislation relating thereto, the Company has a Code of Business Conduct applicable to Company personnel covering a wide range of business practices and procedures. This includes, but is not limited to, compliance with laws, rules and regulations, conflicts of interests, insider trading, competition and fair dealing, discrimination and harassment, health and safety, environmental matters, record-keeping, financial controls and disclosures, confidentiality, protection and proper use of company assets, financial reporting and compliance.

The Company's risk management process is designed to facilitate identification, evaluation, mitigation and review of risks which may affect achievement of objectives. It is aligned with the strategy deployment processes of the organization.

A risk based audit plan on a yearly basis is approved by the Audit Committee. The audit plan covers all businesses and functions across all locations. Significant observations and progress of implementation of action plan are reported to and reviewed by the Audit Committee.

The enterprise risks and their mitigation plans are presented by the risk owners to the Risk Management Committee. The Enterprise Risk Management ('ERM') framework is aimed at effectively mitigating the business and enterprise risks through strategic actions. The mitigation plans for enterprise and business risks are reviewed and updated on a periodic basis to the Risk Management, Audit Committee and the Board of Directors of the Company.

The Risk management process which has been established across the Company, addresses major types of risks, including cyber security, which are at enterprise and business level. The risks are reviewed with respect to the likelihood and impact following a balanced bottom-up and top-down approach covering all businesses and functions of the Company. The review of the risks is done based on changes in the external environment, which have a significant bearing on the risks.

The Risk Management Policy developed by the Company guides the risk management processes which is in line with size, scale and nature of the Company's operations. The risk management process works at various levels across the organization. It is an ongoing process and forms an integral part of Management focus.

The Risk Management Committee oversees risk management standards, practices, and systems. The Risk Management Committee periodically reviews the effectiveness of the Enterprise Risk Management system within the Company and evaluates the adequacy and effectiveness of administrative, operating, and accounting controls used by the Company.

The enterprise risks and mitigation plans are reviewed by the Risk Management Committee, Audit Committee and the Board of Directors periodically.

In addition to this, control self-assessment framework complements the internal audits and helps the employees to monitor the internal controls they are responsible for. This system aids in building robust control environment across the organization.

Both, the internal audit and control self-assessments processes are automated to promote efficient tracking of open audit issues without manual intervention.

15. INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has in place adequate internal financial controls with reference to the Financial Statements commensurate with the size, scale and complexity of its operations.

16. COMPLIANCE MANAGEMENT

The Company has in place a comprehensive and robust legal compliance management online tool, which is devised to ensure compliance with all applicable laws. Automated alerts are sent to compliance owners to ensure compliances within stipulated timelines. The compliance owners certify the compliance status which is reviewed by compliance approvers and a consolidated dashboard is presented to the respective functional heads and Compliance Officer. A certificate of compliance of all applicable laws and regulations is placed before the Board of Directors on a quarterly basis.

17. CORPORATE SOCIAL RESPONSIBILITY

The Company has always believed in working for the betterment and uplift of society. Corporate Social Responsibility (CSR) has been practiced and ingrained over the years in the Company. The focus areas under CSR have remained consistent over the years and include education, health and hygiene, environment, Disaster Management and Rural development etc.

The Company has adopted the Corporate Social Responsibility (CSR) policy which is further amended in lines with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

The Composition of CSR Committee of the Board and Report on CSR activities is annexed herewith in Annexure A.

18. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has adopted a Vigil Mechanism / Whistle Blower Policy. The Policy provides a mechanism for all directors, employees of the Company and persons dealing with the Company to report to the Chairman of the Audit Committee or Ethics Committee or Ethics Ombudsman any instance of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or leakage of Unpublished Price Sensitive Information (UPSI), by any person, who is in possession of UPSI, to any other person in any manner whatsoever, except as otherwise permitted under the SEBI (Prohibition of Insider Trading) Regulations or any other instance. The e-learning and awareness on whistleblower policy is made available to the employees of the Company.

The Company adopted online Ethics Helpline to report any suspected violations of code of conduct or any other ethical concerns or raise concern under Whistle Blower / Vigil Mechanism, through email / hotline / webmode. The Company had a tie-up with an independent third party specialist service provider "Integrity Matters" to handle concerns reported. Accordingly, the Vigil Mechanism / Whistle Blower Policy was amended which is uploaded on the Company's website (weblink: https://www.kirloskaroilengines.com/documents/541738/4807df9b-9b90-fde0-0d89-61d9fd9de35e)

No person has been denied access to the Audit Committee in this regard. There were no complaints filed / pending with the Company during the year.

19. EXTRACT OF ANNUAL RETURN

As required under Section 92(3) read with section 134(3)(a) of the Companies Act 2013 read with rule 12 of the Companies (Management and Administration) Rules, 2014 including amendments thereunder, the Annual Return filed with the Ministry of Corporate Affairs (MCA) for the Financial Year 2022-23 is available on the web-link (https://www.kirloskaroilengines.com/documents/541738/50a11099-1263-3802-f6a1-8899e1c5631d) and the Annual Return for Financial Year 2023-24 will be made available on the website of the Company once it is filed with the MCA.

20. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE AND OUTGO

Information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under section 134(3)(m) of the Companies Act, 2013,& Rules thereof including amendments thereunder , are provided in Annexure B to this report.

21. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) JOURNEY

The Board continues to have a sharp focus on Environmental, Social and Governance (ESG) agenda to ensure long-term value creation for all stakeholders through sustainable business practices.

The ESG Committee of the Company provides strategic guidance on ESG strategy. The review and progress made on ESG are reported to the Risk Management Committee, Audit Committee and Board of Directors periodically. For more details refer ESG section on page no. 37.

22. KEY INITIATIVES WITH RESPECT TO STAKEHOLDER RELATIONSHIP, CUSTOMER RELATIONSHIP, ENVIRONMENT, SUSTAINABILITY, HEALTH, SAFETY AND WELFARE OF EMPLOYEES

The key initiatives taken by the Company with respect to stakeholder relationship, customer relationship, environment, sustainability, health and safety are provided separately under various Capitals and Business Responsibility and Sustainability Report, as a part of this Report.

23. PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including amendments thereunder, are annexed in Annexure C of this report.

The particulars of employees pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including amendments thereunder, forms part of this report. In terms of Section 136 (1) of the Companies Act, 2013 & Rules thereof including amendments thereunder, the Directors' report is being sent to the shareholders without this Annexure. A copy of this annexure will be made available in electronic form to the members on request raised by them on the dedicated email id of the Company at investors@kirloskar.com.

24. POLICY ON PREVENTION OF SEXUAL HARRASSMENT (POSH)

The Company has in place a Policy for prevention of sexual harassment at workplace. This inter alia provides a mechanism for the resolution, settlement or prosecution of acts or instances of Sexual Harassment at work and ensures that all employees are treated with respect and dignity. The Company has complied with the provisions relating to the constitution of internal complaints committee under the Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act, 2013.

Awareness programs are conducted on the POSH during the Financial Year 2023-24. Also, all new joinees at the Company undergo separate induction on POSH policy. Online modules and courses on POSH were carried out which included details of regulatory requirements, Incidents that constitutes sexual harassment, dealing with sexual harassment etc.

There were no complaints filed / pending with the Company during the year.

25. GENERAL

During Financial Year 2023-24:

a. There were no public deposits accepted by the Company pursuant to provisions of the Companies Act, 2013 & Rules thereof including amendments thereunder.

b. There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of Act & Rules thereof including amendments thereunder.

c. The Company has maintained cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 & Rules thereof including amendments thereunder.

d. The Company has complied with all applicable mandatory Secretarial Standards issued by the Institute of Company Secretaries of India, New Delhi.

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

f. There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the Financial Statements relate and the date of this Report.

g. Neither any application has been made nor has any proceeding been pending against the Company under the Insolvency and Bankruptcy Code, 2016.

h. Ms. Gauri Kirloskar (DIN: 03366274), Whole - Time Director designated as Managing Director of the Company, had received the commission of ₹ 5,00,000/- during Financial Year 2023-24 from Arka Fincap Limited, Step down Subsidiary Company.

i. Details of unclaimed dividends and equity shares transferred to the Investor Education and Protection Fund authority have been provided as part of the Notice of the Annual General Meeting.

26. AUDITORS

a) Statutory Auditors

The members of the Company in their meeting held on 12th August 2021, appointed G.D. Apte, Chartered Accountants, Pune, (Firm Registration Number 100515W) as Statutory Auditors of the Company for a first term of 5 (five) consecutive years to hold office from Annual General Meeting held on 12th August 2021 till the conclusion of the Annual General Meeting to be held in the year 2026.

The Company has received from them the requisite certificate pursuant to Section 139 of the Companies Act, 2013 & Rules thereof including amendments thereunder.

The Report given by the Auditors on the Standalone and Consolidated financial statements of the Company for the Financial Year 2023-24 is part of this report. There are no qualifications, reservations, adverse remarks or disclaimer given by the Auditors in their report.

b) Cost Auditors

M/s. Parkhi Limaye & Co, Cost Accountants (Firm Registration No. 191) carried out the cost audit during the year. The Board of Directors has appointed M/s. Parkhi Limaye & Co. as Cost Auditors of the Company for the Financial Year 2023-24 as required under section 148 of the Companies Act, 2013 & Rules thereof including amendments thereunder.

c) Secretarial Audit Report

The Board of Directors has appointed Mr. Mahesh J. Risbud, Practicing Company Secretary [PCS No. 185] to conduct Secretarial Audit of the Company under section 204 of the Companies Act, 2013 & Rules thereof including amendments thereunder.

The Secretarial Audit Report is annexed herewith in Annexure D-1.

In the Secretarial Audit Report for the Financial Year 2023-24 the following is stated:

The Company is not in compliance with the provisions of Regulation 26A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder in respect of filling up of vacancy of Chief Financial Officer.

There are no adverse remarks / qualifications of Secretarial Auditors in the Secretarial Audit Report for the year ended 31st March 2024.

Mr. Mahesh J. Risbud, Practising Company Secretary, Pune, has submitted Secretarial Compliance Report as laid down in SEBI Circular SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated 11th July 2023 and SEBI Circular CIR/CFD/CMD1/27/2019 dated 8th February 2019 read with circular no. NSE/CML/ 2023/21 dated 16th March 2023 and circular no. NSE/CML/ 2023/30 dated 10th April 2023 issued by National Stock Exchange of India Limited and notice no. 20230316-14 dated 16th March 2023 and notice no. 20230410-41 dated 10th April 2023 issued by BSE Limited ("Circulars"), and has also confirmed that the Company has complied with of all applicable SEBI Regulations and circulars / guidelines issued thereunder, for the Financial Year 2023-24.

d) Secretarial Audit of Material Unlisted Subsidiaries

La-Gajjar Machineries Private Limited (LGM), and Arka Financial Holdings Private Limited (AFHPL) are material unlisted subsidiaries of the Company. The Secretarial Audit of LGM and AFHPL for the Financial Year 2023-24 were carried out pursuant to Section 204 of the Companies Act, 2013 & Rules thereof including amendments thereunder read with Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder. The Secretarial Audit Report of LGM has been submitted by Mr. Mahesh J. Risbud, Practicing Company Secretary, Pune, (FCS No.: 810 C. P. No.: 185) for the Financial Year

2023-24. The Secretarial Audit Report of AFHPL has been submitted by Mayekar and Associates, Practicing Company Secretaries, Mumbai, FCS - 2071, COP - 2427, for the Financial Year 2023-24.

The Secretarial Audit Reports are annexed herewith in Annexure D-2.

There are no adverse remarks / qualifications in the Secretarial Audit Reports of LGM and AFHPL for the Financial Year 2023-24.

27. MANAGEMENT DISCUSSION & ANALYSIS AND REPORT ON CORPORATE GOVERNANCE

The Management Discussion and Analysis and the Report on Corporate Governance as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder, forms part of this Annual report.

A Certificate from the Statutory Auditors of the Company regarding compliance with conditions of corporate governance as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder, also forms part of this Annual Report.

28. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (BRSR)

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, including amendment thereunder, the Business Responsibility and Sustainability Report (BRSR) for Financial Year 2023-24 is forming part of this Annual Report.

29. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Companies Act, 2013, including rules made thereof and amendments thereunder, the Directors, based on the representations received from the Operating Management, confirm that:

a) In the preparation of the Annual Accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;

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 as at 31st March 2024 and of the profit of the Company for the year ended on that date;

c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding assets of the Company and for preventing and detecting fraud and other irregularities;

d) They have prepared the annual accounts on a going concern basis;

e) They have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively; and

f) They have devised proper systems to ensure compliance with provisions of all applicable laws and such systems are adequate and operating effectively.

The aforesaid statement has also been reviewed and confirmed by the Audit Committee of the Board of Directors of the Company.

30. CAUTIONARY STATEMENT

Statements in this report, particularly those which relate to Management Discussion & Analysis, describing the Company`s objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

31. ACKNOWLEDGEMENTS

On behalf of the Directors, I would like to extend our sincere gratitude to our shareholders, investor community, bankers and suppliers for their continuous support and commitment.

I would like to express my appreciation to the Board of Directors for their invaluable guidance, wisdom, and support in guiding the Company through this rather difficult year. I look forward to working with them to drive KOEL to greater heights in coming years.

For and on behalf of the Board of Directors

Sd/-
GAURI KIRLOSKAR
MANAGING DIRECTOR
DIN: 03366274

Date: 8th May 2024
Place: Pune

Annexure 'A' to the Directors' Report

Annual Report on Corporate Social Responsibility (CSR) activities for Financial Year 2023-24

[Pursuant to clause (o) of sub-section (3) of section 134 of the Companies Act 2013 including amendments thereof and Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014 read with Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022]

1. Brief outline on CSR Policy of the Company:

The Company has adopted the Corporate Social Responsibility (CSR) policy which is further amended in lines with the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021. Eligible funds for CSR activities will be expended in the areas of education, health and hygiene, environment, Disaster Management and Rural development etc. through one or more trusts or directly. These CSR activities will be carried out through various programs or projects specified in the CSR policy.

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. Rahul C. Kirloskar, Non-Executive Director	Chairman	1	1
2	Ms. Gauri Kirloskar, Managing Director	Member	1	1
3	Dr. Shalini Sarin, Independent Director	Member	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company:

- For Composition of CSR Committee - (web link - https://www.kirloskaroilengines.com/documents/541738/e24eee5b-9854-3d60-fec9-e7d2849d9132)
- For CSR Policy - (web link - https://www.kirloskaroilengines.com/documents/541738/781c6697-a239-c2d6-afdb-36fc8306ddfb)
- CSR projects approved by the board – (web link – https://www.kirloskaroilengines.com/documents/541738/5ac31552-044c-6409-8455-a05387181674)

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: NA

5. (a) **Average net profit of the Company as per section 135(5) :** ₹ 278.50 Crore
   (b) **Two percent of average net profit of the Company as per section 135(5) :** ₹ 5.58 Crore
   (c) **Surplus arising out of the CSR projects or programmes or activities of the previous financial years :** NIL
   (d) **Amount required to be set off for the financial year if any:** NIL
   (e) **Total CSR obligation for the financial year [(b)+(c)- (d)].:** ₹ 5.58 Crore
6. (a) **Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):** ₹ 5.58 Crore
   (b) **Amount spent in Administrative Overheads. -** NIL
   (c) **Amount spent on Impact Assessment, if applicable. -**NA
   (d) **Total amount spent for the Financial Year [(a)+(b)+(c)].** - ₹ 5.58 Crore
   (e) **CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
5,58,50,141	NA	NA	NA	NA	NA

(f) Excess amount for set off, if any:

Sl. No. (1)	Particular (2)	Amount (in ₹) (3)
(i)	Two percent of average net profit of the company as per section 135(5)	5,58,00,000
(ii)	Total amount spent for the Financial Year	5,58,50,141
(iii)	Excess amount spent for the financial year [(ii)-(i)]	50,141
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0.00
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	50,141

7. (a) Details of Unspent Corporate Social Responsibility amount for the preceding three Financial years: Nil

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)
Sl. No	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Balance Amount in Unspent CSR Account under section 135(6) (in ₹)	Amount spent in the Financial Year (in ₹).	Amount transferred to a fund as specified under Schedule VII as per section 135(5), if any		Amount remaining to be spent in succeeding financial years. (in ₹)	Deficiency, if any
					Amount (in ₹).	Date of transfer		
	TOTAL							

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: **No**

If Yes, enter the number of Capital assets created/ acquired: **NA**

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset (s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub- section (5) of section 135. – **NA**

Sd/-
Rahul C. Kirloskar
(Chairman CSR Committee)

Sd/-
Gauri Kirloskar
(Managing Director)

Annexure 'B' to the Directors' Report

A. Conservation of Energy

Environmental sustainability is a buzz word today to stand tall in the global competition. To align with the global targets to meet sustainability goals, KOEL started with the ESG framework all across the locations. Our ESG targets are well aligned with the global targets. Organization reviewed a materiality matrix for the Kirloskar group and provided a detailed strategic plan to address individual material topic for the group. One of the environmental sustainability topic is Energy usage and substitution with Renewable. Organization as a whole, developed a plan to substitute conventional energy with renewable energy and accordingly, Kagal facility is equipped with 8.2MWp Captive Solar plant. Nashik plant has installed 250kWp solar plant and for Khadki almost 50% energy is substituted with renewable energy through third party open access mechanism. Organization also carried out Biodiversity surveys, Carbon sequestration study to plan and implement various initiatives and plantation to sequestrate maximum carbon deposition and to increase Biodiversity, Flora and Fauna. Organization has also implemented various drives like Solar parabola for steam cooking, Biogas plant with Biogas generator, Micro wind turbines, Solar pumping and solar charging stations to fulfill environmental goals.

The factory located at Kagal, Kolhapur, strongly supported the Government mission on Renewable energy by installing 8.18 MWp Solar Power Plant in the premises. The factory awarded with a certification for "Carbon neutral factory" aligning to PAS 2060:2014 "Specification for the demonstration of carbon neutrality" for consecutive two years, consecutive four years winner of "Golden Peacock award for energy efficiency by Indian institute of Directors, Awarded with "Excellent Energy efficient unit" at National level by CII.

I. The steps taken for energy conservation and its impact

Main Kagal Plant

- Installation of 40kWp Solar power plant
- Installation of Electricals heaters at water dry off oven to save on PNG cost
- Substitution of LPG with PNG at PT line in Genset plant
- Up gradation of Energy monitoring system
- Installation of Digital water monitoring system
- Procurement of electrical forklifts and reach trucks
- Installation of Reactive compensation panel to avoid electrical losses
- Celebration of Energy Conservation Week 2023

Khadki, Pune Plant

- Occupancy sensors and timers for Canteen
- Celebrated Energy conservation week 2023
- Reformed ENCON team

KMW Kagal Plant

- Installation of transparent Roof sheets
- Removal of chemical dosing motor through innovative technology

Nashik Plant

- Replacement of conventional lights by LED
- Use of energy efficient motors
- Use of Inverter AC instead of normal
- Motion sensors at walkway and Toilets

Bhare Plant

- Replacement of conventional lights by LED
- Arresting compressed air leakages
- Installation of transparent Roof sheets

Rajkot plant

- Shut down the heavy duty blowers in the testing areas
- Battery operated torque Guns for assembly lines-replacement of pneumatic Guns.
- Motion sensors in plant areas
- Replace diesel forklift to electric
- Washing machine water heaters to be replaced by hot water from solar panels
- Celebration of Encon week-2023
- Engines testing cycle time optimization for reducing the consumption of diesel

II. Steps taken by the company for utilizing alternate sources of energy

During the year under review, 43% of total electricity energy consumption (9024084 kWh) at Kagal plant, with an approximate savings of ₹ 6.86 Crore was through units generated from Solar Captive Power Plant installed. Also, 403645 kWh electrical units were purchased through third party open access renewable energy purchase mechanism.

For Khadki plant, 54% of total electricity energy consumption (3973126 kWh) was through Energy Purchased from third party and small captive solar plant.

For Nashik plant, Grid connected 250 kW solar roof top installed, which will cater almost 78% of the electrical consumption requirement of the plant in Financial Year 2024-25.

III. The capital investment on energy conservation equipment

The Company made a capital investment of ₹ 97.76 Lakhs on energy conservation equipment.

B. Technology absorption

i. Efforts made towards technology absorption

The Company continues to work closely with legislative bodies such as Petroleum Conservation Research Association (PCRA), Central Pollution Control Board (CPCB), Bureau of Indian Standard (BIS), research institutes such as Automotive Research Association of India (ARAI), Vehicle Research and Development Establishment (VRDE), Indian Institute of Technology (IIT), industry associations such as Indian Diesel Engine Manufacturers' Association (IDEMA) and Confederation of Indian Industry (CII). It also continues to work with OEMs and end customers and supplier partners to identify opportunities for design, development and improvements of products.

ii. Benefits derived and results of above efforts, product improvements, cost reduction, product development, import substitution etc.

- Product development for 'Make In India' initiative
- FM/UL certified product range launched in global market
- EPA certification for Tier 4F emission norms
- Enhancing features of products for domestic PG market
- New application development in High Horse Power (HHP) power segment like power car, fire pump
- Import substitutes developed for Fuel Injection Pump, Injector, Turbochargers, dampers etc.
- Developing engine technologies for alternate fuels

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

iv. The expenditure incurred on Research and Development

₹ in Crore

Sr. No.	Particulars	2023-24	2022-23
1	Revenue Expenditure	101.76	79.38
2	Capital Expenditure	70.64	5.26
3	Total R & D expenditure	172.40	84.64
4	Total R&D expenditure as % to sales	3.6%	2.1%

C. Foreign exchange earnings and outgoes

Total foreign exchange used and earned

₹ in Crore

Particulars	2023-24	2022-23
Used	187.27	133.57
Earned	460.75	437.33

Annexure 'C' to the Directors' Report

INFORMATION PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 INCLUDING AMENDMENTS THEREUNDER

Sr. No.	Information Required	Input
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial Year	Please refer Annexure 'C-1'
2	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year;	Please refer Annexure 'C-2'
3	The percentage increase in the median remuneration of employees in the Financial Year	10.53%
4	The number of permanent employees on the rolls of company	2,496
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average percentile increase in salaries of managerial personnel: (126.56) percentile Average percentile increase in salaries of non-managerial personnel: 12.58 percentile The salary increases are a function of various factors like individual performance vis-à-vis individual KRAs set and achieved, industry trends, economic situation, future growth prospects etc. besides Company performance. There are no exceptional circumstances for increase in the managerial remuneration.
6	Affirmation that the remuneration is as per the remuneration policy of the company.	The remuneration paid to the Directors is as per the Nomination and Remuneration policy of the company.
7	Particulars of employees posted and working in a country outside India, not being Directors or their relatives, drawing more than sixty lakh rupees per Financial Year or five lakh rupees per month.	There are no such cases.

Annexure to the Directors' Report Annexure "C-1"

Sr. No.	Name of the Director	Ratio of remuneration of each director to the median remuneration of the employees of the Company
1	Mr. Atul Kirloskar	38.01
2	Ms. Gauri Kirloskar	179.15
3	Mr. Rahul Kirloskar	1.22
4	Mr. Arvind Goel (w.e.f. 19th May 2023)*	NA
5	Mr. Mahesh Chhabria	8.31
6	Mr. Vinesh Kumar Jairath	8.89
7	Mr. Satish Jamdar	6.94
8	Mr. Sunil Shah Singh (upto 11th September 2023)*	NA
9	Dr. Shalini Sarin	3.76
10	Mr. K. M. Abraham	8.45
11	Mr. Yogesh Kapur	6.99
12	Mrs. Purvi Sheth	4.79

Note:

1. Median is computed on the basis of permanent employees on the rolls of the Company for the full Financial Year 2023-24.
2. * Directors were appointed/resigned/retired during the year ended 31/03/2024. As such the remuneration of these Directors is not considered.

Annexure to the Directors' Report Annexure "C-2"

Sr. No.	Name of the Director/KMP	Designation	% Increase/(decrease) in the Remuneration
1	Mr. Atul Kirloskar	Director	(71.39%)
2	Ms. Gauri Kirloskar	Director & KMP	84.54%
3	Mr. Rahul Kirloskar	Director	(56.14%)
4	Mr. Arvind Goel (w.e.f. 19th May 2023)*	Director	NA
5	Mr. Mahesh Chhabria	Director	(61.01%)
6	Mr. Vinesh Kumar Jairath	Director	(2.67)
7	Mr. Satish Jamdar	Director	(0.70%)
8	Mr. Sunil Shah Singh (upto 11th September 2023)*	Director	NA
9	Dr. Shalini Sarin	Director	(7.23%)
10	Mr. K. M. Abraham	Director	8.81%
11	Mr. Yogesh Kapur	Director	(18.75%)
12	Mrs. Purvi Sheth	Director	(30.99%)
13	Mr. Anurag Bhagania (upto 22nd November 2023)*	CFO & KMP	NA
14	Mr. Aseem Srivastav	CEO (B2C) & KMP	65.30%
15	Mr. Rahul Sahai	CEO (B2B) & KMP	157.01%
16	Ms. Smita Raichurkar	CS & KMP	13.61%

Note:

* Directors/KMP were appointed / resigned/ retired during the year ended 31/03/2024. As such the remuneration of these Directors/KMP is not considered.

Annexure 'D-1' to the Directors' Report

SECRETARIAL AUDIT REPORT

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

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2024

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

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by KIRLOSKAR OIL ENGINES LIMITED, (CIN L29100PN2009PLC133351) hereinafter called the Company. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2024 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2024 according to the provisions of:

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

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

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

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

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

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

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

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

(d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

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

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

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009/2021; [No incidence during the audit period, hence not applicable]

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

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

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

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

(ii) Listing Agreement under the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations) entered into by the Company with the BSE Ltd. & National Stock Exchange of India Ltd.;

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

I further report that,

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (except for Board/Committee Meetings held with shorter notice whenever required in compliance with SS 1) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

I further report that during the audit period following events have occurred which could have bearing on the affairs of the Company:

The Company is not in compliance with the provisions of Regulation 26A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendments thereunder in respect of filling up of vacancy of CFO (earlier CFO resigned w.e.f. 22.11.2023)

My report should be read along with the annexed Disclaimer letter of even date forming part of this report.

Sd/-

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

Date: 8th May 2024
Place: Pune
PR – 1089/2021
UDIN: F000810F000330469

To,
The Members
Kirloskar Oil Engines Limited
Pune

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

1. Maintenance of record is the responsibility of the management of the Company. My responsibility is to express my opinion on these records based on my audit.

2. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards, is the responsibility of the management. My examination was limited to the verification of procedures on test basis.

3. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the records. The verification was done on test basis/check lists basis to ensure that correct facts are reflected in records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

4. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

5. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Sd/-

Mahesh J. Risbud
FCS No.: 810
C. P. No.: 185
UCN: S1981MH000400

Place: Pune
Date:-8th May 2024

Annexure 'D-2' to the Directors' Report

SECRETARIAL AUDIT REPORT

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

SECRETARIAL AUDIT REPORT
FOR THE PERIOD ENDED ON 31ST MARCH, 2024

To,
The Members,
LA-GAJJAR MACHINERIES PRIVATE LIMITED
NAGARWEL HANUMAN ROAD,
ACIDWALA ESTATE OPP.SUKHRAMPURA
AMRAIWADI, AHMEDABAD
GUJRAT - 380026.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by LA-GAJJAR MACHINERIES PRIVATE LIMITED, (CIN U17110GJ1981PTC004263), a material subsidiary of Kirloskar Oil Engines Limited a listed public limited company (hereinafter called the Company). La-Gajjar Machineries Private Limited is a Wholly Owned Subsidiary of Kirloskar Oil Engines Limited. 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, reports 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 year ended on 31st March, 2024, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2024, according to the provisions of:

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

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

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

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable for the period as no such event occurred during the year)

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

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

   (b) *The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and SEBI (Prohibition of Insider Trading) Regulations, 2015;

   (c) *The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   (d) *The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 r/w Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

   (e) *The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

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

   (g) *The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

   (h) *The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) There are no sectoral laws as 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.

(ii) *The Listing Agreement under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations);

*These Acts, Rules, Regulations, Guidelines, bye-laws are not applicable to the Company since its securities are not listed on any Stock Exchange.

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 changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice (and shorter notice with consent of all directors wherever needed) was given to all directors to schedule the Board and Committee Meetings, agenda and detailed notes on agenda (except for the meetings held at shorter notice) 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 the decisions at the Board/Committee meetings have been taken unanimously.

I further report that as per the information derived by me and provided to me, the Company has in place the software systems and processes which are commensurate with the size and operations of the Company to monitor and ensure strict compliance with applicable laws, rules, regulations and guidelines.

I further report that:

1. In the financial year 2022-23, the Board of Directors considered the proposal to purchase of new land situated at Ahmedabad, Gujarat, for its long-term strategy of consolidation of all the manufacturing facilities of the Company. Accordingly, the Company has purchased the land and the project of consolidation of all the manufacturing facilities of the Company is in process. This project is funded through a combination of long term bank borrowings, unsecured loan from parent company and internal accruals.

2. During the year under review the Board of Directors of the Company in its meeting held on 3rd July 2023, approved the draft Scheme of Amalgamation between the Company (Transferee Company) and Optiqua Pipes and Electricals Private Limited (OPEPL/ Transferor Company), Wholly Owned Subsidiary of the Company, and their respective shareholders and creditors under Section 233 of the Companies Act 2013 read with Rule 25 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, including amendments thereunder. The Scheme of Amalgamation ("the Scheme") was approved by the Members and Creditors of the Company and OPEPL in their respective Extraordinary General Meetings held on 21st September 2023 and thereafter by the relevant Statutory and Regulatory authorities. On 22nd March 2024, the Company and OPEPL received the copy of order from Regional Director, Ahmedabad (North Western Region) sanctioning the Scheme and on 26th March 2024 the copy of the order was filed with the Ministry of Corporate Affairs / Registrar of Companies, Ahmedabad, Gujarat. Accordingly, the aforesaid Scheme was effective from 26th March 2024 and the appointed date was 1st April 2023.

The above decision/change in the status of the Company might have a major bearing on the company's affairs in the years to come.

My report should be read along with the attached Disclaimer letter of even date forming part of this report.

Sd/-

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

Date: 2nd May 2024
Place: Pune
PR – 1089/2021
UDIN: F000810F000289054

To,
The Members
LA-GAJJAR MACHINERIES PRIVATE LIMITED
Ahmedabad

My secretarial audit report for Financial Year 2023-24 of even date is to be read along with this annexure:

1. Maintenance of record is the responsibility of the management of the Company. My responsibility is to express my opinion on these records based on my audit.

2. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.

3. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the records. The verification was done on test basis/check lists basis to ensure that correct facts are reflected in records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

4. I have not verified the correctness and appropriateness of financial records, Books of Accounts and other statutory records of the Company. I adopted modified system & have totally relied on the electronic records submitted to me for verification. In view of above, there could be some discrepancy which might arise in future as far as actual records are concerned.

5. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Sd/-

Mahesh J. Risbud
FCS No.: 810 C. P. No.: 185
UCN: S1981MH0004

Place: Pune
Date: 2nd May 2024

Annexure 'D-2' to the Directors' Report

SECRETARIAL AUDIT REPORT

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

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR 31ST MARCH, 2024

To,

The Members,
ARKA FINANCIAL HOLDINGS PRIVATE LIMITED
(CIN - U65993MH2021PTC363806)
Unit No 1202b, 13th Floor, Tower 2B,
One World Center, Senapati Bapat Marg,
Mumbai – 400013

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ARKA FINANCIAL HOLDINGS PRIVATE LIMITED (CIN - U65993MH2021PTC363806) (hereinafter called "the company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our 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, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2024 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March, 2024 according to the provisions of:

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

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

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

(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 (To the extent Applicable to the Company during audit period);

(v) 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 (Not Applicable to the Company during audit period)

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (Not Applicable to the Company during audit period)

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not Applicable to the Company during audit period)

d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not Applicable to the Company during audit period)

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2015; (Not Applicable to the Company during audit period)

f. The Securities and Exchange Board of India (Registrars to Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not Applicable to the Company during audit period)

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable to the Company during audit period) and

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during audit period);

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

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

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

We further report that –

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

Adequate notice is given to all directors to schedule the Board Meetings, the agenda and detailed notes on agenda were sent in the prescribed time i.e. seven days in advance. However, 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. The Company has generally complied with the provisions of Secretarial Standards.

All decisions at Board Meetings & Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or the Committees of the Board, as the case may be.

We 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.

We further report that during the year under review,

i. The Board of Directors of the Company at their meeting held on May 03, 2023 passed a resolution to approve the offer, issue and allotment of equity shares of the Company on rights basis for an amount not exceeding ₹ 36.05 Crore in one or more tranches to the Equity shareholders of the Company.

ii. The Board of Directors of the Company at their meeting held on May 03, 2023 passed a resolution to make investment for an amount not exceeding ₹ 62 Crore, in one or more tranches, in the subsidiaries of the Company including Arka Fincap Limited, Arka Investment Advisory Services Private Limited and/or in Arka Credit Fund or its scheme Arka Credit Fund I.

We further report that during the audit period there was no other event/action having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, and standards.

For **Mayekar & Associates Company Secretaries**
Firm U.I.N - P2005MH007400

Sd/-

Anil Vasant Mayekar
Partner
FCS – 2071,
COP – 2427

Date: 03rd May, 2024.
Place: Mumbai
U.D.I.N – F002071F000274882

Note: This report is to be read with our letter of even date which is annexed as Annexure 'A' and forms an integral part of this report.

Annexure A

To,
The Members,
ARKA FINANCIAL HOLDINGS PRIVATE LIMITED
(CIN - U65993MH2021PTC363806)
2504, 2505, 2506, 25th Floor, One Lodha Place,
Lodha World Towers, Senapati Bapat Marg, Lower Parel,
Delisle Road, Mumbai, Maharashtra, India, 400013

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes 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. Where ever 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 procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Mayekar & Associates Company Secretaries**
Firm U.I.N - P2005MH007400

Sd/-

Anil Vasant Mayekar
Partner
FCS - 2071,
COP - 2427

Date: 03rd May, 2024.
Place: Mumbai
U.D.I.N - F002071F000274882

Management Discussion and Analysis

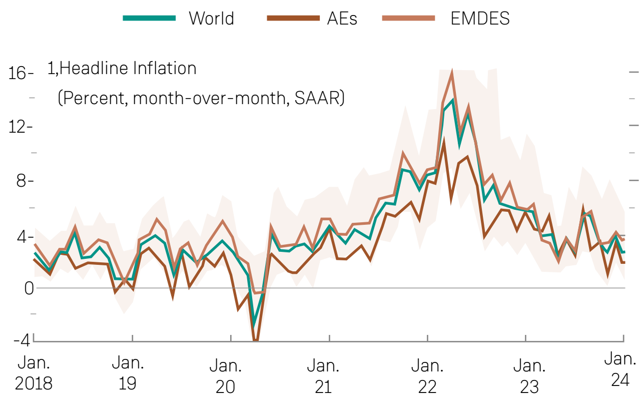
Global economy[1]

The global economy has remained resilient, in spite of widespread uncertainty that prevailed during the year 2023 due to prolonged geopolitical conflicts. With Central Banks across the world implementing subsequent rate hikes, there has been a modest decline in inflation. This, coupled with lower commodity prices, has contributed to stronger-than-anticipated global economic growth.

The US, Europe and other emerging economies have witnessed gradual growth in economy in the year 2023. However, geopolitical conflicts continued to disrupt supply chains, adversely impacting global trade and commerce. The economy of China also continued to show signs of stress during the course of 2023, which may have negative ramifications for the global economy.

However, many emerging economies such as India, Vietnam and Mexico experienced robust growth, along with increased capital inflows from foreign institutional investors. For the Middle East and Africa, while economic growth is expected to pick up in 2024, there are still some foreign exchange concerns. However, these ongoing structural changes are expected to support long-term growth.

Figure 1.1. Global Inflation Falling as Output Grows



Source: World Economic Outlook, IMF April 2024

Outlook

The global economic outlook remains cautiously optimistic with the possibility of inflationary pressures further receding and the implementation of supportive monetary policies by Central Banks. In the years ahead, a strong labour force, a surge in manufacturing activity and increasing household incomes are expected to drive the growth of the global economy. The emerging market and developing economies (EMDEs) are projected to witness a growth rate of 4.1% in Current Year 2024. Global headline inflation is expected to remain anchored, declining from an estimated 6.8% in 2023 (the annual average) to 5.9% in 2024 and 4.5% in 2025.

Indian economy[2]

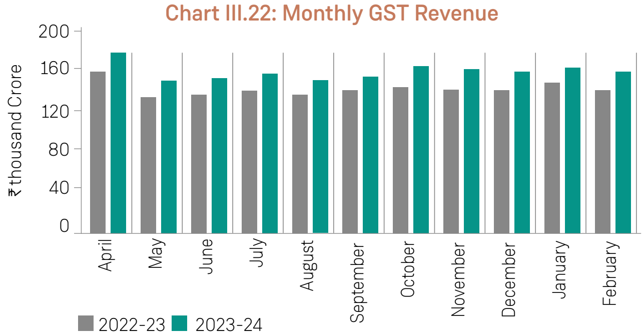
During the year under review, India sustained its position as one of the fastest-growing major economies. Robust fundamentals, such as increasing capex of both the stock exchanges, deleveraged balance sheets for most leading businesses, fiscal consolidation, manageable external balance and substantial foreign exchange reserves have contributed to this growth. Further, India, being a massive consumption-driven economy, was buoyed by growing domestic demand.

According to the National Statistical Office, India has registered a real GDP growth of over 8.2% during Financial Year 2024. India's per capita disposable income has been increasing over the years and is expected to be ₹ 2.14 lakh in 2023-24,[3] driven by overall economic growth.

Real GDP growth was at a six-quarter high in Q3 Financial Year 2024, roaring at 8.4%, powered by strong momentum witnessed from robust indirect tax collection and lower subsidies. Another fact that has contributed to economic growth is that inflation has remained within the RBI's target range of 2-6%. Besides, easing inflation, a robust banking sector and the effective calibration of monetary policies have acted as galvanising forces for improving near-term prospects.[4]

Further, the Government of India has helped establish a conducive investment environment in the country. FDI inflow during the year totalled USD 17.96 million, substantially benefitting various sectors of the economy. In Financial Year 2024, the gross GST collected stood at ₹ 20.18 lakh Crore[5]. The construction and manufacturing sectors in India have witnessed expansion, with each of these sectors clocking growth rates of 9.5% and 11.6%, respectively, in the third quarter of Financial Year 2024.[6]

Chart III.22: Monthly GST Revenue



Source: Reserve Bank of India- Bulletin-March 2024

[1]https://www.imf.org/en/Publications/WEO/Issues/2024/04/16/world-economic-outlook-april-2024

[2]https://pib.gov.in/PressReleseDetailm.aspx?PRID=2022323

[3]https://www.investindia.gov.in/foreign-direct-investment

[4]https://rbi.org.in/Scripts/BS_ViewBulletin.aspx

[5]https://pib.gov.in/PressReleasePage.aspx?PRID=2016802

[6]https://pib.gov.in/PressReleasePage.aspx?PRID=2010223

GDP growth (in %)

Source: Ministry of Statistics & Programme Implementation, May 2024

Outlook

In the years ahead, fortifying the financial system, driving responsible innovation and enabling inclusive growth will continue to be the government's key priorities. Additionally, the Government of India will remain focused on prioritising capital expenditure, infrastructure improvements, sustainable livelihood practices and the promotion of renewable energy. Further, with the China Plus One strategy gaining momentum, businesses from across the globe are considering India as a reliable manufacturing haven; this is expected to bode well for the growth of the Indian economy.

Additionally, the Government's vision of becoming a 'Viksit Bharat' will facilitate the development of the infrastructure sector in India. Factors such as sustained political stability, growing credit demand, low debt levels and increasing capacity utilisation across various sectors of the economy, are expected to augur well for economic growth.

The Indian Meteorological Department (IMD) forecasts above-normal rain during the June to September monsoon, which is expected to boost the prospects of a bountiful agricultural harvest. This, in turn, is likely to ease inflationary pressures and bolster economic growth.

Company Overview

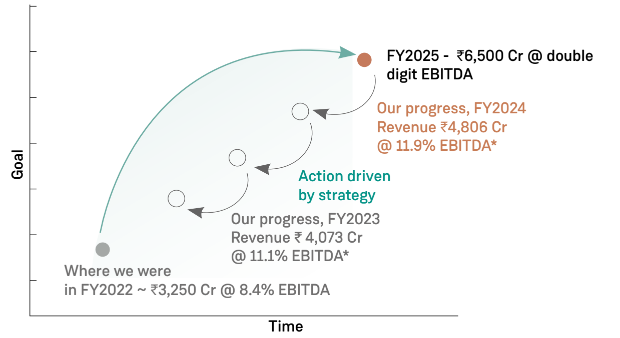
Kirloskar Oil Engines Limited ('KOEL'/ 'the Company') is the flagship Company of the Kirloskar Group, an esteemed conglomerate with a strong legacy in engineering and manufacturing. KOEL manufactures and markets a diverse range of products, including internal combustion engines, gensets, industrial solutions, pump sets, farm mechanisation equipment and more. The Company's products find a wide application across different sectors, spanning agriculture, construction, hotels and healthcare, infrastructure, IT, defence, oil and gas, marine, real estate and railways.

Established in 1946, the Company offers power solutions, including designing, engineering and commissioning. With an extensive network of OEMs, distributors and service dealers, it provides timely and effective services to its global clientele. As a customer-centric organisation, the Company consistently prioritises providing innovative, customised solutions to meet diverse client needs. The Company leverages its robust R&D capabilities to indigenously develop advanced products that enhance operational efficiency and productivity.

As a responsible corporate entity, the Company has undertaken a suite of programmes promote energy efficiency, reduce emissions, safeguard environment and empower communities.

Further, the Company focuses on enabling sustainable development and has established advanced manufacturing units in Kolhapur, Pune, Nashik and Rajkot, which adhere to applicable environmental regulations. The Company is continuing on its 2X3Y journey, aiming to double its revenue (Financial Year 22 base year) in three years.

2X3Y framework



*Numbers excluding provision/(reversal) for overdue receivables made for a customer towards sales made in the previous year.

Deploying the 2X3Y strategy to deliver value to all stakeholders

The Company also intends to substantially expand its international presence. Kirloskar Americas Corporation, a subsidiary of KOEL, has acquired 51% stake in Engines LPG LLC dba Wildcat Power Gen. Besides this, the Company has appointed a GOEM, to enhance its business prospects in the Middle East.

B2B

Business Overview

KOEL operates in the B2B business vertical, which includes businesses related to power and energy solutions including its fuel-agnostic internal combustion engine platforms. The B2B business comprises of the Powergen, Industrial, Distribution and Aftermarket businesses which operate both domestically and globally. The Company has cutting-edge research and engineering facilities that are equipped with advanced software tools to improve efficiency and drive productivity. Further, it has in place an efficient emission testing facility to verify that its products are both environment-friendly and emission-compliant.

KOEL is the largest genset manufacturer in India and one of the leading manufacturers globally. The Company has expertise in building high-quality fuel-agnostic engines as well as power generation sets to meet power requirements. These fuel-agnostic gensets can run on Petrol, Diesel, Natural Gas, Ethanol, Methanol and Dual Fuel (diesel and gas) catering to various industry segments. The Company has the largest CPCBIV+ certified genset portfolio in the Indian Industry. It was the first company to get the entire range of CPCBIV+ certified. It has also the highest market share in the country.

The industrial business of KOEL has a leading market position, with its products being widely used in various industries including construction, defence, marine, railways, agri, mining and fluid handling. The industrial business provides products for engines ranging from 10hp to 11,000hp. The Company's industrial engines are specialised, either water-cooled or air-cooled. Its focus extends beyond manufacturing innovative products to conserving the environment. All engines manufactured by the Company are emission-compliant and meet Bharat Stage IV and Bharat Stage V emission norms.

The Distribution and Aftermarket business of KOEL emphasises improving customer services, serving clients from varied sectors and expanding its market share. The Distribution and Aftermarket business is further divided into two channels, namely, the Service Channel and Retail Channel. The Service Channel intends to offer high-quality assistance to clients in terms of technical support as well as the requirement of Spare Parts and Products throughout the life cycle of the Customer Asset and the Retail Channel specialises in the distribution of spare parts, oil and allied products including electric motors.

KOEL's Service Delivery Process for its customers is digitally enabled with features like enhanced Electronic Field Service Reports, Customer Self Support application along with digital monitoring and action oriented IoT solution known as Kirloskar Remote Monitoring (KRM). In line with our commitment to quick service response, we have deployed a multi-layered Rapid Response Team which focuses on quick and first-time-right solution deployment for all its products including the recently launched CPCB IV+ Gensets and CEV BS IV Industrial Electronic engines along with its advanced emission and after treatment systems. Proactive service through remote monitoring and customer support packages are at the core of our Service Delivery.

B2B business*

Power Generation sets	Industrial business	Distribution and Aftermarket
Residential gensets	Earthmoving	Service Channel
Telecom	Construction	Retail Channel
Infrastructure	Material Handling	
Realty	Firefighting and other pump sets	
Hospitality	Agriculture	
Healthcare	Defence & Nuclear	
Banks	Marine	
Defence	Railways	
Data Centers (IT /ITES)		

*Indicative list

Key highlights of the domestic industry

- As of Financial Year 2024, the power generation capacity of the domestic business stands at approximately 4,26,132 MW, with rural areas currently having 20.6 hours and urban areas 23.8 hours of electricity availability. The increase in power consumption has resulted in a greater demand for gensets, as indicated by the power generation market's expansion from ₹ 1,655 Crore in Financial Year 2023 to ₹ 1,905 Crore in Financial Year 2024, representing a growth rate of 15%. This expansion can be attributed to an increasing power deficit and increased commercial and industrial activity.
- Both the manufacturing and construction sectors registered strong growth in Financial Year 2024, with construction increasing by 9.5% and manufacturing by 11.6% . The growth in these factors helped drive the demand for industrial engines along with the industrial engines sector in India which registered a growth of 18% in Financial Year 2024. The Company also won new customers in the Industrial segment during the year.

Key highlights of the International industry

- In Current Year 2023, advanced economies recorded a decline in electricity consumption, reducing the global power demand. Meanwhile, countries in Southeast Asia, including India, China and others, exhibited strong growth in electricity demand. Looking ahead to Current Year 2024 and beyond, global electricity demand is projected to grow over the next three years; also, the power generation market is expected to expand by 7.4% through Current Year 2026[9].
- The Middle East, North Africa and Asia Pacific regions are the primary growth markets for industrial engines globally. Increasing applications of industrial engines in sectors such as agriculture, construction, power production, mining, railways and transportation, are driving the growth of the global market for industrial engines. Further, the global industrial engine market is predicted to expand at a CAGR of 6.7% by Current Year 2028[10].

[7]https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1992405#:~:text=During%20the%20current%20year%202023,the%20same%20period%20previous%20year.

[8]https://pib.gov.in/PressReleasePage.aspx?PRID=2010223

[9]https://www.thebusinessresearchcompany.com/report/power-generation-global-market-report

[10]https://www.businessresearchinsights.com/market-reports/industrial-engines-market-104693

* Indicative List

Power Generation Business

The power generation market in India is witnessing a surge in demand, fuelled by the expansion of manufacturing, real estate and infrastructure sectors. Additionally, the advent of 5G telecom with its high-power demands, the growth of data centres and expanding healthcare facilities are all contributing to the need for reliable backup power solutions.

Recognising this increasing demand, in Financial Year 2024, KOEL introduced CPCB IV+ compliant gensets that promise high performance, fuel efficiency and environmental sustainability while also adhering to the Central Pollution Control Board (CPCB) Regulations. For the coming year, the Company will continue to focus on manufacturing these products while expanding its services to become an end-to-end turnkey solution provider for backup power, especially in the high horse power range. The launch of the Optiprime series gensets, leveraging patented hybrid technology, aims to decrease customer cost of ownership, enhance efficiency and minimise emissions.

The Company has also appointed its first international GOEM for the Middle East and North Africa Region. In the USA, it has acquired Engines LPG LLC through a wholly-owned subsidiary, Kirloskar Americas Corporation. These developments demonstrate the Company's dedication to expanding its global footprint.

₹ 1,905

Revenue generated from power generation in Financial Year 2024

Industrial business

The industrial business of KOEL reported a sale of ₹ 1008 Crore in Financial Year 2024. The industrial segment consists of construction, agriculture, fluid handling and firefighting, defence and nuclear, marine, mining and railways. The strong growth in the industrial business has been due to factors such as growth in the construction and railways sectors in India. In the years ahead, the growth of manufacturing, infrastructure and housing sectors are expected to add impetus to the industrial business. The firefighting and dewatering products are expected to continue to drive growth in the international markets.

18%

Growth Y-o-Y

Make in India

The Make in India initiative, launched by the Government of India, aims to transform the country into a global manufacturing powerhouse. This initiative not only boosts manufacturing activities but also drives demand for gensets and industrial engines, presenting significant growth opportunities for companies like KOEL. Although 'Make in India' has been a deliberate move by the Government of India to strengthen indigenous manufacturing, there has been a notable rise in the investments made by global companies in Indian Manufacturing facilities. Taking advantage of this opportunity, KOEL has plans for expansion to capitalise on the prospects of this sector, ultimately boosting revenue and profitability in its B2B segment.

Kirloskar Oil Engines Limited (KOEL) secured an order on January 17th, 2024, from the Nuclear Power Corporation of India Limited (NPCIL). This order entails supplying, installing, commissioning and handing over 10 emergency diesel generators, each with a capacity of 6.3 MWe, for the fifth and sixth units of the Kudankulam project. The total value of the order stands at ₹ 768 Crore, and the timeframe for the project execution is 68 months.

Distribution and Aftermarket

In Financial Year 2024 the revenue generated by Distribution and Aftermarket business of KOEL has been ₹ 749 Crore. The Distribution and Aftermarket business of the Company can be sub-divided into-

- **Service Channel** - Supporting the Gensets and Engines supplied by the Product Business Units
- **Retail Channel** - Traded products such as spare parts, oil and allied products such as Electric Motors

Customer support and service channel

The Service Channel, under the Kirloskar CARE brand of KOEL, has generated a revenue of ₹ 596 Crore in Financial Year 2024, representing a growth of 19%. Kirloskar CARE has a network of (450+) service touchpoints across the country. The brand focuses on providing efficient after-sales services for the Powergen and Industrial business segments of KOEL. The Company stays abreast of emerging market trends and structures its service channels to attain long-term customer retention.

Outlook

With the introduction of electronic products across the Powergen and Industrial portfolio, Kirloskar Care will be focusing on upskilling the service capabilities of the channel partners while improving response & repair times.

Retail channel

KOEL has a retail distribution channel, which was originally named Tractor Parts and Oil (TPO). This Channel generated a revenue of ₹ 153 Crore in Financial Year 2024, registering a growth of 24%. As of Financial Year 2024, the Company has a network in both rural and urban regions. During the reporting year, it has also undertaken initiatives to bolster its retail channel with new products.

Outlook

The Company's retail distribution channel is poised for expansion, focusing on a wider product portfolio catering to both urban and rural needs. This will be achieved by introducing complementary products through this channel as well as by establishing structured channels for each product line, ensuring efficient distribution and improved reach across all customer segments. It also plans to improve engagement with the retail channel through loyalty programmes.

International Business

As part of the 2X3Y strategy, international business is a significant priority. To achieve this, the Company is actively optimising operations in international markets, leveraging our extensive experience as the dominant power generation manufacturer in the Indian market. As a crucial aspect of our global power generation strategy, we have been diligently working to establish exclusive Kirloskar Genset Original Equipment Manufacturers (GOEMs) in key markets worldwide. These GOEMs will play a pivotal role in manufacturing, marketing, and servicing our gensets within their respective regions. During the year, the Company successfully identified and appointed GOEMs in two key regions: the Americas and the Middle East. In a significant move, our subsidiary, Kirloskar Americas Corporation (KAC), made a strategic investment by acquiring a 51% stake in Engines LPG LLC, dba Wildcat Power Gen, in the US market. Engines LPG LLC, dba Wildcat Power Gen specialises in the design, manufacturing, sale, and service of generators powered by gas, diesel, and other environmentally friendly fuel/power solutions under the brand name Wildcat Power Gen, catering to various applications.

Additionally, we have appointed Myspan Power Solutions as an exclusive GOEM for the GCC countries. This strategic move allows us to manufacture gensets closer to the customer, facilitating better customisations and delivering superior products to our customers.

The Company's revenue in Financial Year 2024 from International Business was around ₹ 520 Crore as against ₹ 393 Crore registering a growth of over 32%.

Key opportunities

- India is undergoing rapid industrialisation, which has led to an increase in the demand for gensets providing uninterrupted, high-quality power, and this is expected to continue to increase due to their extensive use in infrastructure and construction.
- The need for gensets is also expected to grow with the rise in per capita income in India which creates a bigger demand for power.

Key strengths

- KOEL's power solutions, gensets, and industrial engines are renowned for their engineering excellence. The Company has an enduring legacy of providing high-quality standards following sustainable practices to ensure compliance with environmental regulations. This provides the Company with a distinct competitive edge among its peers.
- KOEL's extensive R&D capabilities help bring technological leadership in engine research, design and development. With state-of-the-art facilities and equipment, KOEL provides customised product solutions to its customer base and sustains its position as an industry leader.
- The Company benefits from digitally connected state-of-the-art manufacturing facilities with a highly localised supply chain (over 90%). This allows for greater efficiency, flexibility, and responsiveness to customer needs.

Threats

- With a diverse range of products across multiple sectors, KOEL faces stiff competition from other established players in their respective markets, both domestic and global. Intense competition could lead to pricing pressures, market share erosion and reduced profitability.
- The Company is exposed to the risks of technological disruptions or the emergence of new, more efficient technologies that could render its existing products obsolete or less competitive.
- KOEL operates in various sectors, including agriculture, infrastructure and energy, which may be subject to frequent regulatory changes. Changes in environmental regulations, emission norms, or industry-specific regulations could impact the Company's operations and require significant investments to ensure compliance.
- With rapid digitalisation and increasing reliance on technology, KOEL may be vulnerable to cybersecurity threats, such as data breaches, hacking attempts, or system failures, which could compromise sensitive information or disrupt operations.

Risks

- As a manufacturing Company, KOEL relies on a stable supply chain for the procurement of its raw materials, components and more. Supply chain disruptions due to factors like geopolitical tensions, natural disasters, or supplier issues could impact its operations and productivity.
- Failure to effectively manage its environmental impact or to comply with environmental regulations could lead the Company to face legal implications, and reputational damage and incur additional costs.

B2C

Business Overview

KOEL operates in businesses of water management solutions under its B2C segment. The Company's portfolio of water management solutions includes pumps, pump sets, induction motors, small engines, column pipes and cable segments.

KOEL also caters to the Farm Mechanisation market under its B2C segment. Products such as tillers, weeders, etc. are designed to cater to the specific needs of the unorganised agricultural segment in India.

Domestic Business- Key highlights

Pump Industry

- The pump industry in India is fragmented with around 300 organised players & over 600 unorganised players.
- The organised pump market has a handful of large domestic and multinational companies, alongside several mid-sized companies.
- The main manufacturing hubs for pumps are Coimbatore, Rajkot and Ahmedabad. These clusters contribute significantly to the production and development of pumps and pump technology.
- Submersible pump sets are among the leading pump categories followed by open well submersible pump sets and electric Monoblock Pumps. Increased application of these pumps across various end-user sectors is driving industry growth.
- Industrial applications account for approximately 37% of the total demand for pumps. Agriculture follows closely at around 31%. Domestic pumps, used in residential and commercial buildings, constitute 21% of the market.

Farm Mechanisation

- Favourable government policies, raising farm incomes & private sector innovation contribute to driving the Farm mechanization sector in India.
- The Farm Mechanisation sector is heavily dependent upon the adoption rate of mechanized farming in India. Currently, the rate of mechanization is less than in countries such as China & Brazil but is expected to be in long term 70-80% adoption in the long term.
- Farm mechanisation in India holds the key to unlocking efficiency and ensuring sustainable agricultural growth. As KOEL continues to innovate and address the unique needs of Indian farmers, farm mechanization is expected to gain momentum in the long term.

International Business- Key highlights

- India's pump industry has a robust global presence, exporting pumps to nearly 70 countries. Key destinations include Saudi Arabia, Yemen, South Africa, Kenya, Uganda, Tanzania, Egypt, USA, Germany and Russia.
- Adapting to varying regulations, customer preferences and customisations based on local requirements is crucial for sustained growth in these International markets.
- Collaborating with local distributors & establishing strong networks with them is crucial for deeper international market penetration in these markets.
- The current geo-political situation in the Middle East has impacted the shipment time and business model in a few countries.

Water management solutions (WMS)

The Company develops and manufactures pumps and diesel engines that are widely used across diverse industries such as industrial, domestic & agriculture sectors. Along with offering superior quality products, the Company has established a wide sales and service network to serve its growing customer base. The domestic and agricultural pump segments have witnessed strong growth in the Diesel and Electric pump segments.

In the electric pump segment, the Company is striving to establish organised distribution across all the states with a key focus on southern and northern markets. Deepening & Widening are the major initiatives that have given good results, as we continue to grow and capture market share.

In the small engine segment, we have identified OEM as one of the segments with a key opportunity. A focused approach to product, partner and service models has helped us improve our sales and increase market share in Financial Year 2024.

Our international business is doing well with the introduction of new products, the right order mix, and deepening & widening initiatives. We have also changed our business model to SKDs in a few selected countries to improve local content.

During the year under review, Optiqua Pipes and Electricals Private Limited amalgamated with La-Gajjar Machineries Private Limited.

Farm mechanisation solutions (FMS)

KOEL's FMS segment focuses on providing cutting-edge solutions to enhance agricultural productivity. From advanced tillers and weeders to precision planting equipment, KOEL's offerings empower farmers with efficient tools. By addressing the unique needs of Indian agriculture, KOEL contributes significantly to the mechanization drive, reducing labour-intensive tasks and promoting sustainable farming practices.

Key opportunities

- The trend of urbanisation and industrialisation is creating opportunities for both industrial and domestic pumps, as well as diesel engines and induction motors.

- Within the electrical pumps segment, KOEL's presence is currently limited to specific states in the North and East. However, vast geographical opportunities exist across all states, which WMS is actively pursuing.
- KOEL's service network plays a crucial role in supporting farmers. This strong reach could help the team to reach deeper and wider markets with their innovative solutions & increased business.

Key strengths

KOEL provides a diverse range of products in its B2C segment, catering to customers across various sectors. This affords the Company a competitive edge in risk management by reducing dependence on any single product. Additionally, the Company has focused on enhancing its service presence and delivery standards, aiming to establish itself as an industry leader. These efforts have bolstered WMS's channel and customer confidence, resulting in increased sales and market share.

Threats

- Agriculture sector is subject to climate change, most noticeably uneven rains, which affects the consumption of pumps.
- Supply-chain inefficiencies could lead to harvest losses, inadequate storage facilities, etc, impacting farmers' income and food security.
- Soil degradation, loss of fertile land, and declining soil health are threats to long-term sustainability.

Risks

- The Company's B2C segment serves underprivileged farmers, requiring robust operational planning and a prudent management strategy to mitigate risks associated with product commoditisation.
- Government initiatives promoting solar pump sets may impact sales of grid-powered pumps.
- Indian agricultural sector is dominated by small and marginal landholdings, covering approximately 85% of operational holding. The limited land-size often hinders use of modern farming machinery.

Supply chain

To ensure a steady supply of raw materials and finished products, the Company strives diligently to create a resilient supply chain, which is capable of handling growing consumer demand without any disruptions. Also, the Company employs the Internet of Things (IoT) and Artificial Intelligence (AI) to maintain the efficiency of its supply chain.

During the reported year, the Company in collaboration with a premier Indian business school offered an inclusive supplier growth programme. It helped nurture a growth mindset and service orientation within the manufacturing sector, equipping the Company's suppliers with fresh perspectives for managing their businesses.

The Company's focus on continuous improvement is evident in the expansion of its 'Zero Defect Journey' programme which engages key suppliers. This programme, along with KOEL's existing partnerships with 'made-to-print' suppliers, underscores the Company's efforts to ensure effective supplier engagement in achieving the highest quality standards. Additionally, KOEL implements Six Sigma clusters for its suppliers, promoting a data-driven culture to streamline processes and reduce errors.

To comply with the new CPCB IV+ regulations, KOEL has onboarded new technology partners, ensuring its products meet stringent emission standards. The Company continues to undertake digitalisation efforts throughout its supply chain. Its emphasis on 'data democracy' with suppliers has facilitated a two-way communication portal. This portal streamlines various supply chain activities, including supplier code of conduct compliance, policy updates, quality management system (QMS) certification status, MSME registration, project and change management, new product development (NPD) and overall quality management.

Human resource

KOEL aims to nurture positive relations with all its team members and leverages a Human Resource Management System (HRMS) to manage the entire employee lifecycle. The Company organises Leadership development sessions, like 'Passport to Leadership' and 'Future Leaders Programme' to equip managers with the necessary skills to excel in their respective roles. Recognising the advantages of early talent acquisition, KOEL has established the 'Campus to Corporate' programme, which is specifically designed to onboard college hires.

The Company aims to promote diversity and inclusion for attracting people from diverse backgrounds—all while offering them adequate resources and opportunities for their professional growth.

The Company cultivates a performance-driven culture and acknowledges employee contributions through its Recognition and Rewards (R&R) programme. This involves SPOT Awards, BU Awards and MD Awards that are presented quarterly. Additionally, to remain the employer of choice, KOEL continuously reviews its compensation and benefits package. This includes a recently introduced Flexi-basket Compensation structure and a Car Lease programme. Furthermore, a Retention Bonus Programme is in place to retain critical employees.

The Company understands that employee engagement is crucial for improved productivity. It organises various initiatives across its locations, including fun activities and awareness programs for Environment Day and National Safety Day. Moreover, KOEL promotes a sense of community by hosting annual Family Days where the families of its personnel are invited to participate.

2,496

Employees on payroll

For more details on learning and development, health, safety and well-being of employees, rewards and recognition, refer to the human capital section of the report on page 64.

Environment, Health and Safety (EHS)

Kirloskar Oil Engines Limited (KOEL) is an organisation that places a strong emphasis on environmental sustainability, occupational health and safety. The Company has undertaken various initiatives across its facilities to curb carbon emissions and optimise energy usage across its manufacturing operations to minimise its environmental footprint, reflecting its dedication to creating a sustainable and safe work environment for its personnel, while also contributing to the overall well-being of the planet.

Environment

Kagal Plant

At the Kagal plant, KOEL has taken significant strides towards reducing its environmental impact and embracing renewable energy sources. A Captive Solar Power Plant with a capacity of 8.2 MWp has been installed at the facility. It has generated over 92 lakh units of electricity in the reporting year. This initiative has not only reduced the plant's reliance on traditional energy sources but has also resulted in substantial cost savings to the tune of approximately ₹ 6.86 Crore.

In addition to the solar power plant, the Kagal facility has implemented various innovative solutions to promote sustainability. These include the refurbishment of a 300kg/day solar parabola steam generator, the installation of 30kWp micro wind turbines to harness wind energy and the establishment of a dedicated Biogas plant with a Biogas generator to process pre- and post-kitchen waste, powering streetlights with the generated gas.

To ensure sustainable development, the Kagal Plant uses recycled water from the Effluent Treatment Plant (ETP) for all Genset section toilets. An Organic Waste Composter (OWC) has also been installed to convert garden and kitchen waste into organic compost. Further, a rain gauge has been installed to monitor rainfall.

Khadki Plant

At the Khadki plant, KOEL has implemented measures to promote water conservation and sustainable practices. The facility utilises treated water for toilet flushing and gardening purposes, reducing its reliance on freshwater resources. Additionally, the Company has replaced the roof sheets of the store's shed with GI sheets, demonstrating its commitment to environment-friendly construction practices.

Nashik Plant

The Company's plant in Nashik has contributed towards sustainable environmental practices through conducting various activities. Some of these activities include installing solar rooftop plants, recycling water, residue-free farming, and installing vermiculture plants. Additionally, the Company conducted tree plantation activity within its premises to promote environmental conservation.

Rajkot Plant

The Rajkot plant of the Company adopted numerous actions to reduce its negative impact on society. Some of these initiatives include shutting down heavy-duty blowers in the testing environment, a significant step undertaken by the Company towards energy consumption. Along with this, other initiatives undertaken by the Company's Rajkot plant include installing motion sensors in the plant and reducing the consumption of diesel.

Bhare Plant

The Bhare plant adopted energy efficiency measures by switching over to LED lights from conventional lights. The LED lights are energy efficient and thus contribute towards the reduction of emission of greenhouse gases. Additionally, the Company reduced its electricity usage by installing transparent roof sheets. This further helped the Company towards the wise use of electricity.

Safety

The Company's stringent safety measures are implemented across all its facilities to ensure a safe working environment for all its personnel across all locations. KOEL prioritises employee safety. KOEL's comprehensive safety initiatives demonstrate its commitment to creating a secure work environment, prioritising employee well-being and instilling a culture of safety awareness across all operations. The Company's initiatives have been recognised through various awards and accolades, including the 'Safe Workplace Platinum Award' from the Apex India Foundation, the 'Appreciation Certificate' from Informa Markets India and the 'OSH India Award 2023' from the National Safety Council of India.

Kagal Plant

In the induction process, workplace hazards and countermeasures are instructed to ensure that all the workers including the new joiners are aware of health and safety in the workplace. Along with this, the Company conducts various safety training programs, which include safety measures against fire, using first aid kits during emergencies, the importance of using personal protective equipment, and safe handling machines and tools.

Khadki Plant

To ensure the health and safety of its employees in the workplace, the Company has implemented various safety measures, encompassing the installation of flameproof lights and a gas leak detector system, thereby, demonstrating its commitment towards prioritising health and safety in its workplace.

Rajkot Plant

The Company organised blood donation camps, health awareness sessions and mock drills to contribute to maintaining health and safety within its working environment.

Nashik Plant

The Company conducts activities to spread awareness about how to overcome workplace hazards. These activities include safety talks, providing training against fire, health awareness sessions, mock drills to build a safe workplace for its workers.

Health Initiatives

KOEL recognises the necessity of promoting employee well-being and has implemented various health initiatives across its facilities. Some of its efforts include first aid training, annual medical check-ups, awareness sessions on health topics like Gastroesophageal reflux disease (GERD), spinal health and diabetes management, as well as health camps for cardiac screening and eye check-ups.

The Company also celebrates International Yoga Day to encourage physical and mental wellness through yoga.

Finance, Legal and Secretarial

The finance, legal and secretarial departments of the Company remain focused on ensuring regulatory compliance and providing planning and analysis support to the business.

Along with the development of a robust compliance management system, the legal and secretarial department has formulated digital projects for improving productivity. It has helped improve functions related to business partnering, digitisation and governance.

The Finance department, helps to drive data-based decision-making by analysing financial and operational data to guide strategic choices. The department also supports to manage capital allocation, ensuring resources are used effectively to support company goals. It also oversees business performance management through financial reporting, variance analysis, and cost management, continuously enhancing company's profitability and strategic planning.

KOEL's legal and secretarial department spearheaded 'Governance Week 2024' in February. This week-long programme featured keynotes by the Managing Director and CEOs of B2B and B2C businesses, emphasising the importance of corporate governance and core organisational values. Additionally, knowledge-sharing and awareness sessions aimed to strengthen KOEL's devotion to good governance practices. The initiative also included engaging in employee activities like online and offline governance quiz competitions, which also resulted in the Company being recognised as 'Compliance Champions.'

Awards, recognitions, and certifications

KOEL's commitment to environmental sustainability, energy management and water conservation has been widely recognised through numerous prestigious awards and certifications.

Environmental Excellence and Sustainability Awards

- Apex Green Leaf Award – 2023- KOEL received this coveted award in recognition of its environmental initiatives.
- Paryavaran Gaurav Award- The Company was honoured with this award for its significant contributions to environmental protection.
- Envirocare Green Award 2023- KOEL's efforts towards sustainability and environmental care were acknowledged through this award.

Energy Management Awards

- CII National Award 2023 for Excellence in Energy Management- KOEL's energy management practices were recognised with this award from the Confederation of Indian Industry (CII).

Horticultural Excellence

- First Prize 'Garden Club Award' for Best Garden in Mega Industries Category- KOEL has been receiving this award for six consecutive years now. This award honours the Company's efforts in maintaining and nurturing beautiful gardens within its premises.

Water Management Award

- CII National 'Noteworthy Water Efficient Unit Award' for Water Management- The Company's innovative water management strategies and water conservation initiatives were honoured with this award from CII.

Certifications

- Green Building Platinum Certification from IGBC (Indian Green Building Council)- KOEL's commitment to sustainable construction practices and eco-friendly buildings was recognised through this prestigious certification.
- IGMC (Indian Green Manufacturing Certification) Gold Certification- This certification acknowledges KOEL's adoption of green manufacturing practices and its efforts towards environmental sustainability in its production processes.
- Water Monitoring System Certification (In Process)- KOEL is in the process of obtaining certification for its advanced water monitoring system, further demonstrating its dedication to water management and conservation.
- EMS (Energy Management System) Hardware Upgradation Certification (In Process)- The Company is upgrading its EMS hardware and seeking certification, highlighting its continuous efforts to enhance energy management.
- Electrical Transformer Health Monitoring System Certification- KOEL has implemented a robust system to monitor the health of its electrical transformers, ensuring optimal performance and energy efficiency.
- SCADA (Supervisory Control and Data Acquisition) for Air Compressors Certification- This certification recognises KOEL's implementation of advanced SCADA technology for monitoring and controlling its air.

Disclaimer

Some forward-looking statements about potential business and economic developments might be found in this report. Although the Company's assessments and expectations for the future are reflected in these forward-looking statements, several variables could cause actual events and results to materially diverge from expectations. The Company does not commit to updating any forward-looking statements in the public domain to reflect new information or events. Investors are also urged to use their discretion when evaluating the Company's various risks and the success of the Company's mitigation efforts, as the risks listed in this report are just those that the Management believes exist.

Report on Corporate Governance

[Pursuant to Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder. (hereinafter referred as SEBI Listing Regulations)]

1. Company's philosophy on Code of Corporate Governance

Your Company is proud of the high standards it has set for exemplary governance and continues to lay strong emphasis on transparency, accountability and integrity. The Company firmly believes that good Governance is an essential ingredient of any business, a way of life rather than a mere legal compulsion. Responsible corporate conduct is integral to the way your Company conducts its business. The actions are governed by the values and principles of the Company, which are reinforced at all levels within the Company.

The Company's Code of Business Conduct, its Risk Management Framework together with its well-structured internal control systems which are subjected to regular assessment for its effectiveness, reinforces integrity of Management and fairness in dealing with the Company's stakeholders. This, together with meaningful Corporate Social Responsibility activities and sustainable development policies followed by the Company has enabled your Company to earn the trust and goodwill of its investors, business partners, employees and the communities in which it operates.

The Company's philosophy of good Corporate Governance aims at establishing a system which will assist the management to fulfill its corporate objectives as well as to serve the best interest of the stakeholders at large viz. Shareholders, Customers, Employees, Environment, Society, Suppliers, Lenders etc. This philosophy has been strengthened by adoption of a Code of Conduct for Board of Directors and Senior Management, adoption of CII's Business Excellence framework, Code for prevention of Insider Trading and also re-enforcing our commitment towards Corporate Sustainability and adoption of the GRIs guidelines on Triple Bottom Line reporting.

2. Code of Conduct

The Company has adopted the Code of Conduct for the Board of Directors and Senior Management of the Company in accordance with provisions of the SEBI Listing Regulations and the Companies Act, 2013, including Rules made thereunder. The same is available on the Company's website (weblink: https://www.kirloskaroilengines.com/documents/541738/66665b0a-55d8-43b3-30cf-a907ef14e6dc). It serves following objectives:

a. To enhance the standards of ethical conduct, which are based on Kirloskar Group core values.

b. To evolve as good corporate citizens by implementing highest degree of transparency, integrity, accountability and corporate social responsibility.

c. To further achieve good corporate governance by complying with all laws, rules, and regulations applicable to the company and fulfilling responsibilities towards stakeholders.

d. To set standards of professional conduct for Independent Directors on the Board of the Company, with the aim of promoting confidence of the investment community, minority shareholders, regulators and companies in the institution of Independent Directors.

The Company has received confirmations from the Directors as well as Senior Management Personnel regarding compliance of the Code during the year under review.

In addition to this, the Company has also adopted the separate Code of Conduct for employees of the Company. Online modules and courses on the same are made available to the employees of the Company for awareness and ensuring compliances.

3. Code of Conduct for Prevention of Insider Trading

The Securities and Exchange Board of India (SEBI) as a regulatory authority has issued regulation governing prohibition of 'Insider Trading' known as the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (the 'Regulations') which is amended from time to time. Further the Companies Act, 2013 has also prescribed the provisions on 'Prohibition on Insider Trading of Securities'.

In terms of said Regulations, the Board of Directors of Kirloskar Oil Engines Ltd. (KOEL) has adopted the following Codes viz.

1. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI) to include Policy on determination of Legitimate Purpose and Policy and Procedure for Inquiry in case of Leak or Suspected Leak of UPSI (Code of Fair Disclosure);

2. Code of Conduct for Regulating, Monitoring and Reporting of Trading by Designated Persons and immediate relatives of Designated Persons of Kirloskar Oil Engines Limited (Code of Conduct);

4. Board of Directors

a) Composition of the Board

The Board composition is in conformity with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder (hereinafter referred as SEBI Listing Regulations). The Board comprised of 11 directors as on 31st March 2024. The composition of the Board was as under

Category of Directors	No. of Directors
Executive (including Promoter Executive Chairman)	1
Non-Executive and Independent (including 2 Women Directors)	6
Non-Executive and Non Independent	4
Total	**11**

The Company's Board includes eminent professionals having sound knowledge, relevant expertise and experience in the areas of manufacturing, engineering, finance, legal, sales, marketing, technology, human resources and general business management. The Company has established systems and procedures to ensure that the Board of Directors are well informed and well equipped to fulfil their overall responsibilities and to provide management with strategic direction needed to create long-term shareholder value.

The detailed profile of all Directors of the Company is available on website of the Company. (Web-link: https://www.kirloskaroilengines.com/about/board-of-directors)

During the year under review, the Nomination and Remuneration Committee and the Board of Directors reviewed and are satisfied with Succession Planning for the Board of Directors and Senior Management Personnel of the Company.

b) Meetings held

The annual calendar of the Board and Committee Meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. The gap between the two meetings did not exceed one hundred and twenty days.

During Financial Year 2023-24, the Board met 6 times on 19th May 2023, 10th August 2023, 15th September 2023, 2nd November 2023, 12th February 2024 and 6th March 2024. The meetings and agenda items taken up during the meetings complied with the Companies Act, 2013 and SEBI Listing Regulations read with various circulars issued by Ministry of Corporate Affairs (MCA) and Securities Exchange Board of India ("SEBI").

The Annual General Meeting (AGM) of the Company was held on 11th August 2023, by electronic means in due compliance with the provisions of the Companies Act, 2013 and rules made thereunder including circulars issued thereof by the Ministry of Corporate Affairs (MCA) and the Securities and Exchange Board of India (SEBI) and the Secretarial Standards. The Company had dispatched the Annual Report for FY 2022-23 well ahead of the AGM and invited shareholders to submit their questions ahead of the AGM. Questions raised by the shareholders were addressed at the AGM. The Annual General Meeting was attended by the Chairman of Audit Committee, Chairman of Stakeholders Relationship Committee, representatives of Statutory Auditors and Secretarial Auditors of the Company.

c) Board Procedure

The Agenda is circulated well in advance to the Board members. The items in the Agenda are backed by comprehensive background information to facilitate meaningful discussions and enable the Board to take appropriate decisions. As part of the process of good governance, the agenda also includes the progress on the decisions taken by the Board in its previous meeting(s). A board portal is made available that allows Board of Directors to securely access board documents and collaborate with other board members electronically. In case any Director(s) seeks additional information, which is not part of the information earlier provided, such requests are tracked till the actions on such request are addressed to the satisfaction of the Director(s) seeking additional information.

The Board also, inter-alia, reviews quarterly / half yearly / annual results, the strategy of business including corporate restructuring plans if any, Annual Operating Plan (AOP), capital expenditure budgets, update on new business, market share of businesses, digital & sustainability viz. Environment Social & Governance initiatives, reports for all laws applicable to the Company, review of major legal cases, minutes of Meetings of Committee of the Board and of Board Meeting of Subsidiary Companies, financials of subsidiary companies, review of internal control framework and risk management etc. The Directors receive regular updates on changes in the relevant laws and regulations which are relevant to KOEL at the Board meetings. The required information as enumerated in Part A of Schedule II of SEBI Listing Regulations, 2015 is made available to the Board of Directors for discussions and consideration at Board Meetings. Draft Minutes of the Board and Committee meetings of the Company are circulated to all the Directors for their comments within 15 days of the meeting.

The Board is also kept informed of major events / items and approvals are taken wherever necessary. As a part of corporate governance the Board Charter has drawn up setting out roles / terms of references and processes of functioning of the Board including Committees of the Board.

The Company has put in place relevant systems and processes to ensure compliance with the provisions of applicable laws. In accordance with the compliance procedures of the Company, relevant Heads of the Departments confirm compliances with applicable regulations and a presentation detailing list of applicable laws/rules/regulations, summary of non-compliances if any including action plan for the same and a certificate duly signed by Managing Director is placed before the Board on a quarterly basis.

d) Category and Attendance of Directors

The names and categories of the Directors on the Board, their attendance at the Board Meetings (BM) held during the Financial Year 2023-24 and at the last Annual General Meeting (AGM) and also the Directorships, Committee positions held by them in other public limited companies and shareholding of Non-Executive Directors as at 31st March 2024 are given in **Table A** and the names of the other listed entities in which the Directors hold directorship and category thereof as at 31st March 2024 are given in **Table B**:

I. Table A

Sr. No.	Name of Director	No. of Directorships in other Public Ltd. Cos.	No. of Committee positions held in other Public Ltd. Cos. **		Attendance at meetings		No. of shares held by Non-Executive Directors
			Chairman	Member	BM	AGM	
Executive Director							
1	Gauri Kirloskar *	2	-	1	6	Yes	NA
Non-Executive and Non Independent Directors							
2	Atul Kirloskar *^	4	1	-	6	Yes	1,46,74,947
3	Rahul C. Kirloskar *	5	-	3	6	Yes	17,786,902
4	Mahesh R. Chhabria	7	2	3	6	Yes	11,552
5	Vinesh Kumar Jairath	5	-	5	6	Yes	-
Non-Executive and Independent Directors							
6	Satish Jamdar	2	2	-	6	Yes	-
7	Sunil Shah Singh upto 11th September 2023#	-	-	-	2	Yes	-
8	Kandathil Mathew Abraham	-	-	-	5	Yes	-
9	Shalini Sarin	3	-	2	6	Yes	-
10	Yogesh Kapur	5	3	2	6	Yes	-
11	Purvi Sheth	4	-	-	6	Yes	-
12	Arvind Goel##	4	1	2	6	Yes	-

II. Table B:

Sr. No.	Name of Director & Age as on 31st March 2024	Name of the other Listed entities in which Director holds Directorship	Category of Directorship
1	Mr. Atul Kirloskar, Age - 68	Kirloskar Industries Limited	Non-Independent Non-Executive Director
		Kirloskar Ferrous Industries Limited	Non-Independent Non-Executive Director
		Kirloskar Pneumatic Company Limited	Non-Independent Non-Executive Director
2	Mr. Rahul C. Kirloskar, Age – 60	Kirloskar Ferrous Industries Limited	Non-Independent Non-Executive Director
		Kirloskar Pneumatic Company Limited	Non-Independent Executive Director
		ISMT Limited	Non-Independent Non-Executive Director
3	Ms. Gauri Kirloskar, Age - 40	-	-
4	Mr. Mahesh Chhabria, Age - 59	Kirloskar Industries Limited	Non- Independent Executive Director
		Kirloskar Ferrous Industries Limited	Non-Independent Non-Executive Director
		ZF Commercial Vehicle Control Systems India Limited	Independent Non - Executive Director
		Kirloskar Pneumatic Company Limited	Non-Independent Non-Executive Director
		Shoppers Stop Limited	Independent Non - Executive Director
5	Mr. Vinesh Kumar Jairath, Age – 65	Kirloskar Industries Limited	Non-Independent Non-Executive Director
		Bombay Dyeing and Manufacturing Company Limited	Independent Non-Executive Director
		Wockhardt Limited	Independent Non-Executive Director
		Bombay Burmah Trading Corp. Ltd	Independent Non -Executive Director

Sr. No.	Name of Director & Age as on 31st March 2024	Name of the other Listed entities in which Director holds Directorship	Category of Directorship
6	Mr. Satish Jamdar, Age – 71	Kirloskar Industries Limited	Independent Non-Executive Director
7	Mr. Kandathil Mathew Abraham, Age – 66	-	-
8	Dr. Shalini Sarin, Age – 58	Linde India Limited Kirloskar Ferrous Industries Limited ISMT Limited	Independent Non -Executive Director Independent Non -Executive Director Independent Non -Executive Director
9	Mr. Yogesh Kapur, Age - 66	Greenlam Industries Limited RICO Auto Industries Limited ASK Automotive Limited	Independent Non -Executive Director Independent Non -Executive Director Independent Non -Executive Director
10	Mrs. Purvi Sheth, Age – 51	Deepak Nitrate Limited Ambuja Cements Limited Kirloskar Industries Limited	Independent Non -Executive Director Independent Non -Executive Director Independent Non -Executive Director
11	Mr. Arvind Goel, Age - 66	Automotive Stampings & Assemblies Limited Persistent Systems Limited	Non-Independent Non-Executive Director Independent Non -Executive Director

Notes:

1) Committee Positions includes only Audit Committee and Stakeholders Relationship Committee as per Regulation 26 of the SEBI Listing Regulations, 2015.

2) Directorships held in Foreign Companies, private limited companies, one person companies and companies under Section 25 of the Companies Act, 1956/ under Section 8 of the Companies Act, 2013 & rules thereof including amendments thereunder have not been considered.

3) * Deemed as Promoter/member of promoter group within the meaning of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011.

4) ^ Mr. Atul Kirloskar (DIN 00007387) whose term of appointment as the Non-Executive Director and Chairman was valid upto 31st March 2024 and he was re-appointed as a Non-Executive Director and Chairman, with effect from 1st April 2024 for a term of 2 (Two) years.

5) # Mr. Sunil Shah Singh (DIN 00233918), ceased to be a Director of the Company with effect from 12th September 2023, upon expiry of his first term of appointment.

6) ## Mr. Arvind Goel (DIN 02300813), was appointed as an Independent Director for a first term of 5 years, with effect from 19th May 2023.

7) None of the Directors on the Board of the Company is a Director nor an Independent Director of more than 7 listed entities as at 31st March 2024.

8) None of the Directors on the Board of the Company is a Member of more than 10 Committees and Chairperson of more than 5 Committees in all public limited Companies whether listed or not in which he/she is director. All the Directors have made the requisite disclosures regarding Committee positions held by them in other public limited Companies.

9) Mr. Atul Kirloskar and Mr. Rahul C. Kirloskar, being brothers, are related to each other. Mr. Atul Kirloskar and Ms. Gauri Kirloskar, being father and daughter, are related to each other. None of the other Directors are related to any other Director of the Company as defined under Companies Act, 2013 & Rules thereof including amendments thereunder.

e) Familiarization Programme for Independent Directors

The Company has familiarization programme for Independent Directors with regard to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business model of the Company etc. A structured induction programme for new Directors is also organised where they get to meet and interact with all senior leaders of the Company and On-Boarding Manual is provided for their information and awareness. A detailed Letter of Appointment is also issued to them.

The Company's management makes business presentations periodically at the Board meetings to familiarise Independent Directors with the strategy, operations and functioning of the Company. These interactions provide them with a holistic perspective of the Company's business and regulatory framework.

The details of familiarization programme imparted to the Independent Directors are available on the website of the Company. (Web-link.

https://www.kirloskaroilengines.com/documents/541738/b1c94c85-b034-12de-520a-ad14aaef1b1d)

f) The list of core skills / expertise / competencies required and available with the Board and names of Directors who have such skills / expertise / competencies in the context of business of the Company for its effective functioning is as follows [Pursuant to Schedule V, Part C (2)(h) of SEBI Listing Regulations, 2015]

Sr. No.	List of Core skills / expertise Competencies	Atul Kirloskar	Rahul Kirloskar	Gauri Kirloskar	Vinesh Kumar Jairath	Mahesh Chhabria	Arvind Goel	Satish Jamdar	Yogesh Kapur	Shalini Sarin	K. M. Abraham	Purvi Sheth
A	**Technical**											
1	Finance		√	√		√	√		√		√	
2	Law		√		√	√			√		√	
3	Management	√	√	√	√	√	√	√	√	√	√	√
4	Sales & Marketing	√	√		√		√					√
5	Manufacturing & Operations	√	√				√					
6	Research & Development						√					
7	Human Resource		√				√			√	√	√
8	Information Technology		√				√				√	
B	**Industry**											
1	Knowledge about Economy	√	√	√	√	√	√	√	√		√	√
2	Industry experience	√	√				√	√				
3	Knowledge of business sector	√	√	√	√	√	√		√			√
C	**Governance**											
1	Compliance Management		√	√	√	√	√		√		√	√
2	Knowledge about statutory / regulatory laws		√	√	√	√	√		√		√	√
3	Experience in developing and implementing Risk Management	√	√	√		√	√	√		√	√	
4	Strategic Planning	√	√	√	√	√	√	√		√	√	√
D	**Others**											
1	Communication and Interpersonal Skills		√	√		√	√	√	√	√	√	√
2	Public Relations				√	√	√		√		√	√
3	Corporate Restructuring		√	√		√	√	√	√	√	√	√
4	Environment and sustainability	√	√	√	√	√	√			√		√
5	Corporate Social Responsibility		√	√	√	√	√		√	√		√

g) Criteria of Performance Evaluation of Independent Directors

The Nomination and Remuneration Committee lays down the criteria for performance evaluation of Director. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as achievement against key performance objectives, attendance at meetings, time devoted for the Company, contribution in the Board process etc.

h) Confirmation on declarations given by Independent Directors

The Board of Directors, after due assessment of veracity of the declarations received from the Independent Directors, confirm that the Independent Directors fulfill the conditions specified in the Regulation 25(8) of SEBI Listing Regulations, 2015 and they are independent of the management.

i) Reasons for the resignation of Independent Directors during the Financial Year 2023-2024, if any

None of the Independent Directors resigned during Financial Year 2023-24.

j) Separate meeting of Independent Directors

The Independent Directors met twice in Financial Year 2023-24 on 29th January 2024 and 6th March 2024 without the presence of Executive Directors or Management representatives. The Independent Directors inter alia discussed the issues arising out of

Committee Meetings and Board discussion including the quality, quantity and timely flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The outcome of the meeting was presented to the Board along with the observations/suggestions received from Independent Directors. The suggestions received from Independent Directors have been carefully reviewed, discussed and appropriate action has been taken.

5. Board Committees

a) Audit Committee

The Audit Committee comprises of 6 Non-Executive Directors, out of which 4 are Independent Directors. The composition is in conformity with Regulation 18 of SEBI Listing Regulations, 2015.

During Financial Year 2023-24, 6 meetings of the Committee were held on 19th May 2023, 10th August 2023, 15th September 2023, 2nd November 2023, 12th February 2024 and 6th March 2024.

The composition of the Committee and attendance at its meetings as at 31st March 2024 are given below:

Sr. No.	Name of the Member Director	Category	No. of meetings attended
1	Mr. Sunil Shah Singh	Non-Executive and Independent (Chairman and Member upto 11th September 2023)	2
2	Mr. Kandathil Mathew Abraham (Chairman)	Non-Executive and Independent (Member upto 11th September 2023 and Chairman with effect from 12th September 2023)	5
3	Mr. Mahesh Chhabria	Non-Executive and Non Independent	6
4	Mr. Vinesh Kumar Jairath	Non-Executive and Non Independent	6
5	Mr. Satish Jamdar	Non-Executive and Independent	6
6	Mr. Yogesh Kapur	Non-Executive and Independent	6
7	Mr. Arvind Goel	Non-Executive and Independent (Member with effect from 12th September 2023)	4

The Company Secretary acts as the Secretary to the Audit Committee. The Executive Directors and the Chief Financial Officer attend the Audit Committee Meetings. The representatives of the Internal Auditors, Statutory Auditors, Cost Auditors and Business Unit / Operation Heads whenever required are invited to the Audit Committee meetings.

The role/terms of references of Audit Committee broadly include:

i. Reviewing with the management, the quarterly / annual financial statements before submission to the Board for approval;

ii. Recommendation for appointment of statutory and cost auditor and their remuneration;

iii. Review of Internal audit reports relating to internal control weaknesses and discussion with internal auditors any significant findings and follow up there on and

iv. Reviewing with the management, the annual financial statements 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 Companies Act, 2013.

  b. Changes, if any, in accounting policies and practices and reasons for the same.

  c. Major accounting entries involving estimates based on the exercise of judgment by management.

  d. Significant adjustments made in the financial statements arising out of audit findings.

  e. Compliance with listing and other legal requirements relating to financial statements.

  f. Disclosure of any related party transactions.

  g. Modified opinion(s) in the Draft Audit Report.

v. All other terms/role as specified under Section 177 of the Companies Act, 2013 read with rules thereof including amendments thereunder, SEBI Listing Regulations, 2015, and SEBI (Prohibition of Insider Trading) Regulations, 2015 including amendments thereunder.

The Independent Directors of the Audit Committee had a separate independent interaction on 25th January 2024 through video conferencing with the Statutory Auditors, Internal Auditors and Secretarial Auditor of the Company without the presence of Executive Directors and Management representatives. The key points of their interactions were briefed by the Chairman of the Audit Committee to the Board of Directors and also the Chairman informed the Board that the Independent Directors were satisfied with the outcome of interaction with the Statutory Auditors, Internal Auditors and Secretarial Auditors of the Company.

b) Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of 3 Non-Executive Directors, out of which 2 are Independent Directors. The composition is in conformity with Regulation 19 of SEBI Listing Regulations, 2015.

During Financial Year 2023-24, 4 meetings of the Committee were held on 18th May 2023, 10th August 2023, 2nd November 2023 and 6th March 2024.

The composition of the Committee and attendance at meeting as at 31st March 2024 is given below:

Sr. No.	Name of the Member Director	Category	No. of Meetings attended
1	Mr. Satish Jamdar (Chairman)	Non-Executive and Independent	4
2	Mr. Mahesh Chhabria	Non-Executive and Non-Independent	4
3	Mr. Purvi Sheth	Non-Executive and Independent	4

The role/terms of reference of the Nomination and Remuneration Committee broadly include:

i. To identify persons who are qualified to become directors in accordance with the criteria laid down in the Companies Act, 2013 read with rules made thereunder including amendments thereof and SEBI Listing Regulations, 2015, and recommend to the Board their appointment and removal;

ii. To make recommendations to the Board concerning suitable candidates for the role of independent director;

iii. To formulate policy relating to the remuneration for the directors, key managerial personnel and other employees;

iv. Evaluation of performance of each Director;

v. Recommendation of appointment and remuneration of senior management one level below the Board;

vi. Review succession planning mechanism and recommend changes/modifications thereto, if required, to the Board for its consideration;

vii. To seek professional guidance in succession planning mechanism, if required and to set terms and conditions, including as to remuneration, in this regard, in consultation with the Chairman of the Board;

viii. Constitute a panel comprising of such members of the Nomination and Remuneration committee and external experts if any as it deems fit, for identifying candidates to fill vacancies at senior management level and to recommend appointment of senior management personnel, as and when required and set the terms and conditions, including as remuneration of panelists, in consultation with the Chairman of the Board;

ix. All other terms/role as specified under Section 178 of the Companies Act, 2013 read with rules thereof including amendments thereunder and SEBI Listing Regulations, 2015 and assigned by the Board of Directors of the Company from time to time.

c) Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises of 3 Directors out of which the Chairman is an Independent Director. The composition is in conformity with Regulation 20 of SEBI Listing Regulations, 2015.

During Financial Year 2023-24, 5 meetings of the Committee were held on 16th May 2023, 29th June 2023, 10th August 2023, 15th December 2023 and 22nd January 2024.

The role / terms of references of the Committee are as specified under Section 178 of the Companies Act, 2013 read with rules thereof including amendments thereunder and SEBI Listing Regulations, 2015. The Committee has been constituted including but not limited to specifically look into shareholders'/ investors' complaints / grievances like share transfer by way of transmission or name deletion etc., non-receipt of Balance Sheet, non-receipt of declared dividends etc. and redressal thereof and evaluating performance and service standards of the Registrar and Share Transfer Agent of the Company.

The composition of the Committee and attendance at its meetings as at 31st March 2024 are given below:

Sr. No.	Name of the Member Director	Category	No. of Meetings attended
1	Mr. Sunil Shah Singh	Non-Executive and Independent (Chairman and Member upto 11th September 2023)	3
2	Mr. Yogesh Kapur (Chairman)	Non-Executive and Independent (Member upto 11th September 2023 and Chairman with effect from 12th September 2023)	5
3	Ms. Gauri Kirloskar	Executive Director	5
4	Mrs. Purvi Sheth	Non-Executive and Independent (Member with effect from 12th September 2023)	2

Status of Investor's Complaints as on 31st March 2024 and reported under Regulation 13 of SEBI Listing Regulations, 2015 is as under:

Complaints as on 1st April 2023	1
Received during the year	2
Resolved during the year	3
Pending as on 31st March 2024	0

Name, designation and address of Compliance Officer

Ms. Smita Raichurkar, Company
Secretary & Head Legal
Kirloskar Oil Engines Limited
(Secretarial & Legal Department)
Laxmanrao Kirloskar Road,
Khadki, Pune - 411 003
Tel: 91 - 20 25810341 (Extn. - 4461) Fax: 91- 20
25813208 and 25810209
E-mail: Smita.Raichurkar@kirloskar.com

Designated email ID for Investors

investors@kirloskar.com

The Company has displayed same email ID on its website for the reference of shareholders.

d) Risk Management Committee

The Risk Management Committee of the Company comprises of 3 Independent Directors. The composition is in conformity with Regulation 21 of SEBI Listing Regulations, 2015.

During Financial Year 2023-24, 4 meetings of the Committee were held on 18th May 2023, 10th August 2023, 2nd November 2023 and 12th February 2024.

The composition of the Committee and attendance at meeting as at 31st March 2024 is given below:

Sr. No.	Name of the Member Director	Category	No. of Meetings attended
1	Mr. Satish Jamdar	Non-Executive and Independent	4
2	Dr. Shalini Sarin	Non-Executive and Independent	4
3	Mr. Kandathil Mathew Abraham	Non-Executive and Independent	4

The Role / Terms of References of the Committee are as specified under SEBI Listing Regulations, 2015 which specifically covers review of cyber security of the Company.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 which was effective from 5th May 2021, the terms of references of the Committee was amended to include review of sustainability particularly Environment, Social and Governance (ESG) Risks and Business Continuity Plan.

ESG Steering Committee set up comprises of Managing Director, Chief Financial Officer, Independent Director, Company Secretary and EHS representative to oversee progress on ESG initiatives and implementation strategy.

During the year under review, the Committee had periodically reviewed the Business Continuity Policy of the Company including its implementation for different business verticals and functions of the Company and also recommended the same to the Audit Committee and the Board of Directors of the Company.

The Committee also reviewed 'As-Is' analysis of various initiatives taken by the Company in terms of ESG and the Committee is also in process of analyzing risks if any associated with ESG.

e) Senior Management

Particulars of senior management including the changes therein since the close of the previous Financial Year:

Sr. No.	Name	Designation	Changes if any
1	Ms. Gauri Kirloskar	Managing Director	NA
2	Mr. Rahul Sahai	Chief Executive Officer - B2B	NA
3	Mr. Aseem Srivastav	Chief Executive Officer - B2C	NA
4	Mr. Anurag Bhagania	Chief Financial Officer	Resigned with effect from close of working hours of 22nd November 2023
5	Mr. George Verghese	Head of Human Resources	NA
6	Ms. Smita Raichurkar	Company Secretary and Head Legal	NA

6. Remuneration to Directors

The Company has adopted a Nomination and Remuneration Policy for the Directors, Key Managerial Personnel and Senior Management Personnel which is uploaded on website of the Company.

The Board of Directors, based on the recommendation of Nomination and Remuneration Committee, approved all remuneration in whatever form including increment / promotions based on appraisals, payable to Key Managerial Personnel and Senior Management Personnel of the Company.

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to its Executive Director. The Board based on recommendation of Nomination and Remuneration Committee, decides the commission payable to the Executive Director on determination of the profits for the Financial Year, within the ceilings prescribed under the Companies Act, 2013 read with rules thereof including amendments thereunder. Agreement have been separately entered into with the Executive Director setting out the terms and conditions of appointment and tenure as recommended by the Committee and approved by the Board and the members. There is no notice period and no severance fees prescribed in the agreement(s).

The Board of Directors based on recommendation of Nomination and Remuneration Committee decides the remuneration payable to Non-Executive Directors by way of Commission, based on parameters for performance evaluation given under the Nomination and Remuneration Policy. The members at the Annual General Meeting of the Company held on 12th August 2014, approved the payment of commission to the Non-Executive Directors, at the rate of 1% of the net profits of the Company computed in the manner laid down in the Companies Act, 2013 read with rules thereof including amendments thereunder.

Sitting fees of ₹ 1,00,000/- per Director per meeting of the Board & ₹75,000/- per Director per meeting of Audit Committee and ₹ 50,000/- per Director per meeting of Nomination and Remuneration Committee and Risk Management Committee and ₹ 25,000/- per Director per meeting of Corporate Social Responsibility Committee and Stakeholders Relationship Committee are payable to Non-Executive Directors for the meetings attended.

The Company has obtained Directors' and Officers' liability insurance coverage in respect of any legal action that might be initiated against Directors / Officers of the Company and its subsidiary companies.

During the year, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors apart from payment of sitting fees and commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board / Committee of the Company.

Following are the details of the remuneration paid / payable to Directors during Financial Year 2023-24

(Amount in ₹)

Sr. No.	Name of director	Basic Salary	Allowances	Statutory Contributions	Perquisites*	Commission	Sitting Fees	Total
	Executive Director							
1	Ms. Gauri Kirloskar	73,35,484	31,84,194	8,80,258	2,53,640	8,00,00,000	-	9,16,53,576
	Non- Executive Directors							
2	Mr. Atul Kirloskar w.e.f. 1st April 2023**	338,710	33,871	91,451	259,201	1,81,25,000	6,00,000	1,94,48,233
3	Mr. Rahul C. Kirloskar	-	-	-	-	-	6,25,000	6,25,000
4	Mr. Mahesh R. Chhabria	-	-	-	-	30,00,000	12,50,000	42,50,000
5	Mr. Vinesh Kumar Jairath	-	-	-	-	35,00,000	10,50,000	45,50,000
6	Mr. Satish Jamdar	-	-	-	-	21,00,000	14,50,000	35,50,000
7	Mr. Sunil Shah Singh upto 11th September 2023	-	-	-	-	3,00,000	4,25,000	7,25,000
8	Mr. Kandathil Mathew Abraham	-	-	-	-	32,50,000	10,75,000	43,25,000
9	Dr. Shalini Sarin	-	-	-	-	11,00,000	8,25,000	19,25,000
10	Mr. Yogesh Kapur	-	-	-	-	24,00,000	11,75,000	35,75,000
11	Mrs. Purvi Sheth	-	-	-	-	16,00,000	8,50,000	24,50,000
12	Mr. Arvind Goel w.e.f. 19th May 2023	-	-	-	-	9,00,000	9,00,000	18,00,000
	Total	**76,74,194**	**3,218,065**	**971,709**	**512,841**	**11,62,75,000**	**1,02,25,000**	**13,88,76,809**

Notes:

- Allowances include house rent and leave travel allowance.
- Statutory Contributions include Company's contribution to provident fund and superannuation fund/Annuity Fund/National Pension Scheme.
- *Perquisites includes House rent paid, reimbursement of medical, gas and electricity expenses, perquisite value as per Income Tax Rules for furniture at residence but excludes motor car. The above figures do not include provision for leave encashment and gratuity as actuarial valuation of such provision for the Key Management Personnel is included in the total provision for gratuity and leave encashment.
- ** The Amount paid in terms of Basic Salary, Allowances and Statutory Contributions to Mr. Atul Kirloskar is for the period 25th March 2023 to 31st March 2023 and is paid in the month of April 2023

7. Employee Stock Option Plan

No options granted to Independent Directors of the Company during the year under review in terms of Kirloskar Oil Engines Limited – Employee Stock Option Plan 2019. The further details are forming part of Directors' Report for the year ended 31st March 2024.

8. Details on General Body Meetings

The details of General Meetings of the shareholders, held during previous 3 years are as under:

During FY	Date	Time	Type of Meeting	Venue	Special Resolutions passed
2021-22	12th August 2021	11.30 a.m.	Annual General	Through Video Conferencing Mode, in compliance of provisions of the Companies Act, 2013 ('the Act') and Rules thereof read with the General Circular No. 14/2020 dated 8th April 2020; the General Circular No. 17/2020 dated 13th April 2020, the General Circular No. 20/2020 dated 5th May 2020 and General Circular No. 02/2021 dated 13th January 2021 issued by the Ministry of Corporate Affairs (herein after referred as "Circulars") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the SEBI Circular No. SEBI/HO/CFD/ CMD1/CIR/P/2020/79 dated 12th May 2020 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January 2021	1. Amendment and revision of "Kirloskar Oil Engines Limited - Employees Stock Option Plan 2019" ("KOEL ESOP 2019"). 2. Approval under section 180(1)(a), 110 of the Companies Act, 2013, and Regulation 24(5) of SEBI Listing Regulations, 2015 and authority to the Board of Directors to transfer Equity Shares held in Arka Fincap Limited to the proposed wholly owned subsidiary of the Company in one or more tranches at a price not less than the fair Market Value
2022-23	11th August 2022	11.30 a.m.	Annual General	Through Video Conferencing Mode, in compliance of provisions of the Companies Act, 2013 ('the Act') and Rules thereof read with the General Circular No. 14/2020 dated 8th April 2020; the General Circular No. 17/2020 dated 13th April 2020, the General Circular No. 20/2020 dated 5th May 2020, General Circular No. 02/2021 dated 13th January 2021, the General Circular No. 19/2021 dated 8th December 2021, the General Circular No. 21/2021 dated 14th December 2021 and the General Circular No. 2/2022 dated 5th May 2022 issued by the Ministry of Corporate Affairs (herein after referred as "Circulars") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the SEBI Circular No. SEBI/HO/CFD/ CMD1/CIR/P/2020/79 dated 12th May 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January 2021 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May 2022	1. Appointment of Mr. Yogesh Kapur (DIN 00070038) as an Independent Director of the Company to hold office for a first term of five (5) consecutive years with effect from 29th September 2021. 2. Appointment of Mrs. Purvi Sheth (DIN 06449636) as an Independent Director of the Company to hold office for a first term of five (5) consecutive years with effect from 19th May 2022. 3. Re-appointment of - Mr. Satish Jamdar (DIN 00036653) as an Independent Director of the Company to hold office for a second term of 4 (four) consecutive years with effect from 4th August 2022, whose period of office is liable to expire on 3rd August 2022.

During FY	Date	Time	Type of Meeting	Venue	Special Resolutions passed
2023-24	11th August 2023	11.30 a.m.	Annual General	Through Video Conferencing Mode, in compliance of provisions of the Companies Act, 2013 ('the Act') and Rules thereof read with the General Circular No. 14/2020 dated 8th April 2020; the General Circular No. 17/2020 dated 13th April 2020, the General Circular No. 20/2020 dated 5th May 2020, General Circular No. 02/2021 dated 13th January 2021, the General Circular No. 21/2021 dated 14th December 2021, the General Circular No. 2/2022 dated 5th May 2022 and General Circular No. 10/2022 dated 28th December 2022 issued by the Ministry of Corporate Affairs (herein after referred as "Circulars") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the SEBI Circular No. SEBI/HO/CFD/ CMD1/CIR/P/2020/79 dated 12th May 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January 2021, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th May 2022 and SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5th January 2023	1. Appointment of Mr. Arvind Goel (DIN 02300813), as an Independent Director of the Company to hold office for a first term of five (5) consecutive years with effect from 19th May 2023. 2. Alteration of Object Clause of the Memorandum of Association of the Company.

9. Resolution Passed by Postal Ballot

During the Financial Year 2023-24, based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors in the meeting held on 6th March 2024, has approved re-appointment of Mr. Atul Kirloskar as a Chairman and Non-Executive Director with effect from 1st April 2024 for a term of 2 (two) years, subject to the approval of the members of the Company by Postal Ballot pursuant to Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014, including amendments thereunder.

The members of the Company by way of postal ballot and e-voting with requisite majority, on 24th April 2024, approved the re-appointment of Mr. Atul Kirloskar as a Chairman and Non-Executive Director, with effect from 1st April 2024 for a term of 2 (two) years.

Manasi Paradkar, Practicing Company Secretary [FCS- 5447, CP -4385] was appointed as the Scrutinizer for conducting the postal ballot and e-voting exercise.

The postal ballot results were declared on 25th April 2024. The details of Voting Pattern are as below:

Number of votes in favour of the resolution - 8,28,85,861 (80.12%)

Number of votes against the resolution - 2,05,69,755 (19.88%)

During the Financial Year 2022-23, the members of the Company by way of postal ballot and e-voting with requisite majority, on 19th April 2023, approved the appointment of Mr. Atul Kirloskar as a Non-Executive Director and Chairman, with effect from 1st April 2023 for a term of 1 (one) year. Manasi Paradkar, Practicing Company Secretary [FCS- 5447, CP -4385] was appointed as the Scrutinizer for conducting the postal ballot and e-voting exercise.

The postal ballot results were declared on 20th April 2023. The details of Voting Pattern are as below:

Number of votes in favour of the resolution 6,39,50,067 (67.07%)

Number of votes against the resolution 3,14,02,988 (32.93%)

10. Particulars of Appointment / Re-Appointment of Directors

The particulars of appointment / re-appointment of directors are given in the explanatory statement of notice of the Annual General Meeting.

11. Means of Communication

a) Quarterly results

The Quarterly and Half Yearly results are published in national and local dailies such as Financial Express (English all quarters) and Loksatta (Marathi – all quarters), having wide circulation. Since the results of the Company were published in the newspapers, half yearly reports were not sent individually to the shareholders. The Company's results, Press Release on results and official news releases are displayed on the Company's website www.kirloskaroilengines.com and also available on the websites, viz. www.bseindia.com and www.nseindia.com.

b) Presentations to Institutional Investors / Analysts

Presentations are made to analysts on a quarterly basis. The presentations are displayed on Company's website www.kirloskaroilengines.com under Investors' Relations section and also disseminated to the BSE Limited and National Stock Exchange of India Limited where Company's equity shares are listed.

In addition to above, K-Group Investor Day, investor interactions one-to-one and participation in various Group investors meetings were also organized during the year under review.

c) NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre

The NEAPS and the Listing Centre of BSE are web based application designed by National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) respectively for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, quarterly results, Corporate Announcements etc. are filed electronically on NEAPS and the Listing Centre of BSE.

12. General Information for Shareholders

a) Annual General Meeting

Corporate Identification Number (CIN)	L29100PN2009PLC133351 (Registrar of Companies, Pune)
Annual General Meeting	Date and Day : **8th August 2024, Thursday** Time : **11.30 am** Venue : Through Video Conferencing (VC) / Other Audio Visual Means (OAVM)
Financial Year ended	31st March 2024
Book Closure	2nd August 2024 to 8th August 2024 (Both days inclusive)
Last date of receipt of proxy forms	The requirement of accepting Proxy Forms has been dispensed with as per MCA Circular No. 20/2020 dated 5th May 2020, as it is directed to conducting Annual General Meeting through VC / OAVM.
Financial Calendar 2023-24	During Financial Year 2023-24 the results were announced as under: First quarter : 10th August 2023 Second quarter : 2nd November 2023 Third quarter : 12th February 2024 Fourth quarter : 8th May 2024
International Security Identification Number (ISIN)	INE146L01010
Name & address of Stock Exchange and Stock Code	1. BSE Limited (BSE) – 533293 Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. 2. National Stock Exchange of India Limited (NSE) – KIRLOSENG Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.
Listing fees	The Annual Listing fee for Financial Year 2023-24 has been paid to BSE and NSE, where the Company's shares are listed.

b) Shareholding Pattern as on 31st March 2024

Category	No. of shares of ₹ 2/- each	% of Share holding
Promoter and Promoter Group	5,97,37,038	41.21
Foreign Institutional Investors (FII)	1,41,54,649	9.76
Foreign National	1,132	0.00
Individuals	2,71,54,227	18.73
Insurance Companies	20,10,458	1.39
Financial Institution and Banks (FI & Banks)	53,276	0.04
Mutual Fund	3,05,18,344	21.05
Bodies Corporate	39,53,044	2.73
Non Resident Indians	7,08,775	0.49
Investor Education and Protection Fund	24,04,281	1.66
Others	42,60,582	2.94
TOTAL	**14,49,55,806**	**100.00**

c) Distribution of shareholding as on 31st March 2024

Range of Shares	No. of shareholders	No. of Shares	% to total shares
1- 500	71,357	47,88,907	3.30
501-1000	3,419	25,01,194	1.73
1001-5000	3,404	73,01,574	5.04
5001-10000	477	34,30,578	2.37
10001-20000	233	32,91,657	2.27
20001-30000	59	14,31,831	0.99
30001-40000	41	14,12,954	0.97
40001-50000	31	13,84,787	0.96
50001-100000	45	34,20,903	2.36
100001-Above	95	11,59,91,421	80.02
Total	**79,161**	**14,49,55,806**	**100.00**

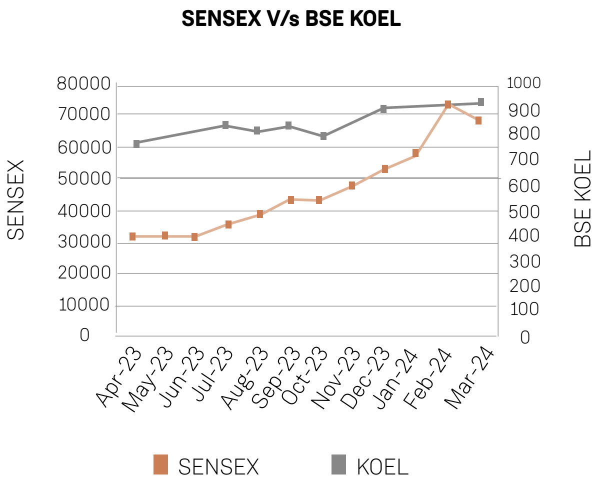
Dematerialization of shares and liquidity (as on 31st March 2024)	**14,24,05,377** Equity Shares (98.24%)
Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity	The Company has not issued GDRs / ADRs / Warrants or any Convertible instruments.

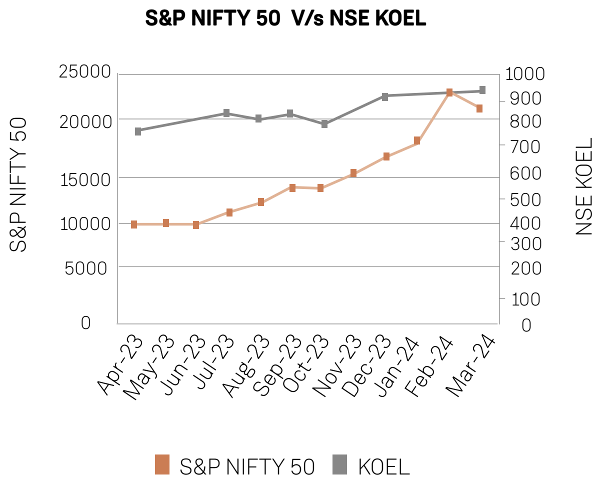
d) Market Price Data

Monthly high/low share prices during the Financial Year 2023-24 on the BSE and NSE are as below:

	BSE			NSE	
Month	**High Price**	**Low Price**	**Month**	**High Price**	**Low Price**
Apr-23	419.00	376.25	Apr-23	419.35	376.10
May-23	443.25	374.00	May-23	443.05	374.00
Jun-23	437.05	382.65	Jun-23	437.90	382.10
Jul-23	466.30	385.30	Jul-23	467.00	387.30
Aug-23	533.75	428.75	Aug-23	534.00	429.05
Sep-23	552.90	468.40	Sep-23	553.65	468.60
Oct-23	576.75	495.65	Oct-23	577.55	495.60
Nov-23	605.25	506.05	Nov-23	605.80	505.70
Dec-23	678.85	576.00	Dec-23	678.80	575.60
Jan-24	726.75	644.20	Jan-24	728.00	644.35
Feb-24	969.75	696.45	Feb-24	969.85	696.10
Mar-24	933.30	730.60	Mar-24	933.95	730.00

Performance of monthly close price of the Company's Scrip on the BSE and NSE as compared to the monthly close S&P SENSEX and S & P Nifty 50 for the Financial Year 2023-24





e) Share Transfer System

Pursuant to the directive of the Securities and Exchange Board of India (SEBI), physical transfer of shares has been dispensed with. Equity shares of the Company can only be transferred in dematerialised form. In reference to SEBI Circular dated 25th January 2022, the Security holder / Claimant shall submit duly filled up Form ISR-4 for processing of service request related to transmission, transposition, consolidation / sub-division / endorsement of share certificate, issue of duplicate share certificate along with requisite documents. The Company / RTA shall issue letter of confirmation after processing the service requests which shall be valid for a period of 120 days from the date of its issuance, within which the securities holder / claimant shall make a request to the Depository Participant for dematerializing the said securities.

SEBI vide circular dated 18th May 2022, revised the limits for waiver of Succession Certificate or Probate of Will or Will or Letter of Administration for Securities in physical mode from ₹ 2 Lacs to ₹ 5 Lacs and for Securities in demat mode from ₹ 5 Lacs to ₹ 15 Lacs. Further, SEBI vide circular dated 25th May 2022, revised the limits for waiver of FIR and Newspaper advertisement for issue of duplicate share certificate for securities from ₹ 50,000/- to ₹ 5 Lacs

The Form ISR-4 is available on the website of the Company and can be downloaded from the website of the Company.

Pursuant to the SEBI Listing Regulations, 2015, a certificate on yearly basis is issued by the Practicing Company Secretary for compliance with share transmission/deletion/sub-division, consolidation, renewal, exchange formalities etc. by the Company.

The information on procedures and forms, which are being asked for by the members frequently, viz. Indemnity/Affidavit etc. for issue of duplicate certificates, transmission procedure, change of address, NECS form, Nomination Form, information about shares allotted pursuant to the Scheme of Arrangement for Demerger/ Composite Scheme etc. are uploaded on the Company's website under Investors' Relations section.

f) List of all credit ratings obtained by the Company during the Financial Year for all debt instruments or any fixed deposit programme or any scheme or proposal involving mobilization of funds, whether in India or abroad

NA

g) Address for correspondence

Registrar and Share Transfer Agent

The Company had appointed Link Intime India Private Limited as Registrar & Share Transfer Agent (R & T Agent). All physical transfers, transmission, transposition, issue of duplicate share certificate/s, issue of demand drafts in lieu of dividend warrants, change of address etc. as well as requests for dematerialisation / rematerialisation are being processed at Link Intime India Private Limited.

The contact details are as follows –

Link Intime India Private Limited	Block No. 202, 2nd Floor, 'Akshay' Complex, Off Dhole Patil Road, Pune – 411 001 Tel: 91- 20 26161629 / 26160084/4601 4473 Email: - pune@linkintime.co.in

h) Shareholders' Satisfaction Survey

As a part of our constant endeavor to improve shareholder services, we had initiated a shareholders' satisfaction survey last Financial Year. The responses received from shareholders were satisfactory.

i) Investor Education and Protection Fund (IEPF)

In accordance with the provisions of sections 124 and 125 of the Act and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") dividends which remain unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account are required to be transferred by the Company to the Investor Education and Protection Fund ("IEPF"). The Members whose dividend/ shares are transferred to the IEPF Authority can claim their shares/dividend from the IEPF Authority following the procedure prescribed in the Rules.

In accordance with the said IEPF Rules and its amendments, the Company had sent notices to all the Shareholders whose shares were due for transfer to the IEPF Authority and simultaneously published newspaper advertisements. The Company had frequently sent communication to these shareholders by email whose email address are available with RTA / DP and also through various other modes viz. notice of general meeting or notice regarding deduction of tax at source (TDS) for dividend payment etc.

The voting rights on these shares shall remain frozen until the rightful owner claims the shares.

The Company has appointed a Nodal Officer under the provisions of IEPF, the details of which are available on the website of the Company https://www.kirloskaroilengines.com/documents/541738/602740/Investor+Contact+as+on+December+2023.pdf/2ed95fc6-ff1b-00c7-cf0f-633b121a68ce?t=1702446187980. Further, the Company has also appointed Deputy Nodal Officers to assist the Nodal Officer to inter alia verify the claim(s) and co-ordinate with the IEPF Authority.

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 31st March 2023 on the Company's website and on the website of the Ministry of Corporate Affairs at www.iepf.gov.in.

j) Plant Locations

Sr. No.	Location	Address	Products manufactured
1	Pune	Laxmanrao Kirloskar Road, Khadki, Pune, Maharashtra – 411 003	Engines
2	Kagal	**Plant I** - Plot No. D1, 5 Star MIDC, Kagal-Hatkanangale Industrial Area, Tal – Hatkanangale, District – Kolhapur Maharashtra-416236	Diesel Engines, Generating Sets and Pumpsets
		Plant II - Plot No. A-262, Phase I, 5 Star MIDC, Kagal-Hatkanangale Industrial Area, Tal – Hatkanangale, District - Kolhapur Maharashtra – 416236	Diesel Engines
		Plant IV - (KMW Unit) Plot No. E-18, Opposite M/s. Soktas India Ltd., 5 Star MIDC, Kagal-Hatkanangale Industrial Area, Tal – Hatkanangale, District-Kolhapur Maharashtra– 416236	Manufacturing of Power Tiller
3	Nasik	A-11/1, MIDC, Ambad, Nashik Maharashtra - 422010	Engines and Gensets
4	Bhare	Plot No. 10 A, Gat No. 405, Village – Bhare, Tal. Mulshi, Dist. Pune – 412115	Gensets, Pumpsets and Power Weeder Engines
5	Rajkot	Plot No 2315/16, 2330/31,GIDC, Lodhika Industrial Estate, Rajkot, D4 Almighty GateRoad, Village Metoda, Rajkot -360021	Centrifugal pumps, Engine Pump sets, Engines for Agricultural and general purpose

13. Disclosures

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub – regulation (2) of Regulation 46 of SEBI Listing Regulations, except the following:

Regulation 26A (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder:

The Company is in process of identifying suitable candidate for vacancy created by resignation of Chief Financial Officer.

This Corporate Governance Report of the Company for the Financial Year 2023-24 is in compliance with the requirements of Corporate Governance under SEBI Listing Regulations, 2015.

a) Related Party Transactions

There were no materially significant related party transactions (including transactions with Promoter(s)/Promoter Group who hold(s) 10% or more shareholding in the Company) during the Financial Year that have a potential conflict with the interests of the Company. Suitable disclosure as required by the Indian Accounting Standards (Ind AS 24) has been made in note no. 40.5.11 to the Financial Statements in the Annual Report.

The Board of Directors had formulated a policy for dealing with related party transactions which is available on the website of the Company. (Web-link - https://www.kirloskaroilengines.com/documents/541738/d9b5f018-1534-d0c4-8d29-1991aab5fefe)

b) Details of capital market non-compliance, if any

There have been no instances of non-compliances by the Company on any matters related to capital markets in the last three (3) years. Neither penalties have been imposed nor any strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter related to capital markets.

c) Vigil Mechanism / Whistle Blower Policy

The Company has a Vigil Mechanism / Whistle Blower Policy to deal with instances of fraud, unethical behavior, mismanagement etc. This Policy has been amended with effect from 1st April 2019 to include instances of leakage of Unpublished Price Sensitive Information. This would inter alia provide a mechanism for employees of the Company and other persons dealing with the Company to report to the Chairman of the Audit Committee any instance of unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. No person has been denied access to the Audit Committee in this regard. The policy is uploaded on the website of the Company. The e-learning and awareness on whistleblower policy is made available to the employees of the Company.

As a part of journey towards excellence in Corporate Governance, the Board of Directors amended the Whistle Blower Policy to adopt online whistle blower mechanism by email or 24 hours hotline number, website or other mode of communication through an independent person/firm. This mechanism has provided platform to the employees of the Company to ask questions or report any potential instance of ethical misconduct, malpractice or non-compliance.

d) Policy on material subsidiary

The Board of Directors had formulated a material subsidiary policy which is available on the website of the Company. (Web-link – https://www.kirloskaroilengines.com/documents/541738/5741ea16-e481-5f8e-0c3e-68f30f15c1b9)

During the year under review, as per the audited Consolidated Financial Statements of the Company for Financial Year 2022-23, La-Gajjar Machineries Private Limited, Arka Financial Holdings Private Limited and Arka Fincap Limited were "material subsidiaries" of the Company as per Regulation 16(1)(c) of the SEBI Listing Regulations, 2015.

e) Dividend Distribution Policy

Pursuant to Regulation 43A of SEBI Listing Regulations, 2015, the Board of Directors had formulated a Dividend Distribution Policy which is available on the website of the Company.

(Web-link-https://www.kirloskaroilengines.com/documents/541738/0a36d92a-4450-1010-8a11-d92ec5426c7c)

f) Policy on Preservation of Documents

Pursuant to the Regulation 9 of SEBI Listing Regulations, 2015, the Board of Directors has approved the Policy for Preservation of Documents.

g) Disclosure of commodity price risk, foreign exchange risk and commodity hedging activities

The Company does not have any significant direct exposure in commodities for hedging through commodity derivatives. The Company manages the foreign exchange risk and hedge to the extent considered necessary. The Company enters into forward contracts for hedging foreign exchange exposures against exports and imports, as and when required. The details of foreign currency exposure are disclosed in Note No. 40.5.15 to the Financial statements in the Annual Report.

h) CEO Certification

The CEO Certificate signed by Ms. Gauri Kirloskar, Managing Director was placed before the meeting of the Board of Directors held on 8th May 2024 stating that the financial results do not contain any false or misleading statement or figures and do not omit any material fact, which may make the statement, or figures contained therein misleading and also that no transaction has taken place which is illegal/ violative to company's conduct.

i) Disclosure with respect to unclaimed shares

The Company has sent two reminders to those shareholders, whose share certificates have returned undelivered by the postal authorities due to insufficient / incorrect information and are lying with the Company. The Company will be sending third reminder letter in due course.

As on 31st March 2024, the total unclaimed equity shares are 3,63,680.

j) Certificate from the Practicing Company Secretary

The certificate from Mr. Mahesh Risbud, Practicing Company Secretary, [Registration No. 185] stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority has been obtained.

k) Recommendations of Committee of Board of Directors

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

l) Statement of fees paid by the Company along with its Subsidiary Company to Statutory Auditors

Fees of ₹ 53 Lacs paid by the Company and Fees of ₹ 3.60 Lacs paid by Arka Financial Holdings Private Limited and ₹ 2.10 Lacs paid by Arka Investments Advisory Services Private Limited, Subsidiary Companies to G.D. Apte, Chartered Accountants, Statutory Auditors of the Company during the Financial Year 2023-24.

m) Disclosure of Sexual Harassment at Workplace

The Company is committed to maintain an environment in which all its employees can work together in an environment free from prejudice or harassment or any form of intimidation or exploitation including, gender violence, sexual harassment and discrimination on the basis of gender.

The Company has an Internal Complaints Committee (ICC) constituted for each location, all committee members and their contact details are available on the Company's internal portal along with the Policy on Prevention of Sexual Harassment (POSH), which is accessible to all employees of the Company.

Awareness programs are conducted on the POSH during the Financial Year. Also, all new joinees at the Company undergo separate induction on POSH policy. Online course on POSH is made available to employees which includes details of regulatory requirements, Incidents that constitutes sexual harassment, dealing with sexual harassment etc.

There were no complaints filed / pending with the Company during the year in relation to sexual harassment of women at workplace.

n) Loans and advances in the nature of loans to firms/ companies in which directors are interested by name and amount

NIL

o) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)

Not Applicable

p) Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries

Information of Material Subsidiaries based on the audited Consolidated Financial Statements of the Company for Financial Year 2023-24 is as under -

Sr. No.	Name of Material Subsidiary	Date of Incorporation	Place of Incorporation	Name of Statutory Auditor	Date of Appointment of Statutory Auditors
1	Arka Fincap Limited	20th April 2018	Mumbai	P G Bhagwat LLP, Chartered Accountants, Pune (Firm Registration No. 101118W/ W100682)	20th October 2021 for a term of three years from FY 2021-22 to FY 2023-24
2	Arka Financial Holdings Private Limited	13th July 2021	Mumbai	G. D. Apte & Co., Chartered Accountants, Pune, (having FRN. 100 515W)	2nd August 2021 for a term of three years from FY 2021-22 to FY 2023-24

q) Disclosure under clause 5A of Paragraph A of Part A of Schedule III

NIL

r) Non-Mandatory / discretionary requirements

The extent of adoption of non-mandatory / discretionary requirements is as follows:

i The Board

The Chairman of the Company as on 31st March 2024 is a Non-Executive Director. He is entitled to maintain his office at the listed entity's expenses and also allowed reimbursement of expenses incurred in performance of his duties.

ii Audit qualifications

There are no audit qualifications on the financial statements of the Company.

iii Shareholder Rights

Since the Company publishes its quarterly results in newspapers (English and Marathi) having wide circulation, and the results are also displayed on the website of the Company and the Stock Exchanges, the Company does not send any declaration of half yearly performance to the shareholders.

Declaration for Compliance with Code of Conduct

The members of Kirloskar Oil Engines Limited

I hereby declare that all Board members and senior management personnel have affirmed compliance with the Code of Conduct, applicable to them as laid down by the Board of Directors in terms of provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendment thereunder.

For Kirloskar Oil Engines Limited

Sd/-

Place: Pune
Date: 8th May 2024

Gauri Kirloskar
Managing Director

Independent Auditor's Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including amendments thereunder

The Members
Kirloskar Oil Engines Limited

We have examined the compliance of conditions of Corporate Governance by Kirloskar Oil Engines Limited ('the Company'), for the year ended March 31, 2024, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended from time to time.

Management's Responsibility

The Management is responsible for ensuring that the Company complies with the conditions of Corporate Governance. This responsibility also includes the design, implementation and maintenance of internal controls and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We conducted our examination in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India ("ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements issued by ICAI.

Opinion

Based on our examination as above and to the best of the information and explanations given to us and representations provided by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the Listing Regulations during the year ended March 31, 2024 except the appointment of Chief Financial Officer under Regulation 26A(2) of the listing regulations, whereby the company is required to fill up the vacancy in the office of the Chief Financial Officer within three months from the date of vacancy.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restriction on Use

The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this Certificate for any events or circumstances occurring after the date of this Certificate.

For G. D. Apte & Co.
Chartered Accountants
Firm Registration number: 100 515W
UDIN: 24113053BKBFHD3056

Sd/-
Umesh S. Abhyankar
Partner
Membership Number.: 113053
Pune, May 8, 2024

Business Responsibility and Sustainability Report (BRSR)

Kirloskar Oil Engines Limited

Section A	General Disclosures
Section B	Management and Process Disclosures
Section C	Principle wise Performance Disclosures
Principle 1	Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.
Principle 2	Businesses should provide goods and services in a manner that is sustainable and safe.
Principle 3	Businesses should respect and promote the well-being of all employees, including those in their value chains.
Principle 4	Businesses should respect the interests of and be responsive to all its stakeholders.
Principle 5	Businesses should respect and promote human rights.
Principle 6	Businesses should respect and make efforts to protect and restore the environment.
Principle 7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.
Principle 8	Businesses should promote inclusive growth and equitable development.
Principle 9	Businesses should engage with and provide value to their consumers in a responsible manner.

SECTION A: GENERAL DISCLOSURE

I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Company	L29100PN2009PLC133351
2.	Name of the Company	Kirloskar Oil Engines Limited
3.	Year of Incorporation	2009
4.	Registered office address	Laxmanrao Kirloskar Road, Khadki, Pune – 411003
5.	Corporate office address	Laxmanrao Kirloskar Road, Khadki, Pune – 411003
6.	E-mail	sustainability@kirloskar.com
7.	Telephone	020 – 25810341
8.	Website	www.kirloskaroilengines.com
9.	Financial year for which reporting is being done	FY 2023-24
10.	Name of the Stock Exchange(s) where shares are listed	BSE Limited and National Stock Exchange of India Limited
11.	Paid-up Capital	28.99 Crore
12.	Name and contact details (telephone, email address) of the person for BRSR Reporting	Ms. Smita Raichurkar, 020 - 25810341, Smita.Raichurkar@kirloskar.com
13.	Reporting boundary	Standalone Basis
14.	Name of assurance provider	Not Applicable
15.	Type of assurance obtained	Not Applicable

II. Products/Services

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

Sr. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	B2B Segment	Power Generation, Industrial, Distribution & Aftermarket and International Business	87.01%
2	B2C Segment	Water Management Solutions and Farm Mechanization Solutions	12.99%

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

Sr. No.	Product/Services	NIC Code	% Of total turnover contributed
1	Gensets	271	21.71%
2	Engines	281	76.33%

III. Operations

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

Sr. No.	Location	Number of Plants	Number of Offices	Total
1.	National	7	10	17
2.	International*	0	2	2

* The Company is in process of closure of Liaison offices established at Nepal and Bangladesh.

19. Markets served by the entity

a. **Number of locations**

Sr. No.	Number of locations served	Number
1.	National (Number of states)	All over India
2.	International (Number of countries)	Select countries in North America, Europe, South America, Asia, and Africa

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

11.83%

c. **A brief on types of customers**

KOEL's key customers are spread across the following sectors:

B2B

a. Power Generation - Retail, Hospitality, Education, Hospitals, Real Estate, Infrastructure, telecom

b. Industrial - Original Equipment Manufacturers (OEMs) - Industrial, Tractors, Construction, Material handling, Earthmoving, Firefighting, Institutional - Industrial, Power Plants, Power for National Power Portal (NPP), Critical, Emergency, Defence and Marine, Commercial Marine, Fishing Boat Engines, Railways

c. International - Construction, Hospitality, Agricultural Pump sets, Mining

B2C

Farm Mechanization and Water Management - Agriculture & Allied Sectors, Residential, Commercial

IV. Employees

20. Details as at the end of Financial Year:

a. **Employees and workers (including differently abled):**

Sr. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
	EMPLOYEES					
1.	Permanent (D)	2,250	2,153	96%	97	4%
2.	Other than permanent (E)	120	106	88%	14	12%
3.	**Total employees (D+E)**	**2,370**	**2,259**	**95%**	**111**	**5%**
	WORKERS					
4.	Permanent (F)	126	126	100%	0	0%
5.	*Other than permanent (G)	1,698	1,650	97%	48	3%
6.	**Total workers (F+G)**	**1,824**	**1,776**	**97%**	**48**	**3%**

* This includes contractual employees for all Plant locations.

b. **Differently abled Employees and workers:**

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

21. Participation/Inclusion/Representation of women

	Total	No. and percentage of Females	
	No. (A)	No. (B)	% (B/A)
Board of Directors	11	3	27.27
Key Management Personnel	3	1	33.33

22. Turnover rate for permanent employees and workers

Category	FY 2024			FY 2023			FY 2022		
	Male (%)	Female (%)	Total (%)	Male (%)	Female (%)	Total (%)	Male (%)	Female (%)	Total (%)
Permanent employees	8.8%	12.5%	9.1%	8.4%	26.3%	9%	6.8%	13.7%	7%
Permanent workers	1%	0%	1%	0%	0%	0%	2%	0%	2%

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

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

Sr. No.	Name of the holding / subsidiary / associate companies / joint ventures	Is it a holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Kirloskar Americas Corporation, USA (KAC)	KOEL Subsidiary	100%	No
2	La-Gajjar Machineries Private Limited, Ahmedabad (LGM)	KOEL Subsidiary	100%	No
3	Arka Financial Holdings Private Limited, Mumbai (AFHPL)	KOEL Subsidiary	100%	No
4	Arka Fincap Limited, Mumbai (AFL)	Subsidiary of AFHPL	-	No
5	Arka Investment Advisory Services Private Limited, Mumbai (AIASPL)	Subsidiary of AFHPL	-	No
6	ESVA Pumps India Private Limited, Coimbatore (ESVA)	Associate/Joint Venture of LGM	-	No

Note: During the year under review, Optiqua Pipes and Electricals Private Limited amalgamated with LGM with effect from 26th March 2024 pursuant to the order copy issued by Regional Director, Ahmedabad (North Western Region) which was filed with Ministry of Corporate Affairs / Registrar of Companies, Ahmedabad, Gujarat.

VI. CSR details

24. **I. Whether CSR is applicable as per section 135 of Companies Act, 2013:** Yes

II. If yes, Turnover – ₹ 4,806.35 Cr

III. Net worth – ₹ 2,614.57 Cr

VII. Transparency and Disclosures Compliances

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

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)	FY 2024			FY 2023		
		No. of complaints filed during the year	No. of complaints pending resolution at close of the year	Remarks	No. of complaints filed during the year	No. of complaints pending resolution at close of the year	Remarks
Communities	Yes	0	0		0	0	During the reporting year 1 complaint was received from shareholder, the complaint was satisfactorily resolved on 10th April 23.
Investors	Yes	0	0		0	0	
Shareholders	Yes	0	0		1	1	
Employees and workers	Yes	0	0		0	0	
Customers	Yes	2,69,528	218*		2,51,741	0	
Value Chain Partners	Yes	0	0		0	0	
Other (please specify)	NA	0	0		0	0	

*These complaints were closed by 3rd April 2024.

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

Sr. No.	Material issue identified	Is it risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Employee Health & Safety	Risk	KOEL recognizes that employee health and safety are critical for business success and social responsibility. The Company is committed to employee well-being, fostering a work environment that emphasizes safety, health, and productivity.	• The Company prioritizes employee well-being beyond the job, creating a safe and healthy work environment that empowers employees to thrive. The Company ensures to equip its entire workforce across all operations with regular safety training. This is also reflected by the Company being ISO 45001:2018 certified, signifying the highest commitment towards best practices in health and safety.	Neutral- • While continuous health and safety improvements require ongoing investment, the benefits are undeniable. This commitment not only fosters a positive and healthy work environment for KOEL's employees, but it also leads to significant long-term advantages in the form of reduced costs as a safe workplace translates to fewer safety incidents, thereby improving productivity as healthy employees are more focused on their work. This also helps in retaining manpower and attracting top talent as a result of pace between enhanced brand value.

Sr. No.	Material issue identified	Is it risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
				• The Company has established various measures such as: On-site access to healthcare professionals, prioritizing immediate medical attention when needed, Ambulance services to address emergencies promptly and efficiently, first-aid kits strategically placed across the premises, complemented by trained personnel who can provide immediate assistance, necessary Personal Protective Equipment (PPE) supplied to employees to ensure their safety and protection at all times, a dedicated team of firefighters on standby to mitigate risks and ensure employee safety during fire emergencies, regular health check-ups and screenings.	
2	Talent Management	Opportunity	• The cornerstone of organizational effectiveness lies within its workforce, shaping its trajectory toward long-term success. Securing and retaining top talent is pivotal for sustained growth and prosperity. At the heart of serving our clients and nurturing future expansion is the recruitment of skilled individuals, coupled with comprehensive training to hone specialized expertise.	• The Company approaches talent management as a key lever to ensure business continuity and business excellence. The Company meets talent management needs through a comprehensive framework that supports employees throughout their entire tenure. • The talent management framework is designed to address these needs ranging from equitable pay, meritocratic work culture, good leadership, employee growth, succession planning, retention schemes, culture building and so on.	Negative- • A weak talent management strategy poses numerous risks, both quantitative and qualitative. Attrition, a quantifiable metric, serves as a symptom of underlying issues. The substantial cost and challenge of replacing valuable employees underscore this risk. Additionally, neglecting performance gaps among current employees compounds these challenges. Failure to address each aspect of the talent management framework significantly impairs the Company's ability to attract and retain talent effectively. Thus, a comprehensive and deliberate approach to talent management is imperative to mitigate these risks and foster organizational success.
3	Circular Economy	Opportunity	• The circular economy is an economic system focused on sustainability through reuse and effective waste management. This is advantageous to both society and the environment. • The initiatives towards waste management, pollution control measures, use of natural resources, recycling or reuse of materials etc. safeguard natural ecosystems.	• Segregation, recycling and reusing of materials, Disposal of hazardous materials, Zero Waste to Landfill initiatives. • Innovation of products and life cycle assessment • Use of water and waste management techniques.	Positive- • Implementing waste prevention, recycling, reuse, and recovery strategies plays a pivotal role in waste management. These practices alleviate pressure on landfills, conserve natural resources, and reduce energy consumption. By utilizing resources more efficiently and sustainably, these strategies contribute to environmental preservation and long-term sustainability efforts.

Sr. No.	Material issue identified	Is it risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
4	Climate Action	Opportunity	• Climate change entails alterations in the Earth's environmental conditions, influenced by various internal and external factors. Over recent decades, it has emerged as a pressing global concern. Therefore, fostering a sustainable environment is imperative to mitigate adverse impacts on both the supply and demand sides. Embracing sustainability not only safeguards against detrimental effects but also fosters business growth in a sustainable manner, ensuring long-term viability and resilience in the face of evolving environmental challenges.	• Efforts towards reduction of GHG emissions • Continuously exploring opportunities in green technologies. • Focus on energy management by reducing the energy intensity and increasing energy efficiency measures.	Positive- • Investing in energy efficiency and renewable energy presents an effective means to gradually reduce the carbon footprint of the business over time. By adopting these measures, businesses can mitigate their environmental impact while simultaneously promoting sustainability and resource efficiency. This proactive approach not only contributes to environmental conservation but also aligns with broader corporate social responsibility goals, fostering a positive reputation and competitive advantage in the marketplace.
5	Stakeholder Relations	Opportunity	• A strong relationship with stakeholders helps to contribute in the business growth. It helps get to know their needs, interests, and requirements. This can help to make informed business decisions that meet their expectations and improve the Company's chance of success.	• Build a strong and trustworthy relationship with shareholders, customers, community, and supply chain partners. • Regular communication and engagement with all stakeholders by effective feedback mechanisms helps to incorporate their concerns and issues into business planning and execution strategy. • Our CSR efforts are concentrated in the areas of education, health and hygiene, the environment, and rural communities around our plant locations.	Positive- • Establishing robust connections with stakeholders is vital for businesses as they can effectively mitigate risks, foster innovation and creativity, ensure legal compliance, and contribute to building a strong reputation and trust. Companies that prioritize stakeholder involvement significantly increase their prospects for long-term success thereby creating value for all.
6	Responsible Supply Chain	Opportunity	• Prioritizing supply chain management and ethical sourcing cultivates a robust reputation among customers, shareholders, and stakeholders, enhancing access to larger sales and fostering greater client loyalty. By establishing a responsible supply chain, businesses can effectively mitigate delivery delays stemming from disruptions, averting significant expenditures. Prolonged delays can detrimentally impact customer satisfaction, underscoring the importance of ethical practices in ensuring operational efficiency and customer trust.	• In efforts to optimize supplier productivity, the Company has successfully implemented the "Lean Cluster" approach, where KOEL works closely with its suppliers to optimize processes, reduce waste, and enhance productivity throughout the supply chain. By implementing lean principles in supplier operations, KOEL aims to drive cost savings, improve quality, and ensure timely delivery of materials, ultimately benefiting both KOEL and its suppliers. • Furthermore, as part of the expansion strategy into rural India, particularly in regions reliant on engines, pump sets, oil, and related products, the Company is diligently crafting a resilient supply chain. This involves integrating the supply chain operations with principles of the Internet of Things (IoT), thereby future-proofing logistical framework against evolving market dynamics.	Positive- • A responsible supply chain can aid in reducing the risks associated with supply chain disruptions, reputational harm, and regulatory compliance. By doing this, firms can stay resilient in operations even in the face of expensive legal fines and penalties. • It helps in reducing the environmental effect and support sustainable development by putting an emphasis on responsible procurement and supply chain management procedures. This can assist in reducing climate change, protecting ecosystems, and preserving natural resources.

Sr. No.	Material issue identified	Is it risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
				• The Company also conducts training programs for its supplier base, including initiatives like the Zero Defect program, aimed at ensuring the highest standards of quality and performance throughout the supply chain.	
7	Innovation Management	Opportunity	• Innovation of goods and services helps a business to create newer markets, while maintaining its edge in the current markets. This leads to increased revenue share strengthening the economic performance	• Considering the inherent nature of the Company's operations, KOEL's products rely on fossil fuels, resulting in the emission of greenhouse gases and consequently amplifying the environmental footprint. Thus, the Company is driving innovations across energy efficiency, pollution reduction, and alternative fuel product technologies to reduce this impact. • The Company believes in the value of innovation; and therefore has developed several incentive and recognition programmes to inspire people to keep innovating. • The Company's R&D team seeks to develop technological leadership in engine research, design, and development and help sustainably supply customized engineering solutions. The R&D department innovates not just to expand product lines but also to enhance products to reduce emissions and develop strategies for long-term, sustainable growth.	Positive- • Employee engagement can be increased through encouraging innovation since it gives workers a sense of purpose and ownership in the Company's success. Additionally, it might encourage a culture of innovation and experimentation. • It helps to find new, more cost-effective methods of doing things with the aid of innovation management. Process simplification, improved supply chain management, and the adoption of new technologies are some of the examples of the same. • Innovation management is essential for a business to secure its future by anticipating and adjusting to changes in the market and technology.
8	Labour Practices & Human Rights	Risk	• Upholding proper treatment of employees is a moral obligation for businesses, encompassing aspects such as providing safe working conditions, fair wages, and respecting employees' rights to association, collective bargaining, and non-discrimination. • Evolving regulations concerning human rights present challenges for businesses, as non-compliance can tarnish reputation and brand image. • Failure to adhere to these laws may result in legal repercussions, including lawsuits, penalties, or fines.	• The Company has implemented Diversity and inclusion, Employee engagement and appreciation programs. • KOEL also carries out Human rights impact assessment, training of internal and external stakeholders on human rights issues.	Negative- • Companies with poor labour practices and human rights records risk damaging their reputation and losing customers and investors. • Supply chains often involve multiple suppliers and contractors, making it challenging to monitor and enforce labour practices and human rights standards. Failure to do so can result in reputational damage and supply chain disruptions.

Sr. No.	Material issue identified	Is it risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
9	Cybersecurity & Data Privacy	Risk	● Data breaches can significantly disrupt business operations and damage relationships with stakeholders. ● Maintaining the confidentiality and integrity of data is paramount to preserving trust with stakeholders and mitigating potential legal and financial ramifications.	● The Company is proactively implementing measures to reduce data breaches, thereby safeguarding customer privacy and fostering trust among customers.	Negative- ● Prioritizing cybersecurity and data privacy is paramount for protecting a business's reputation and retaining customer trust. By implementing robust measures against cyber-attacks and data breaches, companies demonstrate their commitment to safeguarding stakeholder information and preserving the integrity of their brands.
10	Corporate Governance	Risk	● Corporate governance defines the accountability of the board of directors and senior management to stakeholders like shareholders, employees, customers, and suppliers. It ensures decisions consider the interests of these stakeholders, fostering trust and transparency. ● Compliance with ethical norms, legal obligations, and regulatory requirements, particularly in reporting and disclosure, safeguards the business from financial losses, penalties, and reputational damage. This commitment to governance strengthens stakeholder confidence and long-term sustainability.	The Company strives to operate at the highest levels of corporate governance, implementing measures such as developing transparent board structures, integrating risk mitigation and governance processes, enhancing stakeholder communication, and refining brand management.	Negative- ● Issues in corporate governance undermine transparency in a Company's operations, financial reporting, and decision-making, weakening trust with stakeholders, including investors who rely on accurate information for informed decisions. ● A deficient corporate governance structure hampers risk identification and management, exposing the Company to operational, financial, and reputational risks, ultimately diminishing its value and reputation over time.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies, and processes put in place towards adopting the NGRBC principles and core elements. These are briefly as under:

P1	Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent, and accountable
P2	Businesses should provide goods and services in a manner that is sustainable and safe
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains
P4	Businesses should respect the interests of and be responsive to all its stakeholders
P5	Businesses should respect and promote human rights
P6	Businesses should respect and make efforts to protect and restore the environment
P7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
P8	Businesses should promote inclusive growth and equitable development
P9	Businesses should engage with and provide value to their consumers in a responsible manner

Policy and Management processes

	Points	P1	P2	P3	P4	P5	P6	P7	P8	P9
1. (a)	**Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)**	Y	Y	Y	Y	Y	Y	Y	Y	Y
1 (b)	**Has the policy been approved by the Board? (Yes/No)**	Y	Y	Y	Y	Y	Y	Y	Y	Y
1 (c)	**Web Link of the Policies, if available**	• Code of Conduct: https://www.kirloskaroilengines.com/investors/for-share-holders/code-of-conduct • Corporate Governance: https://www.kirloskaroilengines.com/investors/for-share-holders/corporate-governance • Whistle Blower Policy/ Vigil Mechanism: https://www.kirloskaroilengines.com/documents/541738/4807df9b-9b90-fde0-0d89-61d9fd9de35e • Environmental, Social and Governance (ESG) Policy: https://www.kirloskaroilengines.com/documents/541738/c4be6842-e4ff-3723-c90f-8f03bb90b483 • Human Rights Policy: https://www.kirloskaroilengines.com/documents/541738/c8df523c-f274-5506-d2aa-491a85309bb7 • Stakeholder Engagement and Grievance Redressal Policy: https://www.kirloskaroilengines.com/documents/541738/cc6d4946-420f-374a-606b-caf50a370c3e • Risk Management Policy: https://www.kirloskaroilengines.com/documents/541738/9173178d-aad5-15ff-027c-bf20c016b074 • Terms of Appointment for an Independent Director: https://www.kirloskaroilengines.com/documents/541738/8cca52ee-fe0a-fad7-f44f-5011c861c449 • Policy on Prevention of Frauds: https://www.kirloskaroilengines.com/documents/541738/c09a2b21-77f1-45bf-0466-66b8efffa8d8 • Policy on Related Party Transactions: https://www.kirloskaroilengines.com/documents/541738/d9b5f018-1534-d0c4-8d29-1991aab5fefe • Privacy Policy: https://www.kirloskaroilengines.com/documents/541738/d13e9154-6391-dc17-4e0c-af93e34091c1 • Nomination and Remuneration: https://www.kirloskaroilengines.com/documents/541738/2bd3cfb1-7d20-f25a-1163-3a003fd96c15 • Dividend Distribution: https://www.kirloskaroilengines.com/documents/541738/0a36d92a-4450-1010-8a11-d92ec5426c7c • Policy on Material Subsidiaries: https://www.kirloskaroilengines.com/documents/541738/5741ea16-e481-5f8e-0c3e-68f30f15c1b9 • Policy for Determination of Material Events or Information: https://www.kirloskaroilengines.com/documents/541738/0967b1e6-78e8-0adc-678b-72c74cb41168 • Archival Policy: https://www.kirloskaroilengines.com/documents/541738/9eae5179-3d28-e4a0-4a30-d23d6fe052eb • Corporate Social Responsibility: https://www.kirloskaroilengines.com/documents/541738/781c6697-a239-c2d6-afdb-36fc8306ddfb									

	Points	P1	P2	P3	P4	P5	P6	P7	P8	P9
2.	**Whether the entity has translated the policy into procedures. (Yes / No)**	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	**Do the enlisted policies extend to your value chain partners? (Yes/No)**	The Company's value chain partners, comprising employees, directors, channel partners, suppliers, business associates, customers, contractors, and agency staff, are all subject to specific policies. These policies, such as the Policy on Prevention of Fraud and the Whistleblower Policy, extend protection to partners who wish to make disclosures under these frameworks.								
4	**Name of the national and international codes/certifications/labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.**	• ISO 14001:2015 • ISO 45001:2018 • ISO 9001:2015 • IMS Certification from ABS QE								
5	**Specific commitments, goals and targets set by the entity with defined timelines, if any.**	KOEL is embarking on an ambitious sustainability journey, guided by clear targets and unwavering commitment. By 2030, the company aims to elevate its renewable energy usage to 70%, reducing its carbon footprint and advancing towards a greener future. KOEL also pledges to reduce its energy intensity by 15% year-on-year, optimizing operational efficiency while driving sustainable practices across its operations. With a resolute vision, KOEL targets to achieve net zero emissions by 2050, aligning with global climate goals. To ensure accountability, the Company diligently tracks Scope 3 emissions, fostering transparency and accountability in its supply chain. Moreover, KOEL will prioritize product sustainability, conducting Product Carbon Footprint/Life Cycle Assessments to minimize environmental impact. By 2030, KOEL targets a significant 25% reduction in carbon emissions (combining Scope 1 and Scope 2), in its efforts to combat climate change and foster a more sustainable future for generations to come.								
6	**Performance of the entity against the specific commitments, goals, and targets along-with reasons in case the same are not met.**	KOEL is in process of setting up of specific goals in order to enhance its ESG framework which will be monitored from time to time by the management.								

Governance, leadership and oversight

7	**Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets, and achievements (listed entity has flexibility regarding the placement of this disclosure)**	KOEL's legacy isn't just about engines; it's about empowering progress. For over a century, the Company has been a responsible business, focusing on the triple bottom line – planet, people, and prosperity. KOEL has always prioritized the communities where we operate. The Company's CSR initiatives in education, health, environment, disaster relief, and rural development address local challenges, including those faced by disadvantaged groups. The Company also partners with over half of its suppliers, primarily small and local businesses. This commitment fosters local economies and strengthens the supply chain. Furthermore, the Company invests in supplier development through training and conferences, empowering them to excel. The social and environmental factors are also considered when evaluating new suppliers. At KOEL, the employees are the business' engine, and the Company offers comprehensive training programs, equipping them with the latest technical, functional, and behavioral skills to excel in a dynamic market. The Company also promotes a culture of inclusivity, diversity, and transparency throughout its operations. The focus on safety is unwavering, and there are zero reportable injuries in the last financial year. KOEL's R&D team is dedicated to technological leadership in engines and focuses on developing sustainable solutions that minimize environmental impact and cater to the needs of a future-focused society, this is also reflected by the Company's active renewable energy focus via utilization of solar water pumps, hot water generators and steam reducing its specific energy usage. The Company also actively promotes circularity across its business by promoting the 3Rs (Reduce, Reuse, Recycle) principle to minimize waste generation across its operational boundaries. **Looking Forward:** ESG performance is a top priority for KOEL. Through community development, strong vendor relationships, a skilled workforce, and cutting-edge technology, we will continue to deliver on our ESG agenda, creating true value for all our stakeholders.

Governance, leadership and oversight

8	**Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).**	The CSR Committee oversees implementing the Company's robust sustainability framework, all EHS and OHS programmes, as well as the long-term sustainability objectives. The CSR Committee's members are: 1) Rahul C. Kirloskar (Non-Executive Non- Independent Director & Chairman of CSR Committee) 2) Gauri Kirloskar (Managing Director) 3) Shalini Sarin (Non-Executive and Independent Director)
9	**Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.**	The ESG Steering Committee comprises the MD, CFO, CS, the ESG head, and an Independent Director, convening periodically to address sustainability matters. The Managing Director and senior leadership team consistently review the Company's business responsibility performance. Additionally, the Board of Directors regularly assesses progress toward social, environmental, and economic objectives.

10 Details of Review of NGRBCs by the Company

	Subject for Review	a. Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee								
		P1	**P2**	**P3**	**P4**	**P5**	**P6**	**P7**	**P8**	**P9**
1	**Performance against above policies and follow up action**	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	**Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances**	Y	Y	Y	Y	Y	Y	Y	Y	Y

	Subject for Review	b. Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
		P1	**P2**	**P3**	**P4**	**P5**	**P6**	**P7**	**P8**	**P9**
1	**Performance against above policies and follow up action**	A review of the policies is done periodically either by the members of the Board or authorized representatives of the Board.								
2	**Compliance with statutory requirements of relevance to the principles, and the rectification of any non-compliances**	The Company complies with all legal responsibilities that are relevant to the principles, and in case of any non-compliance, the ESG Steering Committee looks into and rectifies the issues.								

		P1	**P2**	**P3**	**P4**	**P5**	**P6**	**P7**	**P8**	**P9**
11	Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	No, the Company has evaluated the policies internally.								

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

	Questions	**P1**	**P2**	**P3**	**P4**	**P5**	**P6**	**P7**	**P8**	**P9**
1	The entity does not consider the principles material to its business (Yes/No)	Not Applicable								
2	The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
3	The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
4	It is planned to be done in the next financial year (Yes/No)									
5	Any other reason (please specify)									

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

Principle 1: Business should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

ESSENTIAL INDICATORS

1. **Percentage coverage by training and awareness programmes on any of the principles during the financial year**

Sr. No.	Segment	Total number of training & awareness programmes held	Topics / principles covered under the training	% Of persons in respective category covered by the awareness programmes
1	Board of Directors	NA*	Training and awareness programs on Sustainability, Code of Conduct	NA*
2	Key Managerial Personnel	NA*	Training and awareness programs on Sustainability, Code of Conduct	NA*
3	Employees other than BOD and KMPs	NA**	Code of conduct, workplace ethics, Leadership training, environmental Training, Safety Induction Training, First aid trainings, CPR, Road safety trainings, Skill upgradation training	NA**
4	Workers	NA**	Safety Induction Training, First aid trainings, CPR, Road safety trainings, Skill upgradation training, Process training	NA**

*KOEL provides an orientation curriculum for Independent Directors that informs them of their duties, rights, and obligations inside the Company as well as the nature of the industries in which they operate and the Company's business model. The Company also organizes a structured induction procedure for new directors during which time they engage with all the Company's top leaders and receive an Onboarding Manual for their education and awareness. Additionally, they receive a comprehensive Letter of Appointment. The management of the Company periodically provides business presentations at board meetings to acquaint Independent Directors with the Company's strategy, operations, and functioning. These interactions provide them a comprehensive understanding of the business and legal environment of the Company.

**During the year the Company has conducted 300+ trainings. All employees are provided with specialized training on human rights policies and procedures. New hires receive POSH training on human rights principles as part of the induction programme. The business offers a secure working environment and regularly provides its staff with training as needed. As a further method of addressing safety, the ongoing toolbox talks to the staff, explaining the current documents, including safety and machine handling elements. For example, safety induction training for new hires, general health, and safety training, first aid and CPR trainings, firefighting trainings, road safety awareness, mock drills, on-site emergency planning, handling and disposal of hazardous chemicals, and more are all provided to employees. These trainings are also carried out with assistance from external organizations/entities like CII, QCFI, THORS India, etc. The business has also taken steps to strengthen its capability to handle emission norms, such as BSV and CPCBIV, by offering organized service trainings throughout the year. The Company is in the process of recording the training and awareness program data.

2. **Details of fines / penalties / punishment / award / compounding fees / settlement amount paid in proceedings (by the entity or by its directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions in FY 2024.**

   Not applicable

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

   Not applicable

4. **Does the entity have an anti-corruption policy or antibribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

   Anti-Corruption and antibribery are addressed within KOEL's Employees Code of Conduct and Prevention of Fraud policy. This framework aims to identify, prevent, report, investigate, and take disciplinary action against any instances of fraud, including bribery and corruption. Controls and procedures are established to support these efforts. The policy details can be accessed here: https://www.kirloskaroilengines.com/en/investors/policies;jsessionid=13EE1650C0ECA274BBF91278653CBAF5

5. **No of Directors/KMPs/Employees against whom disciplinary action was taken by any law enforcement agency for the charges of bribery / corruption**

	Segment	FY 2024	FY 2023
1	Directors	0	0
2	Key Managerial Personnel	0	0
3	Employee	0	0
4	Workers	0	0

6. **Details of complaints with regard to conflict of interest**

	Segment	FY 2024		FY 2023	
		Number	Remarks	Number	Remarks
1	Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	NA	0	NA
2	Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	NA	0	NA

7. **Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators / law enforcement agencies / judicial institutions, on cases of corruption and conflicts of interest.**

Not Applicable, since there were no fines, penalties, or action taken by regulators, law enforcement agencies or judicial institutions on cases of corruption and conflict of interest.

8. **Number of days of accounts payables [Accounts payable *365] / Cost of goods/services procured) in the following format:**

	FY 2024#	FY 2023#
Number of days of accounts payables	77	75

Average total accounts payable (including for goods and services) has been derived basis payables at the beginning and end of the year. In the denominator, we have considered cost of goods sold including purchases of traded goods during the year.

9. **Open-ness of business**

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2024	FY 2023
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	NA	NA
	b. Number of trading houses where purchases are made from	NA	NA
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	NA	NA
Concentration of Sales	a. Sales to dealers/ distributors as % of total sales	38.19%	42.74%
	b. Number of dealers distributors to whom sales are made	1780	1589
	c. Sales to top 10 dealers/ distributors as % of total sales to dealers/ distributors	27.21%	28.67%
Share of RPTs in	a. Purchases (Purchases with related parties/ Total Purchases)	4.53%	4.18%
	b. Sales (Sales to related parties/ Total Sales)	0.51%	0.43%
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	99.44%	99.77%
	d. Investments (Investments in related parties/ Total Investments made)	79.24%	84.48%

LEADERSHIP INDICATORS

1. **Awareness programmes conducted for value chain partners on any of the principles during the financial year:**

Total number of awareness programmes held	Topics / principles covered under the training	% Of value chain partners covered (by value of business done with such partners) under the awareness programmes
We continuously provide Health and safety training; however, we are in a process of calculating the total no of training hours provided.	**Principle 9:** The "Zero Defect" programme was put into place throughout the value chain to assess gaps and complete projects to build a solid and long-lasting quality culture. The Zero-Defect endeavor, which has a clear process for discovering, prioritizing, and monitoring Zero-Defect projects, is one of the benchmark programmes in the industry. Regular evaluations of the vendors' quality, environmental, occupational health, and safety management systems are conducted.	We provide training on a periodical basis to value chain partners, currently we are establishing methods to track the % of value chain partners who were provided these trainings.

Total number of awareness programmes held	Topics / principles covered under the training	% Of value chain partners covered (by value of business done with such partners) under the awareness programmes
	Principle 8: As part of supplier development, KOEL hosted conferences and contests for improving supplier quality. It gave providers a platform to exchange information, learn about best practices being employed by their peers, and boost operational and logistical effectiveness. **Principle 4/8:** The business has moved on to the second phase of the lauded "Samvardan" initiative, which aims to improve the business acumen of SME suppliers, help them create a clear strategy, and foster an entrepreneurial and growth mindset through the application of lean principles. **Principle 4:** Among its suppliers, KOEL promotes small and medium-sized enterprises, and its community programmes were designed to solve issues and difficulties affecting the vulnerable and needy sections. **Principle 2/9:** To encourage and ensure the responsible use of KOEL Products and to improve the competency of the service dealer staff by demonstrating the proper maintenance practices, KOEL has implemented a structured approach that involves conducting annual training programmes for its All-India service dealers and their technicians periodically. **Principle 2/6/9:** To maximize the environmental benefits of using steel skids rather than wooden packing, recommended maintenance procedures, and engine installation and disassembly procedures are the focus of customized training programmes for customers and service dealers.	

2. **Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.**

The Board of Directors and Senior Management of the Company adhere to a Code of Conduct that guides them in identifying and addressing any actual or potential conflicts of interest that may arise in the course of their duties. They are required to actively avoid situations where their personal interests conflict with those of the Company. KOEL has established organizational procedures to minimize, prevent, and manage conflicts of interest effectively. Additionally, the Company follows the Business Excellence Framework and the Code for the Prevention of Insider Trading. The Code of Conduct can be accessed here: https://www.kirloskaroilengines.com/investors/for-share-holders/code-of-conduct. Moreover, KOEL has policies in place to govern Related Party Transactions.

Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe

ESSENTIAL INDICATORS

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

Sr. No.	Segment	FY 2024	FY 2023	Details of improvements in environmental and social impacts
1	R&D	-	-	The R&D department is not only focused on expanding the product range but also, on the up-gradation of products to reduce emission and provide solutions for sustainable growth.
2	Capex	1.38%	16.09%	Spent on Energy Conservation Equipment.

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes, the Company has implemented sustainable sourcing policies aimed at prioritizing local procurement within a 250 km radius and giving preference to local and small suppliers. Moreover, KOEL ensures that its suppliers adhere to environmental regulations, social standards, and human rights laws.

b. If yes, what percentage of inputs were sourced sustainably?

100%

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste**

KOEL primarily utilizes recyclable corrugated boxes and reusable metallic skids for packaging. While particle boards are minimally used for export packaging, metallic skids are retrieved post-delivery. Although product recycling is uncommon in this industry, certain items like DG sets undergo refurbishment to enhance efficiency and extend lifespan. Given that the products mainly consist of metals and alloys, such as cast iron and steel, customers often recycle them as metal scraps due to their high market value.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

The entity is currently evaluating the parameters and accordingly will develop an Extended Producer Responsibility (EPR) plan.

LEADERSHIP INDICATORS

1. **Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

Through ongoing initiatives aimed at energy conservation in both products and processes, the Company demonstrates a steadfast dedication to enhancing the nation's energy efficiency efforts. While a formal Life Cycle Assessment (LCA) hasn't been conducted, KOEL has undertaken a study on the carbon footprint of selected products. This study is reflected in the product catalog, which includes details on fuel economy and weighted carbon.

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Not Applicable

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Indicate input material	Recycled or re-used input material to total material	
	FY 2024	FY 2023
Not Applicable	Owing to specific product requirements within the industry, recycled or reused materials are not currently utilized as input in production. As a result, KOEL does not incorporate recycled materials in its manufacturing processes at present. However, the Company remains committed to adopting reused or recycled input materials as the industry and processes progress and evolve.	Currently the sector doesn't make use of recycled or reused materials as input material in production due to specific product requirements and hence KOEL does not use any recycled material in the Company's manufacturing process; however, KOEL is keen to use reused or recycled input materials as the industry and processes evolve. Currently fuel generated from plastic waste is being used for material handling equipment and recycled lubricant oil in the manufacturing process.

4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

	FY 2024			FY 2023		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging) E-waste Hazardous waste Other Waste	Owing to the nature of business, KOEL does not reclaim any products or packaging at their end of life.			Due to specific product requirements, the industry currently does not use recycled or reused materials as input materials in production. As a result, KOEL follow the process of using any recycled materials in the Company's manufacturing process to the best extent possible. Also, the life of the product generally ranges from 15-25 years and hence it is difficult to reuse or recycle the product, but the Company is eager to use reused or recycled input materials as the industry and processes evolve.		

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category**

Not Applicable

Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

ESSENTIAL INDICATORS

1. a. Details of measures for the well-being of employees:

Category	% Of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		* Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Employees											
Male	2,153	2,153	100%	2,153	100%	-	-	2,153	100%	-	-
Female	97	97	100%	97	100%	97	100%	-	-	97	100%
Total	**2,250**	**2,250**	**100%**	**2,250**	**100%**	**97**	**4%**	**2,153**	**96%**	**97**	**4%**
Other than Permanent Employees											
Male	106	106	100%	106	100%	-	-	106	100%	-	-
Female	14	14	100%	14	100%	14	100%	-	-	14	100%
Total	**120**	**120**	**100%**	**120**	**100%**	**14**	**12%**	**106**	**88%**	**14**	**12%**

*Paternity Benefits are not applicable to few categories such as Management Trainees, Graduate Engineering Trainees etc.

b. Details of measures for the well-being of workers:

Category	% Of workers covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Workers											
Male	126	126	100%	126	100%	-	-	126	100%	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	**126**	**126**	**100%**	**126**	**100%**	**-**	**-**	**126**	**100%**	**-**	**-**
Other than permanent workers											
Male	1,650	1,650	100%	-	-	-	-	-	-	-	-
Female	48	48	100%	-	-	48	100%	-	-	48	100%
Total	**1,698**	**1,698**	**100%**	**-**	**-**	**48**	**100%**	**-**	**-**	**48**	**100%**

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format -

	FY 2024	FY 2023
Cost incurred on well-being measures as a % of total revenue of the Company	*0.29%	0.07%

*For Financial Year 2024, the following items have been considered as a part of well-being measures: Expenditures related to canteen facilities, cricket tournament & badminton court, sports & engagement activities, first aid training, OHC training, employee transport, scholarships, NAPS, R&R, Insurance & Mediclaim & other initiatives are included

2. **Details of retirement benefits for Current and Previous FY**

Sr. No.	Benefits	FY 2024			FY 2023		
		No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
1	PF	100%	100%	Y	100%	100%	Y
2	Gratuity	97%	100%	Y	96%	100%	NA
3	ESI	1%	12%	Y	14%	33%	Y

Note: The aforesaid data denotes the permanent employees/workers.

3. **Accessibility of workplaces - Are the premises / offices of the entity accessible to differently abled employees, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.**

KOEL recognizes the importance of ensuring accessibility for all individuals, including those with disabilities. While the Company does not currently have employees with disabilities, they are committed to creating an inclusive environment. As part of ongoing efforts to support diversity and inclusivity, the Company shall proactively implement accessibility measures across offices and properties as needed in the future.

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

KOEL's Equal Opportunity Policy ensures that all employees, regardless of gender, receive fair pay and equal opportunities for career advancement, irrespective of factors like caste, creed, or gender. As an "Equal Opportunity Employer," KOEL is dedicated to upholding these principles across all aspects of employee recruitment, development, and retention. Recruitment and selection processes are conducted impartially and consistently, following KOEL's Recruitment and Selection policy to mitigate biases. The Company's human resources policy aims to recruit, develop, and retain talent while fostering a culture of equality, diversity, and inclusivity at every organizational level. Discrimination based on caste, creed, color, religion, age, sexual orientation, gender, disability, marital status, or any other distinguishing factor is strictly prohibited at KOEL.

5. **Return to work and Retention rates of permanent employees that took parental leave**

Gender	Permanent Employees		Permanent Workers	
	Return to work Rate (%)	Retention Rate (%)	Return to work Rate (%)	Retention Rate (%)
Male	100%	100%	100%	100%
Female	100%	100%	NA	NA
Total	**100%**	**100%**	**100%**	**100%**

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees? If yes, give details of the mechanism in brief.**

Sr. No.		Yes/No (If yes, then give details of the mechanism in brief)
1	Permanent workers	Every manufacturing facility has a committee that deals with complaints made by employees either directly or indirectly through the Grievance Redressal Mechanism. Additionally, throughout the year, KOEL engages staff by hosting several programmes created to unite all employees, regardless of their varied origins. The business has a SAY, STAY, and STRIVE policy that encourages employee participation as well as an "Employee Engagement Survey" (EES) to gauge employee attitudes. The EES survey's trends and findings are thoroughly examined to develop corrective and improvement measures. The workers may also reach out to the IR anw d APEX committee where the issues raised are resolved confidentially.
2	Other than Permanent Workers	
3	Permanent Employees	The committee addresses issues raised by employees through a Grievance Redressal Mechanism or otherwise through direct communication with BU heads.
4	Other than Permanent Employees	For further details, please visit the Grievance Redressal Policy - https://www.kirloskaroilengines.com/documents/541738/cc6d4946-420f-374a-606b-caf50a370c3e

7. **Membership of employees in association(s) or Unions recognised by the listed entity**

Category	FY 2023			FY 2022		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / Workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees	**2,250**	**-**	**-**	**2,197**	**-**	**-**
Male	2,153	-	-	2,123	-	-
Female	97	-	-	74	-	-
Total Permanent Workers	**126**	**125**	**99%**	**128**	**127**	**99.2%**
Male	126	125	99%	128	127	99.2%
Female	-	-	-	-	-	-

8. **Details of training given to employees**

Category	FY 2024					FY 2023				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No (B)	% (B/A)	No (C)	% (C/A)		No (E)	% (E/D)	No (F)	% (F/D)
Employees										
Male	2,259	1,774	79%	1,046	46%	2,210	1,547	70%	1,016	46%
Female	111	111	100%	27	24%	82	56	68%	42	51%
Total	**2,370**	**1,885**	**80%**	**1,073**	**45%**	**2,292**	**1,603**	**70%**	**1,058**	**46%**
Workers										
Male	1,776	1,776	100%	0	0%	1,886	727	39%	0	0%
Female	48	15	31%	0	0%	44	12	27%	0	0%
Total	**1,824**	**1,791**	**98%**	**0**	**0%**	**1,930**	**739**	**38%**	**0**	**0%**

9. **Details of performance and career development reviews of employees and workers:**

Category	FY 2024			FY 2023		
	Total (A)	No (B)	% (B/A)	Total (C)	No (D)	% (D/C)
Employees						
Male	2,259	2,136	95%	2,210	1,758	80%
Female	111	96	86%	82	64	78%
Total	**2,370**	**2,232**	**94%**	**2,292**	**1,822**	**79%**
Workers						
Male	126	126	100%	1,886	128	7%
Female	0	0	0%	44	0	0%
Total	**126**	**126**	**100%**	**1,930**	**128**	**7%**

10. **Health and Safety Management System**

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes / No). If yes, the coverage such system?

Yes, KOEL has an Integrated Management System (IMS) in place which is ISO 45001:2018 certified. 100% of employees and workers are covered under occupational health and safety management systems. These systems are also internally audited by safety committees and plant heads.

b. What are the processes used to identify work related hazards and assess risks on a routine and non-routine basis by the entity?

Internal safety audits and safety inspections are conducted. The results of safety audits and inspections form the basis for corrective actions if any and further improvements to minimize hazards and risks are undertaken to ensure 100% safety across operations.

c. Whether you have processes for employees to report the work-related hazards and to remove themselves from such risks. (Y/N)

KOEL prioritizes worker input and involvement in maintaining safety across all manufacturing facilities. Each unit has dedicated safety committees with active employee participation. These committees are responsible for identifying workplace hazards, implementing corrective measures, assisting management in meeting safety standards, and investigating and documenting incidents. Regular committee meetings are held every three months, with plant heads serving as the designated decision-makers. Additionally KOEL has implemented an online system accessible to all facilities for recording near-miss incidents and safety observations, ensuring comprehensive safety management.

d. Do the employees of the entity have access to non-occupational medical and healthcare services? (Yes / No)

KOEL facilitates access to non-occupational health services for its employees through various initiatives, including medical camps, immunization drives, and health check-ups. Employees can also avail financial aid for medical expenses through medical claims. Additionally, KOEL conducts free health awareness seminars to promote employee well-being and preventive healthcare.

11. Details of Safety related incidents

Sr. No.	Safety Incident/Number	Category	FY 2024	FY 2023
1	Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
		Workers	0	0.8
2	Total recordable work-related injuries	Employees	0	0
		Workers	0	2
3	No. of fatalities	Employees	0	0
		Workers	0	0
4	High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
		Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy workplace

The Company prioritizes the creation of a safe and healthy workplace environment through a series of proactive measures:

- Training and Education: Employees undergo regular training sessions to understand workplace risks and hazards, ensuring they remain informed and safe.
- Safety Inspections and Audits: Routine audits and inspections are conducted to prevent any potential mishaps.
- Personal Protective Equipment (PPE): Depending on job requirements, employees are provided with appropriate PPE such as helmets, gloves, safety glasses, or respirators to ensure their safety.
- Hierarchy of Control Strategy: The entity employs a hierarchy of control strategy, including elimination, substitution, engineering control, administrative control, and personal protective equipment, to mitigate exposure to workplace hazards.
- Regular Safety Audits: Competent persons or agencies conduct regular safety audits of the plant to identify and address potential safety concerns.
- HIRA/JSA/On Job Training: Employees undergo Hazard Identification and Risk Assessment (HIRA), Job Safety Analysis (JSA), and on-the-job training to enhance safety awareness.
- Lockout and Tagout (LOTO) System: The Company ensures the implementation of a Lockout and Tagout system to control hazardous energy sources effectively.
- Work Permit System: A Work Permit System is in place for the monitoring of critical activities to ensure safety protocols are followed.
- Hazard and Operability Study (HAZOP): Critical areas undergo Hazard and Operability studies to identify potential hazards and mitigate risks effectively.

13. Number of Complaints on the following made by employees

	FY 2024			FY 2023		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	-	0	0	-
Health & Safety	0	0	-	0	0	-

14. Assessments for the year

	% Of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Not Applicable

LEADERSHIP INDICATORS

1. **Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N)?**

   Yes

2. **Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partner.**

   The Company takes great care to ensure that the statutory dues applicable are deducted and deposited by the value chain partners.

3. **Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2024	FY 2023	FY 2024	FY 2023
Employees	0	0	0	0
Workers	0	3	0	1

4. **Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

   No

5. **Details on assessment of value chain partners:**

	% Of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	100%
Working Conditions	100%

6. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

   Not Applicable

Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders

ESSENTIAL INDICATORS

1. **Describe the processes for identifying key stakeholder groups of the entity.**

   The Company has identified its key stakeholders based on those impacted by its activities, products, and services, as well as those whose actions influence its business. Regular communication and engagement with them are of high importance, and effective feedback mechanisms are in place to address their concerns and issues. The key stakeholders include:

   - Employees
   - Shareholders and Investors
   - Customers
   - Dealers and Distributors
   - Technical Collaborators
   - Banks
   - Suppliers and Vendors
   - Society/Local Communities
   - Regulators/Government

2. **List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group**

Stakeholder group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	• Town Hall meetings • Quarterly appraisals • Performance Review forums • Employee Engagement Survey • Trainings • Employee onboarding • External consultants' interactions • AOP/LRP deployment meets • Feedback from unions • IR Committee / Grievance handling committee / Dept. Safety Committee • Intranet	Periodically	To stay in touch with the employees, listen to their needs and to address their concerns **Key topics** • New initiatives, strategic direction, and organizational progress • Emerging business trends • Healthy and safe operations • Career development • Diversity and Inclusion • Training and Development • Motivation and job satisfaction • Employee well-being • Reward and recognition • Grievance mechanism • Policy updates
Shareholders/ Investors	No	• Annual General Meetings • Quarterly investor calls • Analyst meets • Media Releases • Annual report	Periodically	To stay abreast of developments in the Company; To apprise quarterly and annual results **Key topics** • Business Strategy, financial performance, and outlook • Future investments • Good governance practices • Grievances received and addressed • Compliance with applicable laws • Sustainability
Customers	No	• One-on-one interaction • Customer satisfaction surveys • Helpdesk • Customer events • Camps and Exhibitions	Periodically	To develop relationships, anticipate short-term and long-term needs and expectations, to capture day-to-day requirements and to enhance KOEL experience for them **Key topics** • Brand awareness • Information about new and existing products • Availability, quality, and pricing of products • Grievance redressal and transparency • Product Development feedback • Pre and post Sales service

Stakeholder group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Dealers and Distributors	No	• One-on-one interaction • Monthly/ Quarterly reviews • Helpdesk • Dealer conferences and Meets	Periodically	To understand mutual expectations, to apprise of KOEL's policies and process communication, update on new products and sales strategy, to understand market conditions, and to know customer expectations and experience **Key topics** • KOEL expectations and need assessment • Product availability • Product portfolio • Quality and timely delivery • Market conditions and requirements • Customer expectations and experience • Brand awareness • Contractual obligations
Technical Collaborators	No	• One-on-one interaction	Periodically	To strengthen relationships by creating win-win situations **Key topics** • Business opportunities • New product development • Utilizing the mutual strengths • Product knowledge
Banks	No	Consortium Meetings: Periodical meetings/ interactions with members of the Banks in the consortium	Periodically	To approve funding and non-funding limits for the Company **Key topics** • Funding band non-funding limits • Financial performance • Strategic business direction

Stakeholder group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Suppliers and Vendors	No (except a few small enterprises)	• One-to-one interaction • Supplier meets / conference (yearly) • Quality audit • SQI visit • Supplier 'A' Panel Meet • Technology Day • Quality contests (yearly) • Supplier Satisfaction Survey • BPR (Buffer Penetration Report) • Supplier Web Portal • Supplier Performance index • Joint improvement activities • Samvardhan program • Value Engineering exercises	Periodically	To mutual share needs and expectations and to develop strategic partnerships and value creation, to share technology **Key topics** • Quality, cost, and delivery improvement • Technology sharing • Contractual obligations • Innovation opportunities • Long-term associations
Society/ Local Communities	Yes	• Interaction with society/ NGO for the WASH initiative • Vasundhara Film festival • CSR committee meetings • CSR survey • Society Perception Survey	Periodically	To contribute back to society by implementing various initiatives, to spread awareness on environmental and social issues **Key topics** • Needs assessment and brand perception • Community development and welfare initiatives
Regulator/ Government	No	• Economic Publication in journals/ seminars/ media reports • Interaction with District and State Authorities / Central Govt./ PCB meetings with Direct/ Indirect Tax officials	Periodically	To discussions various regulations and amendments, inspections, approvals **Key topics** • Compliance with applicable laws and regulations • Regular tax payments • Employment generation • Social responsibility • Industry concerns and policy advocacy • Government expectations

All employees are accountable for managing relationships and meeting the expectations of internal and external stakeholders within their areas of responsibility. In addition to this, the concerns of our stakeholders are addressed by Designated Officers, the details of which are given in the policy which is available on the Company's website.

LEADERSHIP INDICATORS

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   KOEL continuously engages with its stakeholders via various communication channels to understand stakeholder concerns and accordingly revisit business goals and targets. This strong stakeholder engagement mechanism translates into a strong business strategy along with proper identification of risks and opportunities.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   Stakeholder consultation plays a crucial role in identifying and addressing environmental and social issues within the Company. Through a comprehensive materiality assessment process, both internal and external stakeholders are engaged to determine the most significant issues affecting the business and its stakeholders. By understanding their priorities and concerns, the Company constructs a materiality matrix to guide its sustainability efforts.

   These consultations help the Company develop a more sustainable approach to its operations, identifying potential risks and opportunities along the way. During the reporting period, the Company engaged with various ESG teams consisting of investors, shareholders, consultants, and industry experts to understand stakeholder expectations better.

   Using the insights gathered from these interactions, the Company is in the process of developing an ESG framework with specific KPIs and targets as part of its Sustainability Strategy 2030. By implementing the recommendations obtained through these consultations, the Company aims to enhance its ESG practices and establish itself as a leading player in the field, driving sustainable growth and value creation in the long term.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

   KOEL demonstrates a strong commitment to supporting marginalized and disadvantaged segments of society. Recognizing the challenges faced by women, differently-abled individuals, and other vulnerable populations, the Company prioritizes addressing their needs. Through its CSR initiatives focused on education, health, hygiene, environmental conservation, and rural development, KOEL actively contributes to the upliftment of underprivileged and marginalized groups.

   During the reporting period, no significant concerns were reported by these stakeholder groups, indicating the effectiveness of KOEL's efforts in addressing their concerns and improving their well-being.

Principle 5: Businesses should respect and promote human rights

ESSENTIAL INDICATORS

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format**

Category	FY 2024			FY 2023		
	Total (A)	No. of employees / workers covered (B)	% (B/A)	Total (C)	No. of employees / workers covered (D)	% (D/C)
Employees						
Permanent	2,250	2,134	95%	2,210	2,117	96%
Other than permanent	120	114	95%	82	67	82%
Total employees	**2,370**	**2,248**	**95%**	**2,292**	**2,184**	**95%**
Workers						
Permanent	126	114	90%	128	116	91%
Other than permanent	1,698	255	15%	1,802	248	14%
Total workers	**1,824**	**369**	**20%**	**1,930**	**364**	**19%**

2. **Details of minimum wages paid to employees and workers**

Category	FY 2024					FY 2023				
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No (B)	% (B/A)	No (C)	% (C/A)		No (E)	% (E/D)	No (F)	% (F/D)
Employees										
Permanent										
Male	2,153	0	0%	2,153	100%	2,123	0	0%	2,123	100%
Female	97	0	0%	97	100%	74	0	0%	74	100%
Other than permanent										
Male	106	0	0%	106	100%	87	0	0%	87	100%
Female	14	0	0%	14	100%	8	0	0%	8	100%
Workers										
Permanent										
Male	126	0	0	126	100%	128	0	0%	128	100%
Female	0					0	0	0%	0	0%
Other than permanent										
Male	1,650	1,501	91.0%	149	9.0%	1,758	1,461	83%	295	17%
Female	48	27	56%	21	44%	44	22	50%	22	50%

3. **Details of remuneration/salary/wages, in the following format:**

a. Median remuneration/wages:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	7	42,50,000	3	24,50,000
Key Managerial Personnel (KMP)	2	1,85,18,370	1	38,97,908
Employees other than BoD and KMP	923	10,02,320	45	7,37,756
Workers	922	4,53,870	20	3,79,132

Note:

Median is computed on the basis of permanent employees on the rolls of the Company for the full Financial Year 2023-24.

Directors who were appointed/resigned/retired during the year ended 31/03/2024, the remuneration of these Directors is not considered.

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2024	FY 2023
Gross wages paid to females as % of total wages	6%	3%

4. **Do you have a focal point (Individual / Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

Yes, all Human Rights complaints are addressed by the Ethics Committee.

5. **Describe the internal mechanisms in place to redress grievances related to human rights issue.**

KOEL has established Ethics, POSH (Prevention of Sexual Harassment), and Grievance Redressal committees to effectively address complaints and feedback concerning human rights violations and process enhancements. Our detailed policy outlines the procedures for filing grievances related to human rights issues. You can access the policy document using the following link: https://www.kirloskaroilengines.com/documents/541738/cc6d4946-420f-374a-606b-caf50a370c3e.

6. **Number of Complaints on the following made by employees and workers:**

	FY 2024		FY 2023	
	Filed during the year	Pending resolution at the end of year	Filed during the year	Pending resolution at the end of year
Sexual Harassment	0	0	0	0
Discrimination at workplace	0	0	0	0
Child Labour	0	0	0	0
Forced Labour/ Involuntary Labour	0	0	0	0
Wages	0	0	0	0
Other human rights related issues	0	0	0	0

7. **Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:**

	FY 2024	FY 2023
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	Nil	Nil
Complaints on POSH as a % of female employees / workers	Nil	Nil
Complaints on POSH upheld	Nil	Nil

8. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases**

KOEL fosters a culture of reporting complaints and ensures that complainants are safeguarded against any adverse consequences. Upholding equality of opportunity without bias is fundamental to KOEL's Human Resources Policy. Our processes consistently adhere to labor laws, human rights laws, and other relevant regulations. To address human rights violations and enforce corrective actions, KOEL has instituted proper channels and procedures, including the Whistle Blower and POSH (Prevention of Sexual Harassment) Committee.

9. **Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

Yes, human rights requirements form part of business agreements. Supplier contracts contain Human Right clauses such as no use of child labor and enforcing the use of PPE (Safety) etc.

10. **Assessments for the year**

Section	% Of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Sexual harassment	0%
Discrimination at workplace	0%
Child Labour	0%
Forced Labour/ Involuntary Labour	0%
Wages	0%

11. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above**

Not Applicable

LEADERSHIP INDICATORS

1. **Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.**

There were no cases found for which the business process modification was required.

2. **Details of the scope and coverage of any Human rights due diligence conducted.**

KOEL considers its values as the fondation of a reliable, accountable, and esteemed organization. These principles offer strategic direction for conducting business efficiently while upholding and respecting the dignity and fundamental human rights of the workforce. Through the KOEL due diligence process, strict adherence to statutory laws, human rights directives, and other regulations is ensured, with quarterly evaluations of code of conduct adherence. All operations underwent 100% compliance checks for human rights during the current reporting period. Additionally, specialized training on human rights laws and practices has been provided to all employees.

3. **Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

KOEL in due course of time shall ensure that its premises and offices meet the requirements as per the Rights of Persons with Disabilities Act, 2016.

4. **Details on assessment of value chain partners:**

	% Of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	100*
Discrimination at workplace	100*
Child Labour	100*
Forced Labour/Involuntary Labour	100*
Wages	100*

*During the reporting year (FY 2023-24), all new suppliers were evaluated based on social criteria such as diversity and equal opportunity, non-discrimination, child labor, forced labor, and human rights.

5. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

Not applicable

Principle 6: Businesses should respect and make efforts to protect and restore the environment

ESSENTIAL INDICATORS

1. **Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	Unit	FY 24	FY 23
From renewable sources			
Total electricity consumption (A)	GJ	48,243.07	31,289.6
Total fuel consumption (B)	GJ		-
Energy consumption through other sources (C)			-
Total energy consumed from renewable sources (A+B+C)	GJ	48,243.07	31,289.6
From non-renewable sources			
Total electricity consumption (D)	GJ	63,213	70,561.94
Total fuel consumption (E)	GJ	1,09,913.6	1,10,957.82
Energy consumption through other sources (F)	GJ	6,039.4	-
Total energy consumed from non-renewable sources (D+E+F)	GJ	**1,79,166**	**1,81,519.76**
Total energy consumed (A+B+C+D+E+F)	GJ	**2,27,409.1**	**2,12,809.36**
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	GJ/Crore ₹	47.31	52.24
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed/ Revenue from operations adjusted for PPP)		1,059.8	1,158.34
Energy intensity in terms of physical output (As per Number of Engines)		2.26	2.11
Energy intensity (Optional)		-	-

*The revenue from operations has been adjusted for PPP based on the latest PPP conversion factors published by IMF for India for FY 2024 and FY 2023 are 22.4 and 22.17 respectively.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

No, the entity does not come under the category of Designated Consumers.

3. **Provide details of the following disclosures related to water, in the following format**

Parameter	FY 2024	FY 2023
Water withdrawal by source (in kiloliters)		
(i) Surface water	852	0
(ii) Groundwater	43,013.01	44,913.14
(iii) Third party water	2,02,804	1,88,633
(iv) Seawater / desalinated water		0
(v) Others		1,110
Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)	**2,46,669.01**	**2,34,656.14**
Total volume of water consumption (in kiloliters)	**2,46,669.01**	**2,34,656.14**
Water intensity per rupee of turnover (Water consumed / turnover in Crore)	51.32	57.61
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed/ Revenue from operations adjusted for PPP)	1,149.60	1,277.21
Water intensity in terms of physical output (As per Number of Engines)	2.45	2.29
Water intensity (Optional)	-	-

*The revenue from operations has been adjusted for PPP based on the latest PPP conversion factors published by IMF for India for FY 2024 and FY 2023 are 22.4 and 22.17 respectively.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

4. **Provide the following details related to water discharged:**

Parameter	FY 2024	FY 2023
Water discharge by destination and level of treatment (in kiloliters)		
(i) To Surface water		
- No treatment - With treatment – please specify level of treatment	Not applicable, as all the generated wastewater is treated and reused for horticulture and domestic purpose. No wastewater is discharged outside the premises of Company.	
(ii) To Groundwater		
- No treatment - With treatment – please specify level of treatment	Not applicable, as all the generated wastewater is treated and reused for horticulture and domestic purpose. No wastewater is discharged outside the premises of Company.	
(iii) To Seawater		
- No treatment - With treatment – please specify level of treatment	Not applicable, as all the generated wastewater is treated and reused for horticulture and domestic purpose. No wastewater is discharged outside the premises of Company.	
(iv) Sent to third parties		
- No treatment - With treatment – please specify level of treatment	Not applicable, as all the generated wastewater is treated and reused for horticulture and domestic purpose. No wastewater is discharged outside the premises of Company.	
(v) Others		
- No treatment (Used for gardening purposes)	49,345.75	-
- With treatment – please specify level of treatment	-	55,997.63
Total water discharged (in kiloliters)	**49,345.75**	**55,997.63**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No

5. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

Yes, the Company Installed an Electric Evaporator - 100 LPH for the ETP at Nasik Plant. The volume of treated water is 2 KLD. The recycled water is used for toilet flushing and low-grade Industrial applications like water curtains for paint booths at plant located in Kagal. The Company is also looking to extend the ZLD mechanism to its Kagal plant in the forthcoming years.

6. **Provide details of air emissions (other than GHG emissions) by the entity, in the following format.**

Parameter	unit	FY 2024	FY 2023
Nox	Ppm	8.18	8.80
Sox	Kg/day	16.83	2.04
Particulate matter (PM)	(mg/Nm3)	70.28	44.28
Persistent organic pollutants (POP)	N.A.	NA	NA
Volatile organic compounds (VOC)	Ppm	<0.5	0.16
Hazardous air pollutants (HAP)	N.A.	NA	0
Others – please specify	N.A.	0	0.0045

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

7. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format**

Parameter	Unit	FY 2024	FY 2023
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	8,140	7,398
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	14,399	16,072
Total Scope 1 and Scope 2 emissions per Crore of turnover	tCO2e/ Crore INR	2.99	5.76
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted or Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)		66.9	127.69
Total Scope 1 and Scope 2 emission intensity in terms of physical output (As per Number of Engines)		0.22	0.23
Total Scope 1 and Scope 2 emission intensity (optional)		-	-

*The revenue from operations has been adjusted for PPP based on the latest PPP conversion factors published by IMF for India for FY 2024 and FY 2023 are 22.4 and 22.17 respectively.

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No

8. **Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details**

Yes, a 2.68 MWp solar plant was commissioned in FY 2022-23 in addition to the existing 5.5 MWp contributing to the total capacity of 8.18 MWp. The Company also carried out Tree plantation and other energy conservation projects viz. a) installation of Solar streetlights, Solar charging stations and micro wind turbines b) Use of Organic waste converter for processing kitchen waste etc. Additionally, KOEL is also procuring green energy in the form of Solar and Wind energy thereby strengthening its environmental stewardship.

9. **Provide details related to waste management by the entity, in the following format:**

Parameter	FY 2024	FY 2023
	Total Waste generated (in MT)	
Plastic waste (A)	24.88	28.44
E-waste (B)	3.81	4.59
Bio-medical waste (C)	-	-
Construction and demolition waste (D)	0	0.00
Battery waste (E)	18.37	5.29
Radioactive waste (F)	0	0.00
Other Hazardous waste. Please specify, if any. (G)	542.89	481.26
Other Non-hazardous waste generated (H). Please specify, if any.	4817.73	4,982.25
Total (A+B + C + D + E + F + G + H)	**5407.68**	**5,501.92**
Waste intensity per rupee of turnover (Total waste generated / Revenue from operations)	1.12	1.35
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP)	25.20	29.94
Waste intensity in terms of physical output (As per Number of Engines)	0.053	0.054
Waste intensity (optional)	-	-

*The revenue from operations has been adjusted for PPP based on the latest PPP conversion factors published by IMF for India for FY 2024 and FY 2023 are 22.4 and 22.17 respectively.

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)

Category of waste	FY 2024	FY 2023
	Total Waste generated (in MT)	
(i) Recycled	95.29	5,101.52
(ii) Re-used	0	160.09
(iii) Other recovery operations	0	0
Total	**95.29**	**5,261.61**

For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)

Category of waste	FY 2024	FY 2023
	Total Waste generated (in MT)	
(i) Incineration	182.76	89.69
(ii) Landfilling	62.56	59.36
(iii) Other recovery operations	292.933	91.26
Total	**538.263**	**240.31**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No

10. **Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes**

In its commitment to responsible waste management practices, the Company ensures that all hazardous and nonhazardous waste generated at its factory undergoes meticulous segregation and safe storage in covered yards. Disposal procedures strictly adhere to the prescribed limits, disposal pathways, and agencies outlined in the Consent to Operate issued by the State Pollution Control Board. Notably, hazardous waste such as paint sludge, lead acid batteries, e-waste, and used engine oil are responsibly recycled through authorized channels to mitigate environmental impact. Moreover, the Company employs wastewater treatment processes to meet stringent quality standards, enabling its reuse for irrigation, toilet flushing, and industrial purposes, thereby promoting sustainable water management practices. The Company has also initiated a drive to switch over from solvent-based paints to water-based paints in order to reduce the VOC emissions and to reduce the toxicity of paint waste.

11. **If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, specify details in the following format**

    Not Applicable

12. **Details environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year**

    Not Applicable

13. **Is the entity compliant with the applicable environmental law / regulations / guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act, and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

    The entity is in compliance with all relevant statutory requirements.

LEADERSHIP INDICATORS

1. **Water withdrawal, consumption, and discharge in areas of water stress (in kiloliters):**

   For each facility / plant located in areas of water stress, provide the following information:

   (i) Name of the area: Not applicable

   (ii) Nature of operations: Not applicable

   (iii) Water withdrawal, consumption, and discharge in the following format:

Parameter	FY 2024	FY 2023
Water withdrawal by source (in kiloliters)		
(i) To Surface water	NA	NA
(ii) Groundwater	NA	NA
(iii) Third party water	1003	NA
(iv) Seawater / desalinated water	NA	NA
(v) Others	NA	NA
Total volume of water withdrawal (in kiloliters)	NA	NA
Total volume of water consumption (in kiloliters)	NA	NA
Water intensity per rupee of turnover (Water consumed / turnover)	NA	NA
Water intensity (optional)	NA	NA
Water discharge by destination and level of treatment (in kiloliters)		
(i) To Surface water		
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(ii) To Groundwater		
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(iii) To Seawater		
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(iv) Sent to third parties		
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(v) Others		
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
Total water discharged (in kiloliters)	**NA**	**NA**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

2. **Please provide details of total Scope 3 emissions & its intensity, in the following format:**

Parameter	Unit	FY 2024	FY 2023
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	NA	The Company is not capturing the Scope 3 emissions information, but in the coming years, KOEL anticipates it will calculate the relevant and significant scope 3 emission categories.
Total Scope 3 emissions per rupee of turnover		NA	
Total Scope 3 emission intensity (optional)		NA	

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No

3. **With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

We are not operating in ecologically sensitive zones.

4. **If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

Sr. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Energy Management	The entity has taken up initiatives to reduce the power consumption which in turn reduces the scope 1 emissions such as: • Online Energy monitoring system • Energy conservation drive, monitoring of specific energy consumption and its linkage to KRAs of managers • Participation in various energy summits to remain updated with latest technologies on energy efficiency • Conducting air audits and energy audits once in 3 years from external agency • Appointment of BEE certified energy manager • Employee awareness through celebration on Energy conservation week, exhibitions and seminars.	Reduction in Specific energy consumption and by 2%-3% over previous year. (Based on CII Ecological Code 2007)
2	Renewable energy in use	• Additional installation of 2.68 MWP Captive Solar power plant to existing 5.5 MWP solar plan, 15 kW Solar charging station, total 30 kW Micro wind turbines, 150 numbers of 50W solar streetlights.	Reduction in Carbon intensity (kg of CO2 per unit of BHP produced) by 2%-3%. (Based on CII Ecological Code 2007)
3	Waste and Effluents (Waste plastic to fuel plant initiative)	• Thermal catalytic depolymerization process to convert waste plastic bags into fuel. • Organic waste converter of 250 kg per day to process the canteen and kitchen waste • Recycling of treated effluent for toilet flushing and irrigation, ecological based sewage treatment plant.	100% utilization of recycled water for Toilet flushing, gardening etc.

Sr. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
4	Water Withdrawal	• Constructed rainwater harvesting structures and farm lakes. • Reuse of treated effluent for toilet flushing and irrigation. • Replacement of Underground fire hydrant line with above ground to eliminate water leakages in underground pipeline. • Utilisation of harvested rainwater for domestic and industrial usage, annual 40,000 kl of ground water recharge structure • Implementation of dry metal cutting operations • Utilisation of harvested rainwater for washing of solar panels • Utilisation of harvested rainwater for fire hydrant system • Upgradation of storm water system for efficient collection of rainwater. Water conservation by diverse measures including installation of water saver taps, water loss prevention measures and optimal utilization of treated water	• 18% share of harvested rainwater in total water consumption • 25% share of recycled water in total water consumption

5. **Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

   Yes, the Company has diligently crafted a robust business continuity policy and plan, tailored to address the needs of its varied business units, manufacturing facilities, and corporate functions such as human resources and finance.

6. **Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?**

   KOEL continuously screens its value chain partners to assess any significant impact on the environment due to their operations and undertakes steps to mitigate risks and impacts if any.

7. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts**

   100% of KOEL's important suppliers (in production parts) have undergone screening, and the Company has implemented a zero-defect project for supplier improvement with six-monthly reviews that place a particular emphasis on raising EHS ratings and raising other social benchmarks.

Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

ESSENTIAL INDICATORS

1. a. Number of affiliations with trade and industry chambers / associations:

   The Company is a member of 7 trade and industry chambers/ associations.

   b. List the top 10 trade and industry chambers / associations (determined based on the total members of such a body) the entity is a member of / affiliated to.

Sr. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Bombay Chamber of Commerce and Industry	State
2	Confederation of Indian Industry (Western Region)	National
3	Engineering Export Promotion Council	National
4	Federation of Indian Chambers of Commerce and Industry	National
5	Federation of Indian Export Organizations	National
6	Mahratta Chamber of Commerce Industries and Agriculture	State
7	Automotive Research Association of India	National

2. **Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities.**

   Not Applicable as the Company received zero notices for anti-competitive, antitrust, conflict of interest, or monopolistic practices from regulatory authorities during the reporting period.

LEADERSHIP INDICATORS

1. **Details of public policy positions advocated by the entity:**

   During the reporting period, no public policy positions were advocated.

Principle 8: Businesses should promote inclusive growth and equitable development

ESSENTIAL INDICATORS

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current FY 24**

   Not applicable

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity in the following format**

   Not applicable

3. **Describe the mechanisms to receive and redress grievances of the community**

   The Company's CSR initiatives aim to address issues affecting local communities, including underprivileged populations. To receive and address community complaints effectively, KOEL has implemented the following procedures:

   - Direct Engagement: CSR representatives engage directly with community members to address their grievances and concerns.
   - Society Perception Survey: Periodic surveys are conducted by a reputable external agency to gauge the perception of local communities regarding KOEL's CSR initiatives. The survey results help assess performance and identify areas for improvement, informing the development of future CSR projects.
   - Community Satisfaction Survey Index: KOEL undergoes periodic assessments on a Community Satisfaction Survey Index, striving to achieve a score of at least 85. This index serves as a benchmark for measuring community satisfaction and guiding ongoing CSR efforts.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers**

Category of waste	FY 2024	FY 2023
Directly from within India	95%	96%
Directly sourced from MSMEs/ small producers	33%	28%

5. **Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost**

Location	FY 2024	FY 2023
Rural	0%	0%
Semi-urban	0%	0%
Urban	30%	32%
Metropolitan	70%	68%

(Place to be categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

LEADERSHIP INDICATORS

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

   Not applicable

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

   Not applicable

3. **A) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No) B) From which marginalized /vulnerable groups do you procure? C) What percentage of total procurement (by value) does it constitute?**

   Yes, the Company prioritizes collaboration with small and regional suppliers as part of its supply chain strategy. With a focus on sustainability and local economic development, KOEL emphasizes sourcing materials from vendors located within a 300-kilometer radius. This approach not only supports small and medium-sized enterprises (MSMEs) but also fosters community growth.

   KOEL actively engages MSME suppliers in its "Samvardhan Programme," which promotes LEAN principles to empower vendors to enhance their operational efficiency and business capabilities. By encouraging suppliers to adopt an entrepreneurial mindset, KOEL contributes to the overall development of its supply chain partners and strengthens local economies.

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

   Not applicable since the Company has standard patents that are not based on traditional knowledge and does not own any intellectual properties based on traditional knowledge.

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

   Not applicable

6. **Details of beneficiaries of CSR Projects:**

Sr. No.	CSR Project	No. of persons benefitted from CSR Projects	% Of beneficiaries from vulnerable and marginalized groups
1	Health	1,798	30%
2	Education	4,223	40%
3	Sustainable Livelihood	1,750	40%
4	Environment	2,559	25%

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

ESSENTIAL INDICATORS

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback**

   Customers can easily reach out to the support team via phone (8806334433), email (koel.helpdesk@kirloskar.com), or the Kirloskar self-service app, available for download on the Google Play Store. The helpdesk operates round the clock, providing 24/7 support. In case of emergencies, helpdesk personnel promptly connect customers with Kirloskar Service Engineers for immediate assistance. Contact information for the Helpdesk is prominently displayed on stickers affixed to DG sets, the Company website, and all Point-of-Sale Materials (POSMs).

   For post-warranty concerns, customers can contact service dealers, who then raise requests in Pulse (Dealer Business Management System – DBMS) for tracking until resolution. The Company designates responsible officials, such as Area Service Managers, Product Managers, Zonal Service Managers, or Customer Relationship Managers, to handle complaints received from various sources. These managers engage with customers to understand their complaints, take corrective actions through the service dealer network, and organize customized drive campaigns to address segment-specific issues.

   Digital and technological initiatives are continually employed to engage customers proactively and provide after-sale service. Key Performance Indicators (KPIs) such as 4 Hours Response Time, Max Time to Resolution (TTR) – 24 & 48 hours, First Time Right, and First Visit Resolution are tracked using Pulse. Service Requests are efficiently managed through Pulse, ensuring timely allocation to relevant Service Dealers based on pin codes. Customer Delight Index (CDI) calls are conducted to gauge customer satisfaction, with dedicated follow-up for detractor customers (score of 6 or below) to ensure resolution and obtain satisfaction feedback.

In case a customer feels the complaint/concern was not given due attention , a new Service Request is generated through the Kirloskar Help Desk for further action. KOEL has 425 outlets in India for customer service and spare parts, supported by a trained service team comprising over 2400 members. Customers can also reach out through the "Contact Us" page on the Company website: https://www.kirloskaroilengines.com/contact

2. Turnover of products and / services as a percentage of turnover from all products/ service that carry information about

State	As a percentage to total turnover
Environmental and social parameters relevant to the product	No specific labels provided
Safe and responsible usage	100%
Recycling and/or safe disposal	No specific labels provided

3. Number of consumer complaints in respect of the following:

	FY 2024			FY 2023		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy Cyber-security Delivery of essential services Restrictive trade practices Unfair trade practices	Nil		The complaints recorded here refer to the Service Requests raised by customers primarily regarding warranty, warranty free checks, post warranty jobs, Comprehensive Maintenance Contracts and Annual maintenance contracts.	Nil		The complaints recorded here refer to the Service Requests raised by customers primarily regarding warranty, warranty free checks, post warranty jobs, Comprehensive Maintenance Contracts and Annual maintenance contracts.
Others	2,69,528	218*		2,51,741	0	

*These complaints were closed by 3rd April 2024.

4. Details of instances of product recalls on accounts of safety issues

	Number	Reason for recall
Voluntary recalls	0	-
Forced recalls	0	-

5. Does the entity have a framework / policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

KOEL has implemented a comprehensive Privacy Policy that addresses cyber security risks and data privacy concerns. The Company has streamlined its entire customer service system, leveraging advanced technologies such as ERP, Pulse (Dealer Management System), Electronic Field Service Report (eFSR), KOEL Flow, and Electronic Spare Parts Catalogue (eSPC). These systems are fully integrated and centrally controlled, ensuring seamless operation across the organization. Regular audits are conducted at both the Service Dealer and corporate levels to identify and rectify any errors or discrepancies in the service chain. Site audits and warranty audits are also conducted to maintain quality standards and ensure compliance with Company policies and procedures. The policy can be accessed at https://www.kirloskaroilengines.com/documents/541738/d13e9154-6391-dc17-4e0c-af93e34091c1.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services

During the reporting period, the Company received no issues were raised related to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

7. **Provide the following information relating to data breaches:**

   a. Number of instances of data breaches

   Zero

   b. Percentage of data breaches involving personally identifiable information of customers

   Not applicable

   c. Impact, if any, of the data breaches

   Not Applicable

LEADERSHIP INDICATORS

1. **Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

   Yes, the Company's website has all the relevant information on the products offered https://www.kirloskaroilengines.com/products.

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   KOEL's Aftermarket and Distribution unit is committed to promoting responsible usage of its products and enhancing the expertise of service dealer personnel through structured training programs. These programs are conducted annually for all India service dealers and technicians, covering various specialized areas such as engine assembly, recommended maintenance practices, electrical training, and customer sensitization. Additionally, KOEL offers several initiatives to train its customers directly, including product demonstrations, on-site training sessions, and providing product literature. To maximize environmental sustainability, the Company also utilizes skids instead of wooden packaging. Furthermore, KOEL educates customers about its products through display labels, Operations & Maintenance (O&M) manuals, and regulatory approval certificates. These resources provide essential information such as usage guidelines, parts codes, and regulatory references, ensuring customers have a comprehensive understanding of KOEL products.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

   Not applicable, as KOEL does not provide essential services.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

   KOEL ensures that customers have access to essential information about its products through various channels. This includes displaying relevant details on product packaging and using display labels on parts and products. Additionally, the Company provides Operations & Maintenance (O&M) manuals in compliance with labeling regulations. These manuals cover important information such as usage guidelines, regulatory approval references, and parts code numbers, enabling customers to make informed decisions and use KOEL products effectively.

Financial Statements

Independent Auditor's Report

The Members of **Kirloskar Oil Engines Limited**

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Kirloskar Oil Engines Limited ("the company"), which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss (including Other Comprehensive loss), Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes to the Financial Statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

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 as amended ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2024 and its profit (including Other Comprehensive loss), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of standalone financial statements in accordance with the Standards on Auditing (SAs) as 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 made 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 audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2024. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. We have determined the matter described below to be the key audit matter to be communicated in our report.

Revenue recognition:

During the financial year the company has recognised revenue from contracts with customers for sale of goods and services of ₹ 4,806.35 Crores (Refer Note 30 of standalone financial statements). Revenue is recognised as per revenue recognition policy described in Note 40.4.17.

We have identified revenue recognition as a key audit matter since it involves significant management judgement and estimates including whether contracts contain multiple performance obligations which should be accounted for separately. This comprises allocation of the transaction price to each performance obligation and assessing whether the identified performance obligations are satisfied at a point in time or satisfied over a period of time and determining when the control is transferred.

Our audit methodology included the following:

- Obtained an understanding and assessed internal controls and its effectiveness with regards to recognition of revenue.
- Analysed major streams of revenue of the company to assess whether the method of revenue recognition is consistent with 'Ind AS 115, Revenue from Contracts with customers' and has been applied consistently.
- Focused on contract classification, determination of the performance obligations and determination of transaction price including variable consideration for selected samples.
- Tested on sample basis whether revenue transactions near to the reporting date have been recognised in the appropriate period based on terms of the contract.
- Evaluated and critically analysed on sample basis, the significant judgements and estimates made by the management in applying the accounting policy for allocation of transaction price and the timing of transfer of control.
- Critically analysed the adequacy and appropriateness of disclosures required as per 'Ind AS 115, Revenue from Contracts with Customers'.

Other Information

The company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Corporate Governance, Business Responsibility and Sustainability Report and Directors' 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 and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the 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.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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, the Board of Directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also 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:

- 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.

- 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 with reference to standalone financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

- 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.

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 for the financial year ended March 31, 2024 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, 2020 ("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, 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 loss), the 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 Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

    (e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the director is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.

    (f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B' to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Standalone Financial Statements.

    (g) As required by section 197 (16) of the Act, in our opinion and according to information and explanation provided to us, the remuneration paid/ provided for by the company to its directors is in accordance with the provisions of section 197 of the Act and remuneration paid to directors is not in excess of the limit laid down under this section.

    (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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

        (i) The company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 40.5.1 to the financial statements.

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

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

        (iv) (a) The management has represented that to the best of its knowledge or belief, no funds other than as disclosed in the notes to the financial statements (Refer Note 45) 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, whether 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 or belief, no funds have been received by the company from any other person(s) or entity(ies) including foreign entities (funding parties) with the understanding, whether recorded in writing or otherwise, that the company shall, whether 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 considered reasonable and appropriate in the circumstances carried out by us, nothing has come to our notice that has caused us to believe that the representation under clause (iv)(a) & (iv)(b) contain any material misstatements.

        (v) (a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.

(b) The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with Section 123 of the Act.

(c) The Board of Directors of the Company have proposed final dividend for the year in accordance with Section 123 of the Act which is subject to the approval of the members at the ensuing Annual General Meeting.

(vi) According to the information and explanations given to us and based on our examination which included appropriate test checks, we report that the company has used accounting software for maintaining its books of account which has the feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, we did not come across any instance of tampering of the audit trail feature during the course of our audit.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024

For **G. D. Apte & Co.**
Chartered Accountants
Firm Registration Number: 100515W
UDIN: 24113053BKBFHG1586

Umesh S. Abhyankar
Partner
Membership Number: 113053
Pune, May 8, 2024

Annexure "A" to Independent Auditors' Report (Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' section of our Report to the Members of Kirloskar Oil Engines Limited of even date)

(i) (a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment including right of use assets.

(B) The Company is maintaining proper records showing full particulars of intangible assets.

(b) The Company has a regular programme of physical verification of its property, plant and equipment according to which the physical verification is carried out once in a period of three years. In accordance with this programme, property, plant and equipment were verified during the year 2021-22 and no material discrepancies were noticed on such verification. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets.

(c) The title deeds of all the immovable properties disclosed in the Standalone Financial Statements were held in the name of the Company. Further, the lease agreements where the Company is a lessee have been duly executed.

(d) During the year, the Company has not revalued its property, plant and equipment, right of use assets and intangible assets.

(e) According to the information and explanations given to 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.

(ii) (a) The physical verification of inventory has been conducted at reasonable intervals by the Management. In our opinion, the procedures for verification of inventory and the coverage of verification were appropriate. The discrepancies noticed for each class of inventories were insignificant and not 10% or more in aggregate for each class of inventory, which have been properly dealt with in the books of account. In respect of inventories lying with third parties, the Company has obtained confirmation letters to cover the significant value.

(b) During the year, the Company has availed working capital limits from banks in excess of ₹ 5 Crores on the basis of security of current assets. On the basis of audit procedures carried out by us we report that there were no discrepancies in the quarterly statements filed with banks and the books of account of the Company.

(iii) (a) During the year, the Company has not given advance in the nature of loan, provided any guarantee or given any security to its subsidiaries, joint ventures, other companies, firms, Limited Liability Partnerships or any other parties. However, the company has granted loans during the year, the details of which are as under:

(₹ in Crores)

Particulars	Loan
Aggregate amount granted/ provided during the year	
Subsidiaries	Nil
Employees	0.03
Balance outstanding as at balance sheet date in respect of above cases	
Subsidiaries	10.72
Employees	0.06

(b) In our opinion, the investments made and the terms and conditions of loans and advances given during the year are not prejudicial to the interest of the Company.

(c) In respect of loans, the schedule of repayment of principal and payment of interest has been stipulated and the repayments are regular except few delays in case of interest from one of the subsidiaries, which has since been fully recovered during the year.

(d) There are no amounts of principal and interest which are overdue as at March 31, 2024.

(e) According to the information and explanations provided to us and based on the audit procedures carried out by us we report that no loan which has fallen due during the year has been renewed or extended. We further report that no fresh loans have been granted to settle the overdues of existing loans given to the same parties.

(f) The Company has not granted any loans either repayable on demand or without specifying any terms or period of repayment.

(iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, guarantees and security provided by it, as applicable.

(v) The Company has not accepted any deposits or amounts which are deemed deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under. According to the information and explanations given to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.

(vi) Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, 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 the records with a view to determine whether they are accurate or complete.

(vii) (a) The Company is generally regular in depositing the 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 other material statutory dues, as applicable, with the appropriate authorities.

According to the information and explanations given to us and based on the audit procedures carried out by us, no undisputed amounts payable in respect of statutory dues were in arrears as at March 31, 2024 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of examination of books of account and records of the Company, we report that there are no dues in respect of 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 which have not been deposited on account of any dispute except for following cases:

Name of the Statute	Nature of Dispute	Amount under dispute not deposited * (₹ in Crores)	Period to which amount is related	Forum where the dispute is pending
Income Tax Act, 1961	Disallowances and demands during the course of assessment	38.36	Assessment Years: 1997-98 1998-99 2001-02 2008-09 2009-10 2012-13	Bombay High Court As informed to us, though the demands have been dropped by the assessing officers in view of favourable decisions of ITAT, the Income Tax Department has since preferred appeal in the High Court. However the High Court has not directed the company to deposit any amount in this respect.
		12.66	AY 2018-19	Commissioner of Income Tax (Appeals)
		11.62	AY 2020-21	Commissioner of Income Tax (Appeals).
		12.83	AY 2022-23	Commissioner of Income Tax (Appeals)
State Sales Tax Legislations	Non- submission of forms and Other Demands	1.49	2004-05 2007-08	High Court of Madhya Pradesh Bombay High Court Karnataka High Court
	Non-receipt of forms and disallowance of credits	0.57	2004-05 2008-09 2012-2016	Joint/ Additional/ Commissioner (Appeals)
Goods and Services Tax (GST)	Disallowance of Input Tax Credit	0.51	2017-18, 2018-19, 2019-20	Additional Commissioner of GST & Central Excise (Appeals)
		0.59	2017-18	Joint Commissioner (Corporate Circle) State Tax, Lucknow, Zone II, Lucknow
	Demand of tax due to discrepancies in E-Way Bills	0.03	2018-19	Office of the Joint Commissioner State Tax Anti Evasion Bureau Indore - B
Customs Act, 1962	Levy of Differential Customs Duty	0.00**	2017-18	Commissioner (Appeals)
Finance Act, 1994	Disallowance of Credit	0.03	2007-2010	Bombay High Court
		0.79	2006-07 2013-2017	Custom, Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Excise duty on government incentives, Valuation and disallowance of CENVAT credit	41.77	1992-2002 2004-2017	Custom, Excise and Service Tax Appellate Tribunal (CESTAT)
Stamp Duty	Maharashtra Stamp Act, 1958, as amended	7.47	Assessed during 2015-16	Chief Controlling Revenue Authority

* Amounts are net of pre-deposit, paid under protest.

**Balances with values below the rounding off norm adopted by the Company have been reflected as "0.00"

(viii) According to the information and explanations given to us and on the basis of examination of books of account and records of the Company, we report that there are no transactions, which were not recorded in the books of account but have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings including interest thereon from banks.

(b) According to the information and explanations given to us and on the basis of examination of books of account and records of the Company, we report that the Company has not been declared to be a wilful defaulter by any bank.

(c) According to the information and explanations given to us and on the basis of examination of books of account and records of the Company, we report that term loans were applied for the purposes for which the loans were obtained.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries or joint venture.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or joint venture.

(x) (a) During the year, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). As such, reporting under clause 3(x)(a) is not applicable.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.

(xi) (a) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Standalone Financial Statements and as per the information and explanations given by the Management, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(b) No report under sub-section (12) of section 143 of the 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) According to the information and explanations given to us and procedures performed by us, we report that no whistle-blower complaints were received during the year by the Company.

(xii) The Company is not a Nidhi Company within the meaning of Section 406 of the Act. As such, reporting under clause 3 (xii) (a) to (c) is not applicable.

(xiii) Based upon the audit procedures performed and as per the information and explanations given to us, we report that the transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and the details as required by the applicable Indian Accounting Standards have been disclosed in the Financial Statements.

(xiv) (a) In our opinion, the internal audit system of the Company is commensurate with the size and nature of its business.

(b) The reports of the Internal Auditors for the year under audit have been considered by us.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with any of the directors or persons connected with him. Accordingly, the provisions of clause (xv) of the Order are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934). Accordingly, the provisions of clause (xvi (a)) of the Order are not applicable to the Company.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities during the year.

(c) The Company would not be classified as a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

(d) According to the information and explanation given to us, the Group has two Core Investment Companies as defined in Core Investment Companies (Reserve Bank) Directions, 2016.

(xvii) On the basis of examination of books of account and records of the Company and overall examination of the Standalone Financial Statements, we report that the Company has not incurred cash losses in the financial year 2023-24 or in the immediately preceding financial year 2022-23.

(xviii) During the year, there is no resignation by the statutory auditors of the Company.

(xix) According to the information and explanations given 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) On the basis of examination of books of account and records of the Company, we report that there is no unspent amount in respect of Corporate Social Responsibility which was due for transfer during the year to a Fund specified in Schedule VII to the Act or to special account in compliance with provision of sub section (6) of section 135 of the said Act.

For **G. D. Apte & Co.**
Chartered Accountants
Firm Registration Number: 100515W
UDIN: 24113053BKBFHG1586

Umesh S. Abhyankar
Partner
Membership Number: 113053
Pune, May 8, 2024

Annexure "B" to the Independent Auditor's Report of even date on the Standalone Financial Statements of Kirloskar Oil Engines Limited.

Report on the Internal Financial Controls with reference to Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to the standalone financial statements of Kirloskar Oil Engines Limited ("the company") as of March 31, 2024 in conjunction with our audit of the standalone financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). 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 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 with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements, both issued by the Institute of Chartered Accountants of India. 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 with reference to standalone financial statements were 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 internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls over financial reporting with reference to standalone financial statements

A company's internal financial control over financial reporting with reference to standalone financial statements 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 with reference to standalone financial statements 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 with reference to standalone financial statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to standalone financial Statements, 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 with reference to standalone financial Statements to future periods are subject to the risk that the internal financial controls over financial reporting with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **G. D. Apte & Co.**
Chartered Accountants
Firm Registration Number: 100515W
UDIN: 24113053BKBFHG1586

Umesh S. Abhyankar
Partner
Membership Number: 113053
Pune, May 8, 2024

Balance Sheet as at 31 March 2024

₹ in Crores

Particulars	Note No.	As at 31 March 2024	As at 31 March 2023
Assets			
I. Non-current assets			
(a) Property, plant and equipment	1a	395.25	362.36
(b) Capital work-in-progress	1a	202.28	15.82
(c) Right-of-use assets	1b	12.86	15.89
(d) Other Intangible assets	2	82.73	46.85
(e) Intangible assets under development	2	40.29	50.61
(f) Financial assets			
(i) Investments	3	1,487.86	1,430.87
(ii) Loans	4	0.03	8.04
(iii) Other financial assets	5	14.42	15.00
(g) Income tax assets (net)	6	21.84	33.92
(h) Other non-current assets	7	5.67	44.11
Total Non-current assets		**2,263.23**	**2,023.47**
II. Current assets			
(a) Inventories	8	523.51	468.45
(b) Financial assets			
(i) Investments	9	388.34	261.65
(ii) Trade receivables	10	568.44	467.21
(iii) Cash and cash equivalents	11a	89.57	23.91
(iv) Bank balance other than (iii) above	11b	8.43	9.92
(v) Loans	12	10.75	21.88
(vi) Other financial assets	13	33.72	34.26
(c) Assets held for sale	14	-	-
(d) Other current assets	15	35.08	29.02
Total Current assets		**1,657.84**	**1,316.30**
Total Assets		**3,921.07**	**3,339.77**
Equity and Liabilities			
Equity			
(a) Equity share capital	16	28.99	28.95
(b) Other equity	17	2,593.70	2,302.89
Total Equity		**2,622.69**	**2,331.84**
Liabilities			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	67.21	-
(ii) Lease liabilities	19	0.07	2.51
(iii) Other financial liabilities	20	16.27	18.20
(b) Provisions	21	38.37	33.22
(c) Deferred tax liabilities (net)	22	9.95	6.12
(d) Other non-current liabilities	23	21.69	22.62
Total Non-current liabilities		**153.56**	**82.67**
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	24	141.92	75.14
(ii) Lease liabilities	25	2.44	2.89
(iii) Trade and other payables	26		
a) total outstanding dues of micro enterprises and small enterprises		111.36	97.59
b) total outstanding dues of creditors other than micro enterprises and small enterprises		616.04	535.02
(iv) Other financial liabilities	27	107.40	63.66
(b) Other current liabilities	28	74.42	60.08
(c) Provisions	29	91.24	90.88
Total Current liabilities		**1,144.82**	**925.26**
Total Equity and Liabilities		**3,921.07**	**3,339.77**
Material accounting policies	40		

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

As per our attached report of even date

For **G. D. APTE & CO.**
Chartered Accountants
Firm Registration Number : 100515W

UMESH S. ABHYANKAR
Partner
Membership Number : 113 053
Pune: 8 May 2024

For and on behalf of the **Board of Directors**

RAHUL KIRLOSKAR
Non-Executive Director
DIN: 00007319

GAURI KIRLOSKAR
Managing Director
DIN:03366274

SMITA RAICHURKAR
Company Secretary
ACS: A21265
Pune: 8 May 2024

Statement of Profit and Loss for the year ended 31 March 2024

₹ in Crores

Particulars	Note No.	2023-2024	2022-2023
Income			
Revenue from operations	30	4,850.54	4,116.13
Other income	31	27.44	24.90
Total Income		**4,877.98**	**4,141.03**
Expenses			
Cost of raw materials and components consumed	32	2,411.89	2,038.90
Purchase of traded goods	33	820.32	812.80
Changes in inventories of finished goods, work-in-progress and traded goods	34	11.71	(62.01)
Employee benefits expense	35	306.92	236.48
Finance costs	36	7.78	5.36
Depreciation and amortisation expense	37	97.01	84.76
Other expenses	38	756.08	671.87
Expense capitalised		(20.57)	(11.27)
Total Expenses		**4,391.14**	**3,776.89**
Profit before exceptional items and tax		**486.84**	**364.14**
Exceptional Items [income/(expenses)]		-	-
Profit before tax		**486.84**	**364.14**
Tax expense			
Current tax	39	120.50	99.45
Deferred tax	39	4.71	(5.56)
Total Tax expense		**125.21**	**93.89**
Profit for the year		**361.63**	**270.25**
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss in subsequent periods			
Re-measurement gain / (loss) on defined benefit plans		(3.61)	(8.57)
Income tax (expenses)/income on above		0.90	2.16
Subtotal (A)		**(2.71)**	**(6.41)**
Net gain / (loss) on equity instruments measured at fair value through other comprehensive income		0.10	(3.27)
Income tax (expenses)/income on above		(0.02)	0.75
Subtotal (B)		**0.08**	**(2.52)**
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods (A + B)		**(2.63)**	**(8.93)**
Total other comprehensive income/(loss) for the year, net of tax [A + B]		**(2.63)**	**(8.93)**
Total comprehensive income/(loss) for the year		**359.00**	**261.32**
Earnings per equity share [nominal value per share ₹ 2/- (31 March 2023: ₹ 2/-)]			
Basic		24.96	18.68
Diluted		24.89	18.64
Material accounting policies	40		

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

As per our attached report of even date

For **G. D. APTE & CO.**
Chartered Accountants
Firm Registration Number : 100515W

UMESH S. ABHYANKAR
Partner
Membership Number : 113 053
Pune: 8 May 2024

For and on behalf of the **Board of Directors**

RAHUL KIRLOSKAR
Non-Executive Director
DIN: 00007319

GAURI KIRLOSKAR
Managing Director
DIN:03366274

SMITA RAICHURKAR
Company Secretary
ACS: A21265
Pune: 8 May 2024

Statement of Cash Flow for the year ended 31 March 2024

₹ in Crores

Particulars	2023-24	2022-23
Cash Flow from Operating Activities		
Profit before tax	**486.84**	**364.14**
Adjustments:		
Add:		
Depreciation and amortisation expense	97.01	84.76
Finance costs	7.78	5.36
Share based compensation of employees	1.79	1.85
Impairment loss allowance, write off on trade receivables / other receivables (net)	0.18	26.17
Bad debts and irrecoverable balances written off	9.52	1.07
Write down / (reversal) in write down of inventories	10.64	2.68
(Gain)/Loss on fair valuation of derivative instruments	2.36	(2.07)
	129.28	**119.82**
Less :		
Gain/(Loss) on sale of investments in mutual funds measured at FVTPL (net)	13.07	13.94
Gain/ (Loss) on fair valuation of investments in Mutual Funds measured at FVTPL (net)	4.54	4.18
Provisions no longer required written back	4.26	5.48
Interest income	6.23	1.89
Unwinding of subsidy receivable under Package Scheme of Incentives (PSI),2001 and security deposit	0.18	(1.05)
Gain/ (Loss) on disposal of property, plant and equipment (net)	0.42	0.39
(Profit)/Loss on reinstatment on receivables/payables	0.78	(0.84)
Sundry credit balances written back	0.19	1.31
Revenue from deferred Export Promotion Capital Goods (EPCG) Scheme	-	0.15
Dividend income	0.00	0.00
	29.67	**25.45**
Operating profit before working capital changes	**586.45**	**458.51**
Working Capital Adjustments		
(Increase)/Decrease in government grant receivables	0.93	2.50
(Increase)/Decrease in trade and other receivables	(104.39)	(85.68)
(Increase)/Decrease in inventories	(65.69)	(168.05)
Increase/(Decrease) in trade and other payables	120.95	138.49
Increase/(Decrease) in provisions	4.07	10.29
	(44.13)	**(102.45)**
Net cash generated from operations	**542.32**	**356.06**
Income tax paid (net of refunds)	(108.43)	(95.98)
Net Cash Flow generated from Operating Activities (A)	**433.89**	**260.08**
Cash Flow generated from Investing Activities		
Investment in subsidiaries	(56.90)	(328.96)
Purchase of property, plant and equipment (PPE) and intangible assets	(276.49)	(121.31)
(Purchase)/ Proceeds from sale of mutual funds (net)	(109.09)	323.52
Proceeds from sale of PPE & other intangible assets including advances	0.79	0.67
Fixed deposits placed	0.13	(0.29)
Loans granted to/(repaid by) subsidiaries	19.14	(29.85)
Dividend received	0.00	0.00
Interest received	4.22	0.60
Net Cash (used in) Investing Activities (B)	**(418.20)**	**(155.62)**

Statement of Cash Flow for the year ended 31 March 2024

₹ in Crores

Particulars	2023-24	2022-23
Cash Flow from Financing Activities		
Proceeds from bill discounting & borrowings	111.75	74.99
(Repayment) of bill discounting & borrowings	(75.14)	(46.77)
Proceeds from long term borrowings	107.21	-
(Repayment) of long term borrowings	(10.00)	(50.00)
Final and interim dividend paid	(72.44)	(72.34)
Finance costs	(10.68)	(5.00)
Payment for lease liabilities	(3.16)	(3.22)
Proceeds from issuance of share capital including securities premium	2.09	1.36
Receipt of share application money pending allotment of shares	0.34	0.07
Net Cash generated from/(used in) Financing Activities (C)	**49.97**	**(100.91)**
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	**65.66**	**3.55**
Opening Cash and cash equivalents	**23.91**	**20.36**
Closing Cash and cash equivalents (Refer Note 11a)	**89.57**	**23.91**

Notes

1. The above cashflow statement have been prepared under the indirect method as set out in the Indian Accounting Standard Ind AS 7- 'Statement of Cash Flow' as specified in the Companies (Indian Accounting Standards) Rules, 2015.
2. Income Tax paid is treated as arising from operating activities and are not bifurcated between investment and financing activities.
3. All figures in bracket indicate cash outflow.

As per our attached report of even date

For and on behalf of the **Board of Directors**

For **G. D. APTE & CO.**
Chartered Accountants
Firm Registration Number : 100515W

UMESH S. ABHYANKAR
Partner
Membership Number : 113 053
Pune: 8 May 2024

RAHUL KIRLOSKAR
Non-Executive Director
DIN: 00007319

GAURI KIRLOSKAR
Managing Director
DIN:03366274

SMITA RAICHURKAR
Company Secretary
ACS: A21265
Pune: 8 May 2024

Statement of Changes in Equity for the year ended 31 March 2024

A. Equity share capital (Refer Note 16)

₹ in Crores

Equity Shares of Rs 2 each issued, subscribed and fully paid	No. of Shares	Amount
As at 1 April 2022	**14,46,14,326**	**28.92**
Changes due to prior period errors	-	-
Restated balance as at 1 April 2022	**14,46,14,326**	**28.92**
Issue/(Reduction), if any during the year	1,29,776	0.03
As at 31 March 2023	**14,47,44,102**	**28.95**
Changes due to prior period errors	-	-
Restated balance as at 1 April 2023	**14,47,44,102**	**28.95**
Issue/(Reduction), if any during the year	2,12,169	0.04
As at 31 March 2024	**14,49,56,271**	**28.99**

B. Other equity (Refer Note 17)

₹ in Crores

Particulars	Share application money pending allotment	Reserves and Surplus					Items of OCI	Total
		Capital Redemption Reserve	Securities Premium	General Reserve	Retained Earnings	Employee Stock Option Reserve	Equity instruments through other comprehensive income	
As at 1 April 2022	**0.02**	**0.20**	**-**	**608.39**	**1,495.65**	**3.35**	**2.93**	**2,110.54**
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-
Restated balance as at 1 April 2022	**0.02**	**0.20**	**-**	**608.39**	**1,495.65**	**3.35**	**2.93**	**2,110.54**
Profit for the year	-	-	-	-	270.25	-	-	270.25
Other comprehensive income/(loss) for the year (net of tax)	-	-	-	-	(6.41)	-	(2.52)	(8.93)
Total Comprehensive income/(loss) for the year	**-**	**-**	**-**	**-**	**263.84**	**-**	**(2.52)**	**261.32**
Shares issued during the period	(0.03)	-	-	-	-	-	-	(0.03)
Transferred to Securities Premium	(1.33)	-	2.34	-	-	(1.01)	-	-
Share based payment expense	-	-	-	-	-	1.85	-	1.85
Transfer on account of employee stock options not exercised	-	-	-	0.12	-	(0.12)	-	-
ESOP charge recovered from the subsidiary company	-	-	-	-	-	0.14	-	0.14
Final dividend for year ended 31 March 2022	-	-	-	-	(36.16)	-	-	(36.16)
Interim dividend for year ended 31 March 2023	-	-	-	-	(36.18)	-	-	(36.18)
Amount received on exercise of employee stock option	1.41	-	-	-	-	-	-	1.41
As at 31 March 2023	**0.07**	**0.20**	**2.34**	**608.51**	**1,687.15**	**4.21**	**0.41**	**2,302.89**

Statement of Changes in Equity for the year ended 31 March 2024

₹ in Crores

Particulars	Share application money pending allotment	Reserves and Surplus					Items of OCI	Total
		Capital Redemption Reserve	Securities Premium	General Reserve	Retained Earnings	Employee Stock Option Reserve	Equity instruments through other comprehensive income	
As at 1 April 2023	**0.07**	**0.20**	**2.34**	**608.51**	**1,687.15**	**4.21**	**0.41**	**2,302.89**
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-
Restated balance as at 1 April 2023	**0.07**	**0.20**	**2.34**	**608.51**	**1,687.15**	**4.21**	**0.41**	**2,302.89**
Profit for the year	-	-	-	-	361.63	-	-	361.63
Other comprehensive income/(loss) for the year (net of tax)	-	-	-	-	(2.71)	-	0.08	(2.63)
Total Comprehensive income/(loss) for the year	**-**	**-**	**-**	**-**	**358.92**	**-**	**0.08**	**359.00**
Shares issued during the period	(0.04)	-	-	-	-	-	-	(0.04)
Transferred to Securities Premium	(2.05)	-	2.05	-	-	(1.62)	-	(1.62)
Share based payment expense	-	-	-	-	-	1.79	-	1.79
ESOP charge recovered from the subsidiary company	-	-	-	-	-	0.07	-	0.07
Transfer on account of employee stock options not exercised	-	-	1.62	0.20	-	(0.20)	-	1.62
Options cancelled	(0.01)	-	-	-	-	-	-	(0.01)
Final dividend for year ended 31 March 2023	-	-	-	-	(36.21)	-	-	(36.21)
Interim dividend for year ended 31 March 2024	-	-	-	-	(36.23)	-	-	(36.23)
Amount received on exercise of employee stock option	2.44	-	-	-	-	-	-	2.44
As at 31 March 2024	**0.41**	**0.20**	**6.01**	**608.71**	**1,973.63**	**4.25**	**0.49**	**2,593.70**

Material accounting policies 40

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

As per our attached report of even date

For **G. D. APTE & CO.**
Chartered Accountants
Firm Registration Number : 100515W

UMESH S. ABHYANKAR
Partner
Membership Number : 113 053
Pune: 8 May 2024

For and on behalf of the **Board of Directors**

RAHUL KIRLOSKAR
Non-Executive Director
DIN: 00007319

GAURI KIRLOSKAR
Managing Director
DIN:03366274

SMITA RAICHURKAR
Company Secretary
ACS: A21265
Pune: 8 May 2024

Notes to the Financial Statements

Note 1a : Property, plant and equipment and Capital work-in-progress

₹ in Crores

Particluars	Buildings	Plant & Equipment	Furniture & Fixture	Vehicles	Aircraft	Office Equipment	Computers	Electrical Installation	Total	Capital work-in-progress
Gross Block										
As at 1 April 2022	**201.09**	**1,112.73**	**30.24**	**8.05**	**25.88**	**5.77**	**67.84**	**40.58**	**1,492.18**	**20.56**
Additions	0.46	44.02	0.62	2.21	-	0.13	3.91	0.45	51.80	47.05
Deductions	-	3.50	2.96	0.65	-	0.65	2.73	0.52	11.01	51.79
As at 31 March 2023	**201.55**	**1,153.25**	**27.90**	**9.61**	**25.88**	**5.25**	**69.02**	**40.51**	**1,532.97**	**15.82**
Additions	2.61	79.09	0.74	3.11	1.57	0.31	7.24	1.35	96.02	282.48
Deductions	-	6.85	0.83	0.05	-	0.24	0.66	0.90	9.53	96.02
As at 31 March 2024	**204.16**	**1,225.49**	**27.81**	**12.67**	**27.45**	**5.32**	**75.60**	**40.96**	**1,619.46**	**202.28**
Depreciation										
Upto 1 April 2022	**74.39**	**893.04**	**24.72**	**6.73**	**23.95**	**5.20**	**61.39**	**34.98**	**1,124.40**	**-**
For the year	7.07	42.33	1.63	0.72	0.66	0.12	2.66	1.75	56.93	-
Deductions	-	3.23	2.95	0.65	-	0.65	2.73	0.52	10.73	-
As at 31 March 2023	**81.46**	**932.14**	**23.40**	**6.80**	**24.61**	**4.67**	**61.32**	**36.21**	**1,170.61**	**-**
For the year	6.87	48.03	1.57	1.19	0.83	0.13	3.05	1.09	62.76	-
Deductions	-	6.46	0.83	0.05	-	0.24	0.64	0.94	9.16	-
As at 31 March 2024	**88.33**	**973.71**	**24.14**	**7.94**	**25.44**	**4.56**	**63.73**	**36.36**	**1,224.21**	**-**
Net Block										
As at 31 March 2023	**120.09**	**221.11**	**4.50**	**2.81**	**1.27**	**0.58**	**7.70**	**4.30**	**362.36**	**15.82**
As at 31 March 2024	**115.83**	**251.78**	**3.67**	**4.73**	**2.01**	**0.76**	**11.87**	**4.60**	**395.25**	**202.28**

Notes :

1. For Depreciation, refer accounting policy (Note 40.4.3).
2. Capital work-in-progress:

   Capital work-in-progress comprises cost of assets that are not yet ready for their intended use at the balance sheet date. Refer below Note 7 and Note 8 for CWIP ageing schedule and CWIP completion schedule.
3. Title deeds in respect of immovable properties are in the name of the Company and are not held jointly.

Notes to the Financial Statements

Note 1a : Property, plant and equipment and Capital work-in-progress (Contd..)

4. There are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988

5. Capital Work-in-Progess includes borrowing cost of ₹ 3.16 Crore capitalised as per Ind AS 23 "Borrowings Cost" on qualifying asset.

6. Note 1a of Property, plant and equipment includes assets at Research and Development facility, the details of which are as under:

Property, plant and equipment : Research and Development facility (Below figures are included in Note 1a : Property, plant and equipment and Capital work-in-progress)

₹ in Crores

Particluars	Buildings	Plant & Equipment	Furniture & Fixture	Vehicles	Aircraft	Office Equipment	Computers	Electrical Installation	Total	Capital work-in-progress
Gross Block										
As at 1 April 2022	**-**	**113.34**	**5.29**	**-**	**-**	**0.13**	**2.00**	**3.63**	124.39	-
Additions	-	5.04	-	-	-	-	0.04	-	5.08	-
Inter transfers - net	-	0.26	-	-	-	-	-	-	0.26	-
Deductions	-	-	0.24	-	-	0.01	0.22	-	0.47	-
As at 31 March 2023	**-**	**118.64**	**5.05**	**-**	**-**	**0.12**	**1.82**	**3.63**	**129.26**	**-**
Additions	-	2.95	-	-	-	-	1.17	0.10	4.22	-
Inter transfers - net	-	(0.04)	-	-	-	-	0.02	-	(0.02)	-
Deductions	-	0.50	0.16	-	-	0.07	-	-	0.73	-
As at 31 March 2024	**-**	**121.05**	**4.89**	**-**	**-**	**0.05**	**3.01**	**3.73**	**132.73**	**-**
Depreciation										
Upto 1 April 2022	-	66.86	4.17	-	-	0.11	1.77	2.69	75.60	-
For the year	-	6.91	0.29	-	-	-	0.08	0.21	7.49	-
Inter transfers - net	-	0.00	-	-	-	-	-	-	0.00	-
Deductions	-	-	0.24	-	-	0.01	0.22	-	0.47	-
As at 31 March 2023	**-**	**73.77**	**4.22**	**-**	**-**	**0.10**	**1.63**	**2.90**	**82.62**	**-**
For the year	-	7.59	0.28	-	-	-	0.14	0.17	8.18	-
Inter transfers - net	-	(0.04)	-	-	-	-	0.02	-	(0.02)	-
Deductions	-	0.18	0.17	-	-	0.05	-	-	0.40	-
As at 31 March 2024	**-**	**81.14**	**4.33**	**-**	**-**	**0.05**	**1.79**	**3.07**	**90.38**	**-**
Net Block										
As at 31 March 2023	**-**	**44.88**	**0.83**	**-**	**-**	**0.02**	**0.19**	**0.73**	**46.64**	**-**
As at 31 March 2024	**-**	**39.92**	**0.56**	**-**	**-**	**-**	**1.22**	**0.66**	**42.35**	**-**

Notes to the Financial Statements

7. Capital work-in-progress ageing schedule for the year ended 31 March 2024 and 31 March 2023 is as follows:

As at 31 March 2024

₹ in Crores

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	200.95	1.07	0.26	-	**202.28**
Projects temporarily suspended	-	-	-	-	**-**

As at 31 March 2023

₹ in Crores

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	11.40	4.42	-	-	**15.82**
Projects temporarily suspended	-	-	-	-	**-**

8. Capital-work-in progress : Expected Completion schedule for Projects having time overrun :

As at 31 March 2024

₹ in Crores

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
New engine development 3	0.43	-	-	-	**0.43**

As at 31 March 2023

₹ in Crores

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
New engine development 2	0.67	-	-	-	**0.67**
Industrial engine	0.18	-	-	-	**0.18**
New engine development 1	1.11	-	-	-	**1.11**

Note 1b : Right-of-use ("ROU") assets

₹ in Crores

Particulars	Category of Right-of-use assets		Total
	Land	Building	
Balance as on 1 April 2022	**10.82**	**0.83**	**11.65**
Addition	-	7.40	7.40
Deletion	-	-	-
Amortisation	0.14	3.02	3.16
Balance as at 31 March 2023	**10.68**	**5.21**	**15.89**
Addition	-	-	-
Deletion	-	-	-
Amortisation	0.14	2.89	3.03
Balance as at 31 March 2024	**10.54**	**2.32**	**12.86**

1. The aggregate amortisation expense on right-of-use (ROU) assets is included under depreciation and amortisation expense in the Statement of Profit and Loss.

Notes to the Financial Statements

Note 2 : Other Intangible assets and Intangible assets under development

₹ in Crores

Particluars	Computer Software	Drawings & Designs	Technical Knowhow -Acquired	Technical Knowhow -Internally generated	Total	Intangible assets under development
Gross Block						
As at 1 April 2022	**52.33**	**12.44**	**30.48**	**99.94**	**195.19**	**18.77**
Additions	0.72	-	-	-	0.72	32.56
Deductions	0.46	0.35	1.50	-	2.31	0.72
As at 31 March 2023	**52.59**	**12.09**	**28.98**	**99.94**	**193.60**	**50.61**
Additions	23.04	0.45	5.42	38.19	67.10	56.79
Deductions	-	-	-	-	-	67.11
As at 31 March 2024	**75.63**	**12.54**	**34.40**	**138.13**	**260.70**	**40.29**
Amortisation						
Upto 1 April 2022	**42.81**	**11.59**	**8.32**	**61.67**	**124.39**	**-**
For the year	2.98	0.20	4.48	17.01	24.67	-
Deductions	0.46	0.35	1.50	-	2.31	-
As at 31 March 2023	**45.33**	**11.44**	**11.30**	**78.68**	**146.75**	**-**
For the year	5.79	0.21	5.09	20.13	31.22	-
Deductions	-	-	-	-	-	-
As at 31 March 2024	**51.12**	**11.65**	**16.39**	**98.81**	**177.97**	**-**
Net Block						
As at 31 March 2023	**7.26**	**0.65**	**17.68**	**21.26**	**46.85**	**50.61**
As at 31 March 2024	**24.51**	**0.89**	**18.01**	**39.32**	**82.73**	**40.29**

Notes :

1. For amortisation, refer accounting policy (Note 40.4.4).

2. Intangible assets under development comprise of intangible assets not ready for the intended use on the date of the Balance Sheet. Refer below Note 5 and Note 6 for ageing and completion schedule.

3. Note 2 of Other Intangible assets includes assets at Research & development facility, the details of which are as under :

Other Intangible assets : Research and Development facility (Below figures are included in Note 2 : Other Intangible assets)

₹ in Crores

Particluars	Computer Software	Drawings & Designs	Technical Knowhow -Acquired	Technical Knowhow -Internally generated	Total	Intangible assets under development
Gross Block						
As at 1 April 2022	**19.13**	**11.74**	**28.24**	**99.84**	**158.95**	**-**
Additions	0.18	-	-	-	0.18	-
Inter Transfers	(0.47)	-	-	-	(0.47)	-
Deductions	0.46	0.35	1.50	-	2.31	-
As at 31 March 2023	**18.38**	**11.39**	**26.74**	**99.84**	**156.35**	**-**
Additions	23.06	-	5.42	37.93	66.41	-
Inter Transfers	-	-	-	-	-	-
Deductions	-	-	-	-	-	-
As at 31 March 2024	**41.44**	**11.39**	**32.16**	**137.77**	**222.76**	**-**

Notes to the Financial Statements

Note 2 : Other Intangible assets and Intangible assets under development (Contd..)

Other Intangible assets : Research and Development facility (Below figures are included in Note 2 : Other Intangible assets) (Contd..)

₹ in Crores

Particulars	Computer Software	Drawings & Designs	Technical Knowhow -Acquired	Technical Knowhow -Internally generated	Total	Intangible assets under development
Amortisation						-
Upto 1 April 2022	**15.30**	**10.89**	**6.08**	**61.65**	**93.92**	**-**
For the year	1.02	0.20	4.48	16.98	22.68	-
Inter Transfers	(0.13)	-	-	-	(0.13)	-
Deductions	0.46	0.35	1.50	-	2.31	-
As at 31 March 2023	**15.73**	**10.74**	**9.06**	**78.63**	**114.16**	**-**
For the year	3.96	0.16	5.09	20.04	29.25	-
Inter Transfers	-	-	-	-	-	-
Deductions	-	-	-	-	-	-
As at 31 March 2024	**19.69**	**10.90**	**14.15**	**98.67**	**143.41**	**-**
Net Block						
As at 31 March 2023	**2.65**	**0.65**	**17.68**	**21.21**	**42.19**	**-**
As at 31 March 2024	**21.75**	**0.49**	**18.01**	**39.10**	**79.35**	**-**

5. Intangible assets under development ageing schedule for the year ended 31 March 2024 and 31 March 2023 is as follows:

As at 31 March 2024

₹ in Crores

Particulars	Amount in Intangible asset under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	36.94	0.53	2.65	0.17	**40.29**
Projects temporarily suspended	-	-	-	-	**-**

As at 31 March 2023

₹ in Crores

Particulars	Amount in Intangible asset under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	33.39	16.49	0.64	0.09	**50.61**
Projects temporarily suspended	-	-	-	-	**-**

6. Intangible assets under development : Expected Completion schedule for Projects having time overrun :

As at 31 March 2024

₹ in Crores

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
New engine development 3	4.30	-	-	-	**4.30**

As at 31 March 2023

₹ in Crores

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
New engine development 2	2.77	-	-	-	**2.77**
Industrial Engine	0.19	-	-	-	**0.19**
New engine development 1	8.68	-	-	-	**8.68**

Notes to the Financial Statements

Note 3 : Investments (Non-current)

Particulars	Par Value / Face Value Per Unit	As at 31 March 2024		As at 31 March 2023	
		Nos.	₹ in Crores	Nos.	₹ in Crores
(i) At Cost					
Investment in wholly owned subsidiaries					
In unquoted equity instruments (fully paid up)					
Kirloskar Americas Corporation (earlier known as KOEL Americas Corp.)	0.001 $	50	1.59	50	1.59
Arka Financial Holdings Private Limited	10 ₹	1,05,26,52,962	1,052.65	1,01,66,04,438	1,016.60
La-Gajjar Machineries Private Limited	10 ₹	10,76,000	363.14	10,76,000	363.14
In unquoted preference shares (fully paid up)					
6% Optionally Convertible Redeemable Non-Cumulative Preference Shares (OCRNPS) in Kirloskar Americas Corporation	10 $	2,50,000	20.85	-	-
(ii) At amortised cost					
Investment In Subsidiary - Others					
In unquoted preference shares (fully paid up)					
8% cumulative redeemable preference shares in La-Gajjar Machineries Private Limited	10 ₹	85,00,000	8.50	85,00,000	8.50
8.25% cumulative redeemable preference shares in La-Gajjar Machineries Private Limited	10 ₹	4,00,00,000	40.00	4,00,00,000	40.00
(iii) At fair value through Other Comprehensive Income (FVOCI)					
In unquoted equity instruments (fully paid up)					
Kirloskar Proprietary Limited	100 ₹	11	0.00	11	0.00
S.L.Kirloskar CSR Foundation	10 ₹	9,800	0.01	9,800	0.01
Kirloskar Management Services Private Limited	10 ₹	4,87,500	1.12	4,87,500	1.03
Total			**1,487.86**		**1,430.87**

Notes :

		₹ in Crores	₹ in Crores
1.	Aggregate amount of unquoted investments	1,487.86	1,430.87
2.	Aggregate value of impairment in value of investments	Nil	Nil

3. The Company has invested ₹36.05 Crores in the Rights Issue of 3,60,48,524 equity shares having face value of ₹ 10/- each of Arka Financial Holdings Private Limited (AFHPL) on 30th May 2023.

4. The Company has invested $ 2,500,000 in 2,50,000 6% Optionally Convertible Redeemable Non Cumulative Preference Shares (OCRNPS) at $ 10 per share in Kirloskar Americas Corporation on 24th November 2023.

5. Refer Note 40.5.15 on risk management objectives and policies for financial instruments.

Note 4 : Loans (Non-current)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Loans to employees (unsecured, considered good)	0.03	0.04
Loans to subsidiaries (unsecured, considered good)	-	8.00
Total	**0.03**	**8.04**

1. Loans are measured at amortised cost.

2. Loans due from private companies in which director of the Company, is a director or a member as at 31 March 2024 is ₹ Nil Crores (31 March 2023 : ₹ 8 Crores)

Notes to the Financial Statements

Note 4 : Loans (Non-current) (Contd..)

3. There are no loans or advances which are in the nature of loans that have been granted by the Company to promoters, directors, Key Managerial Personnels and the related parties (as defined under the Companies Act,2013),either severally or jointly with any other person that are repayable on demand or without specifying any terms or period of repayment.

4. Refer Note 40.5.15 on risk management objectives and policies for financial instruments.

5. Refer Note 40.5.11 on related party disclosures for details on loans granted to related parties.

Note 5 : Other financial assets (Non-current)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Security deposits	**11.52**	**12.29**
Unsecured, considered good	11.52	12.29
Doubtful	1.47	1.33
Less :Loss allowance for doubtful deposits	(1.47)	(1.33)
Bank deposits with more than 12 months maturity	0.17	0.14
Subsidy receivable under PSI scheme, 2001	2.59	2.41
Others	0.14	0.16
Total	**14.42**	**15.00**

1. The Company's manufacturing facility at Kagal plant had been granted Mega Project status by Government of Maharashtra and hence was eligible for Industries Promotion Subsidy (IPS) under Package Scheme of Incentive (PSI) 2001. This scheme was for intensifying and accelerating the process of dispersal of industries to the less developed regions and promoting high-tech industries in the less developed areas of the state coupled with the object of generating employment opportunities. During the last quarter of FY 2018-19, the Government of Maharashtra had agreed for extension of the said scheme of incentive for further period of 2 years till 31 March 2019 and subsequently amended the original eligibility certificate. Accordingly the extension of the scheme consists of total period of 11 years from the date of commencement of commercial production i.e. from 1 April 2008 to 31 March 2019 along with the extension of original operative period by 2 years and compliances thereof. The eligible subsidy receivables computed on the basis of VAT, CST as well as SGST paid on sales made from Kagal plant for such extended period are fair valued as on 31 March 2024.
2. Other financial assets are measured at amortised cost.
3. Refer Note 40.5.15 on risk management objectives and policies for financial instruments.

Note 6 : Income tax assets (net)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Tax paid in advance (net of provision)	21.84	33.92
Total	**21.84**	**33.92**

Note 7 : Other non-current assets

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Unsecured, considered good		
Capital advances	4.30	43.19
Prepaid expenses	1.02	0.92
Other advances to suppliers	0.35	-
Total	**5.67**	**44.11**

Notes to the Financial Statements

Note 8 : Inventories

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Raw materials	**358.89**	**293.25**
Raw materials and components	355.26	290.91
Raw materials in transit	3.63	2.34
Work-in-progress	37.81	35.48
Finished goods	84.88	94.03
Traded goods	30.60	35.49
Stores and spares	11.33	10.20
Total	**523.51**	**468.45**

1. Write down of inventories to net realisable value ₹ 10.64 Crores (31 March 2023 : ₹ 2.68 Crores) were recognised as an expense during the year.

2. Refer Note 24 for information on inventory hypothecation with bankers for the purpose of working capital facilities.

Note 9 : Investments (Current)

₹ in Crores

Particulars	Face Value Per Unit In ₹	As at 31 March 2024		As at 31 March 2023	
		Nos.	₹ in Crores	Nos.	₹ in Crores
At fair value through Profit or Loss (FVTPL)					
Investments In Mutual Funds - Unquoted					
LIQUID SCHEME - Fixed Maturity Plan					
Kotak Fixed Maturity Plan Series 329 - Regular Plan - Growth	10	49,99,750	5.01	-	-
			5.01		**-**
LIQUID SCHEME - Growth Option					
Axis Liquid Fund - Regular Growth	1,000	98,646	26.28	88,676	22.03
Axis Money Market Fund - Regular Growth	1,000	1,17,085	15.25	-	-
Aditya Birla Sun Life Liquid Fund - Growth -Regular Plan	100	-	-	2,78,122	10.01
Aditya Birla Sun Life Money Manger Fund - Growth - Regular Plan	100	5,35,056	18.03	7,50,856	23.50
DSP Liquidity Fund - Regular Plan - Growth	1,000	-	-	83,856	26.73
HDFC Liquid fund - Regular Plan - Growth	1,000	1,19,383	56.08	-	-
ICICI Prudential Liquid fund - Growth	100	1,76,820	6.27	6,18,508	20.45
ICICI Prudential - Money Market Fund - Growth	100	4,40,316	15.21	-	-
Invesco India Liquid Fund - Regular Growth	1,000	60,968	20.06	1,06,933	32.81
Kotak Liquid Fund Regular Plan - Growth	1,000	72,494	35.09	67,600	30.54
Kotak Money Market fund - Growth (Regular Plan) (Erstwhile Kotak Floater ST)	1,000	37,260	15.24	-	-
Nippon India Liquid Fund - Growth Plan - Growth Option	1,000	49,258	28.78	19,015	10.37
Nippon India Money Market Fund - Growth Plan Growth Option	1,000	44,230	16.72	74,465	26.16
SBI Liquid Fund Regular Growth	1,000	1,60,559	60.14	57,242	20.01
Tata Liquid Fund Regular Plan - Growth	1,000	59,675	22.50	-	-
UTI Money Market Fund - Regular Plan Growth	1,000	54,323	15.25	-	-
UTI Liquid Fund (Formerly UTI Liquid Cash Plan) - Regular Plan - Growth	1,000	82,587	32.43	-	-
			383.33		**222.61**

Notes to the Financial Statements

Note 9 : Investment (Current)(Contd..)

₹ in Crores

Particulars	Face Value Per Unit In ₹	As at 31 March 2024		As at 31 March 2023	
		Nos.	₹ in Crores	Nos.	₹ in Crores
OVERNIGHT SCHEME - Growth Option					
ICICI Prudential Overnight fund Growth	1,000	-	-	1,91,238	23.01
Kotak Overnight fund Growth (Regular Plan)	1,000	-	-	1,34,526	16.03
			-		**39.04**
Total			**388.34**		**261.65**

Notes :

		₹ in Crores	₹ in Crores
1.	Aggregate amount of Unquoted investments	388.34	261.65

2. Face value per unit in Indian Rupees (INR) unless otherwise stated.
3. Fair value disclosures for financial assets and liabilities are stated in Note 40.5.13 and fair value hierarchy disclosures for investment are stated in Note 40.5.14.
4. Refer Note 40.5.15 on risk management objectives and policies for financial instruments.

Note 10 : Trade receivables

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Secured, considered good	-	-
Unsecured, considered good	630.16	529.11
Loss allowance (for expected credit loss under simplified approach)	(61.72)	(61.90)
Total	**568.44**	**467.21**

1. Trade receivables are measured at amortised cost. Also refer Note 40.4.7 for accounting policy.
2. Trade receivables due from private companies in which director of the Company, is a director or a member as at 31 March 2024 ₹ Nil (31 March 2023 : ₹ Nil)
3. For related party receivables, refer Note 40.5.11
4. **Movement of Loss allowance (for expected credit loss under simplified approach) :**

Particulars	₹ in Crores
As at 1 April 2022	**36.32**
Allowance made/(reversed) during the year	26.54
Less : Written off	(0.96)
As at 31 March 2023	**61.90**
Allowance made/(reversed) during the year	9.26
Less : Written off	(9.44)
As at 31 March 2024	**61.72**

5. Refer Note 40.5.15 on credit risk of trade receivables, which also explains how the Company manages and measures credit quality of trade receivables that are neither past due nor impaired.
6. The carrying amount of the trade receivables include receivables which are subject to the export sales bill discounting arrangement. However, where the Company has retained the credit risks, it continues to recognise these assets in entirety in its Balance sheet, while bills discounted without recourse have been derecognised. The amount repayable under this arrangement is presented as borrowings.

Notes to the Financial Statements

Note 10 : Trade receivables (Contd..)

The relevant carrying amounts are as follows:-

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Total transferred receivables w.r.t. Bills discounted	51.78	-
Related secured borrowings (Refer Note 24)	51.78	-

7. For trade receivables outstanding, the ageing schedule is as given below:

As at 31 March 2024

₹ in Crores

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - considered good	480.16	87.32	4.68	43.57	2.40	2.83	620.96
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) *Disputed Trade Receivables- considered good	-	-	-	-	0.02	9.18	9.20
(v) *Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) *Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total Trade Receivables	**480.16**	**87.32**	**4.68**	**43.57**	**2.42**	**12.01**	**630.16**
Less: Loss allowance for expected credit loss							(61.72)
Total Trade Receivables (net)							**568.44**

* Disputed Trade Receivables represents legal cases with customers

As at 31 March 2023

₹ in Crores

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables- considered good	377.61	85.52	33.28	0.11	9.31	12.08	517.91
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) *Disputed Trade Receivables- considered good	-	-	-	0.02	-	11.18	11.20
(v) *Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) *Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Total Trade Receivables	**377.61**	**85.52**	**33.28**	**0.13**	**9.31**	**23.26**	**529.11**
Less: Loss allowance for expected credit loss							(61.90)
Total Trade Receivables (net)							**467.21**

* Disputed Trade Receivables represents legal cases with customers

Note 11a : Cash and cash equivalents

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Balances with Banks		
Current accounts and debit balance in cash credit accounts	49.56	23.90
Bank deposits with original maturity of less than 3 months	40.00	-
Cash on hand	0.01	0.01
Total	**89.57**	**23.91**

Notes to the Financial Statements

Note 11b : Bank balances other than Cash and cash equivalents

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Unpaid dividend accounts	8.21	9.54
Bank deposits with original maturity of more than 3 months but less than 12 months	0.22	0.38
Total	**8.43**	**9.92**

1. Balances in unpaid dividend accounts with banks are earmarked.
2. Bank deposits are held as security against the guarantees and other commitments.
3. Refer Note 40.5.15 on risk management objectives and policies for financial instruments.

Note 12 : Loans (Current)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Loans to subsidiaries (unsecured, considered good)	10.72	21.85
Loans to employees (unsecured, considered good)	0.03	0.03
Total	**10.75**	**21.88**

1. Loans are measured at amortised cost.
2. Loans due from private companies in which director of the Company, is a director or a member as at 31 March 2024 is ₹ 10.72 Crores (31 March 2023 : ₹ 21.85 Crores)
3. There are no loans or advances which are in the nature of loans that have been granted by the Company to promoters, directors, Key Managerial Personnels and the related parties (as defined under the Companies Act,2013),either severally or jointly with any other person that are repayable on demand or without specifying any terms or period of repayment.
4. Refer Note 40.5.15 on risk management objectives and policies for financial instruments.
5. Refer Note 40.5.11 on related party disclosures for details on loans granted to related parties.

Note 13 : Other financial assets (Current)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Security deposits - Unsecured, considered good	16.02	15.60
Subsidy receivable under PSI scheme, 2001	9.08	10.01
Export incentive receivable	1.79	3.11
Derivative assets	0.47	2.37
Other receivables	6.36	3.17
Total	**33.72**	**34.26**

1. Other financial assets, except derivative assets, are measured at amortised cost. Derivative instruments are carried at fair value through profit and loss.
2. Derivative assets reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationship, but are nevertheless, intended to reduce the level of foreign currency risk exposure.
3. Other receivables due from private companies in which director of the Company is , a director or a member as at 31 March 2024 ₹ 5.12 Crores (31 March 2023 : ₹ 2.77 Crores). Refer Note 40.5.11 for details.
4. Refer Note 40.5.13 for fair value disclosure of financial assets and financial liabilities and Note 40.5.14 for fair value hierarchy.
5. Refer Note 40.5.15 on risk management objectives and policies for financial instruments.
6. Also Refer Note 5 for additional details on Subsidy receivable under PSI scheme, 2001

Notes to the Financial Statements

Note 14 : Assets held for sale (Current)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Property, plant and equipment (net)	-	-
Total	**-**	**-**

1. Fair value hierarchy disclosures for Assets held for sale are in Note 40.5.14.
2. Asset held for sale represents a freehold land owned by the Company at Bhare (granted by Government of Maharashtra) where the Company has initiated the process to surrender the same back. The carrying value of ₹ 0.11 lacs has been fully impaired during the earlier years.

Note 15 : Other current assets

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Advance to suppliers	**21.63**	**13.21**
Unsecured, considered good	21.63	13.21
Doubtful	0.48	0.28
Less : Loss Allowance for doubtful advances	(0.48)	(0.28)
Sales tax / Value Added Tax/ Goods and Services Tax Receivable	2.67	2.76
Prepaid expenses	9.45	11.98
Others	1.33	1.07
Total	**35.08**	**29.02**

Note 16 : Equity share capital

Authorised share capital

Equity shares of ₹ 2 each

Particulars	No. of shares	₹ in Crores
As at 1 April 2022	**27,00,00,000**	**54.00**
Increase/(decrease) during the year	-	-
As at 31 March 2023	**27,00,00,000**	**54.00**
Increase/(decrease) during the year	-	-
As at 31 March 2024	**27,00,00,000**	**54.00**

Terms/Rights attached to the equity shares

The Company has only one class of equity shares having a par value of ₹ 2 each. Each equity shareholder is entitled to one vote per share and has a right to receive dividend as recommended by 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.

Equity shares reserved for issue under employee stock option plan : 5,64,045 (31 March 2023: 7,72,768) equity shares.

Issued and subscribed share capital

Equity shares of ₹ 2 each

Particulars	No. of shares	₹ in Crores
As at 1 April 2022	**14,46,14,326**	**28.92**
Changes during the year	1,29,776	0.03
As at 31 March 2023	**14,47,44,102**	**28.95**
Changes during the year	2,12,169	0.04
As at 31 March 2024	**14,49,56,271**	**28.99**

Notes to the Financial Statements

Note 16 : Equity share capital (Contd..)

Subscribed and fully paid up

Equity shares of ₹ 2 each

Particulars	No. of shares	₹ in Crores
As at 1 April 2022	**14,46,13,861**	**28.92**
Changes during the year	1,29,776	0.03
As at 31 March 2023	**14,47,43,637**	**28.95**
Changes during the year	2,12,169	0.04
As at 31 March 2024	**14,49,55,806**	**28.99**

The Company has share suspense account which represents equity shares of ₹ 2 each to be issued and allotted to shareholders of erstwhile Shivaji Works Ltd. on amalgamation according to scheme sanctioned by Board of Industrial and Financial Reconstruction (BIFR) which are kept in abeyance as per the Scheme of Arrangement approved by Hon'ble High Court of Judicature at Bombay vide its order dated 31 July 2009 read with order dated 19 March 2010.

Particulars of Share suspense Account	No. of shares	₹ in Crores
As at 1 April 2022	**465**	**0.00**
Changes during the year	-	-
As at 31 March 2023	**465**	**0.00**
Changes during the year	-	-
As at 31 March 2024	**465**	**0.00**

1. Number of shares held by each shareholder holding more than 5% shares in the Company

Name of the Shareholder	As at 31 March 2024		As at 31 March 2023	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Rahul Chandrakant Kirloskar #	1,77,86,902	12.27	1,77,86,902	12.29
Atul Chandrakant Kirloskar ##	1,46,74,947	10.12	1,46,74,947	10.14
Kirloskar Industries Limited	82,10,439	5.66	82,10,439	5.67
Alpana Rahul Kirloskar	77,89,634	5.37	77,11,817	5.33

Out of 1,77,86,902 equity shares - 1,77,72,083 (Previous Year: 1,77,72,083) equity shares are held in individual capacity, 5,700 (Previous Year: 5,700) equity shares are held as a Karta of Rahul C. Kirloskar HUF and 9,119 (Previous Year: 9,119) equity shares are held as a Trustee of C. S. Kirloskar Testamentary Trust.

##Out of 1,46,74,947 equity shares - 1,46,68,872 (Previous Year: 1,46,68,872) equity shares are held in individual capacity, 375 (Previous Year: 375) equity shares are held as a Trustee of C.S. Kirloskar Testamentary Trust and 5,700 (Previous Year: 5,700) equity shares are held as a Karta of Atul C. Kirloskar HUF.

2. The details of shareholding of promoter and promoter group is as below:

Name	As at 31 March 2024			As at 31 March 2023		
	No. of shares held	% Change during the year	% of total shares	No. of shares held	% Change during the year	% of total shares
Atul Chandrakant Kirloskar	1,46,74,947	-	10.12	1,46,74,947	0.03	10.14
Rahul Chandrakant Kirloskar	1,77,86,902	-	12.27	1,77,86,902	0.02	12.29
Sanjay Chandrakant Kirloskar	46,654	-	0.03	46,654	-	0.03
Suman Chandrakant Kirloskar	41,221	(34.20)	0.03	62,648	-	0.04
Late Vikram Shreekant Kirloskar	-	-	-	-	(100.00)	-
Late Mrinalini Shreekant Kirloskar	-	(100.00)	-	2,36,008	131.83	0.16
Roopa Jayant Gupta	90,812	334.78	0.06	20,887	-	0.01
Geetanjali Vikram Kirloskar	31,875	100.00	0.02	-	(100.00)	-
Jyostna Gautam Kulkarni	-	-	-	-	(100.00)	-
Arti Atul Kirloskar	32,29,454	-	2.23	32,29,454	-	2.23
Nihal Gautam Kulkarni	-	-	-	-	(100.00)	-
Alpana Rahul Kirloskar	77,89,634	1.01	5.37	77,11,817	-	5.33
Akshay Sahni	100	-	0.00	100	-	0.00
Alok Kirloskar	6,262	-	0.00	6,262	-	0.00

Notes to the Financial Statements

Note 16 : Equity share capital (Contd..)

Name	As at 31 March 2024			As at 31 March 2023		
	No. of shares held	% Change during the year	% of total shares	No. of shares held	% Change during the year	% of total shares
Pratima Sanjay Kirloskar	1,520	-	0.00	1,520	-	0.00
Aditi Atul Kirloskar	19,17,860	-	1.32	19,17,860	-	1.33
Gauri Kirloskar	57,53,580	-	3.97	57,53,580	-	3.98
Ambar G. Kulkarni	-	-	-	-	(100.00)	-
Kirloskar Industries Limited	82,10,439	-	5.66	82,10,439	-	5.67
Kirloskar Chillers Private Limited	50,000	-	0.03	50,000	-	0.03
Achyut and Neeta Holdings and Finance Private Limited	-	-	-	-	(100.00)	-
Navsai Investments Private Limited	91,798	11,978.68	0.06	760	-	0.00
Alpak Investments Private Limited	13,980	1,739.47	0.01	760	-	0.00
Total	**5,97,37,038**		**41.21**	**5,97,10,598**		**41.25**

Note 17 : Other equity

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Share application money pending allotment	0.41	0.07
Capital redemption reserve	0.20	0.20
Securities premium	6.01	2.34
General reserve	608.71	608.51
Equity instruments through other comprehensive income	0.49	0.41
Employee stock option reserve	4.25	4.21
Retained Earnings	**1,973.63**	**1,687.15**
Opening Balance	1,687.15	1,495.65
Add : Profit for the year	361.63	270.25
Add : Other comprehensive income / (loss)	(2.71)	(6.41)
	358.92	**263.84**
Less : Appropriations		
Final dividend for the year ended 31 March 2023	36.21	36.16
Interim dividend for the year ended 31 March 2024	36.23	36.18
	72.44	**72.34**
Total	**2,593.70**	**2,302.89**

1. Share application money pending allotment, represents amount received from employees who have exercised Employee Stock Option Plan (ESOP) for which shares are pending allotment as on balance sheet date.

2. Capital redemption reserve is created out of General reserve being nominal value of shares bought back in terms of erstwhile section 77A of the Companies Act, 1956 for equity shares buy back in the year 2012-13.

3. Securities Premium represents the amount received in excess of face value of the equity shares. 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. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013

4. General reserve is created by setting aside amount from the Retained Earnings of the Company for general purposes which is freely available for distribution.

Notes to the Financial Statements

Note 17 : Other equity (Contd..)

5. Equity instruments through other comprehensive income represents the cumulative gains and losses arising on the valuation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off and is not available for distribution of dividend.

6. Employee stock option reserve is used to record the fair value of equity-settled share based payment transactions with employees. The amounts recorded in share options outstanding account are transferred to securities premium upon exercise of stock options and transferred to general reserve on account of vested stock options not exercised by employees. Refer Note No. 40.5.19 for disclosure on Employee stock option plan (ESOP) of the Company.

7. Dividend distribution made and proposed

₹ in Crores

Particulars	2023-2024	2022-2023
Cash dividends on equity shares declared and paid		
Final dividend for the year ended 31 March 2023: ₹ 2.50 per share (31 March 2022: ₹ 2.50 per share)	36.21	36.16
Interim dividend for year ended 31 March 2024: ₹ 2.50 per share (31 March 2023: ₹ 2.50 per share)	36.23	36.18
	72.44	**72.34**

Final dividend proposed for the year ended 31 March 2024: ₹ 3.50 (175%) per share (31 March 2023: ₹ 2.50 per share)

Proposed dividend on equity shares are subject to approval of the shareholders of the Company at the annual general meeting and are not recognised as a liability as at 31 March.

Note 18 : Borrowings (Non-current)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Borrowings From Banks (secured)		
Term Loan	67.21	-
Total	**67.21**	**-**

1. Borrowings are measured at amortised cost.

2. Term Loans from Banks

During the year, the Company has availed term loan of ₹107.21 crores for the purchase of immovable property. The loan is to be repaid in monthly installments of ₹ 2.50 Crores each starting from December 2023 with rate of interest linked to repo rate plus applicable spread i.e effective 7.80% p.a. The term loan is secured by an exclusive charge on the immovable property purchased through the term loan facility and hypothecation of movable fixed assets acquired through the term loan facility. The carrying amount of the loan as at 31 March 2024 is ₹ 97.21 crores. Refer Note 24- Current Borrowings for current maturities of this long term borrowings.

3. Maturity profile of Term Loans from Banks (Current and Non-current)

₹ in Crores

Period	As at 31 March 2024	As at 31 March 2023
Less than Three Months	7.50	-
More than Three Months Up to One Year	22.50	-
More than One Year Up to Three Years	60.00	-
More than Three Years Up to Five Years	7.21	-
Total	**97.21**	**-**

4. There has been no default in repayment of interest and principal amount for year ended 31 March 2024 and 31 March 2023.

5. For explanations on the Company's interest risk, foreign currency risk and liquidity risk management processes, refer to Note 40.5.15

Notes to the Financial Statements

Note 19 : Lease liabilities (Non-current)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Lease liabilities	0.07	2.51
Total	**0.07**	**2.51**

1. Lease liabilities are measured at amortised cost.
2. For explanations on the Company's interest risk, foreign currency risk and liquidity risk management processes, refer Note 40.5.15
3. Refer Note 40.5.17.

Note 20 : Other financial liabilities (Non-current)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Deposits/ Retentions from customers and others	16.27	18.20
Total	**16.27**	**18.20**

1. Other financial liabilities are measured at amortised cost.
2. For explanations on the Company's interest risk, foreign currency risk and liquidity risk management processes, refer Note 40.5.15

Note 21 : Provisions (Non-current)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Provision for employee benefits	**22.60**	**19.73**
Provision for compensated absence	20.10	17.12
Provision for pension and other retirement benefits	2.50	2.61
Other provisions	**15.77**	**13.49**
Provision for warranty	15.77	13.49
Total	**38.37**	**33.22**

Refer Note 29 Provisions (Current) for additional disclosures.

Note 22: Deferred tax (assets)/liabilities (net)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Deferred tax liabilities	**41.50**	**37.87**
Depreciation	38.62	35.76
Others	2.88	2.11
Less : Deferred tax assets	**(31.55)**	**(31.75)**
Disallowances under Income Tax Act,1961	(13.83)	(12.69)
Provision for Doubtful debts and advances	(15.53)	(15.58)
VRS Compensation	(0.84)	(1.26)
Others	(1.35)	(2.21)
Total	**9.95**	**6.12**

Notes to the Financial Statements

Note 22: Deferred tax (assets)/liabilities (net) (Contd..)

1. Reconciliation of deferred tax (assets) / liabilities (net)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Opening balance as at 1 April	**6.12**	**14.59**
Tax (income)/expense during the year recognised in the Statement of Profit and Loss	4.71	(5.56)
Tax (income)/expense during the year recognised in Other Comprehensive Income	(0.88)	(2.91)
Closing balance as at 31 March	**9.95**	**6.12**

2. The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

3. Refer Note 39 for Income tax and deferred tax rate.

Note 23 : Other non-current liabilities

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Advance from customers	20.28	21.55
Revenue received in advance	1.41	1.07
Total	**21.69**	**22.62**

Refer Note 40.5.8. for additional disclosures.

Note 24 : Borrowings (Current)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Borrowings From Banks		
Secured		
Export Preshipment Loan in INR	60.14	75.14
Current maturities of long term borrowings	30.00	-
Unsecured		
Export sales bill discounted	51.78	-
Total	**141.92**	**75.14**

1. Borrowings are measured at amortised cost.

2. Secured Borrowings- The Company's fund and non-fund based working capital facilities aggregating to ₹ 385 Crores are secured by way of hypothecation (First Charge) on the whole of the current assets of the Company both present and future in favour of the consortium of banks (SBI Consortium) comprising of State Bank of India, Pune (Lead Bank), Bank of Maharashtra, ICICI Bank Limited, HDFC Bank Limited, and The Hongkong and Shanghai Banking Corporation Limited (HSBC). The Board of Directors of the Company had given their approval for reduction of ₹ 410 Crores consortium limit to ₹ 385 Crores and also to appoint 'Axis Trustee Services Private Limited' as a Security Trustee. The Company has appointed 'Axis Trustee Services Private Limited' as Security Trustee and is in process of execution of necessary agreements with Consortium Bankers to give effect to the reduction of working capital facilities and hypothecation charge from ₹ 410 Crores to ₹ 385 Crores . Accordingly, the necessary forms will be filed with the Ministry of Corporate Affairs/Registrar of Companies for modification of charge created to the extent of reduction in working capital facilities.

3. The quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of account.

4. There has been no default in repayment of interest and principal amount for year ended 31 March 2024 and 31 March 2023

5. For explanations on the Company's Interest risk, foreign currency risk and liquidity risk management processes, refer to Note 40.5.15

Notes to the Financial Statements

Note 25 : Lease liabilities (Current)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Lease liabilities	2.44	2.89
Total	**2.44**	**2.89**

1. Lease liabilities are measured at amortised cost.
2. For explanations on the Company's Interest risk, foreign currency risk and liquidity risk management processes, refer to Note 40.5.15.
3. Refer Note 40.5.17 for additional disclosures

Note 26 : Trade and other payables

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Acceptances	24.76	25.83
Due to micro enterprises and small enterprises	111.36	97.59
Due to other than micro enterprises and small enterprises	591.28	509.19
Total	**727.40**	**632.61**

1. Trade and other payables are measured at amortised cost.
2. For terms and conditions with related parties, refer to Note 40.5.11. for additional disclosures
3. For explanations on the Company's foreign currency risk and liquidity risk management processes, refer Note 40.5.15

4. For trade & other payables outstanding, the ageing schedule is as given below:

As at 31 March 2024

₹ in Crores

Particulars	Unbilled	Outstanding for following periods from due date of payment					Total
		Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro and Small Enterprises ("MSME")	0.20	111.08	0.07	0.01	0.00	-	111.36
Others	3.81	476.04	129.76	3.31	0.47	2.65	616.04
*Disputed dues - Micro and Small Enterprises ("MSME")	-	-	-	-	-	-	-
*Disputed dues - Others	-	-	-	-	-	-	-
Total	**4.01**	**587.12**	**129.83**	**3.32**	**0.47**	**2.65**	**727.40**

* Disputed dues represents legal cases with vendors

As at 31 March 2023

₹ in Crores

Particulars	Unbilled	Outstanding for following periods from due date of payment					Total
		Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro and Small Enterprises ("MSME")	0.15	97.34	0.10	-	-	-	97.59
Others	3.37	424.51	103.08	1.14	0.61	2.31	535.02
*Disputed dues - Micro and Small Enterprises ("MSME")	-	-	-	-	-	-	-
*Disputed dues - Others	-	-	-	-	-	-	-
Total	**3.52**	**521.85**	**103.18**	**1.14**	**0.61**	**2.31**	**632.61**

* Disputed dues represents legal cases with vendors

Notes to the Financial Statements

Note 27 : Other financial liabilities (Current)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Deposits from customers	2.75	0.80
Unclaimed dividends	8.22	9.55
Payable for capital purchases	33.98	13.26
Employee benefits payable	45.00	28.51
Derivative liabilities	0.45	-
Other payables	17.00	11.54
Total	**107.40**	**63.66**

1. Other financial liabilities, except derivative liabilities, are measured at amortised cost. Derivative instruments are carried at fair value through profit and loss.
2. Derivative liabilities reflect the negative change in fair value of those foreign exchange forward contracts that are not designated in hedge relationship, but are nevertheless, intended to reduce the level of foreign currency risk exposure.
3. For explanations on the Company's Interest risk, foreign currency risk and liquidity risk management processes, refer Note 40.5.15.

Note 28 : Other current liabilities

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Advance from customers	19.13	15.96
Revenue received in advance	30.85	30.61
Statutory dues	24.37	13.44
Others	0.07	0.07
Total	**74.42**	**60.08**

1. For advance from customers and revenue received in advance, refer Note 40.5.8.
2. The Company has availed the incentives under EPCG by way of reduction in customs duty on import of capital goods.
3. **Movement in Eligible incentives under Export Promotion Capital Goods (EPCG) Scheme**

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
As at 1 April	**-**	**0.15**
Availed during the year	-	-
Released to the Statement of Profit and Loss	-	(0.15)
As at 31 March	**-**	**-**

Note 29 : Provisions (Current)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Provision for employee benefits	**23.87**	**25.14**
Provision for gratuity	9.71	10.18
Provision for compensated absence	13.83	14.62
Provision for pension and other retirement benefits	0.33	0.34
Others	**67.37**	**65.74**
Provision for warranty	47.11	47.40
Other Provisions	20.26	18.34
Total	**91.24**	**90.88**

Refer Note 21 Provisions (Non-current)

Notes to the Financial Statements

Note 29 : Provisions (Current) (Contd..)

Note :

1. Employee benefits obligations

a. Gratuity

The Company provides gratuity for employees as per the Gratuity Act, 1972 and the Company's internal Gratuity Scheme. Employees who are in continuous service for a period of five years are eligible for gratuity. The amount of gratuity is payable on retirement or termination whichever is earlier. The level of benefits provided depends on the member's length of service and salary at retirement age. The gratuity plan is funded plan.

b. Pension and other retirement benefits

The Company provides certain post-employment medical scheme and long term award benefits to employees (unfunded). For long-term award scheme, the Company has defined certain eligibility criteria and grade-wise benefit available to employees and is payable only at time of separation. Pension and medical benefits are payable to specified category of employees for 15 years after retirement.

c. Compensated absences

The leave obligation cover the Company's liability for earned leaves.

Also refer Note 40.5.9 for detailed disclosure.

2. Others

a. Warranty is provided to customers at the time of sale of products. Warranty cost includes expenses in connection with repairs, free replacement of parts / engines and after sales services during warranty period which varies from 1 year to 4 years.

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of reporting period. It is expected that majority of these costs will be incurred in the next financial year and balance will be incurred in following years. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

b. The Company has preferred an Appeal bearing No. 125 of 2016 before the Chief Controlling Revenue Authority (CCRA) against the Stamp Duty Adjudication Order dated 2 May 2016 bearing ADJ/188/2015 passed by Collector of Stamps, Enforcement – II, Mumbai levying a total stamp duty amount of ₹ 14.94 Crores on the Company for amalgamation of KBIL with the Company. For securing a Stay Order against the said Stamp duty Adjudication being ADJ/188/2015 dated 2 May 2016, the Company has deposited 50% of the stamp duty amount of ₹ 7.47 Crores on protest on 30 June 2016. Considering the payment of 50% of stamp duty amount, through its Order dated 22 September 2016, CCRA has passed an Order granting stay on the effect and operation of said Stamp Duty Adjudication Order bearing ADJ/188/2015 dated 2 May 2016. The Company's Appeal bearing No. 125 of 2016 is still pending and listing for final hearing is awaited. Accordingly, provision for stamp duty of ₹ 14.94 Crores has been made.

c. Provision for liquidated damages pertains to provision arising due to delay in actual delivery of goods/services as against the contractual delivery date.

d. Provision for onerous contracts pertains to the provision for the unavoidable costs of meeting the obligations under the contract which exceeds the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

₹ in Crores

Particulars	Warranty	Stamp Duty	Liquidated damages	Onerous Contracts
At 1 April 2022	**53.75**	**14.94**	**2.74**	**3.75**
Arising during the year	50.94	-	1.46	0.14
Less : Utilised	44.88	-	0.93	-
Less : Unused amount reversed	0.07	-	0.33	3.44
Add: Unwinding of discount	1.15	-	-	-
At 31 March 2023	**60.89**	**14.94**	**2.94**	**0.46**
Arising during the year	53.59	-	4.57	-
Less : Utilised	52.58	-	1.23	0.45
Less : Unused amount reversed	0.50	-	0.97	-
Add: Unwinding of discount	1.48	-	-	-
At 31 March 2024	**62.88**	**14.94**	**5.31**	**0.01**
Non-current (Refer Note 21)	**15.77**	**-**	**-**	**-**
Current	**47.11**	**14.94**	**5.31**	**0.01**

Notes to the Financial Statements

Note 30 : Revenue from operations

₹ in Crores

Particulars	2023-2024	2022-2023
Sales and services	**4,806.35**	**4,073.04**
Sale of products	4,656.61	3,936.44
Sale of services	149.74	136.60
Other operating income	**44.19**	**43.09**
Sale of scrap	16.49	17.20
Commission received	3.46	2.75
Export incentives	11.74	9.23
Sundry credit balances written back	0.19	1.31
Provisions no longer required written back	4.26	5.48
Income from solar power generation	6.87	5.23
Miscellaneous receipts	1.18	1.89
Total	**4,850.54**	**4,116.13**

1. Export incentives includes incentive under EPCG scheme amounting to Nil (31 March 2023 : ₹ 0.15 Crores)
2. Refer Note 40.3.1 , 40.4.17 & 40.5.8 for accounting policies and additional disclosures

Note 31 : Other income

₹ in Crores

Particulars	2023-2024	2022-2023
Interest on income tax and sales tax refund	0.01	3.03
Interest income on financial assets measured at amortised cost		
(i) Bank deposits	0.03	0.01
(ii) Preference shares	3.98	1.28
(iii) Other financial assets	2.40	0.01
Dividend income from equity investments designated at fair value through other comprehensive income	0.00	0.00
Net gain on financial assets measured at fair value through profit or loss (unrealised)	4.54	4.18
Net gain on sale of mutual fund measured at fair value through profit or loss (realised)	13.07	13.94
Rent income	0.81	0.76
Miscellaneous income	2.60	1.69
Total	**27.44**	**24.90**

1. Net gain on financial assets measured at fair value through profit or loss relates to the gain arising on fair value restatements of investment in mutual funds at balance sheet dates which are held as current or non-current investments.
2. Refer Note 40.3.1 ,40.4.10 & 40.5.17 for accounting policies and additional disclosures

Note 32 : Cost of raw materials and components consumed

₹ in Crores

Particulars	2023-2024	2022-2023
Raw materials and components consumed	2,411.89	2,038.90
Total	**2,411.89**	**2,038.90**

Note 33 : Purchase of traded goods

₹ in Crores

Particulars	2023-2024	2022-2023
Engines and Gensets	255.16	232.18
K-Oil	155.83	154.86
Alternators, Batteries and Others	409.33	425.76
Total	**820.32**	**812.80**

Notes to the Financial Statements

Note 34 : Changes in inventories of finished goods, work-in-progress and traded goods

₹ in Crores

Particulars	2023-2024	2022-2023
Opening inventories	**165.00**	**102.99**
Work-in-progress	35.48	20.73
Finished goods	94.03	36.37
Traded goods	35.49	45.89
Closing inventories	**153.29**	**165.00**
Work-in-progress	37.81	35.48
Finished goods	84.88	94.03
Traded goods	30.60	35.49
(Increase)/decrease in inventories	**11.71**	**(62.01)**

Note 35 : Employee benefits expense

₹ in Crores

Particulars	2023-2024	2022-2023
Salaries, wages, bonus, commission, etc.	261.00	199.56
Gratuity	5.97	3.79
Contribution to provident and other funds	14.07	12.14
Welfare and training expenses	23.62	18.75
Share based payment to employees	1.79	1.85
Provident and other funds' expenses	0.47	0.39
Total	**306.92**	**236.48**

For additional disclosures, refer Note 40.5.9 for gratuity and Note 40.5.19 for share based payment to employees.

Note 36 : Finance costs

₹ in Crores

Particulars	2023-2024	2022-2023
Interest and discounting charges	6.52	3.99
Interest on lease liabilities	0.27	0.36
Other finance costs	0.99	1.01
Total	**7.78**	**5.36**

Note 37 : Depreciation and amortisation expense

₹ in Crores

Particulars	2023-2024	2022-2023
Depreciation on property , plant and equipment	62.76	56.93
Amortisation on intangible assets	31.22	24.67
Amortisation on right-of-use assets	3.03	3.16
Total	**97.01**	**84.76**

Note 38 : Other expenses

₹ in Crores

Particulars	2023-2024	2022-2023
Manufacturing expenses	**349.12**	**307.03**
Stores consumed	94.82	82.18
Power and fuel	34.32	30.29
Machinery spares	10.81	10.19
Repairs to machinery	12.46	9.40
Job work charges	46.44	42.38

Notes to the Financial Statements

Note 38 : Other expenses (Contd..)

₹ in Crores

Particulars	2023-2024	2022-2023
Labour charges	19.56	17.92
Cost of services	113.29	103.68
Other manufacturing expenses	17.42	10.99
Selling expenses	**208.98**	**200.50**
Commission	19.64	14.87
Freight and forwarding	91.53	78.37
Warranty	53.59	50.94
Royalty	11.86	9.92
Advertisement and publicity	17.99	15.37
Provision for doubtful debts and advances (net)	0.18	26.17
Bad debts and irrecoverable balances written off	9.52	1.07
Others selling expenses	4.67	3.79
Administration expenses	**197.98**	**164.34**
Rent	30.13	29.37
Rates and taxes	1.11	1.16
Insurance	3.26	2.65
Repairs to building	1.51	1.10
Other repairs and maintenance	45.36	31.43
Travelling and conveyance	32.30	26.00
Communication expenses	3.86	4.13
Printing and stationery	1.20	0.94
Professional charges	52.70	45.10
Auditor's remuneration	0.61	0.59
Donations	0.03	0.08
Corporate social responsibilities ("CSR") expenses	5.58	4.39
Non Executive Directors' fees & commission	4.65	4.10
Miscellaneous expenses	17.62	15.72
Net (gain)/ loss on assets sold, demolished, discarded and scraped	(0.42)	(0.39)
Exchange (gain)/loss on translation of assets and liabilities	(1.52)	(2.03)
Total	**756.08**	**671.87**

Refer Note 40.5.18 for CSR expenses and Note 40.5.5 for auditor's remuneration.

Note 39 : Tax expense

The note below details the major components of income tax expenses for the year ended 31 March 2024 and 31 March 2023. The note further describes the significant estimates made in relation to the Company's income tax position, and also explains how the income tax expense is impacted by non-assessable and non-deductible items.

₹ in Crores

Particulars	2023-2024	2022-2023
Current tax	**120.50**	**99.45**
Current income tax	120.50	99.45
Deferred tax	**4.71**	**(5.56)**
Relating to origination and reversal of temporary difference	4.71	(5.56)
Income tax expense reported in the Statement of Profit and Loss	**125.21**	**93.89**

Other Comprehensive Income (OCI)

₹ in Crores

Particulars	2023-2024	2022-2023
Deferred tax related to items recognised in OCI during the year		
Net loss/(gain) on actuarial gains and losses	(0.90)	(2.16)
Net loss/(gain) on FVOCI equity instruments	0.02	(0.75)
Deferred tax charged to OCI	**(0.88)**	**(2.91)**

Notes to the Financial Statements

Note 39 : Tax expense (Contd..)

Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate as notified under Income Tax Act, 1961 enacted in India for the years ended 31 March 2024 and 31 March 2023 :

Current tax

₹ in Crores

Particulars	2023-2024	2022-2023
Accounting profit before income tax expense	486.84	364.14
Tax @ 25.168% (31 March 2023 : 25.168%)	**122.53**	**91.65**
Tax effect of adjustments in calculating taxable income:	**2.68**	**2.24**
Corporate Social Responsibility Expenses/Donations	1.41	1.12
Other Disallowances/(Allowances)	1.27	1.12
Interest on MSME dues	-	0.00
Income tax expenses recognised in the Statement of Profit and loss	**125.21**	**93.89**
Effective income tax rate	**25.72%**	**25.78%**

Note 40 : Notes to and forming part of the financial statements as at and for the year ended 31 March 2024

1 Corporate information

Kirloskar Oil Engines Limited ('the Company') is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act, 1956. The registered office of the Company is located at Laxmanrao Kirloskar Road, Khadki, Pune, Maharashtra- 411003. The equity shares of the Company are listed on two recognised stock exchanges in India i.e. Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

The Company is engaged in the business of manufacturing of engines, generating sets, pump sets and power tillers and spares thereof. The Company has manufacturing facilities in the state of Maharashtra and Gujarat.

2 Basis of preparation of financial statements

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ('Ind AS') as issued under the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereof issued by the Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with rule 7 of the Companies (Accounts) Rules, 2014. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) and the guidelines issued by the Securities and Exchange Board of India are also applied.

The financial statements have been prepared on accrual basis following historical cost convention, except for,

(i) certain financial assets and financial liabilities that are measured at fair value or amortised cost in accordance with Ind AS.

(ii) defined benefit plans - plan assets measured at fair value.

(iii) Equity settled share based payments

Amounts in the financial statements are presented in Indian Rupees in crore rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013 unless otherwise stated.

The financial statements were approved by the Board of Directors and authorized for issue on 8 May 2024.

3 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The Company continually evaluates these estimates and assumptions based on the most recently available information. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

3.1 Judgements

In the process of applying the Company's accounting policies, the management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Leases

Ind AS 116 'Leases' provides for certain recognition exemptions for short term leases as well as provides for certain criteria when the lease contracts are non-enforceable. The determination of lease term for the purpose of availing such exemptions and evaluation of such criteria for non-enforceability of a contract involves significant judgement.

Notes to the Financial Statements

Capital work-in-progress

Project is construed as smallest group of assets having a common intended use. Group of assets in an integrated plant is treated as one project. The identification of project will require judgement and management needs to identify project based on facts of each case. Project identification is consistent with how management identifies and monitors progress on group of assets internally.

Revenue recognition

The Company recognises revenue for each performance obligation either at a point in time or over a time. In case performance obligation is satisfied over a time, the output method is used to determine the revenue since it is faithfully depicting the Company's performance towards complete satisfaction of performance obligation. Practical expedient of "right to consideration" is also considered while recognising revenue in the amount to which the entity has right to invoice.

In case performance obligation is satisfied at a point in time, the Company generally recognises revenue when the control is transferred i.e. in case of goods either on shipment or upon delivery in domestic & on bill of lading date in case of export. In case of services, the revenue is recognised based on completion of distinct performance obligation. Refer significant accounting policy Note 40.4.17 & Note 40.5.8 on revenue recognition for information about methods, input and assumptions w.r.t transaction price & variable consideration.

3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation, uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company bases its assumptions and estimates on information available till the date of approval of these financial statements. The estimates and assumptions used, however may change based on future developments, due to market environment or due to circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions and estimates when they occur.

Defined benefit plans

The cost of the defined benefit plans and other post-employment benefits and the present value of the obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future post-retirement medical benefit increase. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The most sensitive parameter is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are mainly based on expected future inflation rates for the country.

Further details about defined benefit obligations are provided in Note 40.5.9.

Development costs

The Company capitalises development costs for a project in accordance with its accounting policy. Initially, capitalisation of costs is based on management's judgement that the technological and economic feasibility is confirmed when a product development project has reached a defined milestone, according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project and the expected period of benefits.

For further details about the carrying amount of development costs capitalised as internally generated intangible assets and as intangible assets under development, Refer Note 2.

Warranty

The Company recognises provision for warranties in respect of the products that it sells. The estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidences based on actions on product failures.

Deferred tax

Deferred tax assets are recognised for all deductible temporary differences including the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Notes to the Financial Statements

Business combinations

In accounting of Business Combinations, estimation is involved in recognising contingent consideration. This measurement is based on information available at the acquisition date and is based on expectations and assumptions that have been deemed reasonable by management.

Any subsequent changes to the fair value of contingent consideration classified as liabilities, other than measurement period adjustments, are recognised in the Statement of Profit and Loss.

Share based payments

Estimating fair value for share based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share based payment transactions are disclosed in Note 40.5.19

4 Material accounting policies

4.1 Current Vs. Non-current classification

The Company presents assets and liabilities in the Balance Sheet based on Current/Non-current classification.

An asset is treated as current when it is:

a. Expected to be realised or intended to be sold or consumed in normal operating cycle

b. Held primarily for the purpose of trading

c. Expected to be realised within twelve months after the reporting period, or

d. Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as Non-current.

A liability is current when it is:

a. Expected to be settled in normal operating cycle

b. Held primarily for the purpose of trading

c. Due to be settled within twelve months after the reporting period, or

d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

Deferred tax assets and liabilities are classified as Non-current assets and liabilities.

The Company classifies all other liabilities as Non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

4.2 Fair value measurement

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

- In the principal market for the asset or liability

  Or

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

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

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

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company

Notes to the Financial Statements

determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

External valuation experts are involved for valuation of significant assets and liabilities. Involvement of external valuation experts is decided upon annually by the management.

Methods and assumptions used to estimate the fair values are consistently followed.

4.3 Property, plant and equipment

a Property, plant and equipment and Capital work-in-progress are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Cost represents all expenses directly attributable to bringing the asset to its working condition capable of operating in the manner intended. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the Property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.

b Capital work-in-progress comprises cost of Property, plant and equipment that are not yet installed and not ready for their intended use at the Balance Sheet date.

c Own manufactured assets are capitalised at cost including an appropriate share of allocable expenses.

d Project is construed as smallest group of assets having a common intended use. Group of assets in an integrated plant is treated as one project. Project identification is consistent with how management identifies and monitors progress on group of assets internally.

e When temporary suspension is a necessary part of the process of getting an asset ready for its intended use, the project is not considered to have been temporarily suspended and the CWIP related to such projects should continue to be presented under 'Projects in progress'.

Depreciation

Depreciation is charged on the basis of useful life of assets on straight line method which are as follows:

Asset Category	Life (in years)	Basis for useful life
Factory buildings	30	Life as prescribed under Schedule II of the Companies Act, 2013
Building- Non factory		
RCC frame structure	60	
*Other than RCC frame structure	30	
Fence, Wells, Tube wells	5	
Building – Roads		
Carpeted roads- RCC	10	
Carpeted roads- Other than RCC	5	
Non carpeted roads	3	
Building - Temporary shed	3	
*** Plant & Equipment other than pattern tooling**	7.5 to 15	Useful life based on Number of Shifts as prescribed under Schedule II of the Companies Act, 2013
Plant & Equipment - Pattern tooling	4	Lower useful life considered based on past history of usage and supported by technical evaluation
***Solar Power Plant**	25	Higher useful life considered supported by technical evaluation
Computers		Life as prescribed under Schedule II of the Companies Act, 2013
Network	6	
End user devices, such as, desktops,etc.	3	
***Laptops**	3 to 5	Higher useful life considered based on past history of usage
Servers	4	Lower useful life considered based on past history of usage and supported by technical evaluation

Notes to the Financial Statements

Asset Category	Life (in years)	Basis for useful life
Electrical installations	10	Life as prescribed under Schedule II of the Companies Act, 2013
***Furniture & Fixture**		
Furniture, fixtures and electrical fittings	10	Life as prescribed under Schedule II of the Companies Act, 2013
Furniture, AC, Refrigerators and Water coolers - Residential premises	4	Lower useful life considered based on past history of usage.
AC, Refrigerators and Water coolers - Company and Guest house premises	5	Lower useful life considered based on past history of usage.
Office equipment	5	Life as prescribed under Schedule II of the Companies Act, 2013
***Vehicles**		
Motorcars, Jeep	5	Lower useful life considered based on past history of usage
Trucks	5	
Other vehicles	5	
***Aircrafts**	15	Lower useful life considered based on past history of usage and supported by technical evaluation

- Depreciation on additions is provided from the beginning of the month in which the asset is added.

- Depreciation on assets sold, discarded or demolished during the year is being provided at their respective rates on pro-rata basis up to the end of the month prior to the month in which such assets are sold, discarded or demolished.

- Foreign exchange fluctuation gain/loss on imported plant and equipment were capitalised in the cost of the respective fixed asset up to transition date of Ind AS. Depreciation on such additions is provided over the remaining useful life of the underlying plant and equipment.

  *The Company, based on technical assessments made by technical experts and management estimates depreciates certain items of plant and equipment; building; computers; furniture and fixtures; vehicles and aircraft over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of Property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of Property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.4 Intangible assets

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

Intangible assets are recorded at the consideration paid for acquisition. In case of internally generated intangible assets, expenditure incurred in development phase, where it is reasonably certain that the outcome of development will be commercially exploited to yield future economic benefits to the Company, is considered as an intangible asset. Such developmental expenditure is capitalized at cost including a share of allocable expenses. Other internally generated intangibles are not capitalised and the related expenditure is reflected in the Statement of Profit & Loss for the period in which expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. The amortisation period and amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Notes to the Financial Statements

Intangible assets with finite useful lives are amortised by using straight line method over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Sr. No	Asset category	Life (in years)
1	Computer Software	5
2	Drawings & Designs	10
3	Technical Knowhow – acquired	6
4	Technical Knowhow - Internally generated	3 to 5

Intangible assets with indefinite useful lives, if any are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible assets under development".

4.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised till the month in which the asset is ready to use, as part of the cost of that asset. Other borrowing costs are recognised as expenses in the period in which these are incurred.

4.6 Impairment of non financial assets

The Company assesses at each Balance Sheet date whether there is any indication due to internal or external factors that an asset or a group of assets comprising a Cash Generating Unit (CGU) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount of the assets or the recoverable amount of the CGU to which the asset belongs is less than the carrying amount of the assets or the CGU as the case may be, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at any subsequent Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the Statement of Profit and Loss. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognised or relates to a change in the estimate of the recoverable amount in the previous periods.

4.7 Financial instruments – initial recognition and subsequent measurement

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. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit or Loss.

a. Financial assets

i Initial recognition and measurement of financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets. However, trade receivables that do not contain a significant financing component are measured at transaction price.

ii Subsequent measurement of financial assets

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at fair value through profit or loss (FVTPL)

Financial assets at amortised cost :

A financial asset is measured at amortised cost if:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category is most relevant to the Company . After initial measurement, such financial assets are subsequently measured at amortised cost

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by applying the effective interest rate ('EIR'). The amortised cost is calculated by taking into account any premium or discount on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

- Financial assets at fair value through other comprehensive income

  A financial asset is measured at fair value through other comprehensive income if:

  - the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and

  - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  After initial measurement, such financial assets, until they are derecognised or reclassified, are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income except for interest income, impairment gains or losses and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

- Financial assets at fair value through profit or loss

  A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

  Equity instrument :

  Investment in equity instruments issued by subsidiary are measured at cost.

  Investments in equity instruments issued by other than subsidiaries are classified as at FVTPL, unless the related instruments are not held for trading and the Company irrevocably elects on initial recognition to present subsequent changes in fair value in Other comprehensive income.

  In addition, the Company may elect to classify a financial asset, which otherwise meets amortised cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

  After initial measurement, such financial assets are subsequently measured at fair value with unrealised gains or losses recognised in the Statement of Profit and Loss.

iii Derecognition of financial assets

A financial asset is derecognised when:

- the contractual rights to the cash flows from the financial asset expire,

  or

- The Company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

iv Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant

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to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and how they are accounted for.

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in the Statement of Profit and Loss.
FVTPL	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in Other comprehensive income ('OCI'). No change in EIR due to reclassification.
FVOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to Statement of Profit and Loss at the reclassification date.

v Impairment of financial assets

In accordance with Ind AS 109, the 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.
- Financial assets that are debt instruments and are measured as at FVOCI
- Lease receivables under Ind AS 116
- Trade receivables under Ind AS 115

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables resulting from transactions within the scope of Ind AS 115, if they do not contain a significant financing component
- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 115 that contain a significant financing component, if the Company applies practical expedient to ignore separation of time value of money, and
- All lease receivables resulting from transactions within the scope of Ind AS 116

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company 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. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls),

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discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Company is required to use the remaining contractual term of the financial instrument.

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss. This amount is reflected in a separate line in the Statement of Profit and Loss as an impairment gain or loss. The Balance Sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contract assets and lease receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not derecognise impairment allowance from the gross carrying amount.

- Loan commitments: ECL is presented as a provision in the Balance Sheet, i.e. as a liability.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

b Financial Liabilities

i Initial recognition and measurement of financial liabilities

All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are attributable to the issue of the financial liabilities.

ii Subsequent measurement of financial liabilities

For purposes of subsequent measurement, financial liabilities are classified and measured as follows:

- Financial liabilities at fair value through profit or loss

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

- Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

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

- Loans and borrowings at amortised cost

This is the category most relevant to the Company. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

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iii Derecognition of financial liabilities

A financial liability (or a part of a financial liability) is derecognised from its Balance Sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

iv Offsetting of financial instruments

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

4.8 Derivatives

Company uses derivative contracts to hedge its exposure against movements in foreign exchange rates. The use of derivative contracts is intended to reduce the risk or cost to the Company. Derivative contracts are not used for trading or speculation purpose.

All derivatives are measured at fair value through the profit or loss unless they form part of a qualifying cash flow hedge, in which case the fair value is taken to reserves and released into the Statement of Profit and Loss at the same time as the risks on the hedged instrument are recognised therein. Any hedge ineffectiveness will result in the relevant proportion of the fair value remaining in the Statement of Profit and Loss. Fair values are derived primarily from discounted cash-flow models, option-pricing models and from third-party quotes. Derivatives are carried as assets when their fair values are positive and as liabilities when their fair values are negative. All hedging activity is explicitly identified and documented by the Company.

4.9 Foreign currency transactions

a. Initial recognition

Foreign currency transactions are recorded in Indian currency (the "functional and presentation currency"), by applying the exchange rate between the Indian currency and the foreign currency at the date of the transaction.

b. Conversion

Current assets and current liabilities, secured loans, being monetary items, designated in foreign currencies are revalorized at the rate prevailing on the date of Balance Sheet or forward contract rate or other appropriate rate.

c. Exchange differences

Exchange differences arising on the settlement and conversion of foreign currency transactions are recognised as income or as expenses in the year in which they arise, except in cases where they relate to the acquisition of qualifying assets, in which cases they were adjusted in the cost of the corresponding asset. Further, as per extant circulars issued by the Ministry of Corporate Affairs, eligible exchange difference on foreign currency loans utilized for acquisition of assets, was adjusted in the cost of the asset to be depreciated over the balance life of the asset up to transition date of Ind AS.

4.10 Leases

Lease is a contract that provides to the customer (lessee) the right to use an asset for a period of time in exchange for consideration.

a. Where the Company is a lessee

A lessee is required to recognise assets and liabilities for all leases and to recognise depreciation of leased assets separately from interest on lease liabilities in the Statement of Profit and Loss. The Company uses the practical expedient to apply the requirements of this standard to a portfolio of leases with similar characteristics if the effects on the financial statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio.

However, when the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty the Company considers that lease to be no longer enforceable. Also according to Ind AS 116, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, the lessee is not required to recognise right-of-use asset and a lease liability. The Company applies both recognition exemptions. The lease payments associated with those leases are generally recognised as an expense on a straight-line basis over the lease term or another systematic basis if appropriate.

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Right-of-use assets:

Right-of-use assets, which are included under Property, plant and equipment, are measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, the Company also applies the practical expedient that the payments for non-lease components are generally recognised as lease payments. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

Lease liability

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

Lease modification

For a lease modification that is not accounted for as a separate lease, the Company accounts for the re-measurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

b. Where the Company is 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. Where the Company is a lessor under an operating lease, the asset is capitalised within Property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

4.11 Inventories

a Raw materials, components, stores and spares are valued at cost or net realisable value whichever is lower. Cost includes all cost of purchase and incidental expenses incurred in bringing the inventories to their present location and condition. Cost is ascertained using weighted average method.

b Work-in-progress including finished components and finished goods are valued at cost or realisable value whichever is lower. Cost includes direct materials, labour costs and a proportion of manufacturing overheads based on the normal operating capacity.

c Materials-in-transit and materials in bonded warehouse are valued at actual cost incurred up to the date of Balance Sheet.

d Unserviceable, damaged and obsolete inventory is valued at cost or net realisable value whichever is lower.

e Net realisable 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.

4.12 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

4.13 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities; on the basis of the taxable profits computed for the current accounting period in accordance with Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised in Other comprehensive income or directly in equity is recognised in other comprehensive income ('OCI') or in equity, respectively, and not in the Statement of Profit and Loss. The Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences including, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax / Goods and Services Tax ('GST')

Expenses and assets are recognised net of the amount of sales tax / GST, except:

- When the sales tax/GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax/GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

- When receivables and payables are stated with the amount of sales tax/GST included.

The net amount of sales tax/GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

4.14 Non-current assets held for sale and discontinuing operations

a Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate use in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

b Discontinuing operations

Discontinuing operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Statement of Profit and Loss account.

Assets and liabilities classified as held for distribution are presented separately from other assets and liabilities in the Balance Sheet.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

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i Represents a separate major line of business or geographical area of operations,

ii Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

OR

iii Is a subsidiary acquired exclusively with a view to resale

An entity does not depreciate (or amortise) a Non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

4.15 Employee benefits

a Short term employee benefits

The distinction between short term and long term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, exgratia, performance pay etc. and are recognised in the period in which the employee renders the related service.

b Post-employment benefits

i Defined contribution plan

The Company makes payment to approved superannuation schemes, state government provident fund scheme and employee state insurance scheme which are defined contribution plans. The contribution paid/payable under the schemes is recognised in the Statement of Profit and Loss during the period in which the employee renders the related service. The Company has no further obligations under these schemes beyond its periodic contributions.

ii Defined benefit plan

The employee's gratuity fund scheme, pension, post-retirement medical and long term service award benefit schemes are Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on a net basis.

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 OCI in the period in which they occur. Re-measurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

Past service costs are recognised in the Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

c Other long term employment benefits:

The employee's long term compensated absences are Company's other long term benefit plans. The present value of the obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation, to recognise the obligation on a net basis.

In regard to other long term employment benefits, the Company recognises the net total of service costs; net interest on the net defined benefit liability (asset); and remeasurements of the net defined benefit liability (asset) in the Statement of Profit and Loss.

d Termination benefits :

Termination benefits such as compensation under voluntary retirement scheme are recognised in the Statement of Profit and Loss in the year in which termination benefits become payable or when the Company determines that it can no longer withdraw the offer of those benefits, whichever is earlier.

Notes to the Financial Statements

4.16 Provisions, contingencies and commitments

Necessary provisions are made for the present obligations that arise out of past events entailing future outflow of economic resources. Such provisions reflect best estimates based on available information.

However a disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Onerous contracts

A contract is considered to be onerous when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Commitments are future liabilities for contractual expenditure, classified and disclosed as estimated amount of contracts remaining to be extracted on capital account and not provided for.

4.17 Revenue recognition

Revenue from operations

a Sale of goods & services:

The Company recognises revenue, when or as control over distinct goods or services is transferred to the customer; i.e. when the customer is able to direct the use of the transferred goods or rendering of services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account our customer's creditworthiness.

Revenue is the transaction price the Company expects to be entitled to. Variable consideration is included in the transaction price if it is highly probable that a significant reversal of revenue will not occur once associated uncertainties are resolved.

The variable consideration is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when any uncertainty is subsequently resolved. The amount of variable consideration is calculated by either using the expected value or the most likely amount depending on which it is expected to better predict the amount of variable consideration.

Consideration is adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or the Company.

Performance obligations are identified based on individual terms of contract. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. The Company reasonably estimates the stand-alone selling prices if such prices are not observable. For each performance obligations identified as above, the revenue is recognised either at a point in time or over time. When the Company's efforts or inputs are expended evenly throughout the performance period revenue is recognised on straight-line basis over time.

The incremental cost to obtain a contract are recognised as an asset if the Company expects to recover those cost over the period of contract. Company recognises the incremental costs of obtaining a contract as an expense, when incurred, if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

In case of bill and hold arrangements, revenue is recognised when the company completes its performance obligation to transfer the control of the goods to the customer in accordance with the agreed upon specifications in the contract for which the customer has accepted the control. Such goods are identified and kept ready for delivery based on which revenue is recognised.

The Company completes its performance obligation to transfer the control of the goods to the customer in accordance with the agreed -upon specifications in the contract for which customer accepts the same and confirms to the Company basis which criteria for bill and hold is met. The Company has identified the goods as belonging to the customer and stored them separately in the factory premises until goods are cleared from the factory premises. The goods are ready for physical transfer to the customer from the factory premises of the Company. The Company cannot use the goods for any other purpose or to direct it to another customer.

Notes to the Financial Statements

b Contract balances

Contract assets

The incremental cost to obtain a contract are recognised as an asset if the Company expects to recover those cost over the period of contract. Company recognises the incremental costs of obtaining a contract as an expense, when incurred, if the amortisation period of the asset that the entity otherwise would have recognised is one year or less. Impairment loss (termed as provision for foreseeable losses in the financial statements) is recognised in Statement of Profit and Loss to the extent the carrying amount of the contract asset exceeds the remaining amount of consideration that the Company expects to receive towards remaining performance obligations (after deducting the costs that relate directly to fulfill such remaining performance obligations).

Trade receivables

The amounts billed on customer for work performed and are unconditionally due for payment i.e. only passage of time is required before payment falls due, are disclosed in the Balance Sheet as trade receivables.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised when the Company performs under the contract.

4.18 Other income

a Interest income from financial assets

Interest income from financial assets is recognised using effective interest rate method.

b Dividend income

Dividend income is recognised when the Company's right to receive the amount has been established.

c Others

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.

4.19 Exceptional items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item.

4.20 Government grants

Grants and subsidies from the government are recognised if the following conditions are satisfied,

- There is reasonable assurance that the Company will comply with the conditions attached to it.
- Such benefits are earned and reasonable certainty exists of the collection.

a. Export incentives

Export incentives under various schemes notified by government are accounted for in the year of exports as grant related to income and is recognised as Other operating income in the Statement of Profit and Loss if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

b. Industrial promotion subsidy

Government grants received with reference to Industrial promotion subsidy under Packaged Scheme of Incentives, 2001 is treated as grant related income and is recognised as other operating income in the Statement of Profit and Loss as per the appropriate recognition criteria.

c. Export promotion capital goods

Government grants received with reference to export promotion capital goods scheme are initially recognised as deferred revenue and grant in proportion of export obligation achieved during the year is reduced from deferred revenue and recognised as Other operating income in the Statement of Profit and Loss.

4.21 Cash dividend

The Company recognises a liability to make cash distributions to the equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the provisions of the Companies Act, 2013, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions, if any, are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the Statement of Profit and Loss.

4.22 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity

Notes to the Financial Statements

shareholders by the weighted average number of equity shares outstanding during the year. For calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

4.23 Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferral or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the Company are segregated.

Cash and cash equivalents(including bank balances) shown in the Statement of Cash Flow exclude items which are not available for general use as at the date of the Balance Sheet.

4.24 Share based payments

Equity settled share based payments

Employees of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The Company recognises compensation expense relating to share based payments in accordance with Ind AS 102 Share based payment. Stock options granted by the Company to its employees are accounted as equity settled options. Accordingly, Equity-settled share based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share based payments transactions are set out in Note No 40.5.19. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share based payments reserve.

4.25 Segment reporting

a. Identification of segments

Operating segments are reported in a manner consistent with the internal reporting to the management.

b. Allocation of common costs

Common allocable costs are allocated to the reportable segment based on sales of reportable segment to the total sales of the Company.

c. Unallocated items

Corporate assets and liabilities, income and expenses which relate to the Company as a whole and are not allocable to segments, are included under other reconciling items.

5 Additional notes to the Financial Statements

5.1 Contingent liabilities

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
i. Central Excise Demands	20.09	20.09
ii. Sales Tax, Goods & Service Tax and Octroi Demands	5.83	5.25
iii. Customs Duty Demands	0.00	0.00
iv. Income Tax Liability	7.32	7.32
v. Claims against Company not acknowledged as debts	55.31	53.76

Notes to the Financial Statements

5.2 Other Contingent liabilities

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Aggregate amount of such letters of credit outstanding (Charge of hypothecation referred to in Note 24 for working capital facilities extends to letter of credit issued by the Company's bankers)	19.08	10.71
Aggregate liquidated damages on unexecuted orders	1.77	1.45

5.3 Capital commitment

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	118.56	193.81

5.4 Other Commitments

The Company has given letter of comfort/undertaking to one of the subsidiary's bankers for credit facilities availed by that subsidiary. As per the terms of letter of comfort/undertaking, the Company undertakes not to divest its ownership interest directly or indirectly in the subsidiary beyond specified percentage.

5.5 Payment to Auditors (net of taxes)

₹ in Crores

Sr. No	Particulars	2023-24	2022-23
a	**Statutory Auditors**		
i	As auditors		
	Audit fees	0.41	0.41
	Limited review	0.07	0.07
	Total (i)	**0.48**	**0.48**
ii	Certification fees & assurance services	0.03	0.01
iii	Reimbursement of expenses	0.02	0.02
	Total (a) = [(i)+(ii)+(iii)]	**0.53**	**0.51**
b	**Cost Auditors**		
i	As auditors	0.08	0.08
ii	In other capacity		
	Certification fees	-	-
iii	Reimbursement of expenses	0.00	0.00
	Total (b)	**0.08**	**0.08**
	Grand total (a+b)	**0.61**	**0.59**

5.6 The Sales for the current year includes an amount of ₹ 0.36 Crores (31 March 2023 : ₹ 0.50 Crores) on account of supplies to SEZ.

5.7 The Company has amounts due to suppliers under "The Micro, Small and Medium Enterprises Development Act 2006" (MSMED Act) as at 31 March 2024.The disclosure pursuant to the said Act is as under:

₹ in Crores

Particulars	2023-24	2022-23
Principal outstanding to MSME suppliers	111.10	97.33
Payment made to suppliers (other than interest) beyond the appointed day, during the year	0.02	0.11
Interest due and payable to suppliers under MSMED Act, for the payments already made	0.00	0.00
Interest due on principle amount remaining unpaid as on year end date	0.00	0.00
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	0.26	0.26

Notes to the Financial Statements

5.8 Revenue recognition

a. Disaggregation of revenue

Set out below is the disaggregation of the Company's revenue from contracts with its customers:

₹ in Crores

Business 31 March 2024	B2B	B2C	Total
Power Gen Business	1,905.46	-	1,905.46
Industrial Business	1,008.00	-	1,008.00
Distribution & Aftermarket Business	748.91	-	748.91
International Business	519.66	29.32	548.98
Water Management Solutions	-	507.66	507.66
Farm Mechanisation Solutions	-	87.34	87.34
Total	**4,182.03**	**624.32**	**4,806.35**

₹ in Crores

Business 31 March 2023	B2B	B2C	Total
Power Gen Business	1,655.31	-	1,655.31
Industrial Business	851.81	-	851.81
Distribution & Aftermarket Business	630.48	-	630.48
International Business	393.34	35.20	428.54
Water Management Solutions	-	399.87	399.87
Farm Mechanisation Solutions	-	107.03	107.03
Total	**3,530.94**	**542.10**	**4,073.04**

b. Revenue recognised in relation to contract liabilities

Movement of contract liabilities

₹ in Crores

Particulars	31 March 2024	31 March 2023
Contract liabilities at the beginning of the year	**69.19**	**57.18**
Add / (Less):		
Consideration received during the year as advance	126.44	97.34
Written off/refund/cancellation	(2.20)	0.03
Revenue recognised from contract liability *	(121.77)	(85.36)
Contract liabilities at the end of the year	**71.67**	**69.19**

* Includes revenue of ₹ 45.05 Crores (31 March 2023 : ₹ 34.52 Crores) during the year from its contract liabilities as on 1 April 2023. Contract liabilities are presented in Note 23 & Note 28 as "Advance from customer" and "Revenue received in advance."

c. Information about performance obligation

i The Company is mainly in the business of manufacturing and trading of engines, gensets and related spares. The Company also provides after sales services such as annual maintenance contract, extended warranty etc.

ii The Company generally recognises revenue in case of goods, when the performance obligation is satisfied at a point in time when the control is transferred i.e. either on shipment or upon delivery as per the terms of contracts in domestic and in case of export on the date of bill of lading.

In case of services, where performance obligation is satisfied at a point in time, revenue is generally recognised upon completion of services and on obtaining work completion certificates from the customers. In contracts under which performance obligation satisfied over a period of time, Revenue is generally recognised either according to stage of completion or on straight line basis depending upon the type of services provided. The stage of completion is determined based on the contractual terms.

Notes to the Financial Statements

5.8 Revenue recognition (Contd..)

When the Company's efforts or inputs are expended evenly throughout the performance period revenue is recognised straight-line basis.

The payment is due from the date of invoice and payment terms are generally in the range of 0 days to 90 days depending on product/market segment and market channel excluding some exceptions.

iii The Company provides to its customers warranties in the forms of repairs or replacement warranty under its standard terms and recognises it as warranty provision as per Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets

d. Unsatisfied performance obligations as at the end of reporting period:

As on 31 March 2024, the Company has unsatisfied performance obligation of ₹ 91.61 Crores (31 March 2023 : ₹ 80.09 Crores). The Company expects that ₹ 60.32 Crores will be recognised as revenue in financial year 2024-25 and remaining in subsequent years based on contractual terms.

e. Asset recognised for cost incurred to obtain a contract and cost incurred to fulfil Contract

The Company has recognised an asset as on 31 March 2024 of ₹ 4.40 Crores (31 March 2023 : ₹ 5.57 Crores) from cost incurred to obtain and fulfill a contract. Asset is included in Note 15 Other current asset : Prepaid expenses.

f. Reconciliation of the Company's revenue from contract price with revenue:

₹ in Crores

Particulars	2023-2024	2022-2023
Contract price	4,877.37	4,120.04
Adjustment for :		
Contract liabilities: Discounts, incentives & late delivery charges	(71.02)	(47.00)
Revenue from contracts with customers	**4,806.35**	**4,073.04**

5.9: Disclosure pursuant to Employee benefits

A. Defined contribution plans:

Amount of ₹14.07 Crores (March 31 2023: ₹ 12.14 Crores) is recognised as expenses and included in Note No. 35 "Employee benefit expense"

B. Defined benefit plans:

The Company has following post employment benefits which are in the nature of defined benefit plans:

(a) Gratuity

(b) Pension, Post retirement medical scheme and Long-term award scheme

Notes to the Financial Statements

5.9: Disclosure pursuant to Employee benefits (Contd..)

31 March 2024 : Changes in defined benefit obligation and plan assets

₹ in Crores

Particulars	1 April 2023	Cost charged to Statement of Profit and Loss				Remeasurement gains/(losses) in other comprehensive income						31 March 2024
		Service cost	Net interest expense	Sub-total included in Statement of Profit and Loss (Note 35)	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	
a) Gratuity												
Defined benefit obligation	(55.76)	(5.59)	(3.91)	(9.50)	7.24	-	0.30	(1.37)	(2.54)	(3.61)	-	(61.62)
Fair value of plan assets	45.58	-	3.52	3.52	(7.24)	-	-	0.14	(0.19)	(0.05)	10.10	51.91
Benefit/(liability)	(10.18)	(5.59)	(0.38)	(5.97)	-	-	0.30	(1.23)	(2.74)	(3.66)	10.10	(9.71)
b) Pension, Post retirement medical scheme and Long-term award scheme												
Defined benefit obligation	(2.95)	(0.03)	(0.21)	(0.24)	0.30	-	-	(0.05)	0.10	0.05	-	(2.83)
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-
Benefit/(liability)	(2.95)	(0.03)	(0.21)	(0.24)	0.30	-	-	(0.05)	0.10	0.05	-	(2.83)
Total benefit/(liability)	**(13.12)**	**(5.61)**	**(0.59)**	**(6.21)**	**0.30**	**-**	**0.30**	**(1.28)**	**(2.63)**	**(3.61)**	**10.10**	**(12.55)**

31 March 2023 : Changes in defined benefit obligation and plan assets

₹ in Crores

Particulars	1 April 2022	Cost charged to Statement of Profit and Loss				Remeasurement gains/(losses) in other comprehensive income						31 March 2023
		Service cost	Net interest expense	Sub-total included in Statement of Profit and Loss (Note 35)	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	
a) Gratuity												
Defined benefit obligation	(44.21)	(3.93)	(3.07)	(7.00)	3.13	-	(0.03)	(3.35)	(4.30)	(7.68)	-	(55.76)
Fair value of plan assets	45.82	-	3.21	3.21	(3.13)	-	-	0.18	(1.05)	(0.87)	0.54	45.58
Benefit/(liability)	1.61	(3.93)	0.14	(3.79)	-	-	(0.03)	(3.17)	(5.35)	(8.55)	0.54	(10.18)
b) Pension, Post retirement medical scheme and Long-term award scheme												
Defined benefit obligation	(2.97)	(0.04)	(0.20)	(0.24)	0.29	-	-	0.05	(0.08)	(0.03)	-	(2.95)
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-
Benefit/(liability)	(2.97)	(0.04)	(0.20)	(0.24)	0.29	-	-	0.05	(0.08)	(0.03)	-	(2.95)
Total benefit/(liability)	**(1.36)**	**(3.97)**	**(0.06)**	**(4.03)**	**0.29**	**-**	**(0.03)**	**(3.12)**	**(5.43)**	**(8.57)**	**0.54**	**(13.13)**

Notes to the Financial Statements

5.9: Disclosure pursuant to Employee benefits (Contd..)

C. **Other long-term employment benefits**

The Company has Compensated Absences plan which is covered by other long-term employment benefits

31 March 2024 : Changes in defined benefit obligation and plan assets of Compensated absences

₹ in Crores

Particulars	1 April 2023	Cost charged to statement of profit and loss: Service cost	Interest cost	Actuarial changes arising from various assumption	Sub-total included in Statement of Profit and Loss (Note 35)	Benefit paid	Contributions by employer	31 March 2024
Compensated absences								
Defined benefit obligation	(31.74)	(3.62)	(2.15)	(2.64)	(8.41)	6.22	-	(33.93)
Fair value of plan assets	-	-	-	-	-	-	-	-
Benefit/(liability)	**(31.74)**	**(3.62)**	**(2.15)**	**(2.64)**	**(8.41)**	**6.22**	**-**	**(33.93)**

31 March 2023 : Changes in defined benefit obligation and plan assets of Compensated absences

₹ in Crores

Particulars	1 April 2022	Cost charged to statement of profit and loss: Service cost	Interest cost	Actuarial changes arising from various assumption	Sub-total included in Statement of Profit and Loss(Note 35)	Benefit paid	Contributions by employer	31 March 2023
Compensated absences								
Defined benefit obligation	(27.49)	(2.52)	(1.88)	(2.61)	(7.01)	2.76	-	(31.74)
Fair value of plan assets	-	-	-	-	-	-	-	-
Benefit/(liability)	**(27.49)**	**(2.52)**	**(1.88)**	**(2.61)**	**(7.01)**	**2.76**	**-**	**(31.74)**

D. **Other disclosures**

The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:

₹ in Crores

Particulars	31 March 2024	31 March 2023
Insured managed funds	51.91	45.58
(%) of total plan assets	100%	100%

The principal assumptions used in determining above defined benefit obligations for the Company's plans are shown below:

Particulars	31 March 2024	31 March 2023
Discount rate	7.20%	7.50%
Future salary increase	7.00%-10.00%	7.00%-10.00%
Expected rate of return on plan assets	7.50%	7.20%
Expected average remaining working lives (in years)		
Gratuity	9.85	10.92
Pension, Post retirement medical scheme and Long-term award scheme	7.51 - 9.22	8.3 - 10.03
Compensated Absences	9.85	10.91
Withdrawal rate (based on grade and age of employees)		
Gratuity	0%-12%	0%-15%
Pension, Post retirement medical scheme and Long-term award scheme	0.00%	0.00%
Compensated Absences	0%-12%	0%-15%

Notes to the Financial Statements

5.9: Disclosure pursuant to Employee benefits (Contd..)

A quantitative sensitivity analysis for significant assumption is as shown below:

Gratuity

₹ in Crores

Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact)	
		31 March 2024	31 March 2023
Discount rate	1% Increase	4.38	3.88
	1% Decrease	(4.97)	(4.43)
Future salary increase	1% Increase	(4.27)	(3.84)
	1% Decrease	3.85	3.45
Withdrawal rate	1% Increase	0.41	0.34
	1% Decrease	(0.44)	(0.37)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Pension, Post retirement medical scheme and Long-term award scheme

₹ in Crores

Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact)	
		31 March 2024	31 March 2023
Discount rate	1% Increase	(0.14)	0.11
	1% Decrease	0.12	(0.11)
Withdrawal rate	1% Increase	(0.00)	0.01
	1% Decrease	-	-

The sensitivity analyse above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The followings are the expected future benefit payments for the defined benefit plan :

₹ in Crores

Particulars	31 March 2024	31 March 2023
Within the next 12 months (next annual reporting period)		
Gratuity	8.10	11.36
Pension, Post retirement medical scheme and Long-term award scheme	0.26	0.28
Between 2 and 5 years		
Gratuity	23.56	18.42
Pension, Post retirement medical scheme and Long-term award scheme	1.05	1.07
Beyond 5 years		
Gratuity	26.47	21.07
Pension, Post retirement medical scheme and Long-term award scheme	1.14	1.19
Total expected payments	**60.58**	**53.39**

Notes to the Financial Statements

5.9: Disclosure pursuant to Employee benefits (Contd..)

Weighted average duration of defined plan obligation (based on discounted cash flows)

₹ in Crores

Particulars	31 March 2024	31 March 2023
Gratuity	9.49	10.43
Pension, Post retirement medical scheme and Long-term award scheme	5.75 - 8.84	5.60 -9.63

The followings are the expected contributions to planned assets for the next year:

₹ in Crores

Particulars	31 March 2024	31 March 2023
Gratuity	10.00	10.18

Risk Exposure

Through its defined benefit plan, the Company is exposed to a number of risks, the most significant of which are detailed below:

a. **Discount rate risk:** Variations in the discount rate used to compute the present value of the liabilities may see small, but in practise can have a significant impact on the defined benefit liabilities.

b. **Future salary escalation and inflation risk:** Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainities in estimating this increasing risk.

c. **Asset risks:** Plan assets are maintained in a self-managed trust fund mainly managed by investments in leading Mutual Fund companies, special deposits and a small part of fund is 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. The Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds but this option provides a high level of safety for the total corpus. Also interest rate and inflation risk are taken care of.

   The Company has opted for Mutual Funds which is market linked with options to invest in equity funds. The Company has the option to structure the portfolio based on its risk appetite providing an opportunity to earn market linked returns. But there is an investment risk here which is borne by the Company.

   A single account is maintained for both investment and claim settlement and hence 100% liquidity is ensured.

d. **Asset-Liability mismatch risk:** Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements.

e. **Unfunded Plan Risk –** This represents unmanaged risk and a growing liability. There is an inherent risk here that the Company may default on paying the benefits in adverse circumstances. Funding the plan removes volatility from the balance sheet and better manages defined benefit risk through increased returns.

Funding policy:

There is no compulsion on the part of the Company to fully prefund the liability of the Gratuity Plan. The Company's philosophy is to fund these benefits based on its own liquidity and the level of underfunding of the plan.

Notes to the Financial Statements

5.10 The Company primarily operates in the business of manufacturing of Engines wherein two customer based reportable segments have been identified namely - Business to Business ("B2B") and Business to Customer ("B2C"). However, as per para 4 of Ind AS 108 "Operating Segments", the Company is required to disclose segment information only in the Consolidated Financial Statements. Accordingly, disclosure of this information has been included under Consolidated Financial Statements.

5.11 Related parties have been identified as defined under Clause 9 of Indian Accounting Standard (Ind AS 24) "Related Party Disclosures"

a Description of related parties

i. Name of the related party and nature of relationship where control exists:

Sr. No.	Nature of Relationship	Name of Related Party
1	Entities controlled by Company (Company controlling > 50% of voting power)	Kirloskar Americas Corporation (KAC), USA (earlier known as KOEL Americas Corp.) , (wholly owned subsidiary of the company) La-Gajjar Machineries Private Limited (LGM), Ahmedabad (subsidiary upto 25 September 2022 and wholly owned subsidiary w.e.f. 26 September 2022 of the Company)* Optiqua Pipes and Electricals Private Limited (OPEPL), Ahmedabad (wholly owned subsidiary of LGM and step down subsidiary of the Company) (up to 25 March 2024)* Arka Financial Holdings Private Limited (AFHPL), Mumbai, (wholly owned subsidiary of the Company) Arka Fincap Limited (AFL), Mumbai (step down subsidiary of the Company) Arka Investment Advisory Services Private Limited (AIASPL), Mumbai (wholly owned subsidiary of AFHPL and step down subsidiary of the Company) Engines LPG LLC dba Wildcat Power Gen, USA (wholly owned subsidiary of KAC and step down subsidiary of the Company w.e.f. 29 November 2023)
2	Associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).	ESVA Pumps India Private Limited (ESVA), Coimbatore (Joint Venture of OPEPL upto 25 March 2024 and Joint Venture of LGM w.e.f. 26 March 2024)
3	Entities controlled by Key Managerial Personnel	Beluga Whale Capital Management Pte Limited Snow Leopard Technology Ventures LLP
4	Entities controlled by Close Member of Key Managerial Personnel	Alpak Investments Private Limited (upto 31 March 2023) Kirloskar Energen Private Limited Kirloskar Solar Technologies Private Limited Navsai Investments Private Limited Gumtree Capital Advisors LLP (w.e.f. 20 May 2022) Snow Leopard Infrastructure-1 LLP (w.e.f. 20 May 2022) Snow Leopard Lever Boost LLP (w.e.f. 24 March 2023) Cephlopod Teknik LLP III (w.e.f. 19 August 2022 upto 24 March 2023) Cephlopod Teknik - IV LLP (w.e.f. 21 September 2022 upto 22 March 2024) Cephlopod Teknik - V LLP (w.e.f. 27 February 2023) Binaza Travels Private Limited (w.e.f. 31 August 2023) Indifour Consult Private Limited (w.e.f. 27 April 2023) Alotoxl Ventures LLP (w.e.f. 10 May 2023) Cephalopod Teknik VI LLP (w.e.f. 4 March 2024) Paragon Greensutra Private Limited (w.e.f. 8 September 2023)
5	Promoter/Promoter group which hold(s) 10% or more shareholding	Atul Kirloskar Rahul Kirloskar

Notes to the Financial Statements

5.11: Related parties have been identified as defined under Clause 9 of Indian Accounting Standard (Ind AS 24) "Related Party Disclosures" (Contd..)

Sr. No.	Nature of Relationship	Name of Related Party
6	Post-Employment benefit plan of Company	Kirloskar Oil Engines Limited Employees' Group Gratuity Fund Kirloskar Oil Engines Limited Employees' Gratuity Trust Kirloskar Oil Engines Limited Officers' Superannuation Scheme Kirloskar Oil Engines Limited Officers' Superannuation Trust Kirloskar Oil Engines Limited Employees' Welfare Trust La-Gajjar Machineries Private Limited Employees Group Gratuity Trust

*(Refer Note 42 for details of amalgamation of LGM and OPEPL. The amounts for previous year relating to OPEPL have been regrouped and included in LGM accordingly)

ii Key Managerial Personnel and their relatives:

Sr. No.	Name	Name of relatives	Relationship
1	Atul Kirloskar (Executive Chairman and Key Managerial Personnel upto 31 March 2023 and appointed as Non-Executive Director and Chairman w.e.f 1 April 2023)	Arti Kirloskar Gauri Kirloskar Aditi Kirloskar (Sahni) Rahul Kirloskar Suman Kirloskar	Wife Daughter Daughter Brother Mother
2	Gauri Kirloskar (Managing Director) w.e.f. 20 May 2022	Atul Kirloskar Arti Kirloskar Christopher Kolenaty Maya Kolenaty Pia Kolenaty	Father Mother Husband Daughter Daughter

b Transactions with related parties

₹ in Crores

Sr. No	Nature of the transaction / relationship / major parties	2023-24		2022-23	
		Amount	Amount	Amount	Amount
1	**Sales**				
	Subsidiary Company	**24.53**		**17.53**	
	Kirloskar Americas Corporation		17.49		17.53
	Engines LPG LLC dba Wildcat Power Gen		7.04		-
	Total	**24.53**	**24.53**	**17.53**	**17.53**
2	**Purchases of goods**				
	Subsidiary Company (including step down subsidiary)	**73.07**		**48.16**	
	La-Gajjar Machineries Private Limited		73.07		48.16
	Associate or joint venture of a member of the group	**76.21**		**75.29**	
	ESVA Pumps India Private Limited		76.21		75.29
	Entity controlled by Key Managerial Personnel	**0.18**		**-**	
	Kirloskar Solar Technologies Private Limited		0.18		-
	Total	**149.46**	**149.46**	**123.45**	**123.45**
3	**Purchases of Capital Goods**				
	Entity controlled by Key Managerial Personnel	**1.26**		**-**	
	Kirloskar Solar Technologies Private Limited		1.26		-
	Total	**1.26**	**1.26**	**-**	**-**
4	**Rendering of services from**				
	Key Managerial Personnel	**9.17**		**11.75**	
	Atul Kirloskar (upto 31 March 2023)		-		6.80
	Gauri Kirloskar		9.17		4.95

Notes to the Financial Statements

5.11: Related parties have been identified as defined under Clause 9 of Indian Accounting Standard (Ind AS 24) "Related Party Disclosures" (Contd..)

₹ in Crores

Sr. No	Nature of the transaction / relationship / major parties	2023-24 Amount	2023-24 Amount	2022-23 Amount	2022-23 Amount
	Close member of Key Managerial Personnel	**5.26**		**0.16**	
	Rahul Kirloskar (upto 31 March 2023)		-		0.14
	Gauri Kirloskar		-		0.02
	Atul Kirloskar		5.26		
	Promoter & Promoter group holding 10% or more shares	**0.06**		-	
	Rahul Kirloskar		0.06		-
	Total	**14.48**	**14.48**	**11.91**	**11.91**
5	**Expenses paid / (recovery) of**				
	Subsidiary Company	**(1.02)**		**(2.39)**	
	Kirloskar Americas Corporation		(0.43)		(2.39)
	Engines LPG LLC dba Wildcat Power Gen		(0.59)		-
	Key Management Personnel	**0.24**		**0.46**	
	Atul Kirloskar		-		0.29
	Gauri Kirloskar		0.24		0.17
	Close member of Key Managerial Personnel	**0.28**		-	
	Atul Kirloskar		0.28		-
	Entity controlled by Key Managerial Personnel	**0.82**		**0.63**	
	Kirloskar Solar Technologies Private Limited		0.82		0.63
	Total	**0.32**	**0.32**	**(1.30)**	**(1.30)**
6	**Reimbursement / (recovery) of expenses**				
	Subsidiary Company (including step down subsidiary)	**(2.24)**		**(0.98)**	
	La-Gajjar Machineries Private Limited		(2.24)		(0.98)
	Key Managerial Personnel	**0.06**		**0.18**	
	Atul Kirloskar		-		0.14
	Gauri Kirloskar		0.06		0.04
	Close member of Key Managerial Personnel	**0.26**		-	
	Atul Kirloskar		0.26		-
	Total	**(1.92)**	**(1.92)**	**(0.80)**	**(0.80)**
7	**Interim dividend and final dividend paid**				
	Key Managerial Personnel	**2.88**		**10.22**	
	Atul Kirloskar		-		7.34
	Gauri Kirloskar		2.88		2.88
	Close member of Key Managerial Personnel	**8.95**		**11.49**	
	Atul Kirloskar		7.34		-
	Rahul Kirloskar		-		8.89
	Arti Kirloskar		1.61		1.61
	Aditi Kirloskar		-		0.96
	Suman Kirloskar		-		0.03
	Entity controlled by Key Managerial Personnel	**0.04**		**0.00**	
	Navsai Investments Private Limited		0.04		0.00
	Entity controlled by close member of Key Managerial Personnel	**-**		**0.00**	
	Alpak Investments Private Limited		-		0.00
	Promoter & Promoter group holding 10% or more shares	**8.89**		-	
	Rahul Kirloskar		8.89		-
	Total	**20.76**	**20.76**	**21.71**	**21.71**
8	**Investment made**				
	Subsidiary Company (including step down subsidiary)	**56.90**		**219.60**	
	Arka Fincap Limited		-		-
	La-Gajjar Machineries Private Limited		-		40.00
	Kirloskar Americas Corporation		20.85		-
	Arka Financial Holdings Private Limited		36.05		179.60
	Total	**56.90**	**56.90**	**219.60**	**219.60**

Notes to the Financial Statements

5.11: Related parties have been identified as defined under Clause 9 of Indian Accounting Standard (Ind AS 24) “Related Party Disclosures” (Contd..)

₹ in Crores

Sr. No	Nature of the transaction / relationship / major parties	2023-24		2022-23	
		Amount	Amount	Amount	Amount
9	**Interest accrued on preference share investment**				
	Subsidiary Company	3.98		1.28	
	La-Gajjar Machineries Private Limited		3.98		1.28
	Total	3.98	3.98	1.28	1.28
10	**Contributions Paid**				
	Post-employment benefit plan of the Company	11.87		2.37	
	Kirloskar Oil Engines Limited Officers' Superannuation Scheme		1.70		1.76
	Kirloskar Oil Engines Limited Officers' Superannuation Trust		0.07		0.07
	Kirloskar Oil Engines Limited Employees' Group Gratuity Fund		10.10		0.54
	Total	11.87	11.87	2.37	2.37
11	**Loan given to**				
	Subsidiary Company (including step down subsidiary)	-		29.85	
	La-Gajjar Machineries Private Limited		-		29.85
	Total	-	-	29.85	29.85
12	**Loan repayment from**				
	Subsidiary Company (including step down subsidiary)	19.13		-	
	La-Gajjar Machineries Private Limited		19.13		-
	Total	19.13	19.13	-	-
13	**Interest received on term loan given**				
	Subsidiary Company (including step down subsidiary)	1.88		0.60	
	La-Gajjar Machineries Private Limited		1.88		0.60
	Total	1.88	1.88	0.60	0.60
Outstanding balances					
1	**Accounts payables (including financial and other liabilities)**				
	Subsidiary Company (including step down subsidiary)	14.28		13.00	
	Kirloskar Americas Corporation		0.18		0.21
	La-Gajjar Machineries Private Limited		14.10		12.79
	Associate or joint venture of a member of the group	3.48		6.97	
	ESVA Pumps India Private Limited		3.48		6.97
	Key Management Personnel				
	Commission	8.00		8.00	
	Atul Kirloskar		-		4.00
	Gauri Kirloskar		8.00		4.00
	Close member of Key Managerial Personnel	1.81		0.07	
	Atul Kirloskar		1.81		-
	Rahul Kirloskar		-		0.06
	Gauri Kirloskar		-		0.01
	Entity controlled by Key Managerial Personnel	0.97		1.37	
	Kirloskar Solar Technologies Private Limited		0.97		1.37
	Post-employment benefit plan of Company	10.24		10.68	
	Kirloskar Oil Engines Limited Officers' Superannuation Scheme		0.47		0.44
	Kirloskar Oil Engines Limited Officers' Superannuation Trust		0.06		0.06
	Kirloskar Oil Engines Limited Employees' Group Gratuity Fund		9.71		10.18
	Total	38.79	38.79	40.09	40.09
2	**Accounts receivables (including financial and other assets)**				
	Subsidiary Company (including step down subsidiary)	26.44		11.07	
	Kirloskar Americas Corporation		12.33		8.32
	La-Gajjar Machineries Private Limited		5.12		2.75
	Engines LPG LLC dba Wildcat Power Gen		8.99		-
	Total	26.44	26.44	11.07	11.07

Notes to the Financial Statements

5.11: Related parties have been identified as defined under Clause 9 of Indian Accounting Standard (Ind AS 24) "Related Party Disclosures" (Contd..)

₹ in Crores

Sr. No	Nature of the transaction / relationship / major parties	2023-24		2022-23	
		Amount	Amount	Amount	Amount
3	**Loan receivable from subsidiaries**				
	Subsidiary Company	10.72		29.85	
	La-Gajjar Machineries Private Limited		10.72		29.85
	Total	10.72	10.72	29.85	29.85
4	**Investment**				
	Subsidiary Company (including step down subsidiary)	1,486.73		1,429.83	
	Kirloskar Americas Corporation		22.44		1.59
	La-Gajjar Machineries Private Limited		411.64		411.64
	Arka Financial Holdings Private Limited		1,052.65		1,016.60
	Total	1,486.73	1,486.73	1,429.83	1,429.83

Transactions with related parties are inclusive of indirect taxes, wherever applicable.

The above figures do not include provision for leave encashment and gratuity, as actuarial valuation of such provision for the Key Management Personnel is included in the total provision for Leave encashment and gratuity.

(Refer Note 42 for details of amalgamation of LGM and OPEPL. The appointed date for amalgamation is w.e.f 1 April 2023. The amounts for previous year relating to OPEPL have been regrouped and included in LGM accordingly)

Terms and conditions of transactions with related parties

Transactions entered into with related party are made in ordinary course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash and cash equivalents. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2024, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2023: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Commitments with related parties

The Company has provided capital commitment of ₹Nil to the related parties as at 31 March 2024 (31 March 2023: ₹Nil)

Transactions with Key Managerial Personnel

Compensation of Key Managerial Personnel of the Company

₹ in Crores

Particulars	2023-24	2022-23
Short-term employee benefits	9.17	11.48
Post employment benefits	-	0.27
Total compensation paid to Key Managerial Personnel	**9.17**	**11.75**

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to Key Management Personnel.

The above figures do not include provision for leave encashment and gratuity, as actuarial valuation of such provision for the Key Managerial Personnel is included in the total provision for Leave encashment and gratuity.

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to Key Management Personnel.

Notes to the Financial Statements

5.12 Earnings per share (Basic and Diluted)

Particulars	2023-24	2022-23
Profit for the year after taxation (₹ in Crores)	361.63	270.25
Total number of equity shares at the end of the year (One equity share of face value of ₹ 2 each fully paid up)	14,49,56,271	14,47,44,102
Weighted average number of equity shares for the purpose of computing Basic earnings per share	14,48,60,218	14,46,52,523
Basic earnings per share (in ₹)	**24.96**	**18.68**
Effect of dilution		
Stock option granted under ESOP (number of shares)	4,15,652	3,67,508
Weighted average number of equity shares for the purpose of computing Diluted earnings per share (number of shares)	14,52,75,870	14,50,20,031
Diluted earnings per share (in ₹)	**24.89**	**18.64**

Earnings per share are calculated in accordance with Accounting Standard (Ind AS 33) "Earnings Per Share".

5.13 Fair value disclosures for financial assets and financial liabilities

The management believes that the fair values of non-current financial assets (e.g., Investments at FVTPL, loans and others), current financial assets (e.g., cash and cash equivalents, trade and other receivables, loans), non-current financial liabilities and current financial liabilities (e.g., Trade payables and other payables and others) approximate their carrying amounts.

The Company has performed a fair valuation of its material investment in unquoted ordinary shares other than subsidiary, which are classified as FVOCI (refer Note 3). For non-material investments, the Company believes that impact of change, if any, on account of fair value is insignificant.

Fair value of unquoted investment in Mutual fund is determined by reference to Net Asset Value ('NAV') available from respective Assets Management Companies ('AMC').

5.14 Fair value measurement hierarchy

a The following table provides the fair value measurement hierarchy

₹ in Crores

Particulars	Note	Carrying Amount	Level of input used in		
			Level 1	Level 2	Level 3
As at 31 March 2024					
Financial Assets					
Investment at FVTPL					
Mutual funds	9	388.34	-	388.34	-
Investments at FVOCI					
Unquoted equity shares	3	1.13	-	-	1.13
Other financial assets at FVTPL					
Derivative assets	13	0.47	-	0.47	-
Assets held for sale	14	-	-	-	-
Financial liabilities					
Other financial liabilities at FVTPL					
Derivative liabilities	27	0.45	-	0.45	-
As at 31 March 2023					
Investment at FVTPL					
Mutual funds	9	261.65	-	261.65	-
Investments at FVOCI					
Unquoted equity shares	3	1.03	-	-	1.03
Other financial assets at FVTPL					
Derivative assets	13	2.37	-	2.37	-
Assets held for sale	14	-	-	-	-

Notes to the Financial Statements

5.14: Fair value measurement hierarchy (Contd..)

b Significant unobservable inputs used in level 3 fair value measurements and sensitivity of the fair value measurement to changes in unobservable inputs:

i Description of significant unobservable inputs used for financial instruments (Level 3) :

Investment in Equity shares of Kirloskar Management Sevices Private Limited (KMSPL) was valued using the Discounted Cash Flow (Risk adjusted discount rate) valuation method.

ii Relationship of unobservable inputs to level 3 fair values :

Equity investments - Unquoted

A 50 bps increase/decrease in the Perpetuity growth rate used while keeping all other variables constant, the carrying value of the shares would increase by ₹ 0.05 (31 March 2023 : ₹ Nil) or decrease by ₹ 0.05 Crores (31 March 2023 : ₹ 0.05 Crores) and a 50 bps increase/decrease in discounting factor used while keeping all other variables constant, the carrying value of the shares would decrease by ₹ 0.05 Crores (31 March 2023 : ₹ 0.10 Crores) or increase by ₹ 0.05 Crores (31 March 2023 : ₹ 0.05 Crores).

5.15 Financial instruments risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance and support the Company's operations. The Company's principal financial assets include Investments, loans, trade and other receivables, cash and short-term deposits and other financial assets that have been derived directly from its operations. The Company also enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Audit Committee and Board review financial risks and the appropriate risk governance framework for the Company's financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below

a Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, deposits, Investments, trade and other receivables, trade and other payables and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at 31 March 2024 and 31 March 2023

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity, pension and other post-retirement obligations and provisions.

The following assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant Statement of Profit and Loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2024 and 31 March 2023 including the effect of hedge accounting.

Interest rate risk

a. Exposure

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

₹ in Crores

Particulars	31 March 2024	31 March 2023
Long Term Variable Interest Loans	97.21	-

Notes to the Financial Statements

5.15: Financial instruments risk management objectives and policies (Contd..)

b. Interest Rate Sensitivity

₹ in Crores

Financial Year	Change in Interest Rate	Effect on profit before tax	Effect on pre-tax equity
31 March 2024	Increase 50 bps	(0.49)	(0.49)
	Decrease 50 bps	0.49	0.49
31 March 2023	Increase 50 bps	-	-
	Decrease 50 bps	-	-

The sensitivity is calculated only in respect of floating interest rate loan. It is calculated by changing the interest rates by 50 bps keeping all other factors constant.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's net investments in foreign subsidiaries.

Amounts in Foreign currencies in 000's

Nature of exposure	Currency	31 March 2024	31 March 2023
Receivables	USD	23,979.92	16,104.47
	CHF	0.12	-
Payables	USD	9,289.38	1,698.56
	EUR	462.82	294.68
	GBP	100.12	-
	SEK	-	311.08
	NPR	1,434.02	809.70
	CHF	0.00	-
	JPY	6,942.20	1,153.73
	BDT	1,263.97	204.23

The Company manages its foreign currency risk by hedging transactions related to sales and purchases. This foreign currency risk is hedged by using foreign currency forward contracts. As on 31 March 2024 and 31 March 2023, the Company has hedged the following of its total foreign currency exposure -

Derivatives outstanding as at the reporting date -

Amounts in Foreign currencies

Nature of exposure	Currency	31 March 2024	31 March 2023
Foreign Curreny- Forward Contracts	USD	5,00,00,000	3,05,00,000

The Company has mark to market gain on forward currency forward contract of ₹ 0.01 Crores (31 March 2023 : ₹ 2.37 Crores) .

Foreign currency sensitivity on unhedge exposure-

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on the Company's pre-tax equity is due to changes in the Company's profit before tax . The Company's exposure to foreign currency changes for all other currencies is not material.

₹ in Crores

As at	Change in USD rate	Effect on profit before tax	Effect on pre-tax equity
31 March 2024	+5%	6.13	6.13
	-5%	(6.13)	(6.13)
31 March 2023	+5%	5.92	5.92
	-5%	(5.92)	(5.92)

Notes to the Financial Statements

5.15: Financial instruments risk management objectives and policies (Contd..)

₹ in Crores

As at	Change in EUR rate	Effect on profit before tax	Effect on pre-tax equity
31 March 2024	+5%	(0.21)	(0.21)
	-5%	0.21	0.21
31 March 2023	+5%	(0.13)	(0.13)
	-5%	0.13	0.13

Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase and manufacture of engines and therefore require a continuous supply of copper and steel. However, Company being the indirect user of these commodities, volatility in price of such commodity does not have direct or immediate impact on the profitability of the Company. Hence, the Company does not foresee any direct or immediate risk with respect to such commodity price fluctuation.

Other Price Risk

The Company's portfolio of investments mainly consists of debt mutual fund with short term maturity. Hence management believes that this portfolio is not significantly susceptible to market risk.

b Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Trade receivables

Receivables are reviewed, managed and controlled for each class of customers separately. Credit exposure risk is mainly influenced by class /type of customers, depending upon their characteristics. Credit risk is managed through credit approval process by establishing credit limits along with continuous monitoring of credit worthiness of customers to whom credit terms are granted. Wherever required, credit risk of receivables is further covered through letter of credit, bank guarantee, business deposits and such other forms of credit assurance schemes.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are combined into homogenous category and assessed for impairment collectively. The calculation is based on actual incurred historical data. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are spread over vast spectrum.

The Company consistently recognizes provision for any significantly delayed receivables, for accounting of expected credit losses. Provision for doubtful debts and advances as at 31 March 2024 includes a fully provided receivable of ₹ 41.47 crore (31 March 2023 : ₹ 28.09 crore) in respect of receivables against sales of Gensets to a customer made in previous years. The aforesaid provision is net of reversal of ₹ 4.98 crore arising on account of receipt of payment from the customer during the current year. While the Company is in active discussions with the customer for the remaining payment, the aforesaid provision has been continued as per the consistent policy of the Company for accounting of expected credit losses.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made as per the approved investment policy. Investment limits are set to minimise the concentration of risks and therefore mitigate financial loss if any.

c Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

Notes to the Financial Statements

5.15: Financial instruments risk management objectives and policies (Contd..)

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Company to manage risk concentrations at both the relationship and industry levels.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

₹ in Crores

Particulars	Carrying Amount	On demand	upto 3 months	> 3 months to 1 year	1 year to 5 years	More than 5 years	Total
31 March 2024							
Interest bearing borrowings	209.13	-	7.50	134.42	67.21	-	**209.13**
Other financial liabilities	123.67	19.31	82.07	6.01	-	16.27	**123.67**
Lease liabilities	2.51	-	0.82	1.70	0.07	-	**2.59**
Trade payables	727.40	-	712.11	15.29	-	-	**727.40**
Total	**1,062.71**	**19.31**	**802.50**	**157.42**	**67.28**	**16.27**	**1,062.79**
31 March 2023							
Interest bearing borrowings	75.14	-	-	75.14	-	-	**75.14**
Other financial liabilities	81.86	15.93	36.23	11.50	-	18.20	**81.86**
Lease liabilities	5.40	-	0.78	2.38	2.59	-	**5.75**
Trade payables	632.62	-	628.17	4.45	-	-	**632.62**
Total	**795.02**	**15.93**	**665.18**	**93.46**	**2.59**	**18.20**	**795.36**

5.16 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2024 and 31 March 2023

5.17 Leases

a Lessee accounting

Lease liabilities movement

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Lease liability at beginning of the year	**5.40**	**0.84**
Add : Lease liability recognised during the year	-	7.42
Add: Interest on lease liability	0.27	0.36
Less: Lease rental payments	(3.16)	(3.22)
Lease liability at the end of the year	**2.51**	**5.40**

Rental expenses recorded for short-term leases for current year is ₹ 30.13 Crores (31 March 2023 : ₹ 25.82 Crores)

Notes to the Financial Statements

5.17: Leases (Contd..)

b. Lessor accounting

The Company is a lessor in the operating lease . The subject of these transactions is primarily aircraft leasing and, to a small extent plant and machinery. There is definitive binding agreement between lessor and lessee defining rights and obligation with respect to underlying assets which in substance mitigates the company's risk.

Property, plant and equipment provided on operating lease as at 31 March 2024 and 31 March 2023 are as follows:

₹ in Crores

Particulars	Gross block	Accumulated depreciation	Net block
As at 31 March 2024			
Aircraft	27.45	25.45	2.00
As at 31 March 2023			
Aircraft	25.88	24.62	1.26

Lease income generated during the year is ₹0.81 Crores (31 March 23 : ₹0.76 Crores) , refer Note 31.

Maturity analysis of expected receipts of lease payments

The following is maturity analysis of expected receipts of lease payments showing non-discounted operating lease payments which are expected over the coming years:

₹ in Crores

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	Total
Expected receipts of lease payments	1.01	0.34	-	1.35

5.18 Expenditure on Corporate social responsibility ("CSR") activities

₹ in Crores

a	Sr. No.	Particulars	2023-24	2022-23
	1	Gross amount required to be spent by the Company during the year	5.58	4.39
	2	Amount approved by the board to be spent during the year	5.58	4.39
	3	Amount spent during the year on :		
		(i) Construction/Acquisition of any asset	-	-
		(ii) On purpose other than (i) above	5.58	4.39
	4	The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year	-	-
	5	The total of previous years' shortfall amounts	-	-
	6	The reason for above shortfalls	NA	NA
	7	The nature of CSR activities undertaken by the Company	Refer Note c below	Refer Note c below
	8	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year	-	-

b. No transaction have taken place during the year related to CSR expenditure with the trust/society/section 8 company which is controlled by related party of the company as defined in Ind AS 24 "Related Party Disclosure".

c. The Company has undertaken CSR activities relating to Promoting Education, Rural Development, Livelihood enhancement, Ensuring environmental sustainability, and maintaining quality of water, promoting rural sports, Preventive health care, sanitation and making available safe drinking water.

Notes to the Financial Statements

5.19 Employee stock option plans (ESOP)

The company provides share based employee benefits to its employees and the employees of its subsidiaries. The relevant details of the schemes and the grant are as below :

Description of share based payment arrangements

As at 31 March 2024, the Company has the following share based payment arrangements -

KOEL ESOP 2019 - Share option plans (equity settled)

According to the Scheme, the employee selected by the Nomination and Remuneration Committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions. The Option may be exercised within a specified period.

The Employees Stock Option Plan 2019 – (KOEL ESOP 2019) was approved by the shareholders of the Company in AGM conducted on 9 August 2019 for issue of maximum 14,00,000 options representing 14,00,000 Equity shares of ₹ 2 each. Pursuant to the said approvals and authority delegated by the Board and Shareholders of the Company, the Nomination and Remuneration Committee of the Board of Directors of the Company in its meeting held on 5 March 2021 had approved the grant of 9,40,000 employee stock options ("Options") to eligible employees of the Company. Each option shall carry the right to be issued one fully paid up equity share of ₹2/- each.

The Members of the Company at the Annual General Meeting of Kirloskar Oil Engines Limited held on 12 August 2021, passed a resolution amending the Kirloskar Oil Engines Limited – Employee Stock Option Plan 2019 in terms of coverage of the KOEL ESOP 2019 to the eligible employees of its subsidiary company, in or out of India except such subsidiary company(ies) which are formed and engaged in financial service business.

During the earlier years, the Nomination and Remuneration Committee of the Board of Directors of the Company in its meeting held on 27 October 2021 and 18 May 2022 had approved the grant of 50,000 employee stock options and 275,000 employee stock options to the eligible employees of subsidiary viz. La-Gajjar Machineries Private Limited and to the eligible employees of the Company respectively in terms of 'Kirloskar Oil Engines Limited - Employee Stock Option Plan 2019 - Amended ("KOEL ESOP 2019") and the special resolutions passed by the Members of the Company at the Annual General Meeting held on 9 August 2019 and 12 August 2021.Each option shall carry the right to be issued one fully paid up equity share of ₹2/- each.

During the year, the Nomination and Remuneration Committee of the Board of Directors of the Company in its meeting held on 10th August 2023 has approved the grant of 1,35,000 employee stock options ("Options") to the eligible employees of the Company in terms of 'Kirloskar Oil Engines Limited – Employee Stock Option Plan 2019 ("KOEL ESOP 2019") and the special resolutions passed by the Members of the Company at the Annual General Meeting held on 9 August 2019 and 12 August 2021.

a. Details of the ESOP

Particulars	KOEL ESOP 2019			
	KOEL Employees (Tranche I)	LGM Employees	KOEL Employess (Tranche II)	KOEL Employees (Tranche III)
Date of Grants	5 March 2021	27 October 2021	18 May 2022	10 August 2023
Vesting Requirements	Vest not earlier than one year and not later than four years from the date of grant of such options.	Vest not earlier than one year and not later than four years from the date of grant of such options.	Vest not earlier than one year and not later than four years from the date of grant of such options.	Vest not earlier than one year and not later than four years from the date of grant of such options.
Maximum term of Options granted (years)	The Employee stock options granted shall be capable of being exercised within a period being not more than two years from the date of vesting	The Employee stock options granted shall be capable of being exercised within a period being not more than two years from the date of vesting	The Employee stock options granted shall be capable of being exercised within a period being not more than two years from the date of vesting	The Employee stock options granted shall be capable of being exercised within a period being not more than two years from the date of vesting
Method of Settlement	Equity	Equity	Equity	Equity
Method used for accounting of Options	Fair value method	Fair value method	Fair value method	Fair value method

Notes to the Financial Statements

5.19: Employee stock option plans (ESOP) (Contd..)

b. Option Movement during the year ended 31 March 2024 and 31 March 2023

Grant dated 5 March 2021	31 March 2024			31 March 2023		
Particulars	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	4,64,424		2.62	7,18,042		3.36
Pending allotment as at the beginning of the year	7,194		NA	1,571		NA
Granted during the year	-		NA	-		NA
Forfeited/Lapsed during the year	49,220		NA	1,23,469		NA
Exercised and allotted during the year (including options exercised but pending allotment at the beginning of the year)	1,30,610	103.14	NA	1,24,526	103.14	NA
Exercised and pending allotment	39,089		NA	7,194		NA
Outstanding at the end of the year	2,52,699		2.24	4,64,424		2.62
Exercisable at the end of the year	1,35,305		1.64	2,01,744		1.56

Grant dated 27 October 2021	31 March 2024			31 March 2023		
Particulars	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	31,150		3.33	45,300		4.08
Pending allotment as at the beginning of the year	-		NA	-		NA
Granted during the year	-		NA	-		NA
Forfeited/Lapsed during the year	2,175		NA	8,900		NA
Exercised and allotted during the year (including options exercised but pending allotment at the beginning of the year)	7,100	128.88	NA	5,250	128.88	NA
Exercised and pending allotment	-		NA	-		NA
Outstanding at the end of the year	21,875		2.66	31,150		3.33
Exercisable at the end of the year	5,125		1.30	3,850		1.58

Grant dated 18 May 2022	31 March 2024			31 March 2023		
Particulars	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	2,70,000		3.31	-		NA
Pending allotment as at the beginning of the year	-		NA	-		NA
Granted during the year	-		NA	2,75,000		NA
Forfeited/Lapsed during the year	40,000		NA	5,000		NA
Exercised during the year	74,459	87.93	NA	-	87.93	NA
Exercised and allotted during the year (including options exercised but pending allotment at the beginning of the year)	1,070		NA	-		NA
Outstanding at the end of the year	1,54,471		2.80	2,70,000		3.31
Exercisable at the end of the year	14,887		1.13	-		-

Notes to the Financial Statements

5.19: Employee stock option plans (ESOP) (Contd..)

Grant dated 10 August 2023	31 March 2024			31 March 2023		
Particulars	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	-		0.00	-		NA
Pending allotment as at the beginning of the year	-			-		NA
Granted during the year	1,35,000		NA	-		NA
Forfeited/Lapsed during the year	-		NA	-		NA
Exercised during the year	-	267.36	NA	-	-	NA
Exercised and allotted during the year (including options exercised but pending allotment at the beginning of the year)	-		NA	-		NA
Outstanding at the end of the year	1,35,000		3.86	-		NA
Exercisable at the end of the year	-		0.00	-		NA

c. Significant assumptions used to estimate the fair value of options:

Variables	KOEL Employees (Tranche I)	LGM Employees	KOEL Employees (Tranche II)	KOEL Employees (Tranche III)
1. Risk free interest rate	5.22%	5.16%	6.66%	6.99%
2. Expected life (in years)	3.44	3.50	3.50	3.51
3. Expected volatility	37.85%	39.66%	40.93%	44.42%
4. Dividend yield	1.88%	2%	2%	2%
5. Price of the underlying share in market at the time of the option grant (₹)	171.90	214.80	146.55	445.60
6. Model used	Black Scholes	Black Scholes	Black Scholes	Black Scholes

d. Options vested but not exercised

(Number of Options)

Grant Date	31 March 2024	31 March 2023
5 March 2021	1,35,305	2,01,744
27 October 2021	5,125	3,850
18 May 2022	14,887	-
10 August 2023	-	-

e. Weighted average remaining contractual life of outstanding options (in years)

Particulars	KOEL Employees (Tranche I)	LGM Employees	KOEL Employees (Tranche II)	KOEL Employees (Tranche III)
The weighted average contractual life of options outstanding as on 31 March 2024	2.24	2.66	2.80	3.86
The weighted average contractual life of options exercisable as on 31 March 2024	1.64	1.30	1.13	-

f. Effect of share based payment transactions on the entity's financial statements :

₹ in Crores

Particulars	31 March 2024	31 March 2023
Share based payment to employees	1.79	1.85
Total ESOP reserve outstanding at the end of the year	4.25	4.21

Note: For the options granted to employees of subsidiary company, the Company has recovered the cost from the subsidiary company. During the year, the Company received Rs. 0.10 crores (31 March 2023 : Rs Nil) against the recovery amount accrued as receivable.

Notes to the Financial Statements

5.20 Research and Development ("R&D") expenditure eligible for deduction under section 35(2AB) of Income Tax Act, 1961

The Company has adopted a new tax ordinance under section 115BAA during financial year 2019-20. Since provisions of section 115BAA of the Income Tax Act, 1961 are applicable , the Company is not entitled to avail weighted deduction u/s 35(2AB) of the Income Tax Act, 1961 , for Financial Year 2023-24. Thus the Company will not avail weighted deduction benefit on in-house R&D expenditure for financial year 2023-24 . However, the Company will continue to maintain a separate set of books for in-house R & D activities.

5.21 During the previous year 2022-23, the Board of Directors of the Company had given consent to grant unsecured loan to La-Gajjar Machineries Private Limited ("LGM") (a wholly owned subsidiary) and erstwhile Optiqua Pipes and Electricals Private Limited ("OPEPL") (amalgamated with LGM during the current year) of upto ₹ 25 Crores and ₹ 5 crores respectively for a period not exceeding 3 years and 5 years respectively from the date when agreement had been executed at a interest rate of 8.725% p.a. and 10.25% p.a respectively and repayable on mutually agreed upon terms. Accordingly, the total amount of ₹ 21.85 Crores and ₹ 8 Crores loan was disbursed to LGM and OPEPL at interest rate of 8.725% p.a. and 10.25% p.a. respectively. The total loan amount outstanding as at 31 March 2024 is ₹ 10.72 crores (31 March 2023 : ₹ 29.85 crores). Also refer Note 42 for details of amalgamation of LGM and OPEPL.

41 (Net Debt)/Surplus reconciliation

This section sets out an analysis of net debt and the movements in net debt for the year ended 31 March 2024 and 31 March 2023

₹ in Crores

Particulars	31 March 2024	31 March 2023
Cash and cash equivalents including other bank balances	89.57	23.91
Non-current borrowings	(67.21)	-
Current borrowings	(141.92)	(75.14)
(Net Debt)/Surplus	**(119.56)**	**(51.23)**

Particulars	Other assets	Liabilities from financing activity		TOTAL
	Cash and cash equivalents	Non-current borrowings	Current borrowings	
(Net Debt)/Surplus as on 31 March 2023	**23.91**	**-**	**(75.14)**	**(51.23)**
Cash Inflow/outflow	65.66	(67.21)	(66.78)	(68.33)
(Net Debt)/Surplus as on 31 March 2024	**89.57**	**(67.21)**	**(141.92)**	**(119.56)**

42 Salient features of the financial statements of subsidiaries for the year ended 31 March 2024

Form AOC-1

In accordance with section 129(3) of the Companies Act, 2013, the salient features of the financial statements of subsidiaries are given below:

₹ in Crores

Sr No.	Particulars	*Kirloskar Americas Corporation (Formerly known as KOEL Americas Corp.) (KAC)	**La-Gajjar Machineries Private Limited (LGM)	***Arka Financial Holdings Private Limited (AFHPL)
a	The date since when subsidiary was Acquired / Incorporated	23 June 2015	1 August 2017	13 July 2021
b	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N A	N A	N A
c	Reporting currency as on the last date of the relevant financial year in the case of foreign subsidiaries	USD	INR	INR
d	Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	83.40	-	-
e	Share capital	1.59	1.08	1,052.65

Notes to the Financial Statements

42 Salient features of the financial statements of subsidiaries for the year ended 31 March 2024 (Contd..)

₹ in Crores

Sr No.	Particulars	*Kirloskar Americas Corporation (Formerly known as KOEL Americas Corp.) (KAC)	**La-Gajjar Machineries Private Limited (LGM)	***Arka Financial Holdings Private Limited (AFHPL)
f	Reserves and surplus	4.82	101.99	131.23
g	Total assets	44.67	366.54	5,306.14
h	Total liabilities	54.23	263.48	4,122.24
i	Investments	-	5.69	94.52
j	Turnover	28.29	540.03	564.91
k	Profit / (Loss) before tax	(5.53)	34.30	90.52
l	Provision for tax	(1.33)	9.60	23.74
m	Profit / (Loss) after tax	(4.20)	24.70	66.78
n	Proposed dividend	-	-	-
o	% of shareholding	100%	100%	100%

*KAC includes Engines LPG, LLC dba Wildcat Power Gen (Subsidiary of KAC) w.e.f. 29 November 2023 i.e. on a consolidated basis.

**La-Gajjar Machineries Private Limited, a wholly-owned subsidiary of the Company and Optiqua Pipes and Electricals Private Limited, a step-down subsidiary of the Company has been amalgamated w.e.f. 26 March 2024, pursuant to the Scheme of Amalgamation between Optiqua Pipes and Electricals Private Limited (OPEPL/ Transferor Company) and La-Gajjar Machineries Private Limited, (LGM/ Transferee Company) and their respective shareholders and creditors under Section 233 of the Companies Act 2013 read with Rule 25 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, including amendments thereunder. Accordingly, OPEPL ceased to be a step down subsidiary of the Company. Further ESVA Pumps India Private Limited (ESVA) was the 'Associate Company' of OPEPL with effect from 4 October 2021 pursuant to Section 2(6) of the Companies Act, 2013 and rules made thereunder, on account of a Joint Venture Arrangement between OPEPL and ESVA. OPEPL was holding 49% stake in ESVA. Pursuant to the aforesaid Scheme, the 49% stake of ESVA is transferred from OPEPL to LGM with effect from 26 March 2024. Accordingly, ESVA is the Associate Company of LGM with effect from 26 March 2024. LGM includes share of profit of ESVA (joint venture of LGM) i.e. on a consolidated basis.

***AFHPL includes "Arka Investment Advisory Services Private Limited" (AIASPL) (wholly owned subsidiary of the AFHPL) and "Arka Fincap Limited" (subsidiary of AFHPL) w.e.f. 4 March 2022 i.e. on a consolidated basis.

43 Disclosure required as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as follows:

Subsidiary Company

a Kirloskar Americas Corporation (including its subsidiary Engines LPG, LLC dba Wildcat Power Gen)

There are no loans and advances in the nature of loans granted/ advanced by the subsidiary company to firms/companies in which Directors are interested except to the extent disclosed in Note 45 of the Financial Statements.

There are no loans and advances in the nature of loans granted/advanced by the Company to the subsidiary.

b La-Gajjar Machineries Private Limited (including its subsidiary i.e OPEPL upto 25 March 2024 and ESVA joint venture of OPEPL upto 25 March 2024 and of LGM w.e.f. 26 March 2024)

There are no loans and advances in the nature of loans granted/ advanced by the subsidiary company to firms/companies in which Directors are interested.

There are no loans and advances in the nature of loans granted/advanced by the Company to the subsidiary except to the extent disclosed in the Note No. 4 and Note No. 12 of the Financial Statements.

c Arka Financial Holdings Private Limited (including its subsidiary AFL and AIASPL)

There are no loans and advances in the nature of loans granted/ advanced by the subsidiary company to firms/companies in which Directors are interested.

There are no loans and advances in the nature of loans granted/advanced by the Company to the subsidiary.

Notes to the Financial Statements

44 Relationship with struck off companies

The Company did not enter into any transaction with Companies struck off from Registrar of Companies (ROC) records for the year ended 31 March 2024 and 31 March 2023 except as reported below -

31 March 2024

Amount in ₹

Name of the struck off company	Nature of transactions with struck off company	Transactions during the year	Balance outstanding* as at 31 March 2024	Relationship with struck off company
Alike Trading Private Limited	Shares held	-	60	Shareholder
	Others - Dividend paid/unpaid	134	416	Shareholder
Dreams Broking Private Limited	Shares held	-	600	Shareholder
	Others - Dividend paid/unpaid	1,350	-	Shareholder
Gunti & Company Private Limited	Shares held	-	90	Shareholder
	Others - Dividend paid/unpaid	179	1,185	Shareholder
Highlands Garments Private Limited	Shares held		30	Shareholder
	Others - Dividend paid/unpaid	67	-	Shareholder
Kothari Intergroup Limited	Shares held	-	2	Shareholder
	Others - Dividend paid/unpaid	3	20	Shareholder
Mahila Credit and Investment Company Private Limited	Shares held	-	30	Shareholder
	Others - Dividend paid/unpaid	67	67	Shareholder
Pushap Capital & Securities Private Limited	Shares held	-	120	Shareholder
	Others - Dividend paid/unpaid	240	774	Shareholder
Shyam Computers Private Limited	Shares held**	(60)	20	Shareholder
	Others - Dividend paid/unpaid	78	-	Shareholder
R. Sanghi Stock Brokers and Finance (P) Limited	Shares held	-	8	Shareholder
	Others - Dividend paid/unpaid	18	-	Shareholder
Suraj Enterprise Private Limited	Shares held**	140	140	Shareholder
	Others - Dividend paid/unpaid	80	-	Shareholder
Wilway Engineering and Construction Private Limited	Payment / Invoice raised	-	1,47,645	Vendor
Chetan Motors	Payment / Invoice raised	24,419	-	Vendor
Thermotech Engineering (India) Private Limited	Sales & Receipt	14,514	-	Customer
Samay Services	Sales & Receipt	43,542	-	Customer
Kans Builders Private Limited	Sales & Receipt	11,328	-	Customer
M/s Ravi Sons Private Limited	Sales & Receipt	8,614	-	Customer
Axay Auto Spares Private Limited	Sales & Receipt	35,25,278	-	Customer
B. S. S. Real Estate Private Limited	Sales & Receipt	10,089	-	Customer
Direct Mechanical Services Limited	Sales & Receipt	74,15,141	-	Customer
Spenco Limited	Sales & Receipt	13,98,517	-	Customer
R.M.H. Diesels Private Limited	Sales & Receipt	-	73,704	Customer
Sahni Auto Components Private Limited	Sales & Receipt	86,214	-	Customer

* In case of shareholders, balance outstanding represents face value of the shares held and unpaid dividend thereupon. The amount outstanding excludes dividend transfered to Investor Education and Protection Fund (IEPF) .

** shares purchase/(sold) represented at face value.

31 March 2023

Amount in ₹

Name of the struck off company	Nature of transactions with struck off company	Transactions during the year	Balance outstanding* as at 31 March 2023	Relationship with struck off company
Alike Trading Private Limited	Shares held	-	60	Shareholder
	Others - Dividend paid/unpaid	134	282	Shareholder
Dreams Broking Private Limited	Shares held	-	600	Shareholder
	Others - Dividend paid/unpaid	1,350	-	Shareholder
Gunti & Company Private Limited	Shares held	-	90	Shareholder
	Others - Dividend paid/unpaid	179	1,006	Shareholder

Notes to the Financial Statements

44 Relationship with struck off companies (Contd..)

Amount in ₹

Name of the struck off company	Nature of transactions with struck off company	Transactions during the year	Balance outstanding* as at 31 March 2023	Relationship with struck off company
Highlands Garments Private Limited	Shares held	-	30	Shareholder
	Others - Dividend paid/unpaid	67	-	Shareholder
Kothari Intergroup Limited	Shares held	-	2	Shareholder
	Others - Dividend paid/unpaid	3	17	Shareholder
Mahila Credit and Investment Company Private Limited	Shares held	-	30	Shareholder
	Others - Dividend paid/unpaid	67	-	Shareholder
Pushap Capital & Securities Private Limited	Shares held	-	120	Shareholder
	Others - Dividend paid/unpaid	240	774	Shareholder
Shyam Computers Private Limited	Shares held**	(42)	80	Shareholder
	Others - Dividend paid/unpaid	273	-	Shareholder
R. Sanghi Stock Brokers and Finance (P) Limited	Shares held	-	8	Shareholder
	Others - Dividend paid/unpaid	18	-	Shareholder
Wilway Engineering and Construction Private Limited	Payment / Invoice raised	6,126	1,47,645	Vendor

* Balance outstanding represents face value of the shares held and unpaid dividend thereupon.

** shares purchase/(sold) represented at face value

-Movement in shareholders, balances as at 31 March 2022 vis-à-vis 31 March 2023 is on account of transfer to IEPF during the year.

45 Disclosures for investments and transactions through/ as an intermediary to Ultimate Beneficiary:

(a) No funds 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 persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, 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 to or on behalf of the Ultimate Beneficiaries except the following :

A. Details of Investments made or Loans given to Intermediaries :

Name of Company	Date of transaction	Nature of transactions	Amount
Subsidiary Companies:			
Arka Financial Holdings Private Limited	30 May 2023	Equity investment	₹36.05 Crores
Kirloskar Americas Corporation	24 November 2023	Investment in OCRNPS (Optionally Convertible Reedeemable Non-Cumulative Preference Shares)	USD 2.50 million (₹ 20.85 Crores)

B. Details of further Investments made or Inter Corporate Deposits/Loans given by Intermediary to Ultimate Beneficiary:

Name of intermediary	Name of ultimate beneficiary	Date of transaction	Nature of transactions	Amount
Subsidiary Companies:	**Step - down subsidiary companies:**			
Arka Financial Holdings Private Limited	Arka Fincap Limited	5 June 2023	Equity investment	₹27 Crores
	Arka Investment Advisory Services Private Limited	28 August 2023	Equity investment	₹2 Crores

Notes to the Financial Statements

45 Disclosures for investments and transactions through/ as an intermediary to Ultimate Beneficiary: (Contd..)

Name of intermediary	Name of ultimate beneficiary	Date of transaction	Nature of transactions	Amount
	Other Entity :			
	Arka Credit Fund I	On various dates	Investment in units	₹ 3.75 Crores
Kirloskar Americas Corporation	Engines LPG LLC dba Wildcat Power Gen	29 November 2023	Equity investment	USD 0.36 million (₹ 2.98 Crores)
	Engines LPG LLC dba Wildcat Power Gen	On various dates	Loan	USD 1.93 million (₹ 16.13 Crores)

The Company has complied with relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999), to the extent applicable, the Companies Act, 2013 for such transaction and this transaction is not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003).

C. Details of each Intermediary/Ultimate Beneficiary:

Name of Company	Registered address	Identification No. (CIN/Others)
Arka Financial Holdings Private Limited	2504, 2505, 2506, 25th Floor, One Lodha Place, Lodha World Towers, Senapati Bapat Marg, Lower Parel, Mumbai-400013, India	U65993MH2021PTC363806
Arka Fincap Limited	2504, 2505, 2506, 25th Floor, One Lodha Place, Lodha World Towers, Senapati Bapat Marg, Lower Parel, Mumbai-400013, India	U65993MH2018PLC308329
Arka Investment Advisory Services Private Limited	2504, 2505, 2506, 25th Floor, One Lodha Place, Lodha World Towers, Senapati Bapat Marg, Lower Parel, Mumbai-400013, India	U67110MH2022PTC379494
Kirloskar Americas Coporation	33300 Egypt Lane, Suite C300, Magnolia, Texas-77354, United States of America	47-4054880
Engines LPG,LLC dba Wildcat Power Gen	930 N Mosley, Wichita, KS 67204, United States of America	2226892
Arka Credit Fund I	2504, 2505, 2506, 25th Floor, One Lodha Place, Lodha World Towers, Senapati Bapat Marg, Lower Parel, Mumbai-400013, India	IN/AIF2/22-23/1154

(b) No funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, 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.

Notes to the Financial Statements

46 Ratios

S.No	Ratios	Formulas	31 March 2024	31 March 2023	% Variance	Reason for variance - ratio exceeding 25%
1	Current Ratio	Current Assets/Current Liabilities	**1.45**	1.42	2%	NA
2	Debt-Equity Ratio	Total Debt/Shareholder's Equity	**0.08**	0.03	134%	Increase mainly on account of secured term loan availed for new office premises
3	Debt Service Coverage Ratio	Earnings available for debt service/Debt service	**3.10**	4.44	-30%	Increase in debt service cost mainly on account of secured term loan availed for new office premises.
4	Return on Equity Ratio	Net profits after taxes/ Average Shareholder's Equity	**14.60%**	12.09%	21%	NA
5	Inventory turnover ratio	Cost of goods sold/ Average Inventory	**6.54**	7.23	-10%	NA
6	Trade Receivables turnover ratio	Net credit Sales / Average accounts Receivable	**9.28**	9.45	-2%	NA
7	Trade Payables turnover ratio	Net credit Purchases / Average trade Payable	**4.85**	5.17	-6%	NA
8	Net capital turnover ratio	Net Sales /Working Capital	**10.73**	8.22	31%	Improvement mainly on account of sales growth with lower average working capital
9	Net profit ratio	Net Profit /Net Sales	**7.52%**	6.63%	13%	NA
10	Return on Capital employed	Earning before Interest & Tax (PBIT)/Capital Employed	**18.18%**	15.92%	14%	NA
11	Return on investment	Income generated from invested funds/ average funds invested in treasury investment	**6.96%**	5.03%	38%	With increase in interest rates in the country, yield on treasury investments has increased.

47 Previous year's figures have been regrouped wherever considered necessary to make them comparable with those of the current year.

Signatures to Note 1 to 47, forming part of the Financial Statements.

As per our attached report of even date

For **G. D. APTE & CO.**
Chartered Accountants
Firm Registration Number : 100515W

UMESH S. ABHYANKAR
Partner
Membership Number : 113 053
Pune: 8 May 2024

For and on behalf of the **Board of Directors**

RAHUL KIRLOSKAR
Non-Executive Director
DIN: 00007319

GAURI KIRLOSKAR
Managing Director
DIN:03366274

SMITA RAICHURKAR
Company Secretary
ACS: A21265
Pune: 8 May 2024

Independent Auditor's Report

To The Members of **Kirloskar Oil Engines Limited**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of Kirloskar Oil Engines Limited (hereinafter referred to as the "Holding Company") and its subsidiaries including the joint venture of its subsidiary (the Holding Company and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2024, the Consolidated Statement of Profit and Loss (including Other Comprehensive Loss), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of material 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 the other auditors on Separate / Consolidated financial statements of the subsidiaries, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013, as amended ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its joint venture as at March 31, 2024, its consolidated profit, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit of Consolidated Financial Statements in accordance with the Standards on Auditing (SAs) as 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 and its joint venture 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 we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion, on the Consolidated Financial Statements.

Emphasis of Matter

We draw attention to Note 3(2) of the Consolidated Financial Statements, regarding provision of Rs. 15.29 crores against the Group's investments in Alternate Investment Funds (AIFs) as per RBI circular RBI/2023-24/90 DOR.STR.REC.58/21.04.048/2023-24 dated December 19, 2023 & RBI/2023-24/140 DOR.STR.REC.85/21.04.048/2023-24 dated March 27, 2024.

Our opinion is not modified in respect of the above matter.

Key Audit Matters

Key audit matters are those matters that in our professional judgment and based on the consideration of the reports of the other auditors on Separate / Consolidated Financial Statements and on the other financial information of the subsidiaries were of most significance in our audit of the financial statements for the year ended March 31, 2024. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key audit matter	How our audit addressed the key audit matter
1.	**Revenue Recognition:** During the financial year, the Group has recognised revenue from contracts with customers for sale of goods and services of Rs. 5,276.64 Crores (Refer Note 33 of Consolidated Financial Statements). We have identified revenue recognition as a key audit matter since it involves significant management judgement and estimates including whether contracts contain multiple performance obligations which should be accounted for separately. This comprises allocation of the transaction price to each performance obligation and assessing whether the identified performance obligations are satisfied at a point in time or satisfied over a period of time and determining when the control is transferred.	**Our audit procedures to address this key audit matter included, but were not limited to the following:** • Obtained an understanding and assessed internal controls and its effectiveness with regards to recognition of revenue. • Analysed major streams of revenue of Group to assess whether the method of revenue recognition is consistent with 'Ind AS 115, Revenue from Contracts with Customers' and has been applied consistently. • Focused on contract classification, determination of the performance obligations and determination of transaction price including variable consideration for selected samples. • Tested on sample basis whether revenue transactions near to the reporting date have been recognized in the appropriate period based on terms of the contract.

Sr. No.	Key audit matter	How our audit addressed the key audit matter
		• Evaluated and critically analysed on sample basis, the significant judgements and estimates made by the management in applying the accounting policy for allocation of transaction price and the timing of transfer of control. • Analysed the report/information received from independent auditor/management in case of the subsidiaries which we have not audited. • Critically analysed the adequacy and appropriateness of disclosures required as per 'Ind AS 115, Revenue from Contracts with Customers'. Our audit procedures did not reveal any significant adjustments with respect to revenue recognition.
2.	**Testing of Impairment of Goodwill** The Group carries goodwill of Rs. 191.43 Crores resulting from business acquisition of the subsidiary La- Gajjar Machineries Private Limited (Rs. 185.76 Crores) and Step-down subsidiary Engines LPG, LLC doing business as Wildcat Power Gen (w.e.f. November 29, 2023) (Rs. 5.67 Crores) The Group tests goodwill for impairment annually as per requirement of 'Ind AS 36, Impairment of Assets' which involves significant estimates and judgements. Due to inherent uncertainties involved in forecasting of cash flows, which are the basis of the assessment of recoverability of goodwill, this is one of the key judgmental areas. We have identified this as a key audit matter due to the significance of the amount of goodwill to the Group's financial statements and significant estimates and judgements involved in impairment testing.	**Our audit procedures to address this key audit matter included, but were not limited to the following:** • Obtaining an understanding of the management process and evaluating the design and testing of operating effectiveness of controls over identification of impairment indicators and process followed by the management for impairment testing. • Obtained an understanding of Group's evaluation of identification of cash generating units and allocation of goodwill to the respective cash generating units. • Evaluated the underlying key assumptions in estimating projections including future cash flows. • Evaluated reasonableness of assumptions and methodologies used by the Group and external experts appointed by the Group. • Analysed external valuation reports, obtained by the Group for its impairment assessment. • Assessed the sensitivity of the outcome of impairment assessment to changes in key assumptions. • Critically analysed the adequacy and appropriateness of disclosures required as per 'Ind AS 36- Impairment of Assets'. Our audit procedures did not reveal any significant adjustments with respect to testing of goodwill impairment.

The following Key audit matter was included in the audit report dated May 2, 2024, containing an unmodified audit opinion on the Consolidated Financial Statements of La-Gajjar Machineries Private Limited, a subsidiary of the Holding Company issued by other auditors, reproduced by us as under:

Sr. No.	Key audit matter	How our audit addressed the key audit matter
1.	**Revenue Recognition** During the financial year, the group (La-Gajjar Machineries Private Limited and its joint venture) has recognised revenue from contracts with customers for sale of goods and services of Rs. 552.94 Crores. Revenue is recognised as per revenue recognition policy described in material accounting policies.	**Our audit procedures to address this key audit matter included the following** • Obtained an understanding and assessed internal controls and its effectiveness with regards to recognition of revenue. • Analysed major streams of revenue of Company to assess whether the method of revenue recognition is consistent with IND AS 115 and has been applied consistently. • Focused on contract classification, determination of the performance obligations and determination of transaction price including variable consideration for selected samples. • Tested on sample basis whether revenue transactions near to the reporting date have been recognised in the appropriate period based on terms of the contract.

Sr. No.	Key audit matter	How our audit addressed the key audit matter
	We have identified revenue recognition as a key audit matter since it involves significant management judgement and estimates including whether contracts contain multiple performance obligations which should be accounted for separately. This comprises allocation of the transaction price to each performance obligation and assessing whether the identified performance obligations are satisfied at a point in time and determining when the control is transferred.	• Evaluated and critically analysed on sample basis, the significant judgements and estimates made by the management in applying the accounting policy for allocation of transaction price and the timing of transfer of control. • Critically analysed the adequacy and appropriateness of disclosures required as per 'Ind AS 115- Revenue from Contracts with Customers'

The following Key audit matter was included in the audit report dated May 03, 2024, containing an unmodified audit opinion on the separate financial statements of Arka Fincap Limited, a step-down subsidiary of the Holding Company issued by other auditors, reproduced by us as under:

Sr. No.	Key audit matter	How our audit addressed the key audit matter
1.	**Impairment of loans and advances, including off-balance sheet elements** Under 'Ind AS 109, Financial Instruments', allowance for loan losses are determined using Expected Credit Loss (ECL) estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. Refer to the accounting policies on Impairment of Financial Assets and Critical Accounting Estimates. Charge for the year: Rs. 10.46 Crores Provision as on March 31, 2024: Rs. 25.40 Crores We have considered the impairment of loans and advances as Key audit matter considering significant judgement, higher estimation uncertainty, limited historical data and potential range of reasonable outcomes greater than the our materiality. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are data inputs, model estimations which involves determining Probabilities of Default (PD) and Loss given Default (LGD) based on historical data and determining impact of forward looking economic scenarios.	**Our audit procedures to address this key audit matter included, but were not limited to the following:** • Evaluated the design and implementation of key internal controls over loan impairment process • Evaluated the appropriateness of the impairment principles based on the requirements of Ind AS • Validating completeness and accuracy of the data and reasonableness of assumptions used in the model • Evaluating the appropriateness of Management's Judgements applied in the model. • Performed test of details over calculation of impairment allowance for assessing the completeness, accuracy and relevance of data. • Ensuring the compliance w.r.t. provisioning requirements as per RBI Master Directions • Ensured presentation and disclosure.

Other Information

The Holding Company's Board of Directors is responsible for the Other Information. The Other Information comprises the information included in the Management Discussion and Analysis, Corporate Governance, Business Responsibility and Sustainability Report and Report of the Directors 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 in the 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, the consolidated statement of changes in equity and consolidated Cash Flows of the Group and its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and joint venture of its subsidiary are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint venture 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Board of Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and its joint venture along with that of the Holding Company are responsible for assessing the ability of their respective companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless their respective Board of Directors or the Board of Directors of the Holding Company either intends to liquidate the Group 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 and of its joint venture along with that of the Holding Company are also responsible for overseeing the financial reporting process of their relevant companies within the Group and of its joint venture.

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:

- 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to Consolidated Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint venture 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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its joint venture of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the Financial Statement 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.

We communicate with those charged with governance of the Holding Company and such other entities included in the 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 for the financial year ended March 31, 2024 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

i. We did not audit the Consolidated Financial Statements of one subsidiary and standalone financial statements of one step-down subsidiary whose financial statements, before consolidation adjustments, reflect Group's share of total assets of Rs. 5,662.57 Crores as at March 31, 2024, Group's share of total income of Rs. 1,127.93 Crores, Group's share of total net profit of Rs. 93.93 Crores and Group's total comprehensive income of Rs. 93.39 Crores for the year ended March 31, 2024 and net cash inflow of Rs. 178.12 Cores for the year ended as on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors which along with auditors' reports thereon have been furnished to us by the management of the Holding Company and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and the joint venture of its subsidiary, and our report in terms of sub section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries is based solely on the reports of other auditor.

ii. We did not audit the Consolidated Financial Statements of a subsidiary, whose financial statements, before consolidation adjustments, reflect Group's share of total assets of Rs. 44.67 Crores as at March 31, 2024, Group's share of total income of Rs. 28.82 Crores, Group's share of total net profit / (loss) of Rs. (4.20) Crores and Group's share of total comprehensive Income / (loss) of Rs. (4.27) Crores for the year ended March 31, 2024 and cash inflow of Rs. 23.20 Cores for the year ended as on that date as considered in the Consolidated Financial Statements. These Consolidated Financial Statements are unaudited and have been furnished to us by the management of the Holding Company and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiary is based solely on such unaudited Consolidated Financial Statements. In our opinion and according to the information and explanations given to us by the management of the Holding Company, these Consolidated Financial Statements are not material to the Group.

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 report of the other auditors and the Consolidated Financial Statements certified by the management.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on the separate / consolidated financial statements of subsidiaries and joint venture of its subsidiary and the Other Financial Information of subsidiaries and joint venture of its subsidiary as noted in the 'Other Matters' paragraph, we report to the extent applicable that:

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

   b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the report of the other auditors.

   c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Loss), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows 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 Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

   e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2024 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiaries and joint venture of its subsidiary, incorporated in India, none of the directors of the Group and its joint venture are disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164(2) of the Act.

   f. With respect to the adequacy of the internal financial controls with reference to Consolidated Financial Statements of the Holding Company, its subsidiaries and joint venture of its subsidiary incorporated in India and the operating effectiveness of such controls, refer our separate Report in "Annexure A" which is based on the auditors' reports of the Holding Company, its subsidiaries and its joint venture incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to Consolidated Financial Statements of those companies.

   g. In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid / provided for by the Group 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 as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate / consolidated financial statements as also the other financial information of the subsidiaries and joint venture of its subsidiary as noted in the 'Other Matters' paragraph:

      (i) The Consolidated Financial Statements disclose the impact, of pending litigations as at March 31, 2024 on the consolidated financial position of the Group and its joint venture, refer Note 43.6.1 to the Consolidated Financial Statements;

(ii) The Group and its joint venture did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and joint venture of its subsidiary incorporated in India during the year ended March 31, 2024.

(iv) (a) The management of the Group and its joint venture has represented that to the best of its knowledge or belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group and its joint venture 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, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group and its joint venture (ultimate beneficiaries) or provide any guarantee, security or the like on behalf of the ultimate beneficiaries;

(b) The management of the Group and its joint venture has represented that to the best of its knowledge or belief, no funds have been received by the Group and its joint venture from any other person(s) or entity(ies) including foreign entities (funding parties) with the understanding, whether recorded in writing or otherwise, that the Group and its joint venture shall, whether 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, considered reasonable and appropriate in the circumstances, carried out by us, nothing has come to our notice that has caused us to believe that the representation under clause (iv)(a) & (iv)(b) contain any material misstatements.

(v) (a) The final dividend proposed for the previous year, declared and paid by the Holding Company during the year is in accordance with Section 123 of the Act, as applicable.

(b) The interim dividend declared and paid by the Holding Company during the year and until the date of this report is in compliance with Section 123 of the Act.

(c) The Board of Directors of the Holding Company have proposed final dividend for the year in accordance with Section 123 of the Act which is subject to the approval of the members at the ensuing Annual General Meeting.

(d) The dividend declared and/or paid during the year by the joint venture of its subsidiary and dividend declared and/or paid on preference shares by one of the subsidiaries is in compliance with Section 123 of the Act.

(vi) According to the information and explanations given to us and based on our examination which included appropriate test checks, we report that the Company and its subsidiaries and joint ventures incorporated in India have used accounting software for maintaining its books of account which has the feature of recording audit trail (edit log) facility and the same has operated throughout the year except in case of the joint venture of one of its subsidiary, for the initial period starting from April 1, 2023 till April 14, 2023 for all relevant transactions recorded in the software. Further, we did not come across any instance of tampering of the audit trail feature during the course of our audit.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

(vii) With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Holding Company, a subsidiary and a step-down subsidiary and by other auditors of its subsidiary and a step-down subsidiary incorporated in India included in the Consolidated Financial Statements of the Group, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports except that the auditors of one of the step-down subsidiary viz. Arka Fincap Limited have drawn attention to reported disclosures in clause number 3(ii)(b).

For **G. D. Apte & Co.**
Chartered Accountants
Firm Registration Number: 100515W
UDIN: 24113053BKBFHI4958

Umesh S. Abhyankar
Partner
Membership Number: 113053
Pune, May 8, 2024

Annexure A

to the Independent Auditor's Report of even date on the Consolidated Financial Statements of Kirloskar Oil Engines Limited.

Report on the Internal Financial Controls with reference to Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Consolidated Financial Statements of Kirloskar Oil Engines Limited (hereinafter referred to as the "Holding Company") as at and for the year ended March 31, 2024, we have audited the internal financial controls with reference to Consolidated Financial Statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and joint venture of its subsidiary, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Group and its joint venture 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 on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to Consolidated Financial Statements of the Holding Company, its subsidiaries and joint venture of its subsidiary which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Consolidated Financial Statements and both issued by the Institute of Chartered Accountants of India. 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 with reference to Consolidated Financial Statements were 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 internal financial controls with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Financial Statements included obtaining an understanding of internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their report referred to in 'Other Matters' paragraph below, in respect of Holding Company and its subsidiary companies and joint venture of its subsidiary incorporated in India, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to Consolidated Financial Statements.

Meaning of Internal Financial Controls over financial reporting with reference to Consolidated Financial Statements

A Company's internal financial control over financial reporting with reference to Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting with reference to Consolidated Financial Statements 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 consolidated 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 Consolidated Financial Statements.

Inherent Limitations of Internal Financial Controls over financial reporting with reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to Consolidated Financial Statements, 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 with reference to Consolidated Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, its subsidiaries and joint venture of its subsidiary incorporated in India, have, in all material respects, adequate internal financial controls with reference to Consolidated Financial Statements and such internal financial controls were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

Our report under Section 143 (3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to Consolidated Financial Statements of the Holding Company, in so far as it relates to audited Consolidated Financial Statements of a subsidiary and audited Standalone Financial Statements of a step-down subsidiary incorporated in India, is based on the corresponding audit reports of the auditors on the Consolidated Financial Statements of the said subsidiary and Standalone Financial Statements of the said step-down subsidiary, incorporated in India.

Our opinion is not modified in respect of the above matter.

For **G. D. Apte & Co.**
Chartered Accountants
Firm Registration Number: 100515W
UDIN: 24113053BKBFHI4958

Umesh S. Abhyankar
Partner
Membership Number: 113053
Pune, May 8, 2024

Consolidated Balance Sheet as at 31 March 2024

₹ in Crores

Particulars	Note No.	As at 31 March 2024	As at 31 March 2023
Assets			
I. Non-current assets			
(a) Property, plant and equipment	1a	426.73	384.75
(b) Capital work-in-progress	1a	252.06	17.90
(c) Right-of-use assets	1b	58.21	57.18
(d) Goodwill	2	191.43	185.76
(e) Other Intangible assets	2	92.42	60.87
(f) Intangible assets under development	2	40.61	50.61
(g) Financial assets			
(i) Investments	3	36.06	97.26
(ii) Loans and Receivables of financial services business	4	3,325.41	2,317.57
(iii) Loans	5	0.03	0.05
(iv) Other financial assets	6	71.75	31.58
(h) Deferred tax assets (net)	25 (a)	13.16	15.23
(i) Income tax assets (net)	7	40.13	33.92
(j) Other non-current assets	8	13.83	44.66
Total Non-current assets		**4,561.83**	**3,297.34**
II. Current assets			
(a) Inventories	9	643.63	544.98
(b) Financial assets			
(i) Investments	10	453.18	560.92
(ii) Trade receivables	11	607.04	527.73
(iii) Cash and cash equivalents	12a	492.90	270.30
(iv) Bank balances other than (iii) above	12b	11.85	20.17
(v) Loans and Receivables of financial services business	13	1,379.46	1,368.08
(vi) Loans	14	0.03	0.13
(vii) Other financial assets	15	45.72	46.53
(c) Assets held for sale	16	20.88	35.92
(d) Current tax assets (net)	17	-	4.91
(e) Other current assets	18	61.35	47.81
Total Current assets		**3,716.04**	**3,427.48**
Total Assets		**8,277.87**	**6,724.82**
Equity and Liabilities			
Equity			
(a) Equity share capital	19	28.99	28.95
(b) Other equity	20	2,647.22	2,274.64
(c) Non-controlling interests		(15.94)	0.02
Total Equity		**2,660.27**	**2,303.61**
Liabilities			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	1,970.26	1,801.90
(ii) Lease liabilities	22	7.57	5.50
(iii) Other financial liabilities	23	16.51	18.23
(b) Provisions	24	44.56	39.81
(c) Deferred tax liabilities (net)	25 (b)	9.65	7.50
(d) Other non-current liabilities	26	21.69	22.62
Total Non-current liabilities		**2,070.24**	**1,895.56**
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	27	2,154.42	1,428.45
(ii) Lease l iabilities	28	9.59	8.40
(iii) Trade and other payables	29		
a) total outstanding dues of micro enterprises and small enterprises		162.05	132.28
b) total outstanding dues of creditors other than micro enterprises and small enterprises		632.06	546.05
(iv) Other financial liabilities	30	362.55	195.05
(b) Other current liabilities	31	110.79	106.26
(c) Provisions	32	115.90	108.12
(d) Current tax liabilities (net)	32a	-	1.04
Total Current liabilities		**3,547.36**	**2,525.65**
Total Equity and Liabilities		**8,277.87**	**6,724.82**
Material accounting policies	43		

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

As per our attached report of even date

For **G. D. APTE & CO.**
Chartered Accountants
Firm Registration Number : 100515W

UMESH S. ABHYANKAR
Partner
Membership Number : 113 053
Pune: 8 May 2024

For and on behalf of the **Board of Directors**

RAHUL KIRLOSKAR
Non-Executive Director
DIN: 00007319

GAURI KIRLOSKAR
Managing Director
DIN:03366274

SMITA RAICHURKAR
Company Secretary
ACS: A21265
Pune: 8 May 2024

Consolidated Statement of Profit and Loss for the year ended 31 March 2024

₹ in Crores

Particulars	Note No.	2023-2024	2022-2023
Income			
Revenue from operations	33	5,898.32	5,023.80
Other income	34	28.64	25.69
Total Income		**5,926.96**	**5,049.49**
Expenses			
Cost of raw materials and components consumed	35	2,731.15	2,346.23
Purchase of traded goods	36	780.84	826.40
Changes in inventories of finished goods, work-in-progress and traded goods	37	(14.76)	(54.88)
Employee benefits expense	38	429.61	339.72
Finance costs	39	328.23	209.89
Depreciation and amortisation expense	40	118.80	104.66
Other expenses	41	964.46	841.08
Expense capitalised		(20.57)	(11.27)
Total expenses		**5,317.76**	**4,601.83**
Profit before share of profit/(loss) of joint venture, exceptional items and tax		**609.20**	**447.66**
Share of net profit/(loss) of joint venture accounted for using the equity method		1.33	1.27
Profit before exceptional items and tax		**610.53**	**448.93**
Exceptional Items [income/(expense)]	3	(15.29)	-
Profit before tax		**595.24**	**448.93**
Tax expense			
Current tax	42	150.24	127.22
(Excess)/short provision related to earlier years		-	3.22
Deferred tax	42	5.30	(13.16)
Total tax expense		155.54	117.28
Profit for the year		**439.70**	**331.65**
Other comprehensive income			
A. Items that will be reclassified to profit or loss in subsequent periods			
Exchange differences in translating the financial statements of a foreign operation	20	(0.07)	0.03
Income tax effect (expenses)/income on above		-	-
Net other comprehensive income/(loss) that will reclassified to profit or loss in subsequent periods (A)		**(0.07)**	**0.03**
B. Items that will not be reclassified to profit or loss in subsequent periods			
Re-measurement gain / (loss) on defined benefit plans		(4.35)	(9.40)
Income tax (expenses)/income on above		1.09	2.37
Subtotal (a)		**(3.26)**	**(7.03)**
Net gain / (loss) on equity instruments measured at fair value through other comprehensive income		0.10	(3.27)
Income tax (expenses)/income on above		(0.02)	0.75
Subtotal (b)		**0.08**	**(2.52)**
Share of Other comprehensive income of joint venture accounted using the equity method (net of tax) (c)		0.02	0.00
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods (B) = (a)+(b)+(c)		**(3.16)**	**(9.55)**
Total other comprehensive income/(loss) for the year, net of tax [A+B]		**(3.23)**	**(9.52)**
Total comprehensive income/(loss) for the year		**436.47**	**322.13**
Profit for the year attributable to:			
Owners of the Company		441.87	332.40
Non-controlling interest		(2.17)	(0.75)
		439.70	**331.65**
Other comprehensive income/(loss) attributable to:			
Owners of the Company		(3.22)	(9.54)
Non-controlling interest		(0.01)	0.02
		(3.23)	**(9.52)**
Total comprehensive income/(loss) attributable to:			
Owners of the Company		438.65	322.86
Non-controlling interest		(2.18)	(0.73)
		436.47	**322.13**
Earnings per equity share [nominal value per share ₹2/- (31 March 2023: ₹ 2/-)]			
Basic		30.50	22.98
Diluted		30.46	22.88
Material accounting policies	43		

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

As per our attached report of even date

For **G. D. APTE & CO.**
Chartered Accountants
Firm Registration Number : 100515W

UMESH S. ABHYANKAR
Partner
Membership Number : 113 053
Pune: 8 May 2024

For and on behalf of the **Board of Directors**

RAHUL KIRLOSKAR
Non-Executive Director
DIN: 00007319

GAURI KIRLOSKAR
Managing Director
DIN:03366274

SMITA RAICHURKAR
Company Secretary
ACS: A21265
Pune: 8 May 2024w

Consolidated Statement of Cash Flow for the year ended 31 March 2024

₹ in Crores

Particulars	2023-24	2022-23
Cash Flow from Operating Activities		
Profit before tax	**595.24**	**448.93**
Adjustments:		
Add:		
Depreciation and amortisation expense	118.80	104.66
Exceptional Item towards provision for investments (Refer Note 3)	15.29	-
Finance costs (excluding financial services business)	13.33	13.73
Share based compensation to employees	3.98	3.36
Impairment loss allowance, write off on trade receivable / other receivable (net)	27.12	32.39
Bad debts and irrecoverable balances written off	9.53	1.14
(Gain)/loss on fair valuation of derivative instruments	2.36	(2.07)
Write down / (reversal) in write down of inventories	12.14	3.84
	202.55	**157.05**
Less :		
Net Gain/(loss) on lease modifications	0.20	-
Gain/(loss) on sale of investments measured at fair value through profit or loss (net)	13.07	25.76
Gain/ (loss) on fair valuation of investments measured at fair value through profit or loss (net)	25.47	3.42
Gain on derecognition of financial assets measured at amortised cost	40.18	-
Gain on disposal of property, plant and equipment (net)	1.00	0.48
Provisions no longer required written back	4.42	5.78
Interest income	30.69	21.12
Unwinding of security deposit & subsidy receivable under Package Scheme of Incentives (PSI), 2001	1.52	0.12
(Profit)/Loss on reinstatment on receivables/payables	0.98	(0.77)
Sundry credit balances written back	0.25	1.34
Share of net profit of joint venture	1.33	1.27
Revenue from deferred Export Promotion Capital Goods (EPCG) Scheme	-	0.15
Dividend income	0.00	0.00
	119.11	**58.67**
Operating profit before working capital changes	**678.68**	**547.31**
Working Capital Adjustments		
(Increase)/Decrease in loans and loans & receivable of financial services business	(1,044.98)	(1,392.82)
(Increase)/Decrease in government grant receivables	0.93	2.50
(Increase)/Decrease in trade and other receivables	(141.58)	(37.45)
(Increase)/Decrease in inventories	(106.73)	(160.76)
Increase/(Decrease) in trade and other payables	287.13	223.78
Increase/(Decrease) in provisions	8.77	18.76
	(996.46)	**(1,345.99)**
Net cash used in operations	**(317.78)**	**(798.68)**
Income tax paid (net of refunds)	(151.00)	(121.62)
Net Cash (Used In) Operating Activities (A)	**(468.78)**	**(920.30)**
Cash Flow from Investing Activities		
Purchase of property, plant and equipment and Intangible assets	(395.07)	(161.47)
Payment towards acquisition of interest in a subsidiary	(2.97)	(109.36)
(Purchase)/ Sale of mutual funds, equity shares, debentures, bonds and units (net)	233.56	105.32
Investment in fixed deposits	6.96	(0.52)
Proceeds from sale of property, plant and equipment & other intangible assets including advances	17.46	0.97
Dividend received	0.50	1.59
Interest received on financial instruments and fixed deposits	30.69	19.04
Net Cash (Used In) Investing Activities (B)	**(108.87)**	**(144.43)**

Consolidated Statement of Cash Flow for the year ended 31 March 2024

₹ in Crores

Particulars	2023-24	2022-23
Cash Flow from Financing Activities		
Proceeds from bill discounting & borrowings	4,124.01	3,230.22
(Repayment) of bill discounting & borrowings	(3,230.36)	(1,955.23)
Final and interim dividend paid	(72.44)	(72.34)
Finance costs	(11.37)	(13.35)
Payment for lease liabilities	(11.97)	(8.55)
Share issuance expense of a subsidiary	-	(0.01)
Proceeds from issuance of share based payment options in a subsidiary	0.00	-
Proceeds from issuance of share capital including securities premium	2.09	1.36
Receipt of share application money pending allotment of shares	0.34	0.07
Net Cash Generated from Financing Activities (C)	**800.30**	**1,182.17**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**222.65**	**117.44**
Opening cash and cash equivalents	**270.30**	**152.95**
Cash acquired in business combination	**0.02**	**-**
Effect of foreign exchange on cash and cash equivalents	**(0.07)**	**(0.09)**
Closing cash and cash equivalents (Refer note 12a)	**492.90**	**270.30**

Notes

1. The above cashflow statement have been prepared under the indirect method as set out in the Indian Accounting Standard Ind AS 7, 'Statement of Cash Flow' as specified in the Companies (Indian Accounting Standards) Rules, 2015
2. Income Tax paid is treated as arising from operating activities and are not bifurcated between investing and financing activities.
3. All figures in brackets indicate cash outflow

As per our attached report of even date

For **G. D. APTE & CO.**
Chartered Accountants
Firm Registration Number : 100515W

UMESH S. ABHYANKAR
Partner
Membership Number : 113 053
Pune: 8 May 2024

For and on behalf of the **Board of Directors**

RAHUL KIRLOSKAR
Non-Executive Director
DIN: 00007319

GAURI KIRLOSKAR
Managing Director
DIN:03366274

SMITA RAICHURKAR
Company Secretary
ACS: A21265
Pune: 8 May 2024

Consolidated Statement of Changes in Equity for the year ended 31 March 2024

A. Equity share capital (Refer Note 19)

₹ in Crores

Equity Shares of Rs 2 each issued, subscribed and fully paid	No. of Shares	Amount
As at 1 April 2022	**14,46,14,326**	**28.92**
Changes due to prior period errors	-	-
Restated balance as at 1 April 2022	**14,46,14,326**	**28.92**
Issue/Reduction, if any during the year	1,29,776	0.03
As at 31 March 2023	**14,47,44,102**	**28.95**
Changes due to prior period errors	-	-
Restated balance as at 1 April 2023	**14,47,44,102**	**28.95**
Issue/Reduction, if any during the year	2,12,169	0.04
As at 31 March 2024	**14,49,56,271**	**28.99**

B. Other equity and Non-controlling interest (Refer Note 20)

₹ in Crores

Particulars	Attributable to the owners of the Company										Non-Controlling Interests	Total
	Reserves and Surplus							Items of OCI				
	Share Application Money Pending Allotment	Capital Redemption Reserve	General Reserve	Statutory Reserve	Employee Stock Option Reserve	Retained Earnings	Securities Premium	Equity Instruments Through Other Comprehensive Income	Foreign Currency Translation Reserve	Total Other Equity		
As at 1 April 2022	**0.02**	**0.20**	**608.39**	**11.10**	**11.29**	**1,418.46**	**-**	**2.93**	**0.36**	**2,052.75**	**0.02**	**2,052.77**
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance as at 1 April 2022	**0.02**	**0.20**	**608.39**	**11.10**	**11.29**	**1,418.46**	**-**	**2.93**	**0.36**	**2,052.75**	**0.02**	**2,052.77**
Profit for the year	-	-	-	-	-	332.40	-	-	-	332.40	(0.75)	331.65
Other comprehensive income/(loss) for the year	-	-	-	-	-	(7.05)	-	(2.52)	0.03	(9.54)	0.02	(9.52)
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**-**	**-**	**325.35**	**-**	**(2.52)**	**0.03**	**322.86**	**(0.73)**	**322.13**
Shares issued during the period	(0.03)	-	-	-	-	-	-	-	-	(0.03)	-	(0.03)
Transferred to Securities Premium	(1.33)	-	-	-	(1.01)	-	2.34	-	-	-	-	-
Share based payment expense	-	-	-	-	3.36	-	-	-	-	3.36	-	3.36
Stamp duty paid on equity issue by a subsidiary	-	-	-	-	-	(0.01)	-	-	-	(0.01)	-	(0.01)
Final dividend for year ended 31 March 2022	-	-	-	-	-	(36.16)	-	-	-	(36.16)	-	(36.16)
Interim dividend for year ended 31 March 2023	-	-	-	-	-	(36.18)	-	-	-	(36.18)	-	(36.18)
Adjustment towards Present value of future purchase consideration payable	-	-	-	-	-	(33.36)	-	-	-	(33.36)	0.73	(32.63)
Amount received on exercise of employee stock option	1.41	-	-	-	-	-	-	-	-	1.41	-	1.41
Transfer to Retained earnings	-	-	-	-	(0.03)	0.03	-	-	-	-	-	-
Transfer from ESOP reserve	-	-	0.12	-	(0.12)	-	-	-	-	-	-	-
Transfer to Special Reserve under Section 45-IC of The Reserve Bank of India Act, 1934	-	-	-	12.27	-	(12.27)	-	-	-	-	-	-
As at 31 March 2023	**0.07**	**0.20**	**608.51**	**23.37**	**13.49**	**1,625.86**	**2.34**	**0.41**	**0.39**	**2,274.64**	**0.02**	**2,274.66**

Consolidated Statement of changes in equity for the year ended 31 March 2024

₹ in Crores

Particulars	Attributable to the owners of the Company										Non-Controlling Interests	Total
	Reserves and Surplus							Items of OCI				
	Share Application Money Pending Allotment	Capital Redemption Reserve	General Reserve	Statutory Reserve	Employee Stock Option Reserve	Retained Earnings	Securities Premium	Equity Instruments Through Other Comprehensive Income	Foreign Currency Translation Reserve	Total Other Equity		
As at 1 April 2023	**0.07**	**0.20**	**608.51**	**23.37**	**13.49**	**1,625.86**	**2.34**	**0.41**	**0.39**	**2,274.64**	**0.02**	**2,274.66**
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance as at 1 April 2023	**0.07**	**0.20**	**608.51**	**23.37**	**13.49**	**1,625.86**	**2.34**	**0.41**	**0.39**	**2,274.64**	**0.02**	**2,274.66**
Profit for the year	-	-	-	-	-	441.87	-	-	-	441.87	(2.17)	439.70
Other comprehensive income/(loss) for the year	-	-	-	-	-	(3.23)	-	0.08	(0.07)	(3.22)	(0.01)	(3.23)
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**-**	**-**	**438.64**	**-**	**0.08**	**(0.07)**	**438.65**	**(2.18)**	**436.47**
Acquisition of minority	-	-	-	-	-	-	-	-	-	-	(13.78)	(13.78)
Shares issued during the period	(0.04)	-	-	-	-	-	-	-	-	(0.04)	-	(0.04)
Transferred to Securities Premium	(2.05)	-	-	-	(1.62)	-	3.67	-	-	-	-	-
Share based payment expense	-	-	-	-	3.98	-	-	-	-	3.98	-	3.98
Final dividend for year ended 31 March 2023	-	-	-	-	-	(36.21)	-	-	-	(36.21)	-	(36.21)
Interim dividend for year ended 31 March 2024	-	-	-	-	-	(36.23)	-	-	-	(36.23)	-	(36.23)
Amount received on exercise of employee stock option	2.44	-	-	-	-	-	-	-	-	2.44	-	2.44
Options cancelled	(0.01)	-	-	-	-	-	-	-	-	(0.01)	-	(0.01)
Transfer from ESOP reserve	-	-	0.20	-	(0.20)	-	-	-	-	-	-	-
Transfer to Special Reserve under Section 45-IC of The Reserve Bank of India Act, 1934	-	-	-	13.85	-	(13.85)	-	-	-	-	-	-
As at 31 March 2024	**0.41**	**0.20**	**608.71**	**37.22**	**15.65**	**1,978.21**	**6.01**	**0.49**	**0.32**	**2,647.22**	**(15.94)**	**2,631.28**

Material accounting policies 43

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

As per our attached report of even date

For **G. D. APTE & CO.**
Chartered Accountants
Firm Registration Number : 100515W

UMESH S. ABHYANKAR
Partner
Membership Number : 113 053
Pune: 8 May 2024

For and on behalf of the **Board of Directors**

RAHUL KIRLOSKAR
Non-Executive Director
DIN: 00007319

GAURI KIRLOSKAR
Managing Director
DIN:03366274

SMITA RAICHURKAR
Company Secretary
ACS: A21265
Pune: 8 May 2024

Notes to the Consolidated Financial Statements

Note 1a : Property, plant and equipment ("PPE") and Capital work-in-progress

₹ in Crores

Particluars	Free hold land	Lease hold improvements	Buildings	Plant & Equipment	Furniture & Fixture	Vehicles	Aircraft	Office Equipment	Computers & peripherals	Electrical Installation	Total	Capital work-in-progress
Gross Block												
As at 1 April 2022	**31.40**	**7.19**	**201.09**	**1,153.13**	**31.85**	**10.04**	**25.88**	**6.73**	**71.92**	**41.17**	**1,580.40**	**23.95**
Additions	4.52	0.01	0.46	45.37	1.05	2.89	-	0.37	5.58	0.44	60.69	49.13
Asset Held for Disposal	35.92	-	-	-	-	-	-	-	-	-	35.92	-
Translations/adjustment	-	-	-	-	-	(0.45)	-	-	-	-	(0.45)	-
Deductions	-	-	-	4.42	3.12	0.87	-	0.70	2.75	0.52	12.38	55.18
As at 31 March 2023	**-**	**7.20**	**201.55**	**1,194.08**	**29.78**	**11.61**	**25.88**	**6.40**	**74.75**	**41.09**	**1,592.34**	**17.90**
Additions	-	5.89	2.61	83.37	2.16	3.11	1.57	2.11	8.48	1.56	110.86	332.30
Additions due to acquisition	-	-	-	0.76	0.05	0.98	-	-	0.06	-	1.85	-
Translations/adjustment	-	-	-	-	-	0.01	-	-	-	-	0.01	-
Deductions	-	4.08	-	9.58	0.87	0.28	-	0.33	0.91	0.93	16.98	98.14
As at 31 March 2024	**-**	**9.01**	**204.16**	**1,268.63**	**31.12**	**15.43**	**27.45**	**8.18**	**82.38**	**41.72**	**1,688.08**	**252.06**
Depreciation												
Upto 1 April 2022	-	**5.77**	**74.39**	**915.42**	**25.70**	**8.10**	**23.97**	**5.85**	**63.71**	**35.16**	**1,158.07**	-
For the year	-	0.87	7.07	44.63	1.76	1.07	0.66	0.24	3.75	1.81	61.86	-
Translation/Adjustment	-	-	-	-	-	(0.45)	-	-	-	-	(0.45)	-
Deductions	-	-	-	4.02	3.10	0.81	-	0.70	2.74	0.52	11.89	-
As at 31 March 2023	-	**6.64**	**81.46**	**956.03**	**24.36**	**7.91**	**24.63**	**5.39**	**64.72**	**36.45**	**1,207.59**	-
For the year	-	0.84	6.87	50.30	1.80	1.51	0.83	0.40	4.43	1.14	68.12	-
Additions due to acquisitions		-	-	0.51	0.04	0.59	-	-	0.05	-	1.19	-
Translations/adjustment	-	-	-	-	-	0.01	-	-	-	-	0.01	-
Deductions	-	4.02	-	8.50	0.85	0.08	-	0.30	0.88	0.93	15.56	-
As at 31 March 2024	-	**3.46**	**88.33**	**998.34**	**25.35**	**9.94**	**25.46**	**5.49**	**68.32**	**36.66**	**1,261.35**	**-**
Net Block												
As at 31 March 2023	**-**	**0.56**	**120.09**	**238.05**	**5.42**	**3.70**	**1.25**	**1.01**	**10.03**	**4.64**	**384.75**	**17.90**
As at 31 March 2024	**-**	**5.55**	**115.83**	**270.29**	**5.77**	**5.49**	**1.99**	**2.69**	**14.06**	**5.06**	**426.73**	**252.06**

Notes :

1. For Depreciation, refer accounting policy (Note 43.5.3).
2. Capital work in progress (CWIP) comprises cost of assets that are not yet ready for their intended use at the balance sheet date. Refer below Note 8 and Note 9 for CWIP ageing schedule and CWIP completion schedule.
3. Title deeds in respect of immovable properties are in the name of the the group and are not held jointly.
4. There are no proceedings initiated or pending against the Group for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988
5. Capital Work-in-Progess includes borrowing cost of ₹ 4.92 Crores capitalised as per Ind AS 23 "Borrowings Cost" on qualifying asset.
6. Additions due to acquisition represents asset arising out of business combination during the year. Also refer Note 43.6.17

Notes to the Consolidated Financial Statements

Note 1a : Property, plant and equipment ("PPE") and Capital work-in-progress (Contd..)

7. Note 1a of Property, plant and equipment includes assets at Research & Development facility, the details of which are as under.

Property, plant and equipment : Research and Development facility (Below figures are included in Note 1a : Property, plant and equipment ("PPE") and Capital work-in-progress)

₹ in Crores

Particulars	Plant & Equipment	Furniture & Fixture	Office Equipment	Computers & peripherals	Electrical Installation	Total
Gross Block						
As at 1 April 2022	**113.34**	**5.29**	**0.13**	**2.00**	**3.63**	**124.39**
Additions	5.04	-	-	0.04	-	5.08
Inter transfers - net	0.26	-	-	-	-	0.26
Deductions	-	0.24	0.01	0.22	-	0.47
As at 31 March 2023	**118.64**	**5.05**	**0.12**	**1.82**	**3.63**	**129.26**
Additions	2.95	-	-	1.17	0.10	4.22
Inter transfers - net	(0.04)	-	-	0.02	-	(0.02)
Deductions	0.50	0.16	0.07	-	-	0.73
As at 31 March 2024	**121.05**	**4.89**	**0.05**	**3.01**	**3.73**	**132.73**
Depreciation						
As at 1 April 2022	66.86	4.17	0.11	1.77	2.69	75.60
For the year	6.91	0.29	-	0.08	0.21	7.49
Inter transfers - net	0.00	-	-	-	-	0.00
Deductions	-	0.24	0.01	0.22	-	0.47
As at 31 March 2023	**73.77**	**4.22**	**0.10**	**1.63**	**2.90**	**82.62**
For the year	7.59	0.28	-	0.14	0.17	8.18
Inter transfers - net	(0.04)	-	-	0.02	-	(0.02)
Deductions	0.18	0.17	0.05	-	-	0.40
As at 31 March 2024	**81.14**	**4.33**	**0.05**	**1.79**	**3.07**	**90.38**
Net Block						
As at 31 March 2023	**44.88**	**0.83**	**0.02**	**0.19**	**0.73**	**46.64**
As at 31 March 2024	**39.92**	**0.56**	**-**	**1.22**	**0.66**	**42.35**

8. Capital work-in-progress ageing schedule for the year ended 31 March 2024 and 31 March 2023 is as follows:

As at 31 March 2024

₹ in Crores

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	249.57	2.23	0.26	-	**252.06**
Projects temporarily suspended	-	-	-	-	-

As at 31 March 2023

₹ in Crores

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	13.48	4.42	-	-	**17.90**
Projects temporarily suspended	-	-	-	-	**-**

Notes to the Consolidated Financial Statements

Note 1a : Property, plant and equipment ("PPE") and Capital work-in-progress (Contd..)

9. Capital work-in-progress : Expected Completion schedule for Projects having time overrun :

As at 31 March 2024

₹ in Crores

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
New engine development 3	0.43	-	-	-	**0.43**
Project : Plant Consolidation - Land & Building	48.18	-	-	-	**48.18**
Project : Plant Consolidaton - Electric fittings	3.25	-	-	-	**3.25**
Project : Plant Consolidation - Plant Machinery	0.90	-	-	-	**0.90**

As at 31 March 2023

₹ in Crores

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
New engine development 2	0.67	-	-	-	**0.67**
New engine development 1	1.11	-	-	-	**1.11**
Industrial engine	0.18	-	-	-	**0.18**
Project : Plant Consolidation - Building	-	1.16	-	-	**1.16**
Project : Routine Capex - Plant Machinery	0.92	-	-	-	**0.92**

Note 1b : Right-of-use ("ROU") assets

₹ in Crores

Particulars	Category of Right-of-use assets		Total
	Land	Building	
Balance as at 1 April 2022	**10.82**	**9.31**	**20.13**
Addition	31.86	15.51	47.37
Deletion	-	0.68	0.68
Amortisation	0.19	9.45	9.64
Balance as at 31 March 2023	**42.49**	**14.69**	**57.18**
Addition	1.57	14.22	15.79
Deletion	-	0.76	0.76
Amortisation	0.47	13.53	14.00
Balance as at 31 March 2024	**43.59**	**14.62**	**58.21**

1. The aggregate amortisation expense on Right-of-use (ROU) assets is included under depreciation and amortisation expense in the Statement of Profit and Loss.

2. Refer Note 43.6.15 for additional disclosures

Note 2 : Other Intangible assets, Goodwill and Intangible assets under development

₹ in Crores

Particluars	Computer Software	Drawings & Designs	Brand	Customer Relationship	Technical Knowhow -Acquired	Technical Knowhow -Internally generated	Total	Goodwill	Intangible assets under development
Gross Block									
As at 1 April 2022	**63.49**	**12.45**	**7.44**	**47.23**	**49.21**	**99.94**	**279.76**	**185.76**	**18.84**
Additions	0.79	0.01	-	-	-	-	0.80	-	32.56
Deductions	0.56	-	-	1.49	-	-	2.05	-	0.79
As at 31 March 2023	**63.72**	**12.46**	**7.44**	**45.74**	**49.21**	**99.94**	**278.51**	**185.76**	**50.61**
Additions	24.17	0.45	-	-	5.42	38.19	68.23	5.67	57.10
Deductions	-	-	-	-	-	-	-	-	67.10
As at 31 March 2024	**87.89**	**12.91**	**7.44**	**45.74**	**54.63**	**138.13**	**346.74**	**191.43**	**40.61**

Notes to the Consolidated Financial Statements

Note 2 : Other Intangible assets, Goodwill and Intangible assets under development (Contd..)

₹ in Crores

Particluars	Computer Software	Drawings & Designs	Brand	Customer Relationship	Technical Knowhow -Acquired	Technical Knowhow -Internally generated	Total	Goodwill	Intangible assets under development
Amortisation									
Upto 1 April 2022	**46.28**	**11.59**	**2.23**	**44.10**	**20.67**	**61.67**	**186.54**	-	**-**
For the year	5.13	0.20	0.51	3.13	7.42	16.76	33.15	-	-
Deductions	0.56	-	-	1.49	-	-	2.05	-	-
As at 31 March 2023	**50.85**	**11.79**	**2.74**	**45.74**	**28.09**	**78.43**	**217.64**	**-**	**-**
For the year	8.08	0.21	0.51	-	7.77	20.11	36.68	-	-
Deductions	-	-	-	-	-	-	-	-	-
As at 31 March 2024	**58.93**	**12.00**	**3.25**	**45.74**	**35.86**	**98.54**	**254.32**	**-**	**-**
Net Block									
As at 31 March 2023	**12.87**	**0.67**	**4.70**	**-**	**21.12**	**21.51**	**60.87**	**185.76**	**50.61**
As at 31 March 2024	**28.96**	**0.91**	**4.19**	**-**	**18.77**	**39.59**	**92.42**	**191.43**	**40.61**

Notes :

1. For amortisation, refer accounting policy (Note 43.5.4).
2. Intangible assets under development comprise intangible assets not ready for the intended use on the date of the Balance Sheet. Refer below Note 5 and Note 6 for ageing and completion schedule.
3. Goodwill arising is on account of consolidation . Refer Note No. 43.6.23
4. Note 2 of Other Intangible assets, Goodwill and Intangible assets under development includes assets at Research & Development facility, the details of which are as under:

Other Intangible assets : Research and Development facility (Below figures are included in Note 2 : Other Intangible assets, Goodwill and Intangible assets under development)

₹ in Crores

Particluars	Computer Software	Drawings & Designs	Technical Knowhow -Acquired	Technical Knowhow -Internally generated	Total
Gross Block					
As at 1 April 2022	**19.13**	**11.74**	**28.24**	**99.84**	**158.95**
Additions	0.18	-	-	-	0.18
Inter Transfers	(0.47)	-	-	-	(0.47)
Deductions	0.46	0.35	1.50	-	2.31
As at 31 March 2023	**18.38**	**11.39**	**26.74**	**99.84**	**156.35**
Additions	23.06	-	5.42	37.93	66.41
Inter Transfers	-	-	-	-	-
Deductions	-	-	-	-	-
As at 31 March 2024	**41.44**	**11.39**	**32.16**	**137.77**	**222.76**
Amortisation					
Upto 1 April 2022	**15.30**	**10.89**	**6.08**	**61.65**	**93.92**
For the year	1.02	0.20	4.48	16.98	22.68
Inter Transfers	(0.13)	-	-	-	(0.13)
Deductions	0.46	0.35	1.50	-	2.31
As at 31 March 2023	**15.73**	**10.74**	**9.06**	**78.63**	**114.16**
For the year	3.96	0.16	5.09	20.04	29.25
Inter Transfers	-	-	-	-	-
Deductions	-	-	-	-	-
As at 31 March 2024	**19.69**	**10.90**	**14.15**	**98.67**	**143.41**
Net Block					
As at 31 March 2023	**2.65**	**0.65**	**17.68**	**21.21**	**42.19**
As at 31 March 2024	**21.75**	**0.49**	**18.01**	**39.10**	**79.35**

Notes to the Consolidated Financial Statements

Note 2 : Other Intangible assets, Goodwill and Intangible assets under development (Contd..)

5. Intangible assets under development ageing schedule for the year ended 31 March 2024 and 31 March 2023 is as follows:

As at 31 March 2024

₹ in Crores

Particulars	Amount in Intangible asset under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	37.26	0.53	2.65	0.17	**40.61**
Projects temporarily suspended	-	-	-	-	-

As at 31 March 2023

₹ in Crores

Particulars	Amount in Intangible asset under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	33.39	16.49	0.64	0.09	**50.61**
Projects temporarily suspended	-	-	-	-	**-**

6. Intangible assets under development : Expected Completion schedule for Projects having time overrun :

As at 31 March 2024

₹ in Crores

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
New engine development 3	4.30	-	-	-	**4.30**
Project : Routine Capex - Intangible	0.32	-	-	-	**0.32**

As at 31 March 2023

₹ in Crores

Particulars	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
New engine development 2	2.77	-	-	-	**2.77**
Industrial engine	0.19	-	-	-	**0.19**
New engine development 1	8.68	-	-	-	**8.68**

Note 3 : Investments (Non-Current)

Particulars	Par Value / Face Value Per Unit (In ₹)	As at 31 March 2024		As at 31 March 2023	
		Nos.	₹ in Crores	Nos.	₹ in Crores
(i) At Amortised Cost					
Quoted Investment					
Investments in debentures or bonds					
Non- Convertible Debentures ("NCD")					
12.25% Lucina Land Developments Limited	310		-	5,50,000	14.26
GMR Airports Limited	2,000		-	1,00,000	50.57
Less: Provision for expected credit loss			-		(0.21)
			-		**64.62**
Unquoted Investment					
Investments in Pass through certificates (PTC) units					
Dhruva-VIII AK 12 2020 (Five Star PTC)			-		4.03
Avenger 2022 March Series (PTC)			8.17		14.09
Shala 12 2022 (PTC)			2.14		9.10
Less: Provision for expected credit loss			(0.06)		(0.08)
			10.25		**27.14**

Notes to the Consolidated Financial Statements

Note 3 : Investments (Non-current) (Contd..)

Particulars	Par Value / Face Value Per Unit (In ₹)	As at 31 March 2024		As at 31 March 2023	
		Nos.	₹ in Crores	Nos.	₹ in Crores
(ii) At fair value through Other Comprehensive Income (FVOCI)					
Investment In Unquoted Equity Instruments - Fully Paid Up					
Kirloskar Proprietary Limited	100	16	0.07	16	0.07
S.L.Kirloskar CSR Foundation	10	9,800	0.01	9,800	0.01
Kirloskar Management Services Private Limited	10	4,87,500	1.12	4,87,500	1.02
			1.20		**1.10**
(iii) At fair value through Profit & Loss (FVTPL)					
Investments in units of the fund (Unquoted)					
Arka Credit Fund I	-	-	34.64	-	-
Less: Provision for expected credit loss	-	-	(15.29)	-	-
			19.36		
(iv) Investment In Unquoted Equity Instruments - Fully Paid Up					
Joint venture accounted for using equity method					
ESVA Pumps India Private Limited (Extent of Holding 49% in joint venture)	10	44,10,000	5.25	44,10,000	4.40
Total			**36.06**		**97.26**

Notes :	₹ in Crores	₹ in Crores
1a. Aggregate amount of quoted investments	-	64.62
1b. Aggregate market value of quoted investments	-	65.09
1c. Aggregate amount of unquoted investments	36.06	32.64
1d. Aggregate value of impairment in value of investments	Nil	Nil

2. Exceptional items comprises of provision for expected credit loss recorded during the year for Arka Fincap Limited of ₹30.89 crores against its investments in Alternate Investment Funds (AIFs) i.e. Arka Credit Fund I as per RBI circular RBI/2023-24/90 DOR.STR.REC.58/21.04.048/2023-24 dated December 19, 2023. Further during the year itself, Arka Fincap Limited has also reversed the said provision to the extent of ₹ 15.60 crores as per RBI circular RBI/2023-24/140 DOR.STR.REC.85/21.04.048/2023-24 dated March 27, 2024. Consequently, the said provision as at 31 March 2024 stands at ₹ 15.29 crores.
3. Refer Note 43.6.11 and 43.6.12 for Financial assets at fair value through Other Comprehensive Income - unquoted equity instruments and for fair value hierarchy
4. Refer Note 43.6.13 on risk management objectives and policies for financial instruments.

Note 4 : Loans and Receivables of financial services business (Non-current)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Receivables of financial services business		
Secured, considered good	3,092.27	2,172.93
Less : Provision for expected credit loss	(7.86)	(6.87)
Unsecured, considered good	250.96	153.03
Less: Provision for expected credit loss	(9.96)	(1.52)
Total	**3,325.41**	**2,317.57**

1. Receivables of financial services business are measured at amortised cost.
2. Refer Note 43.5.7 for policy on provision for expected credit loss.
3. Refer Note 43.6.11 for fair value disclosure of financial assets and financial liabilities
4. Refer Note 43.6.13 on risk management objectives and policies for financial instruments.

Notes to the Consolidated Financial Statements

Note 5 : Loans (Non-current)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Other loans and advances		
Loans to employees (unsecured, considered good)	0.03	0.05
Total	**0.03**	**0.05**

1. Loans are measured at amortised cost.
2. No outstanding loans or advances which are in the nature of loans have been granted by the Company to promoters, directors, Key Managerial Personnels and the related parties (as defined under the Companies Act,2013), either severally or jointly with any other person.
3. Refer Note 43.6.11 for fair value disclosure of financial assets and financial liabilities.
4. Refer Note 43.6.13 on risk management objectives and policies for financial instruments.

Note 6 : Other financial assets (Non-current)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Security deposits		
Unsecured, considered good	30.41	28.78
Doubtful	2.35	1.37
Less : Loss allowance for doubtful deposits	(2.35)	(1.37)
Bank deposits with maturity of more than 12 months	0.26	0.23
Subsidy receivable under PSI scheme, 2001	2.59	2.41
Income receivable on direct assignment relating to financial services business	38.34	-
Others	0.15	0.16
Total	**71.75**	**31.58**

1. The Parent Company's manufacturing facility at Kagal plant had been granted Mega Project status by Government of Maharashtra and hence was eligible for Industries Promotion Subsidy (IPS) under Package Scheme of Incentive (PSI) 2001. This scheme was for intensifying and accelerating the process of dispersal of industries to the less developed regions and promoting high-tech industries in the less developed areas of the state coupled with the object of generating employment opportunities. During the last quarter of FY 2018-19, the Government of Maharashtra had agreed for extension of the said scheme of incentive for further period of 2 years till 31 March 2019 and subsequently amended the original eligibility certificate. Accordingly the extension of the scheme consists of total period of 11 years from the date of commencement of commercial production i.e. from 1 April 2008 to 31 March 2019 along with the extension of original operative period by 2 years and compliances thereof. The eligible subsidy receivables computed on the basis of VAT, CST as well as SGST paid on sales made from Kagal plant for such extended period are fair valued as on 31 March 2024.
2. Other financial assets are measured at amortised cost.
3. Refer Note 43.6.13 on risk management objectives and policies for financial instruments.
4. Refer Note 43.5.02 for fair value disclosure of financial assets, financial liabilities and fair value hierarchy.

Note 7 : Income tax asset (net)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Tax paid in advance (net of provision)	40.13	33.92
Total	**40.13**	**33.92**

Notes to the Consolidated Financial Statements

Note 8 : Other non-current assets

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Unsecured, considered good		
Capital advances	12.12	43.53
Prepaid expenses	1.36	1.13
Other advances to suppliers	0.35	-
Total	**13.83**	**44.66**

Note 9 : Inventories

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Raw materials	**406.90**	**321.50**
Raw materials and components	398.15	319.17
Raw materials in transit	8.75	2.33
Work-in-progress	71.83	52.47
Finished goods	113.58	111.68
Traded goods	39.10	47.88
Stores and spares	12.22	11.45
Total	**643.63**	**544.98**

1. Write down of inventories to net realisable value amounting to ₹ 12.14 crores (31 March 2023 : ₹ 3.84 crores) were recognised as an expense during the year.

2. Refer Note 27 for information on inventory hypothecation with bankers for the purpose of Working capital facilities.

Note 10 : Investments (Current)

Particulars	Face Value Per Unit In ₹	As at 31 March 2024		As at 31 March 2023	
		Nos.	₹ in Crores	Nos.	₹ in Crores
(i) At Amortised Cost					
Investments in debentures or bonds (Quoted)					
Spandana Sphoorty Financial Limited	1,00,000	2,000	-	2,000	24.65
Avendus Finance Private Limited	10,00,000	350	-	350	46.44
Piramal Capital & Housing Finance Limited	10,00,000	200	-	200	23.35
Shriram Transport Finance Company Limited	10,00,000	210	-	210	24.66
8.75% Indiabulls Housing Finance Ltd NCD	1,000	3,50,000	-	3,50,000	35.82
Adani Enterprises Limited NCD	10,00,000	300	34.98	-	-
Navi Finserv Limited NCD	1,000	2,00,000	10.02	-	-
Vivriti Capital Private Ltd NCD	1,000	1,00,000	20.03	-	-
Less: Provision for expected credit loss	-	-	(0.19)	-	(0.51)
			64.84		**154.41**
Investment in commercial papers (Unquoted)					
Auxilo Finserve Private Limited			-		14.89
Less: Provision for expected credit loss			-		(0.05)
			-		**14.84**
(ii) At fair value through Profit or Loss (FVTPL)					
Investments In Mutual Funds (Unquoted)					
LIQUID SCHEME - Fixed Maturity Plan					
Kotak Fixed Maturity Plan Series 329 - Regular Plan - Growth	10	49,99,750	5.01		-
			5.01		**-**

Notes to the Consolidated Financial Statements

Note 10 : Investment (Current) (Contd..)

Particulars	Face Value Per Unit In ₹	As at 31 March 2024		As at 31 March 2023	
		Nos.	₹ in Crores	Nos.	₹ in Crores
LIQUID AND MONEY MARKET SCHEMES - GROWTH PLAN					
Axis Liquid Fund - Regular Growth(CF-GP)	1,000	98,646	26.28	88,676	22.03
Axis Money Market Fund - Regular Growth(MM-GP)	1,000	1,17,085	15.25	-	-
Aditya Birla Sun Life Liquid Fund - Growth -Regular Plan	100	-	-	2,78,122	10.01
Aditya Birla Sun Life Money Manger Fund - Growth - Regular Plan	100	5,35,056	18.03	7,50,856	23.50
DSP Liquidity Fund - Regular Plan - Growth	1,000	-	-	83,856	26.73
ICICI Prudential Liquid fund - Growth	100	1,76,820	6.27	6,18,508	20.45
ICICI Prudential - Money Market Fund - Growth	100	4,40,316	15.21	-	-
Invesco India Liquid Fund - Growth (LF-SG)	1,000	60,968	20.06	1,06,933	32.81
Kotak Liquid Fund Regular Plan - Growth	1,000	72,494	35.09	67,600	30.54
Kotak Money Market fund - Growth (Regular Plan) (Erstwhile Kotak Floater ST)	1,000	37,260	15.24	-	-
Nippon India Liquid Fund - Growth Plan - Growth Option	1,000	49,258	28.78	19,015	10.37
Nippon India Money Market Fund - Growth Plan - Growth Option	1,000	44,230	16.72	74,465	26.16
SBI Liquid Fund Regular Growth	1,000	1,60,559	60.14	57,242	20.01
HDFC Liquid fund - Regular Plan - Growth	1,000	1,19,383	56.08	-	-
UTI Money Market Fund - Regular Growth Plan Growth	1,000	54,323	15.25	-	-
UTI Liquid fund (Formerly UTI Liquid Cash Plan) - Regular Plan - Growth	1,000	82,587	32.43	-	-
Tata Liquid Fund Regular Plan - Growth	1,000	59,675	22.50	-	-
			383.33		**222.61**
OVERNIGHT SCHEMES - GROWTH PLAN					
ICICI Prudential Overnight fund Growth	1,000	-	-	4,39,524	53.01
Kotak Overnight fund Growth (Regular Plan)	1,000	-	-	3,85,443	46.03
SBI Overnight fund Regular Growth	1,000	-	-	27,407	10.00
HDFC MF - Overnight - Direct Plan	1,000	-	-	90,146	30.01
Aditya Birla MF - Overnight - Direct	1,000	-	-	2,47,473	30.01
			-		**169.06**
Total			**453.18**		**560.92**

Notes:

		₹ in Crores	₹ in Crores
1a.	Aggregate amount of quoted investments	64.84	154.41
1b.	Aggregate market value quoted investments	64.90	153.66
1c.	Aggregate amount of unquoted investments	388.34	406.51

2. Face value per unit in Rupees unless otherwise stated.
3. Fair value disclosures for financial assets and liabilities are stated in Note 43.6.11 and fair value hierarchy disclosures for investment are stated in Note 43.6.12.
4. Refer Note 43.6.13 on risk management objectives and policies for financial instruments.

Note 11 : Trade receivables

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Secured, considered good	-	-
Unsecured, considered good	670.30	590.75
Loss allowance (for expected credit loss under simplified approach)	(63.26)	(63.02)
Total	**607.04**	**527.73**

1. Trade receivables are measured at amortised cost. Also refer note 43.5.7 for accounting policy.

Notes to the Consolidated Financial Statements

Note 11 : Trade receivables (Contd..)

2. Trade receivables due from private companies in which director of the Company, is a director or a member as at 31 March 2024 ₹ Nil (31 March 2023 : ₹ Nil)

3. For related party receivables, refer Note 43.6.9

4. Movement of Loss Allowance (for expected credit loss under simplified approach)

₹ in Crores

Particulars	Amount
As at 1 April 2022	**37.24**
Allowance made/(reversed) during the year	26.77
Less: Written off	(0.99)
As at 31 March 2023	**63.02**
Allowance made/(reversed) during the year	10.03
Less: Written off	(9.79)
As at 31 March 2024	**63.26**

5. Refer Note 43.6.11 for fair value disclosure of financial assets and financial liabilities.

6. Refer Note 43.6.13 on credit risk of trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

7. The carrying amount of the trade receivables include receivables which are subject to the export sales bill discounting arrangement. However, where the Parent Company has retained the credit risks, it continues to recognise these assets in entirety in its Balance sheet, while bills discounted without recourse have been derecognised. The amount repayable under this arrangement is presented as borrowings.

The relevant carrying amounts are as follows:-

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Total transferred receivables w.r.t. Bills discounted	51.78	-
Related borrowings (Refer Note 27)	51.78	-

8. For trade receivables outstanding, the ageing schedule is as given below:

As at 31 March 2024

₹ in Crores

Particulars	Unbilled	Outstanding for following periods from due date of payment						Total
		Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	0.12	504.94	99.37	5.43	44.14	2.99	4.09	661.08
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
(iv) *Disputed Trade Receivables- considered good	-	-	-	-	-	0.02	9.20	9.22
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
Total Trade Receivables	**0.12**	**504.94**	**99.37**	**5.43**	**44.14**	**3.01**	**13.29**	**670.30**
Less: Loss allowance for expected credit loss								(63.26)
Total Trade Receivables (net)								**607.04**

* Disputed Trade Receivables represents legal cases with customers

Notes to the Consolidated Financial Statements

Note 11 : Trade receivables (Contd..)

As at 31 March 2023

₹ in Crores

Particulars	Unbilled	Outstanding for following periods from due date of payment						Total
		Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	0.05	411.97	109.83	35.54	0.55	9.51	12.08	579.53
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	
(iv) *Disputed Trade Receivables- considered good	-	-	-	-	0.02	0.00	11.20	11.22
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
Total Trade Receivables	**0.05**	**411.97**	**109.83**	**35.54**	**0.57**	**9.51**	**23.28**	**590.75**
Less: Loss allowance for expected credit loss								(63.02)
Total Trade Receivables (net)								**527.73**

* Disputed Trade Receivables represents legal cases with customers

Note 12a : Cash and cash equivalents

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Balances with Bank		
Current accounts and debit balance in cash credit accounts	448.38	95.72
Bank deposits with original maturity of less than 3 months	44.51	174.57
Cash on hand	0.01	0.01
Total	**492.90**	**270.30**

Note 12b : Bank balances other than cash and cash equivalents

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Unpaid dividend accounts	8.21	9.54
Bank deposits with original maturity of more than 3 months but less than 12 months	3.64	10.63
Total	**11.85**	**20.17**

1. Balances in unpaid dividend accounts with banks are earmarked.
2. Bank deposits of ₹ 3.64 crore (31 March 2023: ₹ 0.40 crore) are held as security against the guarantees, Letter of Credit and other commitments.
3. Refer Note 43.6.13 on risk management objectives and policies for financial instruments.

Notes to the Consolidated Financial Statements

Note 13 : Loans and Receivables of financial services business (Current)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Receivables of financial services business		
Secured, considered good	1,059.03	1,238.00
Less : Provision for expected credit loss	(3.22)	(4.04)
Unsecured, considered good	326.03	134.45
Less: Provision for expected credit loss	(2.38)	(0.33)
Total	**1,379.46**	**1,368.08**

1. Receivables of financial services business are measured at amortised cost.
2. Refer Note 43.5.7 for policy on provision for expected credit loss.
3. Refer Note 43.6.11 for fair value disclosure of financial assets and financial liabilities and Note 43.6.12 for fair value hierarchy.
4. Refer Note 43.6.13 on risk management objectives and policies for financial instruments.

Note 14 : Loans (Current)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Loans to employees (unsecured, considered good)	0.03	0.13
Total	**0.03**	**0.13**

1. Loans are measured at amortised cost.
2. No outstanding loans or advances which are in the nature of loans have been granted by the Company to promoters, directors, Key Managerial Personnels and the related parties (as defined under the Companies Act,2013),either severally or jointly with any other person.
3. Refer Note 43.6.13 on risk management objectives and policies for financial instruments.

Note 15 : Other financial assets (Current)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Security Deposits - unsecured, considered good	16.26	18.27
Subsidy receivable under PSI scheme, 2001	9.08	10.01
Export incentive receivable	9.32	9.42
Derivative assets	0.50	2.46
Other receivables	5.98	2.70
Advance to lenders	4.58	3.67
Total	**45.72**	**46.53**

1. Other financial assets, except derivatives, are measured at amortised cost. Derivatives are carried at fair value through profit and loss.
2. Derivative Assets reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationship, but are nevertheless, intended to reduce the level of foreign currency risk exposure.
3. Refer Note 43.6.11 for fair value disclosure of financial assets and financial liabilities and Note 43.6.12 for fair value hierarchy.
4. Refer Note 43.6.13 on risk management objectives and policies for financial instruments.
5. Also refer Note 6 for additional details on Subsidy receivable under PSI scheme, 2001

Notes to the Consolidated Financial Statements

Note 16 : Assets held for sale (Current)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Property, plant and equipment (net)	20.88	35.92
Total	**20.88**	**35.92**

1. Asset held for sale includes a freehold land owned by the Parent Company at Bhare (granted by Government of Maharashtra) where the Parent Company has initiated the process to surrender the same back. The carrying value of ₹ 0.11 lacs has been fully impaired during the earlier years.

2. During previous year, the subsidiary La-Gajjar Machineries Private Limited (LGM) had classified land having carrying book value of ₹ 35.92 Crores as held for sale which is measured the lower of its carrying amount and fair value less cost to sale in accordance with 'Ind AS 105 Non current Assets held for sale and discontinued operations'.

   During the current year, out of above, land having carrying value of ₹ 15.04 Crores has been sold by the subsidiary.

   As at 31 March 2024, there has been no decline in the value of the remaining land parcel area amounting to ₹ 20.88 Crores. Subsidiary LGM expects to dispose off the said land at Bavla within twelve months.

Note 17 : Current tax assets (net)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Tax paid in advance (net of provision)	-	4.91
Total	**-**	**4.91**

Non-current tax paid in advance included in Note 7.

Note 18 : Other current assets

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Advance to suppliers	**25.61**	**14.10**
Unsecured, considered good	25.61	14.10
Doubtful	0.48	0.28
Less : Loss Allowance for doubtful advances	(0.48)	(0.28)
Sales tax/Value Added Tax/Goods and Services Tax receivable	21.49	16.90
Prepaid expenses	12.56	15.41
Others	1.69	1.40
Total	**61.35**	**47.81**

Note 19 : Equity share capital

Authorised share capital

Equity shares of ₹ 2 each

Particulars	No. of shares	₹ in Crores
As at 1 April 2022	**27,00,00,000**	**54.00**
Increase/(decrease) during the year	-	-
As at 31 March 2023	**27,00,00,000**	**54.00**
Increase/(decrease) during the year	-	-
As at 31 March 2024	**27,00,00,000**	**54.00**

Notes to the Consolidated Financial Statements

Note 19 : Equity share capital (Contd..)

Terms/Rights attached to the equity shares

The Parent Company has only one class of equity shares having a par value of ₹ 2 each. Each equity shareholder is entitled to one vote per share and has a right to receive dividend as recommended by Board of Directors subject to the necessary approval from the shareholders.

In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Parent Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Equity shares reserved for issue under employee stock option plan : 5,64,045 (31 March 2023: 7,72,768) equity shares.

Issued and subscribed share capital

Equity shares of ₹ 2 each

Particulars	No. of shares	₹ in Crores
As at 1 April 2022	**14,46,14,326**	**28.92**
Changes during the year	1,29,776	0.03
As at 31 March 2023	**14,47,44,102**	**28.95**
Changes during the year	2,12,169	0.04
As at 31 March 2024	**14,49,56,271**	**28.99**

Subscribed and fully paid up

Equity shares of ₹ 2 each

Particulars	No. of shares	₹ in Crores
As at 1 April 2022	**14,46,13,861**	**28.92**
Changes during the year	1,29,776	0.03
As at 31 March 2023	**14,47,43,637**	**28.95**
Changes during the year	2,12,169	0.04
As at 31 March 2024	**14,49,55,806**	**28.99**

The Parent Company has share suspense account which represents equity shares of ₹ 2 each to be issued and allotted to shareholders of erstwhile Shivaji Works Ltd. on amalgamation according to scheme sanctioned by Board of Industrial and Financial Reconstruction (BIFR), are kept in abeyance as per the Scheme of Arrangement approved by Hon'ble High Court of Judicature at Bombay vide its order dated 31 July 2009 read with order dated 19 March 2010.

Particulars of Share Suspense Account	No. of shares	₹ in Crores
As at 1 April 2022	**465**	**0.00**
Changes during the year	-	-
As at 31 March 2023	**465**	**0.00**
Changes during the year	-	-
As at 31 March 2024	**465**	**0.00**

1. **Number of shares held by each shareholder holding more than 5% Shares in the Parent Company**

Name of the Shareholder	As at 31 March 2024		As at 31 March 2023	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Rahul Chandrakant Kirloskar #	1,77,86,902	12.27	1,77,86,902	12.29
Atul Chandrakant Kirloskar ##	1,46,74,947	10.12	1,46,74,947	10.14
Kirloskar Industries Limited	82,10,439	5.66	82,10,439	5.67
Alpana Rahul Kirloskar	77,89,634	5.37	77,11,817	5.33

Out of 1,77,86,902 equity shares - 1,77,72,083 (Previous Year: 1,77,72,083) equity shares are held in individual capacity, 5,700 (Previous Year: 5,700) equity shares are held as a Karta of Rahul C. Kirloskar HUF and 9,119 (Previous Year: 9,119) equity shares are held as a Trustee of C. S. Kirloskar Testamentary Trust.

##Out of 1,46,74,947 equity shares - 1,46,68,872 (Previous Year: 1,46,68,872) equity shares are held in individual capacity, 375 (Previous Year: 375) equity shares are held as a Trustee of C.S. Kirloskar Testamentary Trust and 5,700 (Previous Year: 5,700) equity shares are held as a Karta of Atul C. Kirloskar HUF.

Notes to the Consolidated Financial Statements

Note 19 : Equity share capital (Contd..)

2. The details of shareholding of promoter and promoter group is as below:

Name	As at 31 March 2024			As at 31 March 2023		
	No. of shares held	% Change during the year	% of total shares	No. of shares held	% Change during the year	% of total shares
Atul Chandrakant Kirloskar	1,46,74,947	-	10.12	1,46,74,947	0.03	10.14
Rahul Chandrakant Kirloskar	1,77,86,902	-	12.27	1,77,86,902	0.02	12.29
Sanjay Chandrakant Kirloskar	46,654	-	0.03	46,654	-	0.03
Suman Chandrakant Kirloskar	41,221	(34.20)	0.03	62,648	-	0.04
Late Vikram Shreekant Kirloskar	-	-	-	-	(100.00)	-
Late Mrinalini Shreekant Kirloskar	-	(100.00)	-	2,36,008	131.83	0.16
Roopa Jayant Gupta	90,812	334.78	0.06	20,887	-	0.01
Geetanjali Vikram Kirloskar	31,875	100.00	0.02	-	(100.00)	-
Jyostna Gautam Kulkarni	-	-	-	-	(100.00)	-
Arti Atul Kirloskar	32,29,454	-	2.23	32,29,454	-	2.23
Nihal Gautam Kulkarni	-	-	-	-	(100.00)	-
Alpana Rahul Kirloskar	77,89,634	1.01	5.37	77,11,817	-	5.33
Akshay Sahni	100	-	0.00	100	-	0.00
Alok Kirloskar	6,262	-	0.00	6,262	-	0.00
Pratima Sanjay Kirloskar	1,520	-	0.00	1,520	-	0.00
Aditi Atul Kirloskar	19,17,860	-	1.32	19,17,860	-	1.33
Gauri Kirloskar	57,53,580	-	3.97	57,53,580	-	3.98
Ambar G. Kulkarni	-	-	-	-	(100.00)	-
Kirloskar Industries Limited	82,10,439	-	5.66	82,10,439	-	5.67
Kirloskar Chillers Private Limited	50,000	-	0.03	50,000	-	0.03
Achyut and Neeta Holdings and Finance Private Limited	-	-	-	-	(100.00)	-
Navsai Investments Private Limited	91,798	11,978.68	0.06	760	-	0.00
Alpak Investments Private Limited	13,980	1,739.47	0.01	760	-	0.00
Total	**5,97,37,038**		**41.21**	**5,97,10,598**		**41.25**

Note 20 : Other equity

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Share application money pending allotment	0.41	0.07
Capital redemption reserve	0.20	0.20
Securities premium	6.01	2.34
General reserve	608.71	608.51
Statutory reserve	37.22	23.37
Equity instruments designated through other comprehensive income	0.49	0.41
Employee stock option reserve	15.65	13.49
Foreign currency translation reserve	0.32	0.39

Notes to the Consolidated Financial Statements

Note 20 : Other equity (Contd..)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Retained earnings	**1,978.21**	**1,625.86**
Opening Balance	1,625.86	1,418.46
Add : Profit for the year	441.87	332.40
Add : Other Comprehensive Income / (Loss)	(3.23)	(7.05)
Less : Transfer to Employee stock option reserve	-	0.03
	438.64	**325.38**
Less : Appropriations		
Stamp duty paid on equity issue by subsidiary	-	0.01
Adjustment towards present value of future purchase consideration payable	-	33.36
Transfer to Special Reserve under section 45-IC of The Reserve Bank of India Act, 1934	13.85	12.27
Final dividend for the year ended 31 March 2023	36.21	36.16
Interim dividend for the year ended 31 March 2024	36.23	36.18
	86.29	**117.98**
Total	**2,647.22**	**2,274.64**

1. Share application money pending allotment, represents amount received from employees who have exercised Employee Stock Option Plan (ESOP) for which shares are pending allotment as on balance sheet date.

2. Capital redemption reserve is created out of General reserve being nominal value of shares bought back in terms of erstwhile section 77A of the Companies Act, 1956 for equity shares buy back in the year 2012-13.

3. Securities premium represents the amount received in excess of face value of the equity shares. 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. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013

4. General reserve is created by setting aside amount from the Retained Earnings of the Company for general purposes which is freely available for distribution.

5. Statutory reserve is created pursuant to the provision of section 45-IC of Reserve Bank of India Act, 1934, the step down subsidiary Company Arka Fincap Limited has transferred ₹ 13.85 Crores (31 March 2023 : ₹ 12.27 Crores) towards statutory reserve fund.

6. Equity instruments through other comprehensive income represents the cumulative gains and losses arising on the valuation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off and is not available for distribution of dividend.

7. Employee stock option reserve is used to record the fair value of equity-settled share based payment transactions with employees. The amounts recorded in share options outstanding account are transferred to securities premium upon exercise of stock options and transferred to general reserve on account of vested stock options not exercised by employees. Refer Note 43.6.16 for disclosure on Employee stock option plan (ESOP) of the Group.

8. **Dividend distribution made and proposed**

₹ in Crores

Particulars	2023-2024	2022-2023
Cash dividends on equity shares declared and paid		
Final dividend for the year ended 31 March 2023: ₹ 2.50 per share (31 March 2022: ₹ 2.50 per share)	36.21	36.16
Interim dividend for year ended 31 March 2024: ₹2.50 per share (31 March 2023: ₹ 2.50 per share)	36.23	36.18
	72.44	**72.34**

Final dividend proposed for the year ended 31 March 2024: ₹ 3.50 per share (31 March 2023: ₹ 2.50 per share)

Proposed dividend on equity shares are subject to approval of the shareholders of the Parent Company at the Annual General Meeting and are not recognised as a liability as at 31 March.

Notes to the Consolidated Financial Statements

Note 21 : Borrowings (Non-current)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Secured loans from banks - Term Loan	1,216.98	920.42
Secured, Non-convertible debentures ("NCD")	465.81	737.69
Secured loans from NBFC/ Financial Institution		
Term Loan	152.14	143.66
Vehicle Loan	0.74	0.13
Unsecured, Non-convertible debentures	134.59	-
Total	**1,970.26**	**1,801.90**
Aggregate Secured borrowings	1,835.67	1,801.90
Aggregate Unsecured borrowings	134.59	-

1. Borrowings are measured at amortised cost.

2. **Term Loans from Banks of the Parent Company**

During the year, the Parent Company has availed term loan of ₹107.21 crores for the purchase of immovable property. The loan is to be repaid in monthly installments of ₹ 2.50 Crores each starting from December 2023 with rate of interest linked to repo rate plus applicable spread i.e effective 7.80% p.a. The term loan is secured by an exclusive charge on the immovable property purchased through the term loan facility and hypothecation of movable fixed assets acquired through the term loan facility. The carrying amount of the loan as at 31 March 2024 is ₹ 97.21 crores. Refer Note 27- Current Borrowings for current maturities of this long term borrowings.

Maturity profile of Term Loans from Banks (Current and Non-current)

₹ in Crores

Period	As at 31 March 2024	As at 31 March 2023
Less than Three Months	7.50	-
More than Three Months Up to One Year	22.50	-
More than One Year Up to Three Years	60.00	-
More than Three Years Up to Five Years	7.21	-
Total	**97.21**	**-**

3. **Term Loans & Vehicle Loans from Banks/NBFCs and NCDs**

Subsidiary - Arka Financial Holdings Private Limited(AFHPL)

(i) The term loans availed by Arka Fincap Limited (subsidiary of AFHPL) from Banks, Non-Banking Financial Company (NBFC) and debenture holders are secured by first pari passu charge by way of hypothecation on present and future receivables, book debts, cash & cash equivalents and liquid investments.

(ii) The Non Convertible Debenture carry interest rate in range of 8.00% p.a. to 10.75% p.a., repayable within 6 years.

(ii) The term loan from banks carry interest rate in range of 8.35% p.a. to 10.65% p.a., repayable within 5 years.

(iv) The term loan from NBFC carry interest rate in range of 9.25% p.a. to 10.70% p.a., repayable within 4 years.

Maturity profile of NCD and term loans from Banks and NBFC (Current and Non-current)

₹ in Crores

Period	As at 31 March 2024	As at 31 March 2023
Less than Three Months	305.20	302.66
More than Three Months Up to One Year	1,445.85	894.92
More than One Year Up to Three Years	1,572.48	1,575.60
More than Three Years Up to Five Years	210.71	226.17
More than Five Years	75.00	-
Total	**3,609.24**	**2,999.35**

Notes to the Consolidated Financial Statements

Note 21 : Borrowings (Non-current) (Contd..)

Subsidiary - La Gajjar Machineries Private Limited

1. **Term Loans from Banks**

   (i) The Term Loans availed from Federal Bank and Axis Bank are secured by a First Pari Passu charge by way of hypothecation of Plant & Machinery and other assets and second charge on entire current assets of the Company. Further Term Loans from Federal Bank and Axis Bank are secured by way of creation of Equitable Mortgage on Land, Building, Plant & Machinery and other assets at the new plant at Sanand to the extent applicable.

   (ii) Working Capital Term Loan of ₹ 14 Crore to be repaid in 60 monthly installments of ₹ 0.23 Crores each starting from May 2018. During the year, loan amounting to ₹ 0.23 Crores (31 March 2023 : ₹2.80 crores) have been repaid. Accordingly, the total loan amount has been repaid in the FY 2023-24.

   (iii) Sanctioned Term Loan of ₹ 47.50 Crores , drawn till 31 March 2024 to the extent of ₹20.76 Crores to be repaid in 60 monthly installments of ₹ 0.35 Crores each starting from August 2025 at rate of interest 8.65%. The Loan carries a moratorium period of 24 months starting from 1st disbursement done in August 23.

   (iv) Sanctioned Term Loan of ₹ 47.50 Crores , drawn till 31 March 2024 to the extent of ₹23.36 Crores to be repaid in 60 monthly installments of ₹ 0.39 Lakhs each starting from October 2025 at rate of interest 8.70%. The Loan carries a moratorium period of 24 months starting from 1st disbursement done in September 23.

   (v) Sanctioned Term Loan of ₹ 84.75 Crores and drawn till 30 June 2022 to the extent of ₹24.24 Crores to be repaid in 72 monthly installments of ₹ 0.34 Lakhs each starting from June 2022 at rate of interest 7.75%. The Loan is totally repaid in December 2022.

   Maturity profile of Term Loans from Banks and NBFC (Current and Non-current)

₹ in Crores

Period	As at 31 March 2024	As at 31 March 2023
Less than Three Months	-	0.31
More than Three Months Up to One Year	-	-
More than One Year Up to Three Years	14.02	-
More than Three Years Up to Five Years	17.65	-
More than Five Years	12.46	-
Total	**44.13**	**0.31**

2. **Loan for Purchase of Vehicles - Banks**

   Loans availed during previous year for purchase of vehicles are secured against hypothecation of vehicles

   These loans are to be repaid in 48 monthly installments at an agreed installment rates as per respective sanction terms.

   Maturity profile of Vehicle Loans from Banks and NBFC (Current and Non-current)

₹ in Crores

Period	As at 31 March 2024	As at 31 March 2023
Less than Three Months	-	0.01
More than Three Months Up to One Year	-	0.03
More than One Year Up to Three Years	-	0.10
More than Three Years Up to Five Years	-	0.02

Subsidiary - Kirloskar Americas Corporation (KAC) and step down subsidiary - Engines LPG LLC, dba Wildcat Power Gen (amounts in US $)

1. **Loan for Purchase of Vehicles - Banks/NBFC**

   The step down subsidiary company has availed the vehicle loan amounting to $ 67,056.09 from a financial institution to be repaid in 72 monthly installments of $ 1,081.87 each starting from November 2021 at a rate of interest 4.99% p.a. The INR equivalent outstanding amounts to ₹ 0.36 Crores as at 31 March 2024.

Notes to the Consolidated Financial Statements

Note 21 : Borrowings (Non-current) (Contd..)

The step down subsidiary company has availed the vehicle loan amounting to $ 23,309 from a financial institution to be repaid in 72 monthly installments of $ 389.59 each starting from January 2019 at a rate of interest 6.30% p.a. The INR equivalent outstanding amounts to ₹ 0.03 Crores as at 31 March 2024.

The step down subsidiary company has availed the vehicle loan amounting to $ 25,918 from a financial institution to be repaid in 72 monthly installments of $ 437.36 each starting from July 2019 at a rate of interest 6.64% p.a. The INR equivalent outstanding amounts to ₹ 0.05 Crores as at 31 March 2024.

The step down subsidiary company has availed the vehicle loan amounting to $ 65,960 from a financial institution to be repaid in 60 monthly installments of $ 1321.71 each starting from April 2024 at a rate of interest 7.50% p.a. The INR equivalent outstanding amounts to ₹ 0.55 Crores as at 31 March 2024.

Maturity profile of Term Loans from Banks (Current and Non-current)

₹ in Crores

Period	As at 31 March 2024	As at 31 March 2023
Less than Three Months	0.07	-
More than Three Months Up to One Year	0.19	-
More than One Year Up to Three Years	0.42	-
More than Three Years Up to Five Years	0.32	-

4. There has been no default in repayment of interest & principal amount for year ended 31 March 2024 and 31 March 2023
5. For explanations on the Group's Interest risk, Foreign currency risk and liquidity risk management processes, refer to Note 43.6.13
6. Refer Note 43.6.13 on risk management objectives and policies for financial instruments.

Note 22 : Lease liabilities (Non-current)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Lease liabilities	7.57	5.50
Total	**7.57**	**5.50**

1. Lease liabilities are measured at amortised cost.
2. For explanations on the Group's Interest risk, Foreign currency risk and liquidity risk management processes, refer to Note 43.6.13

Note 23 : Other financial liabilities (Non-current)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Deposits/ Retentions from customers and others	16.51	18.23
Total	**16.51**	**18.23**

1. Other financial liabilities are measured at amortised cost.
2. For explanations on the Group's Interest risk, Foreign currency risk and liquidity risk management processes, refer to Note 43.6.13

Notes to the Consolidated Financial Statements

Note 24 : Provisions (Non-current)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Provision for employee benefits	**25.58**	**23.17**
Provision for gratuity	1.90	1.16
Provision for compensated absence	20.66	17.45
Provision for pension and other retirement benefits	3.02	4.56
Other provisions	**18.98**	**16.64**
Provision for warranty	17.26	15.32
Expected credit loss on undrawn loan commitments	1.72	1.32
Total	**44.56**	**39.81**

Refer Note 32 Provisions (Current) for additional disclosures.

Note 25 (a): Deferred tax assets (net)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Deferred tax liabilities	**18.59**	**5.65**
Depreciation	1.79	0.37
Undistributed reserves of joint venture	0.33	0.13
Fair value of investment in debt instruments and borrowings	16.47	5.12
Others	-	0.03
Less : Deferred tax assets	**31.75**	**20.88**
Disallowances under Income Tax Act, 1961	12.73	10.57
Provision for doubtful debts & advances	10.56	3.96
Amalgamation/Demerger expenses	-	-
Carried forward business loss	2.93	1.08
Others	5.53	5.27
Total	**13.16**	**15.23**

1. Reconciliation of deferred tax assets (net)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Opening balance as of 1 April	**15.23**	**9.24**
Tax income/(expense) during the year recognised in the Statement of Profit and Loss	(2.26)	5.78
Others	0.01	-
Tax income/(expense) during the year recognised in Other Comprehensive Income	0.18	0.21
Closing balance as at 31 March	**13.16**	**15.23**

2. Tax Losses

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Unused tax losses for which no deferred tax assets have been recognised	14.70	11.22
Potential tax benefit	3.49	2.61

Notes to the Consolidated Financial Statements

Note 25 (b): Deferred tax liabilities (net)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Deferred tax liabilities	**42.95**	**40.20**
Depreciation	40.07	38.09
Others	2.88	2.11
Less : Deferred tax assets	**33.30**	**32.70**
Disallowances under Income Tax Act, 1961	13.82	12.69
Provision for doubtful debts & advances	15.54	15.59
VRS Compensation	0.84	1.26
Others	3.10	3.16
Total	**9.65**	**7.50**

1. **Reconciliation of deferred tax liabilities (net)**

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Opening balance as of 1 April	**(7.50)**	**(17.78)**
Tax income/(expense) during the year recognised in the Statement of Profit and Loss	(3.04)	7.37
Tax income/(expense) during the year recognised in Other Comprehensive Income	0.89	2.91
Closing balance as at 31 March	**(9.65)**	**(7.50)**

2. The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relating to income taxes levied by the same tax authority.

3. Refer Note 42 for Income tax and deferred tax rate.

4. The deferred tax liability is not recognised by temporary difference between carrying amount and tax base of investments in subsidiary as the Parent Company is able to control the timing of reversal of temporary difference and it is probable that the difference will not reverse in the forseeable future. Hence, the Group has not recognised any deferred tax liability for taxes on undistributed profits

5. The unused tax losses were incurred by one of the subsidiary company on sale on land in which Company is not likely to generate taxable income in the foreseeable future. The losses can be carried forward as per the provisions of Income Tax Act.

Note 26 : Other non current liabilities

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Advance from customers	20.28	21.55
Revenue received in advance	1.41	1.07
Total	**21.69**	**22.62**

Refer Note 43.6.6 for additional disclosures

Note 27 : Borrowings (Current)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Secured		
From Banks		
Export preshipment loan in INR	60.14	75.14
Export sales bill discounted	-	2.90
Cash credit	16.13	6.01
Working capital demand loan	47.11	30.00

Notes to the Consolidated Financial Statements

Note 27 : Borrowings (Current) (Contd..)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Short term loans	161.82	129.23
Current maturities of long term borrowings	827.00	627.69
From Financial Institution / Others		
Short term loans	95.79	63.05
Current maturities of long term borrowings	101.96	71.52
Non-convertible debentures	590.98	302.75
Others	0.73	-
Unsecured		
From Bank		
Export sales bill discounted	51.78	-
From Others		
Commercial paper (net)	194.71	116.47
Non-convertible debentures	3.73	3.69
Others	2.54	-
Total	**2,154.42**	**1,428.45**
Aggregate secured borrowings	1,901.66	1,308.29
Aggregate unsecured borrowings	252.76	120.16

1. Borrowings are measured at amortised cost.

2. Secured Borrowings - The Parent Company's fund and non-fund based working capital facilities aggregating to ₹ 385 Crores are secured by way of hypothecation (First Charge) on the whole of the current assets of the Parent Company both present and future in favour of the consortium of banks (SBI Consortium) comprising of State Bank of India, Pune (Lead Bank), Bank of Maharashtra, ICICI Bank Limited, HDFC Bank Limited, and The Hongkong and Shanghai Banking Corporation Limited (HSBC). The Board of Directors of the Parent Company had given their approval for reduction of of ₹ 410 Crores consortium limit to ₹ 385 Crores and also to appoint 'Axis Trustee Services Private Limited' as a Security Trustee. The Parent Company has appointed 'Axis Trustee Services Private Limited' as Security Trustee and is in process of execution of necessary agreements with Consortium Bankers to give effect to the reduction of working capital facilities and hypothecation charge from ₹ 410 Crores to ₹ 385 Crores. Accordingly, the necessary forms will be filed with the Ministry of Corporate Affairs/Registrar of Companies for modification of charge created to the extent of reduction in working capital facilities.

Details relating to subsidiary companies :

3. La-Gajjar Machineries Private Limited has fund and non fund based working capital facilities of ₹ 151.43 Crores are secured by first charge by way of hypothecation on the whole of the current assets of the Subsidiary Company both present and future and also the second charge on the whole of the movable Plant and machinery and other fixed assets of the Subsidiary Company in favour of the consortium of banks (Federal Consortium) comprising of The Federal Bank Limited - Ahmedabad (Lead Bank), ICICI Bank Limited - Ahmedabad, Yes Bank Limited - Pune and HDFC Bank Limited - Ahmedabad.

4. The unutilised portion of Cash Credit Limit of Subsidiary Company i.e. La-Gajjar Machineries Private Limited is ₹ 49.33 Crores (31 March 2023 : ₹ 61.35 Crores)

5. Optiqua Pipes and Electricals Private Limited erstwhile Subsidiary Company of La-Gajjar Machineries Private Limited has availed cash credit facility of ₹ 8 Crores from ICICI Bank for meeting working capital requirements and has also availed working capital demand loan facility of ₹ 8 Crores from ICICI Bank as a sub-limit of Cash Credit facility. The facilities are secured by:

   (i) Exclusive charge by way of hypothecation of entire stocks of raw materials, stocks in process, stores and spares, packing materials, finished goods and book debts and all current assets of the respective subsidiary company.

   (ii) Exclusive charge by way of hypothecation of movable fixed assets of the respective subsidiary company.

6. Engines LPG LLC dba Wildcat Power Gen, a subsidiary of Kirloskar Americas Corporation entered into various unsecured loan agreements for working capital purposes with the noncontrolling interest partner subordinated to Engines LPG LLC dba Wildcat Power Gen's obligations to other vendors and credits. As of 31 March 2024 the outstanding loan amounted to ₹ 2.51 Crores.The advance is due

Notes to the Consolidated Financial Statements

Note 27 : Borrowings (Current) (Contd..)

on demand, the principal balance and is classified within current borrowings on the balance sheet. The member agreed to the deferral of any due or past due payments and forego all the interest until 31 March 2025.

7. Engines LPG LLC dba Wildcat Power Gen's also has a short-term debt agreement with ZH Investments. The borrowing is secured substantially by all Engines LPG LLC dba Wildcat Power Gen's assets, due on 31 March 2025 at an 8% interest rate and used for working capital. As of 31 March 2024 the outstanding loan amounted to ₹ 0.73 Crores.

8. The quarterly returns or statements of current assets filed by the group with banks for the FY 2023-24 and FY 2022-23 are in agreement with the books of accounts. There were reconciling items in statements submitted by subsidiaries as explained below :

    i) In respect of Arka Financial Holdings Private Limited - There were reconciling items in the quarterly returns or statements of current assets filed by the Company with banks or financial institutions on account of the following adjustments:

        (i) Effective Interest Rate (EIR) adjustment as per Ind AS guidance

        (ii) adjustments arising to due to period end book closure adjustments for finalisation of quarterly results post filing of returns with banks. The financial information were provided to the bank before finalisation of the quarterly results.

    ii) In respect of La-Gajjar Machineries Private Limited, there were no differences in the quarterly returns or statements of current assets filed by the Company with banks or financial institutions for the year ended 31 March 2024. However for the previous year ended 31 March 2023, there were reconciling items in the statements filed on account of differences arising due to Ind AS Grouping, in particular differences in payable were broadly on account of grouping of Payable for customer incentive, payable for expenses, provision for expenses which were not part of payable statement submitted to the banks on quarterly basis.

9. There has been no default in repayment of interest & principal amount for year ended 31 March 2024 and 31 March 2023

10. For explanations on the Group's Interest risk, Foreign currency risk and liquidity risk management processes, refer to Note 43.6.13

Note 28 : Lease liabilities (Current)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Lease liabilities	9.59	8.40
Total	**9.59**	**8.40**

1. Lease liabilities are measured at amortised cost.
2. For explanations on the Group's Interest risk, Foreign currency risk and liquidity risk management processes, refer to Note 43.6.13
3. Refer Note 43.6.15 for additional disclosures

Note 29 : Trade and other payables

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Acceptances	24.76	25.83
Due to micro enterprises and small enterprises	162.05	132.28
Due to other than micro enterprises and small enterprises	607.30	520.22
Total	**794.11**	**678.33**

1. Trade and other payables are measured at amortised cost.
2. For terms and conditions with related parties, refer to Note 43.6.9
3. For explanations on the Group's Interest risk, Foreign currency risk and liquidity risk management processes, refer to Note 43.6.13

Notes to the Consolidated Financial Statements

Note 29 : Trade and other payables (Contd..)

4. For trade & other payables outstanding, the ageing schedule is as given below:

As at 31 March 2024

₹ in Crores

Particulars	Unbilled	Outstanding for following periods from due date of payment					Total
		Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro and Small Enterprises ("MSME")	0.41	158.86	0.42	0.01	0.10	2.25	162.05
Others	6.66	482.03	134.28	5.33	0.75	3.01	632.06
*Disputed dues - Micro and Small Enterprises ("MSME")	-	-	-	-	-	-	-
*Disputed dues - Others	-	-	-	-	-	-	-
Total Trade Receivables	**7.07**	**640.89**	**134.70**	**5.34**	**0.85**	**5.26**	**794.11**

* Disputed dues represents legal cases with vendors

As at 31 March 2023

₹ in Crores

Particulars	Unbilled	Outstanding for following periods from due date of payment					Total
		Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro and Small Enterprises ("MSME")	0.80	129.01	0.11	0.11	0.10	2.15	132.28
Others	12.57	422.12	107.29	1.14	0.62	2.31	546.05
*Disputed dues - Micro and Small Enterprises ("MSME")	-	-	-	-	-	-	-
*Disputed dues - Others	-	-	-	-	-	-	-
Total	**13.37**	**551.13**	**107.40**	**1.25**	**0.72**	**4.46**	**678.33**

* Disputed dues represents legal cases with vendors

Note 30 : Other financial liabilities (Current)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Deposits from customers	2.75	0.80
Unclaimed dividends	8.22	9.55
Payable for capital purchases	37.50	15.83
Employee benefits payable	80.37	61.60
Book overdraft	205.11	93.31
Derivative liabilities	0.45	-
Other payables	28.15	13.96
Total	**362.55**	**195.05**

1. Other financial liabilities, except derivative liabilities, are measured at amortised cost. Derivative instruments are carried at fair value through profit and loss.

2. Derivative liabilities reflect the negative change in fair value of those foreign exchange forward contracts that are not designated in hedge relationship, but are nevertheless, intended to reduce the level of foreign currency risk exposure.

3. Payable for capital purchase includes MSME creditors to the extent they are of capital nature amounting ₹ 0.77 Crores (31 March 2023 : Rs. 0.03 Crores).

4. For explanations on the Group's Interest risk, Foreign currency risk and liquidity risk management processes, refer to Note 43.6.13

Notes to the Consolidated Financial Statements

Note 31 : Other current liabilities

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Advance from customers	46.68	59.34
Revenue received in advance	34.07	30.61
Statutory dues	29.73	16.06
Others	0.31	0.25
Total	**110.79**	**106.26**

1. For advance from customers and revenue received in advance refer Note 43.6.6 for additional disclosures.
2. The Parent Company has availed incentives under EPCG by way of reduction in customs duty on import of capital goods.

3. Movement in Eligible incentives under Export Promotion Capital Goods (EPCG) Scheme

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
As at 1 April	-	0.15
Availed during the year	-	-
Released to the Statement of Profit and Loss	-	(0.15)
As at 31 March	**-**	**-**

Note 32 : Provisions (Current)

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Provision for employee benefits	**27.67**	**27.44**
Provision for gratuity	11.23	11.14
Provision for compensated absence	16.11	15.96
Provision for pension and other retirement benefits	0.33	0.34
Others	**88.23**	**80.68**
Provision for warranty	66.37	62.34
Tax provision (net of tax paid in advance)	1.58	-
Other provisions	20.28	18.34
Total	**115.90**	**108.12**

Refer Note 24 Provisions (Non current)

Note :

1. Employee benefits obligations

a. **Gratuity**

The Group provides gratuity for employees as per the Gratuity Act, 1972 and internal gratuity scheme. Employees who are in continuous service for a period of five years are eligible for gratuity. The amount of gratuity is payable on retirement or termination whichever is earlier. The level of benefits provided depends on the member's length of service and salary at retirement age. The gratuity plan is funded plan except for step down subsidiary Arka Fincap Limited.

b. **Pension, post retirement medical benefit and long term award benefits**

The Parent Company provides certain post-employment medical scheme and long term award benefits to employees (unfunded). For long-term award scheme, the Parent Company has defined certain eligibility criteria and grade-wise benefit available to employees and is payable only at time of separation. Pension and medical benefits are payable to employees for 15 years after retirement.

Notes to the Consolidated Financial Statements

Note 32 : Provisions (Current) (Contd..)

c. **Compensated absences**

The leave obligation cover the Group's liability for earned leaves.

Also refer Note 43.6.7 for detailed disclosure.

2. Others

a. Warranty is provided to customers at the time of sale of engines and generating sets manufactured. Warranty cost includes expenses in connection with repairs, free replacement of parts / engines and after sales services during warranty period which varies from 1 year to 4 years.

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of reporting period. It is expected that majority of these costs will be incurred in the next financial year and balance will be incurred in following years. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

b. The Parent Company has preferred an Appeal bearing No. 125 of 2016 before the Chief Controlling Revenue Authority (CCRA) against the Stamp Duty Adjudication Order dated 2 May 2016 bearing ADJ/188/2015 passed by Collector of Stamps, Enforcement – II, Mumbai levying a total stamp duty amount of ₹ 14.94 Crores on the Parent Company for amalgamation of KBIL with the Parent Company. For securing a Stay Order against the said Stamp duty Adjudication being ADJ/188/2015 dated 2 May 2016, the Parent Company has deposited 50% of the stamp duty amount of ₹ 7.47 Crores on protest on 30 June 2016. Considering the payment of 50% of stamp duty amount, through its Order dated 22 September 2016, CCRA has passed an Order granting stay on the effect and operation of said Stamp Duty Adjudication Order bearing ADJ/188/2015 dated 2 May 2016. The Parent Company's Appeal bearing No. 125 of 2016 is still pending and listing for final hearing is awaited. Accordingly, provision for stamp duty of ₹ 14.94 Crores has been made.

c. Provision for liquidated damages pertains to provision arising due to delay in actual delivery of goods/services as against the contractual delivery date.

d. Provision for onerous contracts arises when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

₹ in Crores

Particulars	Warranty	Stamp Duty	Liquidated damages	Onerous Contracts
As at 1 April 2022	**63.16**	**14.94**	**2.74**	**3.75**
Arising during the year	76.34	-	1.46	0.14
Less : Utilised	62.92	-	0.93	-
Less : Unused amount reversed	0.07	-	0.33	3.44
Add: Unwinding of discount	1.15	-	-	-
As at 31 March 2023	**77.66**	**14.94**	**2.94**	**0.45**
Arising during the year	71.59	-	4.57	-
Less : Utilised	66.60	-	1.23	0.44
Less : Unused amount reversed	0.50	-	0.97	-
Add: Unwinding of discount	1.48	-	-	-
As at 31 March 2024	**83.63**	**14.94**	**5.31**	**0.01**
Non-current (Refer Note 24)	**17.26**	**-**	**-**	**-**
Current	**66.37**	**14.94**	**5.31**	**0.01**

Note 32a : Current tax liabilities

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Income tax liabilities (net of advance tax paid)	-	1.04
Total	**-**	**1.04**

Notes to the Consolidated Financial Statements

Note 33 : Revenue from operations

₹ in Crores

Particulars	2023-2024	2022-2023
Sales and services	**5,276.64**	**4,597.61**
Sale of products	5,126.85	4,461.01
Sale of services	149.79	136.60
Income of Financial Services Business	**564.55**	**370.73**
Other operating income	**57.13**	**55.46**
Sale of scrap	24.80	25.42
Commission received	3.46	2.75
Export incentives	16.11	13.04
Sundry credit balances written back	0.25	1.34
Provisions no longer required written back	4.42	5.78
Income generated from solar power generation	6.87	5.23
Miscellaneous receipts	1.22	1.90
Total	**5,898.32**	**5,023.80**

1. Export incentives includes incentive under EPCG scheme amounting to Nil (31 March 2023 : ₹0.15 Crores)
2. Refer Note 43.4.1 & 43.5.17 for accounting policy and additional disclosures

Note 34 : Other income

₹ in Crores

Particulars	2023-2024	2022-2023
Interest on Income tax and sales tax refund	0.04	3.43
Interest income on financial assets measured at amortised cost		
(i) Bank Deposits	0.21	0.05
(ii) Unwinding of interest on security deposit	1.34	1.18
(iii) Other financial assets	1.30	(0.07)
Dividend income from equity investments designated at fair value through other comprehensive income	0.00	0.00
Net gain on financial assets measured at fair value through profit or loss (unrealised)	4.52	3.42
Net gain on sale of mutual fund measured at fair value through profit or loss (realised)	13.07	13.94
Net gain/(loss) on lease modifications	0.20	0.75
Rent income	0.81	0.76
Miscellaneous income	7.15	2.23
Total	**28.64**	**25.69**

1. Net gain on financial assets measured at fair value through profit or loss relates to the gain arising on fair value restatements of Group's investment in mutual funds at balance sheet dates which are held as current or non-current investments.
2. Refer Note 43.4.1 ,43.5.10 & 43.6.15 for accounting policies and additional disclosures

Note 35 : Cost of raw materials and components consumed

₹ in Crores

Particulars	2023-2024	2022-2023
Raw materials and components consumed	2,731.15	2,346.23
Total	**2,731.15**	**2,346.23**

Note 36 : Purchases of traded goods

₹ in Crores

Particulars	2023-2024	2022-2023
Engines and Gensets	256.59	233.98
K-Oil	155.83	154.86
Alternators, Batteries and Others	368.42	437.56
Total	**780.84**	**826.40**

Notes to the Consolidated Financial Statements

Note 37 : Changes in inventories of finished goods, work-in-progress and traded goods

₹ in Crores

Particulars	2023-2024	2022-2023
Opening Inventories	**212.03**	**157.14**
Work-in-progress	52.47	41.87
Finished goods	111.68	52.23
Traded goods	47.88	63.04
Add: Acquisitions through business combinations	**0.53**	**-**
Work-in-progress	0.53	-
Closing Inventories	**227.32**	**212.02**
Work-in-progress	71.83	52.47
Finished goods	113.58	111.67
Traded goods	41.91	47.88
(Increase)/decrease in inventories	**(14.76)**	**(54.88)**

Also refer note 43.6.17 for additional disclosures

Note 38 : Employee benefits expense

₹ in Crores

Particulars	2023-2024	2022-2023
Salaries, wages, bonus, commission, etc.	373.43	294.51
Gratuity	6.88	4.49
Contribution to provident and other funds	15.78	13.90
Welfare and training expenses	27.04	21.81
Provident and other funds expenses	2.50	1.65
Share based payment to employees	3.98	3.36
Total	**429.61**	**339.72**

For additional disclosures, refer note 43.6.7 for gratuity and 43.6.16 for share based payment to employees

Note 39 : Finance costs

₹ in Crores

Particulars	2023-2024	2022-2023
Interest and discounting charges	11.21	11.53
Interest on term loan from banks & NBFCs	202.59	125.79
Other finance costs	1.52	1.30
Other bank charges	12.87	7.98
Interest on lease liabilities	1.96	1.27
Discount on commercial paper issued	9.04	8.92
Interest on debt securities	89.04	53.10
Total	**328.23**	**209.89**

Note 40 : Depreciation and amortisation expense

₹ in Crores

Particulars	2023-2024	2022-2023
Depreciation on property, plant & equipment	68.12	61.86
Amortisation on intangible assets	36.68	33.15
Amortisation on right -of-use assets	14.00	9.65
Total	**118.80**	**104.66**

Notes to the Consolidated Financial Statements

Note 41 : Other expenses

₹ in Crores

Particulars	2023-2024	2022-2023
Manufacturing expenses	**427.22**	**369.48**
Stores consumed	112.25	99.97
Power and fuel	37.10	32.60
Machinery spares	10.81	10.19
Repairs to machinery	14.14	10.81
Job work charges	68.62	52.85
Labour charges	53.21	47.88
Cost of services	113.42	103.84
Other manufacturing expenses	17.67	11.34
Selling expenses	**248.73**	**253.06**
Commission	21.16	16.82
Freight and forwarding	103.40	94.13
Warranty	71.62	76.41
Royalty	11.86	9.92
Advertisement and publicity	22.23	21.00
Provision for doubtful debts and advances (net)	1.51	26.40
Bad debts and irrecoverable balances written off	9.53	1.14
Others selling expenses	7.42	7.24
Administration expenses	**288.51**	**218.54**
Rent	35.36	32.17
Rates and taxes	1.60	1.56
Insurance	5.06	4.07
Repairs to building	1.70	2.80
Other repairs and maintenance	52.68	38.29
Travelling and conveyance	45.21	37.67
Communication expenses	4.89	4.99
Printing and stationery	1.62	1.27
Professional charges	70.41	56.38
Membership and subscription	0.26	0.33
Auditor's remuneration	1.19	1.10
Technology expenses	5.17	2.43
Custodian charges	0.01	0.02
Electricity charges	0.33	0.13
Office expenses	1.40	0.54
Postage and courier	0.21	0.07
Registrar of Company (ROC) Expenses	0.01	0.01
GST expenses	1.02	4.00
Stamp duty	0.23	0.28
Housekeeping and security charges	0.69	0.30
Donations	0.03	0.08
Corporate social responsibility (CSR) expenses	7.01	5.10
Non Executive Directors' fees and commission	6.57	4.55
Miscellaneous expenses	23.20	16.64
Provision for expected credit loss of financial services business	25.61	5.99
Net (gain)/ loss on assets sold, demolished, discarded and scrapped	(1.00)	(0.48)
Loss on exchange difference	(1.96)	(1.91)
Loss on sale of export licenses	-	0.16
Total	**964.46**	**841.08**

Notes to the Consolidated Financial Statements

Note 42 : Income tax

The note below details the major components of income tax expenses for the year ended 31 March 2024 and 31 March 2023. The note further describes the significant estimates made in relation to Group income tax position, and also explains how the income tax expense is impacted by non-assessable and non-deductible items.

₹ in Crores

Particulars	2023-2024	2022-2023
Current tax	**150.24**	**130.44**
Current income tax	150.24	127.22
(Excess)/short provision related to earlier years	-	3.22
Deferred tax	**5.30**	**(13.16)**
Relating to origination and reversal or temporary difference	5.30	(13.16)
Income tax expense reported in the Statement of Profit and Loss	**155.54**	**117.28**

Other Comprehensive Income (OCI)

₹ in Crores

Particulars	2023-2024	2022-2023
Deferred tax related to items recognised in Other Comprehensive Income during the year		
Net loss/(gain) on actuarial gains and losses	(1.09)	(2.37)
Net loss/ (gain) on FVOCI equity instruments	0.02	(0.75)
Deferred tax charged to Other Comprehensive Income	**(1.07)**	**(3.12)**

Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate as notified under Income Tax Act, 1961 enacted in India for the years ended 31 March 2024 and 31 March 2023 :

Current tax

₹ in Crores

Particulars	2023-2024	2022-2023
Accounting profit before income tax expense	595.24	448.93
Tax at 25.168% (as per rate enacted by Income Tax Act, 1961) (31 March 2023 : 25.168 %)	**149.81**	**112.99**
Tax effect of adjustments in calculating taxable income:	**5.73**	**4.29**
Corporate Social Responsibility expenses/donations (net)	1.72	1.30
Dividend on preference shares issued by LGM	0.93	0.00
(Excess)/short provision related to earlier years	-	2.95
Difference in tax rate of foreign subsidiary	0.36	(0.05)
Tax on forex conversion of foreign subsidiary	(0.10)	-
Other disallowances/(allowances)	2.82	0.09
Income tax expense recognised in the Statement of Profit and Loss	**155.54**	**117.28**
Effective income tax rate	**26.13%**	**26.12%**

Notes to the Consolidated Financial Statements

Note 43 : Notes to and forming part of the Consolidated Financial Statements as at and for the year ended 31 March 2024

1 Corporate information

The consolidated financial statements comprise the financial statements of Kirloskar Oil Engines Limited ('the Parent Company') and its subsidiaries (collectively 'the Group'). The Parent Company is a public limited Company domiciled in India and is incorporated under the provisions of the Companies Act, 1956("the 1956 Act"). The registered office of the Parent Company is located at Laxmanrao Kirloskar Road, Khadki, Pune – 411003 Maharashtra. The equity shares of the Parent Company are listed on two recognised stock exchanges in India i.e. Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

The Group is engaged in the business of manufacturing of diesel engines, agricultural pump sets, electric pump sets, power tiller, generating sets, spares thereof and providing financial services.

During financial year 2015-16, the Parent Company had invested in 50 equity shares amounting to USD 250,000 in Kirloskar Americas Corporation (formerly known as KOEL Americas Corp.), incorporated under State of Delaware laws, United States of America and based in Houston, Texas. With effect from 23 June 2015, Kirloskar Americas Corporation is wholly owned subsidiary of the Parent Company.

On 29 November 2023, Kirloskar Americas Corporation has acquired 51% membership interest in Engines LPG LLC, DBA Wildcat Power Gen, USA ("Engines LPG LLC"), from one of its existing member Yanbas, LLC, in exchange for approximate cash consideration of $357,000. Consequent to the said acquisition, Engines LPG LLC has become a subsidiary of the Kirloskar Americas Corporation with effect from 29 November 2023.

During financial year 2017-18, the Parent Company has invested ₹ 253.78 Crores in La-Gajjar Machineries Private Limited to acquire 76% shares in its equity from its promoters. With effect from 1 August 2017, La-Gajjar Machineries Private Limited was subsidiary of Kirloskar Oil Engines Limited, India . On 26 September 2022, the Parent Company had acquired remaining 24% stake for ₹ 109.36 Crores. Consequent to the acquistion, LGM has become a wholly owned subsidiary of the Parent Company.

During financial year 2020-21, the Parent Company has also invested ₹ 8.5 Crores in 85,00,000 shares (₹ 10 per share) towards 8% cumulative redeemable preference shares of La-Gajjar Machineries Private Limited (LGM). During the financial year 2022-23, the Parent Company further invested ₹ 40 crores in 4,00,00,000 shares (₹ 10 per share) towards 8.25% cumulative redeemable preference shares.

Arka Fincap Limited is registered as a non-banking financial institution and has obtained certificate of registration from Reserve Bank of India bearing no. N-13.02282 dated 29 October 2018 in pursuance of Section 45-IA of the Reserve Bank of India Act, 1934. With effect from 20 April 2018, Arka Fincap Limited was a 100% subsidiary of the Parent Company. During the financial year 2018-19 onwards up to 2021-22, the Parent Company had invested amount aggregating to ₹ 701.32 Crores and in Arka Fincap Limited (formerly known as Kirloskar Capital Limited).

From the financial year 2021-22 onwards up to 2023-24, the Parent Company has invested in paid up capital of ₹ 1,052.65 crores towards the Rights Issue of equity shares having face value of ₹ 10 each of Arka Financial Holdings Private Limited ('AFHPL'- a wholly owned subsidiary) as per payment terms covered in the Letter of Offer issued by AFHPL to the Company.

During the financial year 2021-22, the Parent Company had transferred 68,09,02,231 fully paid-up equity shares having face value of ₹ 10/- each of Arka Fincap Limited (AFL – Subsidiary Company) to Arka Financial Holding Private Limited (AFHPL), a wholly owned subsidiary at ₹ 753.96 Crores. Accordingly, AFHPL is holding 99.998% of AFL. As such AFL is subsidiary of AFHPL and continues to be a step down subsidiary instead of subsidiary of the Company w.e.f 4 March 2022.

During the financial year 2021-22, AFHPL had incorporated a new Company viz., "Arka Investment Advisory Services Private Limited" (AIASPL) being a wholly owned subsidiary of AFHPL. AIASPL will engage in business activities to act as Investment Manager for the purpose of Management of funds and undertaking Advisory Business. As such AIASPL is a wholly owned subsidiary of AFHPL and is step down subsidiary of the Parent Company.

During the financial year 2020-21, the La-Gajjar Machineries Private Limited had invested ₹ 8.50 Crores in Optiqua Pipes and Electricals Private Limited to acquire cables and pipes business of Optiflex Industries (a partnership firm). With this, Optiqua Pipes and Electricals Private Limited is the 100% subsidiary of La-Gajjar Machineries Private Limited w.e.f. 19 February 2021. During FY 2023-24, pursuant to the approval of Scheme of Amalgamation by the Board, Shareholders and Creditors and Statutory and Regulatory authorities, OPEPL amalgamated with LGM and accordingly, OPEPL ceased to be the wholly owned subsidiary of LGM. Further ESVA Pumps India Private Limited (ESVA) is a Joint Venture (JV) formed on 4 October 2021 between Mr. V Bharanitharan (25.5%), Mrs. C Shanthi (25.5%) and Optiqua Pipes and Electricals Private Limited (49%). Consequent to the aforesaid Scheme, OPEPL's interest of 49% in ESVA is transferred to LGM.

2 Basis of preparation of Financial Statements

The Group's consolidated financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ('Ind AS') as issued under the Companies (Indian Accounting Standards) Rules, 2015 and amendments thereof issued by the Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with rule 7 of the Companies (Accounts) Rules, 2014. In addition, the guidance notes/announcements issued by the Institute of

Notes to the Consolidated Financial Statements

Chartered Accountants of India (ICAI) and the guidelines issued by the Securities and Exchange Board of India are also applied.

The consolidated financial statements have been prepared on accrual basis following historical cost convention, except for,

(i) certain financial assets and financial liabilities that are measured at fair value or amortised cost in accordance with Ind AS.

(ii) defined benefit plans - plan assets measured at fair value.

(iii) equity settled share based payments measured at grant date fair value.

Amounts in the consolidated financial statements are presented in Indian Rupees in crores rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013 unless otherwise stated.

The consolidated financial statements were approved by the Board of Directors and authorized for issue on 8 May 2024.

3 Basis of consolidation

(i) Basis of accounting and preparation of the consolidated financial statements

The consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting Standards ('Ind AS') to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ('the 2013 Act') and the relevant provisions of the 1956 Act / 2013 Act, including rules thereunder as applicable and guidelines issued by Securities and Exchange Board of India ('SEBI'). The accounting policies adopted in the preparation of the consolidated financial statements are consistent. All assets and liabilities have been classified as Current or Non-current as per the respective Company's normal operating cycle and other criteria set out in Schedule III to the 2013 Act.

(ii) Principles of consolidation

The consolidated financial statements have been prepared on the following basis:

a. The financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Ind AS 110, "Consolidated Financial Statements".

b. The financial statements of the Company and its subsidiary companies have been 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 balances and intra group transactions and resulting unrealised profit or losses, unless cost cannot be recovered, as per the applicable Accounting Standard in India.

c. When the subsidiary company has with other entities, joint control of the arrangement and rights to the net assets of the joint arrangment, it recognises its interest as joint venture. The results, assets and liabilities of joint ventures are incorporated in the consolidated financial statements using equity method of accounting after making necessary adjustments in application of accounting policies. The unrealised profits/ losses on transactions with joint ventures are eliminated by reducing the carrying amount of investment. The carrying amount of investment in joint ventures is reduced to recognise impairment, if any.

When the subsidiary's share of losses of a joint venture exceeds the subsidiary's interest in that joint venture, the Parent Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the subsidiary has incurred legal or constructive obligations or made payments on behalf of the joint venture.

d. The consolidated financial statements are presented, to the extent applicable, in accordance with the requirements of Schedule III of the 2013 Act as applicable to the Group's separate financial statements. Differences if any, in accounting policies have been disclosed separately.

e. Particulars of subsidiaries have been considered in the preparation of the consolidated financial statements:

Name of Company	Country of Incorporation	% of Shareholding of Kirloskar Oil Engines Limited.	Consolidated As
*Kirloskar Americas Corporation (Formerly known as KOEL Americas Corp.)	United States of America	100%	Subsidiary
*La-Gajjar Machineries Private Limited	India	100%	Subsidiary
*Arka Financial Holdings Private Limited (AFHPL)	India	100%	Subsidiary

* On consolidated basis. Also refer notes forming part of Note No. 43.6.21

Notes to the Consolidated Financial Statements

f. The accounting policies of the Parent Company are best viewed in its independent financial statements. Differences in accounting policies followed by the Kirloskar Americas Corporation, La-Gajjar Machineries Private Limited and Arka Financial Holding Private Limited have been reviewed and no adjustments have been made, since the impact if any of these differences is not significant.

4 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The Group continually evaluates these estimates and assumptions based on the most recently available information. The management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable.

4.1 Judgements

In the process of applying the Group's accounting policies, the management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Leases

The Group has applied provisions of Ind AS 116 effective 1 April 2019. The said standard provides for certain recognition exemptions for short term leases as well as provides for certain criteria when the lease contracts are non-enforceable. The determination of lease term for the purpose of availing such exemptions and evaluation of such criteria for non-enforceability of a contract involves significant judgement.

Capital work-in-progress

Project is construed as smallest group of assets having a common intended use. For e.g., Group of assets in an integrated plant is treated as one project. The identification of project requires judgement and management identifies project based on facts of each case. Project identification is consistent with how management identifies and monitors progress on group of assets internally.

Revenue recognition

The Group recognises revenue for each performance obligation either at a point in time or over a time. In case performance obligation is satisfied over a time, the output method is used to determine the revenue since it is faithfully depicting the Group's performance towards complete satisfaction of performance obligation. Practical expedient of "right to consideration" is also considered while recognizing revenue in the amount to which the entity has right to invoice.

In case performance obligation is satisfied at a point in time, the Group generally recognises revenue when the control is transferred i.e. in case of goods either on shipment or upon delivery in domestic and on bill of lading date in case of export. In case of services, the revenue is recognised based on completion of distinct performance obligation. Refer significant accounting policy note 43.5.17 on revenue recognition for information about methods, input and assumptions w.r.t transaction price and variable consideration.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of acquisition date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition related costs are generally recognised in the Statement of Profit or Loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. 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.

The cost of an acquisition also includes the estimated fair value of any contingent consideration measured as at the date of acquisition. This measurement is based on information available at the acquisition date and is based on expectations and assumptions that have been deemed reasonable by management. Any subsequent changes to the fair value of contingent consideration classified as liabilities, other than measurement period adjustments, are recognised in the consolidated Statement of Profit and Loss.

Notes to the Consolidated Financial Statements

Business Combinations arising from transfers of interests in entities that are under the common control are accounted at historical cost. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

Acquisition of some or all of the non-controlling interest ('NCI') is accounted for as a transaction with equity holders in their capacity as equity holders. Consequently, the difference arising between the fair value of the purchase consideration paid and the carrying value of the NCI is recorded as an adjustment to retained earnings that is attributable to the Parent Company. The associated cash flows are classified as financing activities. No goodwill is recognised as a result of such transactions.

4.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on information available till the date of approval of consolidated financials statements. The estimates and assumptions used, however may change based on future developments, due to market environment or due to circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions and estimates when they occur.

Defined benefit plans

The cost of the defined benefit plans and other post-employment benefits and the present value of the obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future post-retirement medical benefit increase. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The most sensitive parameter is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are mainly based on expected future inflation rates for the country.

Further details about defined benefit obligations are provided in Note 43.6.7

Development costs

The Group capitalises development costs for a project in accordance with its accounting policy. Initially, capitalisation of costs is based on management's judgement that the technological and economic feasibility is confirmed when a product development project has reached a defined milestone, according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project and the expected period of benefits.

For further details about the carrying amount of development costs capitalised as Internally generated intangible assets and as intangible assets under development, Refer Note 2.

Warranty

The Group recognises provision for warranties in respect of the products that it sells. The estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidences based on actions on product failures.

Deferred tax

Deferred tax assets are recognised for all deductible temporary differences including the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Impairment of goodwill recognised under Business Combination

The Parent Company estimates whether goodwill accounted under business combination has suffered any impairment on annual basis. For this purpose, the recoverable amount of the CGU was determined based on value in use calculations which require the use of assumptions.

Share based payments

Estimating fair value for share based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making

Notes to the Consolidated Financial Statements

assumptions about them. The assumptions and models used for estimating fair value for share based payment transactions are disclosed in Note 43.6.16.

5 Material accounting policies

5.1 Current Vs. Non-current classification

The Group presents assets and liabilities in the Balance Sheet based on Current/Non-current classification.

An asset is treated as current when it is:

a. Expected to be realised or intended to be sold or consumed in normal operating cycle or

b. Held primarily for the purpose of trading or

c. Expected to be realised within twelve months after the reporting period, or

d. Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as Non-current.

A liability is treated as current when it is:

a. Expected to be settled in normal operating cycle or

b. Held primarily for the purpose of trading or

c. Due to be settled within twelve months after the reporting period, or

d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are treated as Non-current.

Deferred tax assets and liabilities are classified as Non-current assets and liabilities.

The Group classifies all other liabilities as Non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

5.2 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 absen

ce 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 takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The 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.

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

The Group's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

External valuation experts are involved for valuation of significant assets and liabilities. Involvement of external valuation experts is decided upon annually by the management.

Notes to the Consolidated Financial Statements

Methods and assumptions used to estimate the fair values are consistently followed.

5.3 Property, plant and equipment

a Property, plant and equipment; and capital work in progress are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any other than those acquired in a business combination. Cost represents all expenses directly attributable to bringing the asset to its working condition capable of operating in the manner intended. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the Property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred.

b Capital work-in-progress comprises cost of Property, plant and equipment that are not yet installed and ready for their intended use at the Balance Sheet date.

c Own manufactured assets are capitalised at cost including an appropriate share of allocable expenses.

Depreciation and Amortisation

The Group charges Depreciation on the basis of useful life of assets on straight line method.

Useful life of assets considered as follows:

Asset Category	Life (in years)	Basis for useful life
Factory buildings	30	Life as prescribed under Schedule II of the Companies Act, 2013
Building- Non factory		
RCC Frame Structure	60	
*Other than RCC Frame Structure	30	
Fence, Wells, Tube wells	5	
Building – Roads		
Carpeted Roads- RCC	10	
Carpeted Roads- Other than RCC	5	
Non Carpeted Roads	3	
Building - Temporary shed	3	
***Plant & Equipment other than Pattern Tooling**	7.5 to 15	Useful life based on Number of Shifts as prescribed under Schedule II of the Companies Act, 2013
Plant & Equipment - Pattern tooling	4 to 15	Lower useful life considered based on past history of usage and supported by Technical Evaluation
***Solar Power Plant**	25	Higher useful life considered supported by technical evaluation
Computers		Life as prescribed under Schedule II of the Companies Act, 2013
Network	6	
End user devices, such as, desktops, etc.	3	
***Laptops**	3 to 5	Higher useful life considered based on past history of usage and supported by technical evaluation
Servers	4 to 6	Lower useful life considered based on past history of usage and supported by Technical Evaluation
Electrical Installations	10	Life as prescribed under Schedule II of the Companies Act, 2013
***Furniture & Fixture**		
Furniture, Fixtures and Electrical Fittings	10	Life as prescribed under Schedule II of the Companies Act, 2013
Furniture, AC, Refrigerators and Water coolers - Residential Premises	4	Lower useful life considered based on past history of usage and supported by Technical Evaluation
AC, Refrigerators and Water coolers - Company and Guest House Premises	5	Lower useful life considered based on past history of usage and supported by Technical Evaluation
Office Equipment	3 to 10	Lower useful life considered based on past history of usage and supported by Technical Evaluation
***Vehicles**		Lower useful life considered based on past history of usage and supported by Technical Evaluation
Motorcars, Jeep	5 to 8	
Trucks	5	
Other Vehicles	5 to 10	
***Aircrafts**	15	Lower useful life considered based on past history of usage and supported by Technical Evaluation

- Used assets obtained under Business Combination are measured based on their remaining useful life as on the date of acquisition.

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- Depreciation on additions is provided from the beginning of the month in which the asset is added.

- Depreciation on assets sold, discarded or demolished during the year is being provided at their respective rates on pro-rata basis up to the end of the month prior to the month in which such assets are sold, discarded or demolished.

- Foreign exchange fluctuation gain/ loss on imported plant and equipment were capitalized in the cost of the respective fixed asset up to transition date of Ind AS. Depreciation on such additions is provided over the remaining useful life of the underlying plant and equipment.

*The Group, based on technical assessments made by technical experts and management estimates, depreciates certain items of plant and equipment; buildings; computers; furniture and fixtures; vehicles and aircraft over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of Property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of Property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

5.4 Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the asset can be measured reliably.

Intangible assets are recorded at the consideration paid for acquisition. In case of internally generated intangible assets, expenditure incurred in development phase, where it is reasonably certain that the outcome of development will be commercially exploited to yield future economic benefits to the Group, is considered as an intangible asset. Such developmental expenditure is capitalized at cost including a share of allocable expenses. Other internally generated intangibles are not capitalised and the related expenditure is reflected in the Statement of Profit and Loss for the period in which expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. The amortisation period and amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with finite useful lives are amortised by using straight line method over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset maybe impaired.

Sr. No.	Asset category	Life (in years)
1	Computer Software	3 to 5
2	Drawings & Designs	10
3	Technical Knowhow – acquired	6 to 7
4	Technical Knowhow - Internally generated	3 to 5
5	Brand	10 to 15
6	Customer Relationship	5

Intangible assets with indefinite useful lives, if any are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Intangible assets are recorded at the consideration paid for acquisition. In case of internally generated intangible assets, expenditure incurred in development phase, where it is reasonably certain that the outcome of development will be commercially exploited to yield future economic benefits to the Group, is considered as an intangible asset. Such developmental expenditure is capitalized at cost including a share of allocable expenses.

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible assets under development".

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5.5 Borrowing costs

Borrowing Costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised till the month in which the asset is ready to use, as part of the cost of that asset. Other borrowing costs are recognised as expenses in the period in which these are incurred.

5.6 Impairment of Non financial assets

The Group assesses at each Balance Sheet date whether there is any indication due to internal or external factors that an asset or a group of assets comprising a Cash Generating Unit (CGU) may be impaired. If any such indication exists, the Group estimates the recoverable amount of the assets. If such recoverable amount of the assets or the recoverable amount of the CGU to which the asset belongs is less than the carrying amount of the assets or the CGU as the case may be, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss account. If at any subsequent Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the Statement of Profit and Loss account. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognised or relates to a change in the estimate of the recoverable amount in the previous periods.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

5.7 Financial instruments – initial recognition and subsequent measurement

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. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit or Loss.

a Financial assets

i Initial recognition and measurement of financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets. However, trade receivable that do not contain a significant financing component are measured at transaction price.

ii Subsequent measurement of financial assets

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost
- Financial assets at fair value through Other comprehensive income (FVOCI)
- Financial assets at fair value through profit or loss (FVTPL)

- Financial Assets at amortised cost:

  A financial asset is measured at amortised cost if:

  - the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  This category is most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost by applying the effective interest rate ('EIR'). The amortised cost is calculated by taking into account any premium or discount on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

- Financial assets at fair value through Other comprehensive income

  A financial asset is measured at fair value through Other comprehensive income if:

  - the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  After initial measurement, such financial assets, until they are derecognised or reclassified, are subsequently measured at fair value with

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unrealised gains or losses recognised in Other comprehensive income except for interest income, impairment gains or losses and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

- Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through Other comprehensive income.

Investments in equity instruments are classified as at FVTPL, unless the related instruments are not held for trading and the Group irrevocably elects on initial recognition to present subsequent changes in fair value in Other comprehensive income.

In addition, the Group may elect to classify a financial asset, which otherwise meets amortised cost or fair value through Other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

After initial measurement, such financial assets are subsequently measured at fair value with unrealised gains or losses recognised in the Statement of Profit and Loss.

iii Derecognition of financial assets

A financial asset is derecognised when:

- the contractual rights to the cash flows from the financial asset expire,

  or

- The Group has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

iv Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and how they are accounted for.

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Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in the Statement of Profit and Loss.
FVTPL	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in Other comprehensive income ('OCI'). No change in EIR due to reclassification.
FVOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to Statement of Profit and Loss at the reclassification date.

v Impairment of financial assets

In accordance with Ind AS 109, the 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 amortised cost.
- Financial assets that are debt instruments and are measured as at FVOCI
- Lease receivables under Ind AS 116
- Trade receivables under Ind AS 115

The Group follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables resulting from transactions within the scope of Ind-AS 115, if they do not contain a significant financing component
- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 115 that contain a significant financing component, if the Group applies practical expedient to ignore separation of time value of money, and
- All lease receivables resulting from transactions within the scope of Ind AS 116

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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

For the computation of ECL on the financial instruments in the Group namely Arka Fincap Limited (NBFC), the financial instruments are categorised as below :

Stage 1 : All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Company classifies all advances up to 30 days overdue under this category.

Stage 2: All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. Exposures are classified as Stage 2 when the amount is due for more than 30 days but do not exceed 90 days.

Stage 3: All exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. Exposures

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where the amount remains due for 90 days or more are considered as to be stage 3 assets.

The subsidiary company (NBFC) undertakes the classification of exposures within the aforesaid stages at each borrower account level.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

Exposure-At-Default (EAD): The Exposure at Default is the amount the Subsidiary Company is entitled to receive as on reporting date including repayments due for principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities

Probability of Default (PD): The Probability of Default is an estimate of the likelihood of default of the exposure over a given time horizon.

Loss Given Default (LGD): The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

The ECL allowance is applied on the financial instruments depending upon the classification of the financial instruments as per the credit risk involved. ECL allowance is computed on the below mentioned basis:

12-month ECL: 12-month ECL is the portion of Lifetime ECL that represents the ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. 12-month ECL is applied on stage 1 assets.

Lifetime ECL: Lifetime ECL for credit losses expected to arise over the life of the asset in cases of credit impaired loans and in case of financial instruments where there has been significant increase in credit risk since origination. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument. Lifetime ECL is applied on stage 2 and stage 3 assets.

For the financial service business, ECL allowance is computed on individual basis based on type of asset/exposure and nature of collateral.

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

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Group is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss. This amount is reflected in a separate line in the Statement of Profit and Loss as an impairment gain or loss. The Balance Sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contract assets and lease receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not derecognise impairment allowance from the gross carrying amount.
- Loan commitments: ECL is presented as a provision in the Balance Sheet, i.e. as a liability.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Group does not have any purchased or originated credit-impaired (POCI) financial assets, i.e. financial assets which are credit impaired on purchase/ origination.

b **Financial liabilities**

i Initial recognition and measurement of financial liabilities

All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss,

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transaction costs that are attributable to the issue of the financial liabilities.

ii Subsequent measurement of financial liabilities

For purposes of subsequent measurement, financial liabilities are classified and measured as follows:

- Financial liabilities at fair value through profit or loss

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

- Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss

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

- Loans and borrowings at amortised cost

This is the category most relevant to the Company. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

iii Derecognition of financial liabilities

A financial liability (or a part of a financial liability) is derecognised from its Balance Sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

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

5.8 Derivatives

Group uses derivative contracts to hedge its exposure against movements in foreign exchange rates. The use of derivative contracts is intended to reduce the risk or cost to the Group. Derivative contracts are not used for trading or speculation purpose.

All derivatives are measured at fair value through the profit or loss unless they form part of a qualifying cash flow hedge, in which case the fair value is taken to reserves and released into the Statement of Profit and Loss at the same time as the risks on the hedged instrument are recognised therein. Any hedge ineffectiveness will result in the relevant proportion of the fair value remaining in the Statement of Profit and Loss. Fair values are derived primarily from discounted cash-flow models, option-pricing models and from third-party quotes. Derivatives are carried as assets when their fair values are positive and as liabilities when their fair values are negative. All hedging activity is explicitly identified and documented by the Group.

5.9 Foreign currency transactions

a **Initial recognition**

Foreign currency transactions are recorded in Indian currency, by applying the exchange rate between the Indian currency and the Foreign currency at the date of the transaction.

b **Conversion**

Current assets and Current liabilities, Secured loans, being monetary items, designated in foreign

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currencies are revalorized at the rate prevailing on the date of Balance Sheet or forward contract rate or other appropriate rate.

c **Exchange differences**

Exchange differences arising on the settlement and conversion of foreign currency transactions are recognised as income or as expenses in the year in which they arise, except in cases where they relate to the acquisition of qualifying assets, in which cases they were adjusted in the cost of the corresponding asset. Further, as per extant circulars issued by the Ministry of Corporate Affairs, eligible exchange difference on foreign currency loans utilized for acquisition of assets, was adjusted in the cost of the asset to be depreciated over the balance life of the asset up to transition date of Ind AS.

5.10 Leases

Lease is a contract that provides to the customer (lessee) the right to use an asset for a period of time in exchange for consideration.

a **Where the Group is a lessee**

A lessee is required to recognise assets and liabilities for all leases and to recognise depreciation of leased assets separately from interest on lease liabilities in the Statement of Profit and Loss. The Group uses the practical expedient to apply the requirements of this standard to a portfolio of leases with similar characteristics if the effects on the financial statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio.

However, when the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty the Group considers that lease to be no longer enforceable. Also according to Ind AS 116, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, the lessee is not required to recognize right-of-use asset and a lease liability. The Group applies both recognition exemptions. The lease payments associated with those leases are generally recognised as an expense on a straight-line basis over the lease term or another systematic basis if appropriate.

Right-of-use assets:

Right-of-use assets, which are included under Property, plant and equipment, are measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, the Group also applies the practical expedient that the payments for non-lease components are generally recognised as lease payments. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

Lease liabilities

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

Lease modification

For a lease modification that is not accounted for as a separate lease, the group accounts for the re-measurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

b **Where the Group is a lessor -**

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Group is a lessor under an operating lease, the asset is capitalised within Property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

5.11 Inventories

a Raw materials, components, stores and spares are valued at cost or net realisable value whichever is lower. Cost includes all cost of purchase and incidental expenses incurred in bringing the inventories to their present location and condition.

b Work-in-progress including finished components and finished goods are valued at cost or realisable value whichever is lower. Cost includes direct

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materials, labour costs and a proportion of manufacturing overheads based on the normal operating capacity.

c Materials-in-transit and materials in bonded warehouse are valued at actual cost incurred up to the date of Balance Sheet.

d Unserviceable, damaged and obsolete inventory is valued at cost or net realisable value whichever is lower.

e Net realisable 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.

5.12 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

5.13 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities; on the basis of the taxable profits computed for the current accounting period in accordance with Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised in Other comprehensive income or directly in equity is recognised in Other comprehensive income ('OCI') or in equity, respectively, and not in the Statement of Profit and Loss. The Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability 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 liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences including, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in Other comprehensive income or directly in equity.

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Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax / Goods and Services Tax ("GST")

Expenses and assets are recognised net of the amount of sales tax / GST, except:

- When the sales tax/GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax/GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

- When receivables and payables are stated with the amount of sales tax/GST included

The net amount of sales tax/GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

5.14 Non-current assets held for sale and discontinuing operations

a Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate use in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

b Discontinuing operations

Discontinuing operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Statement of Profit and Loss account.

Assets and liabilities classified as held for distribution are presented separately from others assets and liabilities in the Balance Sheet.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

i Represents a separate major line of business or geographical area of operations,

ii Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

or

iii Is a subsidiary acquired exclusively with a view to resale

An entity does not depreciate (or amortise) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

5.15 Employee benefits

a Short term employee benefits

The distinction between short term and long term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, exgratia, performance pay etc. and are recognised in the period in which the employee renders the related service.

b Post-employment benefits

i Defined contribution plan

The Group makes payment to approved superannuation schemes, state government provident fund scheme and employee state insurance scheme which are defined contribution plans. The contribution paid/ payable under the schemes is recognised in the Statement of Profit and Loss during the period in which the employee renders the related service. The Group has no further obligations under these schemes beyond its periodic contributions.

ii Defined benefit plan

The employee's gratuity fund scheme, pension, post-retirement medical and long term service award benefit schemes are Group's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on a net basis.

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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 OCI in the period in which they occur. Re-measurements are not reclassified to the Statement of Profit or Loss in subsequent periods.

Past service costs are recognised in the Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

c Other long term employment benefits:

The employee's long term compensated absences are Group's other long term benefit plans. The present value of the obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation, to recognise the obligation on a net basis.

In regard to other long term employment benefits, the Group recognises the net total of service costs; net interest on the net defined benefit liability (asset); and remeasurements of the net defined benefit liability (asset) in the Statement of Profit and Loss.

d Termination benefits :

Termination benefits such as compensation under voluntary retirement scheme are recognised in the Statement of Profit and Loss in the year in which termination benefits become payable or when the Group determines that it can no longer withdraw the offer of those benefits, whichever is earlier.

5.16 Provisions, contingencies and commitments

Necessary provisions are made for the present obligations that arise out of past events entailing future outflow of economic resources. Such provisions reflect best estimates based on available information.

However a disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Commitments are future liabilities for contractual expenditure, classified and disclosed as estimated amount of contracts remaining to be extracted on capital account and not provided for.

Onerous contracts

A contract is considered to be onerous when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least of net cost of exiting from the contract, the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Commitments are future liabilities for contractual expenditure, classified and disclosed as estimated amount of contracts remaining to be extracted on capital account and not provided for.

5.17 Revenue recognition

Revenue from operations

a Sale of goods & services:

The Group recognises revenue, when or as control over distinct goods or services is transferred to the customer; i.e. when the customer is able to direct the use of the transferred goods or rendering of services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account our customer's creditworthiness.

Revenue is the transaction price the Group expects to be entitled to. Variable consideration is included in the transaction price if it is highly probable that a significant reversal of revenue will not occur once associated uncertainties are resolved.

The variable consideration is constrained to the extent that it is highly probable that a significant

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reversal in the amount of cumulative revenue recognised will not occur when any uncertainty is subsequently resolved. The amount of variable consideration is calculated by either using the expected value or the most likely amount depending on which it is expected to better predict the amount of variable consideration.

Consideration is adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or the group.

Performance obligations are identified based on individual terms of contract. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. The Company reasonably estimates the stand-alone selling prices if such prices are not observable. For each performance obligations identified as above, the revenue is recognised either at a point in time or over time. When the Company's efforts or inputs are expended evenly throughout the performance period revenue is recognised on straight-line basis over time.

The incremental cost to obtain a contract are recognised as an asset if the Company expects to recover those cost over the period of contract. Company recognises the incremental costs of obtaining a contract as an expense, when incurred, if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

Customer reward points by one of subsidiary provide a material right to customers that they would not have received had they not entered into the contract. Thus, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the reward points on the basis of relative stand -alone selling price. Management estimates the standalone selling price per reward point on the basis of the benefits passed on to the customer and on the basis of the likelihood of redemption, based on past experience.

b Recognition of Interest income of financial service business

Interest income is recorded using the effective interest rate ('EIR') method for all financial instruments measured at amortised cost. The EIR for the amortised cost asset is calculated by taking into account any discount or premium on acquisition, origination/processing fee and transaction costs that are an integral part of the EIR. The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets.

c Recognition of Origination fees or Processing fees income of financial service business

Origination fees, which the stepdown subsidiary Company Arka Fincap Limited has received/ recovered at time of granting of a loan, is considered as a component for computation of the effective interest rate (EIR) for the purpose of computing interest income.

d Recognition of Profit/loss on sale of investments of financial service business

Profit/loss on sale of investments is recognised on trade date basis. Profit/loss on sale of mutual fund units is determined based on the first in first out (FIFO) method.

e Net gain/(loss) on Fair value changes of financial service business

Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Company on the Balance Sheet date is recognised as a Fair value gain or loss as a gain or expense respectively.

f Contract balances

Contract assets

The incremental cost to obtain a contract are recognised as an asset if the Group expects to recover those cost over the period of contract. Group recognises the incremental costs of obtaining a contract as an expense, when incurred, if the amortisation period of the asset that the entity otherwise would have recognised is one year or less. Impairment loss (termed as provision for foreseeable losses in the financial statements) is recognised in the Statement of Profit or Loss to the extent the carrying amount of the contract asset exceeds the remaining amount of consideration that the Group expects to receive towards remaining performance obligations (after deducting the costs that relate directly to fulfill such remaining performance obligations).

Trade receivables

The amounts billed on customer for work performed and are unconditionally due for payment i.e. only passage of time is required before payment falls due, are disclosed in the Balance Sheet as trade receivables.

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Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised when the group performs under the contract.

Bill and hold arrangements

Revenue is recognized when the group completes its performance obligation to transfer the control of the goods to the customer in accordance with the agreed upon specifications in the contract for which the customer has accepted the control. Such goods are identified and kept ready for delivery based on which revenue is recognized.

Determination of revenue in case of Bill-and-hold transaction related to the Parent Company

i) The Parent Company completes its performance obligation to transfer the control of the goods to the customer in accordance with the agreed -upon specifications in the contract for which customer accepts the same and confirms to the Company basis which criteria for bill and hold is met.

ii) The Parent Company has identified the goods as belonging to the customer and stored them separately in the factory premises until goods are cleared from the factory premises.

iii) The goods are ready for physical transfer to the customer from the factory premises of the Parent Company.

iv) The Parent Company cannot use the goods for any other purpose or to direct it to another customer.

Other income

a Interest income from financial assets

Interest income from financial assets is recognised using effective interest rate method.

b Dividend income

Dividend income is recognised when the Group's right to receive the amount has been established.

c Others

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 group and the amount of income can be measured reliably.

5.18 Exceptional items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the group is treated as an exceptional item and the same is disclosed in the Note 3.

5.19 Government grants

Grants and subsidies from the government are recognised if the following conditions are satisfied:

- There is reasonable assurance that the Group will comply with the conditions attached to it.
- Such benefits are earned and reasonable certainty exists of the collection.

a Export incentives

Export incentives under various schemes notified by government are accounted for in the year of exports as grant related to income and is recognised as other operating income in the Statement of Profit and Loss if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

b Industrial promotion subsidy

Government grants received with reference to Industrial promotion subsidy under Packaged Scheme of Incentives, 2001 is treated as grant related income and is recognised as Other operating income in the Statement of Profit and Loss as per the appropriate recognition criteria.

c Export promotion capital goods

Government grants received with reference to export promotion capital goods scheme are initially recognised as deferred revenue and grant in proportion of export obligation achieved during the year is reduced from deferred revenue and recognised as Other operating income in the Statement of Profit and Loss.

5.20 Cash dividend

The Group recognises a liability to make cash distributions to the equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the provisions of the Companies Act, 2013, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions, if any, are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of Non-cash assets, any difference between the carrying amount of the liability and the

Notes to the Consolidated Financial Statements

carrying amount of the assets distributed is recognised in the Statement of Profit and Loss.

5.21 Share based employee payments

Equity settled share based payments

Employees of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The Group recognises compensation expense relating to share based payments in accordance with Ind AS 102 "Share-based Payment". Stock options granted by the Group to its employees are accounted as equity settled options. Accordingly, Equity-settled share based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share based payments transactions are set out in Note No. 43.6.16. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revisits its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share based payments reserve.

5.22 Earnings per share

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

5.23 Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferral or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the Group are segregated.

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 the Balance Sheet.

5.24 Segment reporting

a Identification of segments

The Group's has identified three operating reportable segments namely B2B, B2C and Financial Services. The identification of operating segments is consistent with performance assessment and resource allocation by the management.

b Allocation of common costs

Common allocable costs are allocated to the reportable segment based on sales of reportable segment to the total sales of the Group.

c Unallocated items

Corporate assets and liabilities, income and expenses which relate to the Group as a whole and are not allocable to segments, are included under other reconciling items.

6 Additional notes to the Financial Statements

6.1 Contingent liabilities

₹ in Crores

	Particulars	As at 31 March 2024	As at 31 March 2023
i	Central Excise Demands	20.09	20.09
ii	Sales Tax & Octroi Demands	8.78	9.41
iii	Customs Duty Demands	0.00	0.00
iv	Income Tax Liability	7.32	7.32
v	Claims against Group not acknowledged as debts	65.72	64.56
vi	Employees State Insurance (ESI) Demands	0.24	0.35

Notes to the Consolidated Financial Statements

6.2 Other Contigent Liabilities

₹ in Crores

	Particulars	As at 31 March 2024	As at 31 March 2023
a	Aggregate amount of such letters of credit outstanding (Charge of hypothecation referred to in Note no. 27 for working capital facilities extends to letter of credit issued by the Group's bankers)	19.08	10.71
b	Aggregate liquidated damages on unexecuted orders	1.77	1.45

6.3 Capital commitment

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	143.04	203.70

6.4 Other commitment

a The Parent Company has given letter of comfort/undertaking to one of the subsidiary's bankers for credit facilities availed by that subsidiary. As per the terms of letter of comfort/undertaking, the Parent Company undertakes not to divest its ownership interest directly or indirectly in the subsidiary beyond specified percentage.

b The subsidiary and step-down subsidiary of the Parent Company viz. Arka Financial Holdings Private Limited and Arka Fincap Limited respectively are sponsors to the Arka Credit Fund I registered with SEBI as Category II Alternative Investment Fund. The Investment Commitment to the said fund as Sponsors is ₹ 1.25 Crores.

₹ in Crores

c	Particulars	As at 31 March 2024	As at 31 March 2023
	Loans sanctioned not yet disbursed	567.61	398.28

6.5 The Sales for the current year includes an amount of ₹ 0.36 Crores (31 March 2023 : ₹ 0.50 Crores) on account of supplies to Special Economic Zone(SEZ).

6.6 Revenue recognition

a **Disaggregation of revenue**

Set out below is the disaggregation of the Group's revenue from contracts with its customers:

For the year ended 31 March 2024

₹ in Crores

Business	B2B	B2C	Financial services	Total
Power Gen Business	1,905.46	-	-	1,905.46
Industrial Business	1,008.00	-	-	1,008.00
Distribution & Aftermarket Business	748.91	-	-	748.91
International Business	522.99	29.32	-	552.31
Water Management Solutions	-	974.62	-	974.62
Farm Mechanisation Solutions	-	87.34	-	87.34
Financial Services Business	-	-	564.55	564.55
Total	**4,185.36**	**1,091.28**	**564.55**	**5,841.19**

For the year ended 31 March 2023

₹ in Crores

Business	B2B	B2C	Financial services	Total
Power Gen Business	1,655.31	-	-	1,655.31
Industrial Business	851.81	-	-	851.81
Distribution & Aftermarket Business	630.48	-	-	630.48
International Business	403.96	35.20	-	439.16
Water Management Solutions	-	913.82	-	913.82
Farm Mechanisation Solutions	-	107.03	-	107.03
Financial Services Business	-	-	370.73	370.73
Total	**3,541.56**	**1,056.05**	**370.73**	**4,968.34**

Notes to the Consolidated Financial Statements

6.6 Revenue recognition (Contd..)

b Revenue recognised in relation to contract liabilities

Movement of contract liabilities

₹ in Crores

Particulars	2023-24	2022-23
Contract liabilities at the beginning of the year	**69.19**	**57.18**
Add / (Less):		
Consideration received during the year as advance	126.44	97.34
Written off/refund/cancellation	(2.20)	0.03
Revenue recognized from contract liability *	(121.77)	(85.36)
Contract liabilities at the end of the year	**71.67**	**69.19**

* Includes revenue of ₹ 45.05 Crores (31 March 2023 : ₹ 34.52 Crores) during the year from its contract liabilities as on 1 April 2023. Contract liabilities are presented in Note 26 & Note 31 as "Advance from customer" and "Revenue received in advance".

c Information about performance obligation

i The Group is mainly in the business of manufacturing and trading of engines, gensets, electric pumps , related spares and providing financial services. The group also provides after sales services such as annual maintenance contract, extended warranty etc.

ii The Group generally recognises revenue in case of goods, when the performance obligation is satisfied at a point in time when the control is transferred i.e. either on shipment or upon delivery as per the terms of contracts in domestic and in case of export on the date of bill of lading.

In case of services, where performance obligation is satisfied at a point in time, revenue is generally recognised upon completion of services and on obtaining work completion certificates from the customers. In contracts under which performance obligation satisfied over a period of time, Revenue is generally recognised either according to stage of completion or on straight line basis depending upon the type of services provided. The stage of completion is determined based on the contractual terms.

When the Group's efforts or inputs are expended evenly throughout the performance period revenue is recognised on straight-line basis.

The payment is due from the date of invoice and payment terms are in the range of 0 days to 90 days depending on product/market segment and market channel excluding some exceptions.

iii The Group provides to its customers warranties in the forms of Repairs or replacement warranty under its standard terms and recognises it as warranty provision as per Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets"

d Unsatisfied performance obligations as at the end of reporting period:

As on 31 March 2024, the Group has unsatisfied performance obligation of ₹ 92.03 Crores (31 March 2023 : ₹ 80.55 Crores). The Group expects that ₹ 60.74 Crores will be recognised as revenue in financial year 2024-25 and remaining in subsequent years based on contractual terms.

e Asset recognised for cost incurred to obtain a contract and cost incurred to fulfil contract

The Group has recognised an asset as on 31 March 2024 of ₹ 4.40 Crores (31 March 2023 : ₹ 5.57 Crores) from cost incurred to obtain and fulfill a contract. Asset is included in Note 18 Other current asset : Prepaid expenses.

f Reconciliation of the Group's revenue from contract price with revenue:

₹ in Crores

Particulars	2023-24	2022-23
Contract price	5,927.89	5,034.58
Adjustment for :		
Contract liabilities: Discounts, incentives & late delivery charges	(86.70)	(66.24)
Revenue from contracts with customers	**5,841.19**	**4,968.34**

6.7 Disclosure pursuant to Employee benefits

A. Defined contribution plans:

Amount of ₹ 15.78 Crores (31 March 2023: ₹ 13.90 Crores) is recognised as expenses and included in Note 38 "Employee benefits expense"

B. Defined benefit plans:

The Group has following post employment benefits which are in the nature of defined benefit plans:

(a) Gratuity

(b) Pension, Post retirement medical scheme and Long-term award scheme

Notes to the Consolidated Financial Statements

6.7 Disclosure pursuant to Employee benefits (Contd..)

31 March 2024 : Changes in defined benefit obligation and plan assets

₹ in Crores

Particulars	1 April 2023	Gratuity cost charged to Statement of Profit and Loss			Benefit paid	Remeasurement gains/(losses) in Other Comprehensive Income					Contributions by employer	31 March 2024
		Service cost	Net interest expense	Sub-total included in Statement of Profit and Loss (Note 38)		Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		
(a) Gratuity												
Defined benefit obligation	(60.31)	(6.34)	(4.25)	(10.59)	7.37	-	0.30	(1.49)	(2.57)	(3.76)	-	(67.29)
Fair value of plan assets	48.01	-	3.71	3.71	(7.37)	(0.04)	-	0.14	(0.19)	(0.10)	10.26	54.52
Benefit/(liability)	(12.30)	(6.34)	(0.54)	(6.88)	-	(0.04)	0.30	(1.35)	(2.77)	(3.86)	10.26	(12.77)
(b) Pension, Post retirement medical scheme and Long-term award scheme												
Defined benefit obligation	(2.95)	(0.03)	(0.21)	(0.24)	0.30	-	-	(0.05)	0.10	0.05	-	(2.84)
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-
Benefit/(liability)	(2.95)	(0.03)	(0.21)	(0.24)	0.30	-	-	(0.05)	0.10	0.05	-	(2.84)
Total benefit /(liability)	**(15.25)**	**(6.37)**	**(0.75)**	**(7.12)**	**0.30**	**(0.04)**	**0.30**	**(1.40)**	**(2.67)**	**(3.81)**	**10.26**	**(15.61)**

31 March 2023 : Changes in defined benefit obligation and plan assets

₹ in Crores

Particulars	1 April 2022	Gratuity cost Charged to Statement of Profit and Loss			Benefit paid	Remeasurement gains/(losses) in Other Comprehensive Income					Contributions by employer	31 March 2023
		Service cost	Net interest expense	Sub-total included in Statement of Profit and Loss (Note 38)		Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		
(a) Gratuity												
Defined benefit obligation	(47.41)	(4.58)	(3.30)	(7.88)	3.45	-	0.00	(3.58)	(4.89)	(8.47)	-	(60.31)
Fair value of plan assets	48.27	-	3.39	3.39	(3.45)	(0.03)	-	0.18	(1.05)	(0.90)	0.70	48.01
Benefit/(liability)	0.86	(4.58)	0.09	(4.49)	-	(0.03)	0.00	(3.40)	(5.94)	(9.38)	0.70	(12.30)
(b) Pension, Post retirement medical scheme and Long-term award scheme												
Defined benefit obligation	(2.97)	(0.04)	(0.20)	(0.24)	0.29	-	-	0.05	(0.08)	(0.03)	-	(2.95)
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-
Benefit/(liability)	(2.97)	(0.04)	(0.20)	(0.24)	0.29	-	-	0.05	(0.08)	(0.03)	-	(2.95)
Total benefit /(liability)	**(2.11)**	**(4.62)**	**(0.11)**	**(4.73)**	**0.29**	**(0.03)**	**0.00**	**(3.35)**	**(6.02)**	**(9.41)**	**0.70**	**(15.25)**

Notes to the Consolidated Financial Statements

6.7 Disclosure pursuant to Employee benefits (Contd..)

C. Other long-term employment benefits

The Group has Compensated Absences plan which is covered by other long-term employment benefits

31 March 2024 : Changes in defined benefit obligation and plan assets of Compensated absences ₹ in Crores

Particulars	1 April 2023	Cost charged to statement of profit and loss				Benefit paid	Contributions by employer	31 March 2024
		Service cost	Interest cost	Actuarial changes arising from various assumption	Sub-total included in statement of profit and loss (Note 38)			
a) Compensated absences								
Defined benefit obligation	(32.33)	(3.89)	(2.19)	(2.76)	(8.84)	6.29	-	(34.87)
Fair value of plan assets	-	-	-	-	-	-	-	-
b) Long Term Incentive Plan								
Defined benefit obligation	-	-	-	-	-	-	-	-
Fair value of Plan assets	-	-	-	-	-	-	-	-
Benefit/(liability)	**(32.33)**	**(3.89)**	**(2.19)**	**(2.76)**	**(8.84)**	**6.29**	**-**	**(34.87)**

31 March 2023 : Changes in defined benefit obligation and plan assets of Compensated absences ₹ in Crores

Particulars	1 April 2022	Cost charged to statement of profit and loss				Benefit paid	Contributions by employer	31 March 2023
		Service cost	Interest cost	Actuarial changes arising from various assumption	Sub-total included in statement of profit and loss (Note 38)			
a) Compensated absences								
Defined benefit obligation	(28.00)	(2.75)	(1.91)	(2.43)	(7.09)	2.76	-	(32.33)
Fair value of plan assets	-	-	-	-	-	-	-	-
b) Long Term Incentive Plan								
Defined benefit obligation	(1.96)	-	-	-	-	1.96	-	-
Fair value of Plan assets	-	-	-	-	-	-	-	-
Benefit/(liability)	**(29.96)**	**(2.75)**	**(1.91)**	**(2.43)**	**(7.09)**	**4.72**	**-**	**(32.33)**

Notes to the Consolidated Financial Statements

6.7 Disclosure pursuant to Employee benefits (Contd..)

The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:

₹ in Crores

Particulars	31 March 2024	31 March 2023
Special Deposit Scheme	-	-
(%) of total plan assets	0%	0%
Insured managed funds	54.71	48.03
(%) of total plan assets	100%	100%
Others	-	-
(%) of total plan assets	0%	0%

The principal assumptions used in determining above defined benefit obligations for the Group's plans are shown below:

₹ in Crores

Particulars	31 March 2024	31 March 2023
Discount rate	7.20% - 7.30%	7.30% - 7.50%
Future salary increase	7.00% - 10.00%	7.00% - 10.00%
Expected rate of return on plan assets	7.20%-7.50%	7.20%-7.50%
Expected average remaining working lives (in years)		
Gratuity	3.26 - 12.00	3.26 - 12.00
Pension, Post retirement medical scheme and Long-term award scheme	7.51 - 9.22	8.3 - 10.03
Compensated Absences	3.26 - 9.85	3.26-10.91
Withdrawal rate (based on grade and age of employees)		
Gratuity	0%-30%	0%-30%
Pension, Post retirement medical scheme and Long-term award scheme	0.00%	0.00%
Compensated Absences	0%-30%	0%-30%

A quantitative sensitivity analysis for significant assumption is as shown below:

Gratuity

₹ in Crores

Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact) 31 March 2024	31 March 2023
Discount rate	1% Increase	6.18	5.01
	1% Decrease	(6.93)	(5.67)
Future salary increase	1% Increase	(3.30)	(3.40)
	1% Decrease	2.89	3.00
Withdrawal rate	1% Increase	1.78	1.08
	1% Decrease	(1.82)	(1.13)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Pension, Post retirement medical scheme and Long-term award scheme

₹ in Crores

Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact) 31 March 2024	31 March 2023
Discount rate	1% Increase	(0.14)	0.11
	1% Decrease	0.12	(0.19)
Withdrawal rate	1% Increase	(0.00)	0.01
	1% Decrease	-	-

Notes to the Consolidated Financial Statements

6.7 Disclosure pursuant to Employee benefits (Contd..)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The followings are the expected future benefit payments for the defined benefit plan :

₹ in Crores

Particulars	31 March 2024	31 March 2023
Within the next 12 months (next annual reporting period)		
Gratuity	8.82	11.66
Pension, Post retirement medical scheme and Long-term award scheme	0.26	0.28
Compensated absences	0.37	0.18
Between 2 and 5 years		
Gratuity	24.72	19.58
Pension, Post retirement medical scheme and Long-term award scheme	1.05	1.07
Compensated absences	-	0.23
Beyond 5 years		
Gratuity	36.69	30.05
Pension, Post retirement medical scheme and Long-term award scheme	1.14	1.19
Compensated absences	-	-
Total expected payments	**73.05**	**64.25**

Weighted average duration of defined plan obligation (based on discounted cash flows)

Years

Particulars	31 March 2024	31 March 2023
Gratuity	3.30 - 12.00	5.50-16.00
Pension, Post retirement medical scheme and Long-term award scheme	5.75 - 8.84	5.60-9.63

The followings are the expected contributions to planned assets for the next year:

₹ in Crores

Particulars	31 March 2024	31 March 2023
Gratuity	11.14	11.14

Risk Exposure

Through its defined benefit plan, the Group is exposed to a number of risks, the most significant of which are detailed below:

a. **Discount rate risk:** Variations in the discount rate used to compute the present value of the liabilities may see small,but in practise can have a significant impact on the defined benefit liabilities.

b. **Future salary escalation and inflation risk:** Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainities in estimating this increasing risk.

c. **Asset risks:** Plan assets are maintained in a trust fund partly managed by a public sector insurer viz; Life Insurance Corporation (LIC) of India and partly managed by private sector insurer.

   LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Group has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Group has no control over the management of funds but this option provides a high level of safety for the total corpus. Also interest rate and inflation risk are taken care of.

   With other private insurers the Group has opted for Mutual funds which is market linked with option to invest in equity funds. The Group has the option to structure the portfolio based on its risk appetite providing an opportunity to earn market linked returns. But there is an investment risk here which is borne by the Group.

   A single account is maintained for both investment and claim settlement and hence 100% liquidity is ensured.

Notes to the Consolidated Financial Statements

6.7 Disclosure pursuant to Employee benefits (Contd..)

d. **Asset-Liability mismatch risk:** Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Group is successfully able to neutralize valuation swings caused by interest rate movements.

e. **Unfunded Plan Risk:** This represents unmanaged risk and a growing liability. There is an inherent risk here that the Group may default on paying the benefits in adverse circumstances. Funding the plan removes volatility from the balance sheet and better manages defined benefit risk through increased returns.

Funding policy:

There is no compulsion on the part of the Group to fully prefund the liability of the Gratuity Plan. The Group's philosophy is to fund these benefits based on its own liquidity and the level of underfunding of the plan.

6.8 The Group has identified three operating reportable segments namely B2B, B2C and Financial Services. The identification of operating segments is consistent with performance assessment and resource allocation by the management. The Consolidated Statement of Segment wise Revenue, Results, Assets and Liabilities are as under :

A. Profit (before exceptional items and tax) of reportable segment

₹ in Crores

	2023-24				
Particulars	**B2B**	**B2C**	**Financial Services**	**Other Reconciling amounts**	**Total**
Segment Revenue	4,228.42	1,105.35	564.55	-	5,898.32
Total Revenue	**4,228.42**	**1,105.35**	**564.55**	**-**	**5,898.32**
Profit before exceptional items and tax	**458.64**	**44.69**	**105.80**	**1.40**	**610.53**
Depreciation and amortisation expenses	89.43	20.16	8.38	0.83	118.80
Interest expenses (Net)	1.61	5.76	314.90	5.96	328.23
Exceptional items (income/(expense))	-	-	(15.29)	-	(15.29)

₹ in Crores

	2022-23				
Particulars	**B2B**	**B2C**	**Financial Services**	**Other Reconciling amounts**	**Total**
Segment Revenue	3,582.14	1,070.87	370.79	-	5,023.80
Total Revenue	**3,582.14**	**1,070.87**	**370.79**	**-**	**5,023.80**
Profit before exceptional items and tax	**335.56**	**20.39**	**82.27**	**10.71**	**448.93**
Depreciation and amortisation expenses	77.19	22.86	3.95	0.66	104.66
Interest expenses (Net)	0.93	8.70	196.16	4.10	209.89

B. Capital employed of reportable segment

₹ in Crores

	As at 31 March 2024				
Particulars	**B2B**	**B2C**	**Financial Services**	**Unallocated**	**Total**
Assets	1,747.69	706.67	5,306.14	517.37	8,277.87
Total Assets (I)	**1,747.69**	**706.67**	**5,306.14**	**517.37**	**8,277.87**
Liabilities	1,019.02	323.15	4,122.24	153.19	5,617.60
Total Liabilities (II)	**1,019.02**	**323.15**	**4,122.24**	**153.19**	**5,617.60**

₹ in Crores

	As at 31 March 2023				
Particulars	**B2B**	**B2C**	**Financial Services**	**Unallocated**	**Total**
Assets	1,384.51	628.43	4,368.83	343.05	6,724.82
Total Assets (I)	**1,384.51**	**628.43**	**4,368.83**	**343.05**	**6,724.82**

Notes to the Consolidated Financial Statements

6.8 The Consolidated Statement of Segment wise Revenue, Results, Assets and Liabilities (Contd..)

₹ in Crores

As at 31 March 2023					
Particulars	**B2B**	**B2C**	**Financial Services**	**Unallocated**	**Total**
Liabilities	777.81	247.71	3,289.68	106.01	4,421.21
Total Liabilities (II)	**777.81**	**247.71**	**3,289.68**	**106.01**	**4,421.21**

C. Geographical based bifurcation of operating segments revenue

₹ in Crores

Particulars	**2023-24**	**2022-23**
Domestic	5,151.38	4,373.87
Export	746.94	649.93
Total	**5,898.32**	**5,023.80**

D. The Group do not have transactions with single customer amounting to 10 percent or more of Group's revenues.

6.9 Related parties have been identified as defined under Clause 9 of Indian Accounting Standard (Ind AS 24) "Related Party Disclosures"

a Description of related parties

i Name of the related party and nature of relationship where control exists:

Sr. No.	Nature of relationship	Name of Related Party
1	Entities controlled by Key Managerial Personnel	Beluga Whale Capital Management Pte Limited Snow Leopard Technology Ventures LLP
2	Associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).	ESVA Pumps India Private Limited (ESVA), Coimbatore (Joint Venture of OPEPL up to 25 March 2024 and Joint Venture of LGM w.e.f. 26 March 2024, pursuant to amalgamation -refer note 43.6.17 and 43.6.19)
3	Entities controlled by Close Member of Key Managerial Personnel	Alpak Investments Private Limited (up to 31 March 2023) Kirloskar Energen Private Limited Kirloskar Solar Technologies Private Limited Navsai Investments Private Limited Gumtree Capital Advisors LLP (w.e.f. 20 May 2022) Snow Leopard Infrastructure-1 LLP (w.e.f. 20 May 2022) Snow Leopard Lever Boost LLP (w.e.f. 24 March 2023) Cephlopod Teknik LLP III (w.e.f. 19 August 2022 up to 24 March 2023) Cephlopod Teknik - IV LLP (w.e.f. 21 September 2022 up to 24 March 2024) Cephlopod Teknik - V LLP (w.e.f. 27 February 2023) Binaza Travels Private Limited (w.e.f. 31 August 2023) Indifour Consult Private Limited (w.e.f. 27 April 2023) Alotoxl Ventures LLP (w.e.f. 10 May 2023) Cephalopod Teknik VI LLP (w.e.f. 4 March 2024) Paragon Greensutra Private Limited (w.e.f. 8 September 2023)
4	Promoter/Promoter group which hold(s) 10% or more shareholding	Atul Kirloskar Rahul Kirloskar
5	Post-Employment benefit plan of the Parent Company	Kirloskar Oil Engines Limited Employees' Group Gratuity Fund Kirloskar Oil Engines Limited Employees' Gratuity Trust Kirloskar Oil Engines Limited Officers' Superannuation Scheme Kirloskar Oil Engines Limited Officers' Superannuation Trust Kirloskar Oil Engines Limited Employees' Welfare Trust
6	Post-employment benefit plan of the Subsidiary Company	La-Gajjar Machineries Private Limited Employees Group Gratuity Trust

Notes to the Consolidated Financial Statements

6.9 Related parties have been identified as defined under Clause 9 of Indian Accounting Standard (Ind AS 24) "Related Party Disclosures" (Contd..)

ii Key Managerial Personnel and their relatives:

	Name	Name of relatives	Relationship
1	Atul Kirloskar (Executive Chairman and Key Managerial Personnel up to 31 March 2023 and appointed as Non-Executive Director and Chairman w.e.f 1 April 2023)	Arti Kirloskar Gauri Kirloskar Aditi Kirloskar (Sahni) Rahul Kirloskar Suman Kirloskar	Wife Daughter Daughter Brother Mother
2	Gauri Kirloskar (Managing Director) w.e.f. 20 May 2022	Atul Kirloskar Arti Kirloskar Christopher Kolenaty Maya Kolenaty Pia Kolenaty	Father Mother Husband Daughter Daughter

b Transactions with related parties

₹ in Crores

Sr. No.	Nature of the transaction / relationship / major parties	2023-24 Amount	2023-24 Amount	2022-23 Amount	2022-23 Amount
1	**Purchases of goods**				
	Associate or joint venture of a member of the Group	95.10		112.35	
	ESVA Pumps India Private Limited		95.10		112.35
	Entity controlled by Key Managerial Personnel	0.18		-	
	Kirloskar Solar Technologies Private Limited		0.18		-
	Total	95.28	95.28	112.35	112.35
2	**Purchases of Capital Goods**				
	Entity controlled by Key Managerial Personnel	1.26		-	
	Kirloskar Solar Technologies Private Limited		1.26		-
	Total	1.26	1.26	-	-
3	**Rendering of services from**				
	Key Managerial Personnel	9.18		11.75	
	Atul Kirloskar (up to 31 March 2023)		-		6.80
	Gauri Kirloskar		9.18		4.95
	Close member of Key Managerial Personnel	5.26		0.17	
	Rahul Kirloskar (up to 31 March 2023)		-		0.14
	Gauri Kirloskar		-		0.03
	Atul Kirloskar		5.26		-
	Promoter & Promoter group holding 10% or more shares	0.06		-	
	Rahul Kirloskar		0.06		-
	Total	14.50	14.50	11.92	11.92
4	**Expenses paid / (recovery) of**				
	Key Management Personnel	0.24		0.46	
	Atul Kirloskar		-		0.29
	Gauri Kirloskar		0.24		0.17
	Close member of Key Managerial Personnel	0.28		-	
	Atul Kirloskar		0.28		-
	Entity controlled by Key Managerial Personnel	0.82		0.63	
	Kirloskar Solar Technologies Private Limited		0.82		0.63
	Total	1.34	1.34	1.09	1.09
5	**Reimbursement / (recovery) of expenses**				
	Associate or joint venture of a member of the group	0.06		-	
	ESVA Pumps India Private Limited		0.06		-
	Key Managerial Personnel	0.06		0.18	
	Atul Kirloskar		-		0.14
	Gauri Kirloskar		0.06		0.04
	Close member of Key Managerial Personnel	0.26		-	
	Atul Kirloskar		0.26		-
	Total	0.38	0.38	0.18	0.18

Notes to the Consolidated Financial Statements

6.9 Related parties have been identified as defined under Clause 9 of Indian Accounting Standard (Ind AS 24) "Related Party Disclosures" (Contd..)

₹ in Crores

Sr. No.	Nature of the transaction / relationship / major parties	2023-24		2022-23	
		Amount	Amount	Amount	Amount
6	**Interim dividend and final dividend paid**				
	Key Managerial Personnel	**2.88**		**10.22**	
	Atul Kirloskar		-		7.34
	Gauri Kirloskar		2.88		2.88
	Close member of Key Managerial Personnel	**8.95**		**11.49**	
	Atul Kirloskar		7.34		-
	Rahul Kirloskar		-		8.89
	Arti Kirloskar		1.61		1.61
	Aditi Kirloskar		-		0.96
	Suman Kirloskar		-		0.03
	Entity controlled by Key Managerial Personnel	**0.04**		**-**	
	Navsai Investments Private Limited		0.04		-
	Entity controlled by close member of Key Managerial Personnel	**-**		**-**	
	Alpak Investments Private Limited		-		-
	Promoter & Promoter group holding 10% or more shares	**8.89**		**-**	
	Rahul Kirloskar		8.89		-
	Total	**20.76**	**20.76**	**21.71**	**21.71**
7	**Contributions Paid**				
	Post-employment benefit plan of Company	**11.87**		**2.37**	
	Kirloskar Oil Engines Limited Officers' Superannuation Scheme		1.70		1.76
	Kirloskar Oil Engines Limited Officers' Superannuation Trust		0.07		0.07
	Kirloskar Oil Engines Limited Employees' Group Gratuity Fund		10.10		0.54
	Post-employment benefit plan of Subsidiary Company	**0.33**		**0.16**	
	La-Gajjar Machineries Private Limited Employees Group Gratuity Trust		0.33		0.16
	Total	**12.20**	**12.20**	**2.53**	**2.53**
8	**Dividend income received by**				
	Associate or joint venture of a member of the Group	**0.50**		**1.59**	
	ESVA Pumps India Private Limited		0.50		1.59
	Total	**0.50**	**0.50**	**1.59**	**1.59**
Outstanding balances					
1	**Accounts payable (including financial and other assets)**				
	Associate or joint venture of a member of the group	**3.69**		**7.64**	
	ESVA Pumps India Private Limited		3.69		7.64
	Key Management Personnel				
	Commission	**8.00**		**8.00**	
	Atul Kirloskar		-		4.00
	Gauri Kirloskar		8.00		4.00
	Close member of Key Managerial Personnel	**1.81**		**-**	
	Atul Kirloskar		1.81		-
	Entity controlled by Key Managerial Personnel	**0.97**		**1.37**	
	Kirloskar Solar Technologies Private Limited		0.97		1.37
	Post-employment benefit plan of Company	**10.24**		**10.68**	
	Kirloskar Oil Engines Limited Officers' Superannuation Scheme		0.47		0.44
	Kirloskar Oil Engines Limited Officers' Superannuation Trust		0.06		0.06
	Kirloskar Oil Engines Limited Employees' Group Gratuity Fund		9.71		10.18
	Post-employment benefit plan of Subsidiary Company	**0.83**		**-**	
	La-Gajjar Machineries Private Limited Employees Group Gratuity Trust		0.83		-
	Total	**25.54**	**25.54**	**27.69**	**27.69**
2	**Accounts Receivables (including financial and other assets)**				
	Associate or joint venture of a member of the Group	**0.06**		**-**	
	ESVA Pumps India Private Limited		0.06		-
	Total	**0.06**	**0.06**	**-**	**-**

Notes to the Consolidated Financial Statements

6.9 Related parties have been identified as defined under Clause 9 of Indian Accounting Standard (Ind AS 24) "Related Party Disclosures" (Contd..)

₹ in Crores

Sr. No.	Nature of the transaction / relationship / major parties	2023-24 Amount	2023-24 Amount	2022-23 Amount	2022-23 Amount
3	**Carrying value of Investment in equity shares**				
	Associate or joint venture of a member of the Group	**4.41**		**4.40**	
	ESVA Pumps India Private Limited		4.41		4.40
	Total	**4.41**	**4.41**	**4.40**	**4.40**

Transactions with related parties are inclusive of indirect taxes, wherever applicable.

The above figures do not include provision for leave encashment and gratuity, as actuarial valuation of such provision for the Key Management Personnel is included in the total provision for Leave encashment and gratuity.

Terms and conditions of transactions with related parties

Transactions entered into with related party are made in ordinary course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash and cash equivalents. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2024, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2023: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Commitments with related parties

The Group has provided capital commitment of ₹Nil to the related parties as at 31 March 2024 (31 March 2023: ₹Nil)

Transactions with Key Managerial Personnel

Compensation of Key Managerial Personnel of the Group

₹ in Crores

Particulars	2023-24	2022-23
Short-term employee benefits	9.17	11.48
Post employment benefits	-	0.27
Total compensation paid to Key Managerial Personnel	**9.17**	**11.75**

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to Key Management Personnel.

The above figures do not include provision for leave encashment and gratuity, as actuarial valuation of such provision for the Key Managerial Personnel is included in the total provision for Leave encashment and gratuity.

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to Key Management Personnel.

6.10 Earnings Per Share (Basic and Diluted)

Particulars	2023-24	2022-23
Profit for the year attributable to owners of the Parent Company (₹ in Crores)	441.87	332.40
Total number of equity shares at the end of the year (One equity share of face value of ₹ 2 each fully paid up)	14,49,56,271	14,47,44,102
Weighted average number of equity shares for the purpose of computing Basic earnings per share	14,48,60,218	14,46,52,523
Basic Earnings per share (in ₹)	**30.50**	**22.98**

Notes to the Consolidated Financial Statements

6.10 Earnings Per Share (Basic and Diluted) (Contd..)

Particulars	2023-24	2022-23
Effect of dilution		
Stock option granted under ESOP (number of shares)	4,15,652	3,67,508
Adjustment to numerator on account of ESOP issued by subsidiary (₹ In crores)	0.70	(0.57)
Weighted average number of equity shares for the purpose of computing Diluted earnings per share	14,52,75,870	14,50,20,032
Net profit after tax and non-controlling interest for computing diluted EPS (₹ in crores)	442.57	331.83
Diluted earnings per share (in ₹)	**30.46**	**22.88**

Earnings per share are calculated in accordance with Accounting Standard (Ind AS 33) "Earnings Per Share".

6.11 Fair value disclosures for financial assets and financial liabilities

The management believes that the fair values of non-current financial assets (e.g. investments at FVTPL, loans and others), current financial assets (e.g., cash and cash equivalents, trade and other receivables, loans), non-current financial liabilities and current financial liabilities(e.g. trade payables and other payables and others) approximate their carrying amounts.

The Group has performed a fair valuation of some of its investment in unquoted ordinary shares other than subsidiary, which are classified as FVOCI (refer Note 3).For non-material investments, the Group believes that impact of change, if any ,on account of fair value is insignificant.

Fair value of unquoted investment in Mutual fund is determined by reference to Net Asset Value ('NAV') available from respective Assets Management Companies ('AMC').

6.12 Fair value Measurement hierarchy

a The following table provides the fair value measurement hierarchy of financial instruments

₹ in Crores

Particulars	Note	Carrying amount	Level of input used in		
			Level 1	Level 2	Level 3
As at 31 March 2024					
Financial Assets					
Investment at FVTPL					
Mutual funds	10 &3	388.34	-	388.34	-
Alternative Investment fund	10 &3	19.36	-	-	19.36
Investments at FVOCI					
Unquoted equity shares	3	1.20	-	-	1.20
Other Financial assets at FVTPL					
Derivative assets	15	0.50	-	0.50	-
Financial liabilities					
Other Financial liabilities at FVTPL					
Derivative liabilities	30	0.45	-	0.45	-
As at 31 March 2023					
Financial Assets					
Investment at FVTPL					
Mutual funds	10	391.67	-	391.67	-
Investments at FVOCI					
Unquoted equity shares	3	1.10	-	-	1.10
Other Financial assets at FVTPL					
Derivative assets	15	2.46	-	2.46	-

b **Significant unobservable inputs used in level 3 fair value measurements and sensitivity of the fair value measurement to changes in unobservable inputs:**

i Description of significant unobservable inputs used for financial instruments (Level 3) :

Investment in Equity shares of Kirloskar Management Sevices Private Limited (KMSPL) was valued using the Discounted Cash flow (Risk adjusted discount rate) valuation method.

ii Relationship of unobservable inputs to level 3 fair values :

Equity investments - Unquoted

A 50 bps increase/decrease in the Perpetuity growth rate used while keeping all other variables constant, the carrying value of the shares would increase by ₹ 0.05 Crores(31 March 2023 : ₹ Nil) or decrease by ₹ 0.05 Crores (31 March 2023 : ₹ 0.05 Crores) and a 50 bps increase/decrease in discounting factor used while keeping all other variables constant, the carrying value of the shares would decrease by ₹ 0.05 Crores (31 March 2023 : ₹ 0.10 Crores) or increase by ₹ 0.05 Crores (31 March 2023 : ₹ 0.05 Crores).

Notes to the Consolidated Financial Statements

6.13 Financial instruments risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Group's operations and support its operations. The Group's principal financial assets include investments, loans, trade and other receivables, cash and short-term deposits and other financial assets that have been derived directly from its operations. The Group also enters into derivative transactions.

The Group's senior management oversee the management of the risks. The Audit Committee and Board review financial risks and the appropriate risk governance framework for the Group's financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors review and agree policies for managing each of the risks, which are summarised below:

a Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, deposits, Investments, trade and other receivables, trade and other payables and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at 31 March 2024 and 31 March 2023.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity, pension and other post-retirement obligations and provisions.

The following assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant Statement of Profit and Loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2024 and 31 March 2023 including the effect of hedge accounting.

Interest rate risk

a. Exposure

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to changes in interest rates, excluding financial services business, relates primarily to the Group's outstanding floating rate debt. In respect of financial services business, for the debt on floating rate basis, there is a natural hedge with receivables.

₹ in Crores

Particulars	31 March 2024	31 March 2023
Long Term Fixed Interest Loans	-	0.17
Short Term Fixed Interest Loans	10.72	-
Long Term Floating Interest Loans	141.34	0.31
Short Term Floating Interest Loans	45.82	46.92

b. Interest Rate Sensitivity

₹ in Crores

Financial Year	Change in Interest Rate	Effect on profit before tax	Effect on pre-tax equity
31 March 2024	Increase 50 bps	(0.81)	(0.81)
	Decrease 50 bps	0.81	0.81
31 March 2023	Increase 50 bps	(0.40)	(0.40)
	Decrease 50 bps	0.40	0.40

The sensitivity is calculated only in respect of floating interest rate loan. It is calculated by changing the interest rates by 50 bps keeping all other factors constant.

Notes to the Consolidated Financial Statements

6.13 Financial instruments risk management objectives and policies (Contd..)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

Amounts in Foreign currencies in 000's

Nature of exposure	Currency	31 March 2024	31 March 2023
Receivables	USD	24,599.33	18,819.09
	CHF	0.12	-
Payables	USD	9114.87	2,447.39
	EUR	496.02	307.88
	GBP	100.12	-
	SEK	-	311.08
	NPR	1,434.02	810.00
	CHF	0.00	-
	JPY	6,942.20	1,153.73
	BDT	1,263.97	204.23

The Group manages its foreign currency risk by hedging transactions related to sales and purchases. This foreign currency risk is hedged by using foreign currency forward contracts. As on 31 March 2024 and 31 March 2023, the Group has hedged the following of its total foreign currency exposure

Amounts in Foreign currencies

Nature of exposure	Currency	31 March 2024	31 March 2023
Foreign Curreny - Forward Contracts	USD	5,10,00,000	3,05,00,000

The Group has mark to market gain on forward currency forward contract of ₹ 0.04 Crores (31 March 2023 : ₹ 2.37 Crores) .

Foreign currency sensitivity on unhedged exposure

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on the Group's pre-tax equity is due to changes in the Group's profit before tax. The Group's exposure to foreign currency changes for all other currencies is not material.

₹ in Crores

As at	Change in USD rate	Effect on profit before tax	Effect on pre-tax equity
31 March 2024	+5%	7.52	7.52
	-5%	(7.52)	(7.52)
31 March 2023	+5%	6.73	6.73
	-5%	(6.73)	(6.73)

₹ in Crores

As at	Change in EUR rate	Effect on profit before tax	Effect on pre-tax equity
31 March 2024	+5%	(0.22)	(0.22)
	-5%	0.22	0.22
31 March 2023	+5%	(0.12)	(0.12)
	-5%	0.12	0.12

Notes to the Consolidated Financial Statements

6.13 Financial instruments risk management objectives and policies (Contd..)

Commodity price risk

The Parent Company and one of its subsidiary is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase and manufacture of engines, pumps & motors and therefore require a continuous supply of iron, copper and steel. However, the Parent and one of its subsidiary being the indirect user of these commodities, volatility in price of such commodity does not have direct or immediate impact on the profitability of the Group. Hence, the Group does not foresee any direct or immediate risk with respect to such commodity price fluctuation.

₹ in Crores

Commodities	Change in commodity price	Effect on profit before tax	Effect on pre-tax equity
Copper	+5%	(1.52)	(1.52)
	-5%	1.52	1.52
PVC Resin	+5%	(0.31)	(0.31)
	-5%	0.31	0.31

Other price risk

The Group's portfolio of investments mainly consists of debt mutual fund with short term maturity. Hence management believes that this portfolio is not significantly susceptible to market risk.

b Regulatory risk

One of the Subsidiary Company of Arka Financial Holding Private Limited being a NBFC shall have exposure to risk related to non-compliance of regulatory guidelines such as RBI guidelines, as applicable. Such non-compliance may result in levy of heavy penalties and fines by the regulator, as well as, reputational loss to the Group. The risk can arise due to non-compliance to applicable guidelines and/or lack of monitoring and follow-up on the implementation of applicable laws.

Mitigation:

- The compliance and legal / secretarial department shall submit a compliance certificate post ensuring adherence to applicable laws on quarterly basis to the Risk Committee.
- The Board of NBFC shall take note of the compliance certificate and Compliance officer shall report to Board of NBFC in case of any material non-compliance.
- The Board of NBFC shall do a regular review of risk and identify gaps if any and take corrective actions.

c Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

One of the Subsidiary Company of Arka Financial Holding Private Limited being a NBFC is subject to credit risk in terms of non-recovery of interest as well as principal amount of the money lent by the Company to its customers. Such risk can arise due to inadequate documentation or evaluation of the borrower, default by the existing borrowers, external factors such as political volatility in the region of exposure concentration, amongst many other factors leading to loss of revenue. The NBFC has set up a Credit Committee for approval of the lending in both Retail Operations and Wholesale lending, the decision by the Credit Committee shall be binding on the Business Department. The Credit Committee is empowered to deploy, monitor, manage the funds of the NBFC in terms of its charter as approved by the Board of NBFC.

Mitigation:

- The NBFC has formed a Credit procedures and policy to address the risk.
- Continuous monitoring mechanism is developed by adopting various checks and controls in the processes.
- The NBFC has set up a Credit Committee for approval of the lending in both Retail Operations and Wholesale lending, the decision by the Credit Committee shall be binding on the Business Department. The Credit Committee is empowered to deploy, monitor, manage the funds of the Group in terms of its charter as approved by the Board of the Group.

Notes to the Consolidated Financial Statements

6.13 Financial instruments risk management objectives and policies (Contd..)

Trade receivables

Receivables are reviewed, managed and controlled for each class of customers separately. Credit exposure risk is mainly influenced by class/type of customers, depending upon their characteristics. Credit risk is managed through credit approval process by establishing credit limits along with continuous monitoring of credit worthiness of customers to whom credit terms are granted. Wherever required, credit risk of receivables is further covered through letter of credit, bank guarantee, business deposits and such other forms of credit assurance schemes.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are combined into homogenous category and assessed for impairment collectively. The calculation is based on actual incurred historical data. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are spread over vast spectrum.

The Parent Company consistently recognizes provision for any significantly delayed receivables, for accounting of expected credit losses. Provision for doubtful debts and advances as at 31 March 2024 includes a fully provided receivable of ₹ 41.47 crore (31 March 2023 : ₹ 28.09 crore) in respect of receivables against sales of Gensets to a customer made in previous years. The aforesaid provision is net of reversal of ₹ 4.98 crore arising on account of receipt of payment from the customer during the current year. While the Parent Company is in active discussions with the customer for the remaining payment, the aforesaid provision has been continued as per the consistent policy of the Parent Company for accounting of expected credit losses.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made as per the approved investment policy. Investment limits are set to minimise the concentration of risks and therefore mitigate financial loss if any.

d Liquidity risk

The Group monitors its risk of a shortage of funds using a liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The risk arises due to asset liability mismatch. The inadequacy of the NBFC subsidiary in increasing its asset base, managing any unplanned changes in funding sources and meeting the financial commitments when required may result in non-liquidity.

Mitigation:

- NBFC has Asset Liability Management Policy in line with the RBI guidelines.
- The Asset Liability Management Committee (ALCO) is responsible for managing the risk arising out of exposures to interest rate changes and mismatches between assets and liabilities.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

Notes to the Consolidated Financial Statements

6.13 Financial instruments risk management objectives and policies (Contd..)

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

₹ in Crores

Particulars	Carrying Amount	On demand	Up to 3 months	> 3 months to 1 year	1 year to 5 years	More than 5 years	Total
Year ended 31 March 2024							
Interest bearing borrowings	4,124.68	56.54	376.40	1,704.06	1,900.14	87.54	**4,124.68**
Other financial liabilities	379.06	20.64	323.31	18.61	0.24	16.26	**379.06**
Lease liabilities	17.16	-	3.19	6.46	7.56	-	**17.21**
Trade payables	794.11	-	775.42	17.13	1.19	0.37	**794.11**
Total	**5,315.01**	**77.18**	**1,478.32**	**1,746.26**	**1,909.13**	**104.17**	**5,315.06**
Year ended 31 March 2023							
Interest bearing borrowings	3,230.35	38.87	419.49	970.09	1,575.73	226.17	**3230.35**
Other financial liabilities	213.28	17.50	147.43	30.12	0.03	18.20	**213.28**
Lease liabilities	13.90	-	2.45	6.71	5.59	-	**14.75**
Trade payables	678.33	4.91	668.97	4.45	-	-	**678.33**
Total	**4,135.86**	**61.28**	**1,238.34**	**1,011.37**	**1,581.35**	**244.37**	**4,136.71**

e Operational risk

Operational risk is the risk arising out of failure of internal process, people and systems put in place by the Group. Such risk may also arise out of the external factors as well as internal control system failure defeating the core objective of the Group operations.

Mitigation:

- The NBFC cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include maker-checker controls, effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

f Reputation risk

The subsidiary company being an NBFC, the Group is subject to reputational loss arising due to various other risks such as Regulatory non-compliance, Operational breakdown or Borrower Dissatisfaction.

Mitigation:

- The NBFC has formed HR Policy in order to address any concerns of the employees internally.
- The NBFC has created Fair Practice Code which sets out the Grievance Redressal Mechanism in order to address customer concerns.
- The Fair Practice Code also ensures that the Group does not rely upon any coercive activities in order to recover the money from borrowers.

g Strategic risk

The risk arising out of non-responsiveness of business in adapting to internal as well as external environment. Such risk arises when the business strategies are not flexible to factor in the macro factors.

Mitigation:

- The Board and Risk Committee of NBFC are made ultimate responsible authorities in order to ensure that the risk in the organization are mitigated as well as monitored.
- The Risk/ALCO committee of NBFC are given responsibility of recommending the changes in the risk appetite of the NBFC.

6.14 Capital management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

Notes to the Consolidated Financial Statements

6.14 Capital management (Contd..)

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2024 and 31 March 2023.

6.15 Lessee accounting

a. Lessee accounting

Lease liabilities movement

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Lease liability at beginning of the year	**13.90**	**8.52**
Add : Lease liability recognised during the year	13.49	13.34
Add: Interest on lease liability	1.96	1.26
Less: Lease rental payments	(11.23)	(8.47)
Less : Lease derecognised during the year	(0.96)	(0.75)
Lease liability at the end of the year	**17.16**	**13.90**

Total cash outflow for leases

₹ in Crores

Particulars	As at 31 March 2024	As at 31 March 2023
Short term leases and low-value asset leases not included in the measurement of the liabilities	30.13	25.82
Total	**30.13**	**25.82**

b. Lessor accounting

The Parent Company is a lessor in the operating lease. The subject of these transactions is primarily aircraft leasing and, to a small extent plant and machinery. There is definitive binding agreement between lessor and lessee defining rights and obligation with respect to underlying assets which in substance mitigates the Parent Company's risk.

Property, plant and equipment provided on operating lease as at 31 March 2024 and 31 March 2023 are as follows:

₹ in Crores

Particulars	Gross block	Accumulated depreciation	Net block
31 March 2024			
Aircraft	27.45	25.45	2.00
31 March 2023			
Aircraft	25.88	24.63	1.25

Lease income generated during the year is ₹ 0.81 Crores (31 March 2023: ₹ 0.76 Crores) (Refer Note 34)

Maturity analysis of expected receipts of lease payments

The following is maturity analysis of lease payments showing non-discounted operating lease payments which are expected over the coming years:

₹ in Crores

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	Total
Expected receipts of Lease payments	1.01	0.34	-	1.35

Notes to the Consolidated Financial Statements

6.16 Employee stock option plans (ESOP)

6.16.1 ESOP issued by Parent Company

The Parent Company provides share-based employee benefits to its employees and the employees of its subsidiaries. The relevant details of the schemes and the grant are as below.

Description of share-based payment arrangements

As at 31 March 2024, the Parent Company has the following share-based payment arrangements:

Share option plans (equity settled)

According to the Scheme, the employee selected by the Nomination and Remuneration Committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions. The Option may be exercised within a specified period.

The Employees Stock Option Plan 2019 – (KOEL ESOP 2019) was approved by the shareholders of the Parent Company in AGM conducted on 9 August 2019 for issue of maximum 14,00,000 options representing 14,00,000 Equity shares of ₹ 2 each. Pursuant to the said approvals and authority delegated by the Board and Shareholders of the Parent Company, the Nomination and Remuneration Committee of the Board of Directors of the Parent Company in its meeting held on 5 March 2021 had approved the grant of 9,40,000 employee stock options ("Options") to eligible employees of the Parent Company. Each option shall carry the right to be issued one fully paid up equity share of ₹2/- each.

The Members of the Parent Company at the Annual General Meeting of Kirloskar Oil Engines Limited held on 12 August 2021, passed a resolution amending the Kirloskar Oil Engines Limited – Employee Stock Option Plan 2019 in terms of coverage of the KOEL ESOP 2019 to the eligible employees of its subsidiary Company, in or out of India except such subsidiary Company(ies) which are formed and engaged in financial service business.

During the earlier years, the Nomination and Remuneration Committee of the Board of Directors of the Company in its meeting held on 27 October 2021 and 18 May 2022 had approved the grant of 50,000 employee stock options and 275,000 employee stock options to the eligible employees of Subsidiary viz. La-Gajjar Machineries Private Limited and to the eligible employees of the Company respectively in terms of 'Kirloskar Oil Engines Limited - Employee Stock Option Plan 2019 - Amended ("KOEL ESOP 2019") and the special resolutions passed by the Members of the Company at the Annual General Meeting held on 9 August 2019 and 12 August 2021. Each option shall carry the right to be issued one fully paid up equity share of ₹2/- each.

During the year, the Nomination and Remuneration Committee of the Board of Directors of the Company in its meeting held on 10 August 2023 has approved the grant of 1,35,000 employee stock options ("Options") to the eligible employees of the Company in terms of 'Kirloskar Oil Engines Limited – Employee Stock Option Plan 2019 ("KOEL ESOP 2019") and the special resolutions passed by the Members of the Company at the Annual General Meeting held on 9 August 2019 and 12 August 2021.

a. Details of the ESOP

Particulars	KOEL ESOP 2019			
	KOEL Employees (Tranche I)	LGM Employees	KOEL Employees (Tranche II)	KOEL Employees (Tranche III)
Date of Grants	5 March 2021	27 October 2021	18 May 2022	10 August 2023
Vesting Requirements	Vest not earlier than one year and not later than four years from the date of grant of such options.	Vest not earlier than one year and not later than four years from the date of grant of such options.	Vest not earlier than one year and not later than four years from the date of grant of such options.	Vest not earlier than one year and not later than four years from the date of grant of such options.

Notes to the Consolidated Financial Statements

6.16 Employee stock option plans (ESOP) (Contd..)

Particulars	KOEL ESOP 2019			
	KOEL Employees (Tranche I)	LGM Employees	KOEL Employees (Tranche II)	KOEL Employees (Tranche III)
Maximum term of Options granted (years)	The Employee stock options granted shall be capable of being exercised within a period being not more than two years from the date of vesting	The Employee stock options granted shall be capable of being exercised within a period being not more than two years from the date of vesting	The Employee stock options granted shall be capable of being exercised within a period being not more than two years from the date of vesting	The Employee stock options granted shall be capable of being exercised within a period being not more than two years from the date of vesting
Method of Settlement	Equity	Equity	Equity	Equity
Method used for accounting of Options	Fair value method	Fair value method	Fair value method	Fair value method

b. **Option Movement during the year ended 31 March 2024 and 31 March 2023**

Grant dated 5 March 2021

Particulars	31 March 2024			31 March 2023		
	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	4,64,424		2.62	7,18,042		3.36
Pending allotment as at the beginning of the year	7,194		NA	1,571		NA
Granted during the year	-		NA	-		NA
Forfeited/Lapsed during the year	49,220		NA	1,23,469		NA
Exercised and allotted during the year (including options exercised but pending allotment at the beginning of the year)	1,30,610	103.14	NA	1,24,526	103.14	NA
Exercised and pending allotment	39,089		NA	7,194		NA
Outstanding at the end of the year	2,52,699		2.24	4,64,424		2.62
Exercisable at the end of the year	1,35,305		1.64	2,01,744		1.56

Grant dated 27 October 2021

Particulars	31 March 2024			31 March 2023		
	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	31,150		3.33	45,300		4.08
Pending allotment as at the beginning of the year	-		NA	-		NA
Granted during the year	-		NA	-		NA
Forfeited/Lapsed during the year	2,175		NA	8,900		NA
Exercised and allotted during the year (including options exercised but pending allotment at the beginning of the year)	7,100	128.88	NA	5,250	128.88	NA
Exercised and pending allotment	-		NA	-		NA
Outstanding at the end of the year	21,875		2.66	31,150		3.33
Exercisable at the end of the year	5,125		1.30	3,850		1.58

Notes to the Consolidated Financial Statements

6.16 Employee stock option plans (ESOP) (Contd..)

Grant dated 18 May 2022

Particulars	31 March 2024			31 March 2023		
	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	2,70,000		3.31	-		NA
Pending allotment as at the beginning of the year	-		NA	-		NA
Granted during the year	-		NA	2,75,000		NA
Forfeited/Lapsed during the year	40,000		NA	5,000		NA
Exercised during the year	74,459	87.93	NA	-	87.93	NA
Exercised and allotted during the year (including options exercised but pending allotment at the beginning of the year)	1,070		NA	-		NA
Outstanding at the end of the year	1,54,471		2.80	2,70,000		3.31
Exercisable at the end of the year	14,887		1.13	-		-

Grant dated 10 August 2023

Particulars	31 March 2024			31 March 2023		
	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)	No. of Options	Weighted average exercise price ₹	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	-		-	-		NA
Pending allotment as at the beginning of the year	-		-	-		NA
Granted during the year	1,35,000		NA	-		NA
Forfeited/Lapsed during the year	-		NA	-		NA
Exercised during the year	-	267.36	NA	-	-	NA
Exercised and allotted during the year (including options exercised but pending allotment at the beginning of the year)	-		NA	-		NA
Outstanding at the end of the year	1,35,000		3.86	-		NA
Exercisable at the end of the year	-		0.00	-		NA

c. **Significant assumptions used to estimate the fair value of options:**

Variables	KOEL Employees (Tranche I)	LGM Employees	KOEL Employees (Tranche II)	KOEL Employees (Tranche III)
1. Risk free interest rate	5.22%	5.16%	6.66%	6.99%
2. Expected life (in years)	3.44	3.50	3.50	3.51
3. Expected volatility	37.85%	39.66%	40.93%	44.42%
4. Dividend yield	1.88%	2%	2%	2%
5. Price of the underlying share in market at the time of the option grant (₹)	171.90	214.80	146.55	445.60
6. Model used	Black Scholes	Black Scholes	Black Scholes	Black Scholes

d. **Options vested but not exercised**

(Number of Options)

Grant Date	31 March 2024	31 March 2023
5 March 2021	1,35,305	2,01,744
27 October 2021	5,125	3,850
18 May 2022	14,887	-
10 August 2023	-	-

Notes to the Consolidated Financial Statements

6.16 Employee stock option plans (ESOP) (Contd..)

e. **Weighted average remaining contractual life of outstanding options (in years)**

Particulars	KOEL Employees (Tranche I)	LGM Employees	KOEL Employees (Tranche II)	KOEL Employees (Tranche III)
The weighted average contractual life of options outstanding as on 31 March 2024	2.24	2.66	2.80	3.86
The weighted average contractual life of options exercisable as on 31 March 2024	1.64	1.30	1.13	-

f. **Effect of share-based payment transactions on the entity's Profit or Loss for the period:**

₹ in Crores

Particulars	31 March 2024	31 March 2023
Employee share based expenses	1.79	1.85
Total ESOP reserve outstanding at the end of the period	4.24	4.21

Note : For the options granted to employees of subsidiary company, the Parent Company has recovered the cost from the subsidiary company. During the year, the Parent Company received Rs. 0.10 crores (31 March 2023 : Rs Nil) against the recovery amount accrued as receivable.

6.16.2 ESOP issued by Subsidiaries

The Stepdown Subsidiary Arka Fincap Limited provides share based employee benefits to the employees. The relevant details of the schemes and the grant are as below.

Description of share based payment arrangements

As at 31 March 2024, the Subsidiary Company has the following share based payment arrangements

Share option plans (equity settled)

According to the Schemes, the employee selected by the Nomination and Remuneration Committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions. The Option may be exercised within a specified period.

The Plan was approved by Board of Directors on 24 April 2019 and by the shareholders in EGM dated 2 May 2019 for issue of 5,00,00,000 options representing 5,00,00,000 Equity shares of ₹ 10 each. Pursuant to the said approvals and authority delegated by the Board and Shareholders of the Company, the Nomination and Remuneration Committee had made grants, the details of the same are produced in the below table.

a. Details of the ESOP

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3	ESOP Grant 4	ESOP Grant 5	ESOP Grant 6
ESOP Plan/ Scheme	ESOP - 2019	ESOP - 2019	ESOP - 2019	ESOP - 2019	ESOP - 2019	ESOP - 2019
Date of Grants	06 May 2019	01 November 2019	02 November 2020	18 July 2022	07 June 2023	26 June 2023
Vesting Requirements	Vesting criteria is specified for each Option holder by the Nomination and Remuneration Committee at the time of grant of Options.					
Maximum term of Options granted (years)	Vesting period of option vary from employee to employee or class of employees. The maximum vesting period of option is five years from the date of grant of option. Options shall be capable of being exercised within a period of 6 years from the Date of Vesting.					
Method of Settlement	Equity					
Method used for accounting of Options	Fair value method					

Notes to the Consolidated Financial Statements

6.16 Employee stock option plans (ESOP) (Contd..)

b. Option movement during the year ended 31 March 2024

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3	ESOP Grant 4	ESOP Grant 5	ESOP Grant 6
No. of Options outstanding at the beginning of the year	2,06,50,000	12,50,000	3,25,000	99,50,000	-	-
Options granted during the year	-	-	-	-	45,20,000	2,00,000
Options forfeited/lapsed during the year	-	-	-	-	-	-
Options exercised during the year	-	-	-	-	-	-
No. of Options outstanding at the end of the year	2,06,50,000	12,50,000	3,25,000	99,50,000	45,20,000	2,00,000
No. of Options exercisable at the end of the year	2,06,50,000	12,50,000	1,95,000	39,80,000	-	-
The weighted average share price of shares exercised during the year ended 31 March 2024	NA	NA	NA	NA	NA	NA

Option movement during the year ended 31 March 2023

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3	ESOP Grant 4	ESOP Grant 5	ESOP Grant 6
No. of Options outstanding at the beginning of the year	2,06,50,000	12,50,000	10,75,000	-	-	-
Options granted during the year	-	-	-	1,00,00,000	-	-
Options forfeited/lapsed during the year	-	-	7,50,000	50,000	-	-
Options exercised during the year	-	-	-	-	-	-
No. of Options outstanding at the end of the year	2,06,50,000	12,50,000	3,25,000	99,50,000	-	-
No. of Options exercisable at the end of the year	2,06,30,000	7,50,000	97,500	-	-	-
The weighted average share price of shares exercised during the year ended 31 March 2023	NA	NA	NA	NA	NA	NA

c. Weighted average remaining contractual life of outstanding options (in years)

As at 31 March 2024

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3	ESOP Grant 4	ESOP Grant 5	ESOP Grant 6
Range of Exercise Price (₹ per share)	10.00	10.00	11.00	12.00	12.75	12.75
No. of Options outstanding at the end of the year	2,06,50,000	12,50,000	3,25,000	99,50,000	45,20,000	2,00,000
Contractual Life: Granted but not vested (in years)	-	-	0.41	1.50	1.74	1.75

Notes to the Consolidated Financial Statements

6.16 Employee stock option plans (ESOP) (Contd..)

d. Method and assumptions used to estimate the fair value of options granted:

The fair value has been calculated using the Black Scholes Option Pricing model.

The assumptions used in the model are as follows:

Particulars	ESOP Grant 1	ESOP Grant 2	ESOP Grant 3	ESOP Grant 4	ESOP Grant 5	ESOP Grant 6
Risk free interest rate	7.40%	6.60%	5.80%	7.17%	6.84%	6.95%
Weighted average expected life (in years)	6	7	7	5	5	5
Expected volatility	1.00%	1.00%	1.00%	19.45%	19.67%	19.45%
Weighted average exercise price (₹ per share)	10.00	10.00	11.00	12.00	12.75	12.75

e. Effect of share based payment transactions on the entity's Statement of Profit or Loss for the period:

₹ in Crores

Particulars	31 March 2024	31 March 2023
Employee share based expenses	2.13	1.37
Total ESOP reserve outstanding at the end of the period	11.41	9.26

6.17 Acquisitions (Business combination)

La-Gajjar Machineries Private Limited

1 The Parent Company, on 21 June 2017 executed definitive share purchase agreement for acquisition of 100% equity shares in La-Gajjar Machineries Private Limited (LGM). On 1 August 2017 the Parent Company acquired 76% of equity shares of LGM as per the terms of share purchase agreement for consideration of ₹ 252.93 Crores. This purchase consideration was paid in cash. Further, as per the said agreement, the Parent Company agreed to pay additional consideration with respect to certain identified projects, linked to EBITDA achieved up to 31 December 2018. As per extant guidelines of Ind AS 103, "Business Combination", this contingent consideration is to be fair valued. Accordingly, the fair value was estimated at ₹ 0.85 Crores by applying the discounted cash flow approach to the expected EBITDA. The contingent consideration, was capitalized as investment by creating corresponding financial liability in the consolidated financials. The contingent consideration was discharged in previous year 2018-19. The Parent Company had completed purchase price allocation within the measurement period and finalized value of assets acquired, liabilities assumed and the resulting Goodwill during the reporting year ended 31 March 2019 itself. Further, the Parent Company had entered into a shareholders agreement on 21 June 2017 to purchase remaining 24% equity shares. The Company has a call option to acquire and simultaneously, shareholders of LGM had put option to sell the remaining 24% equity shares, to be exercised within the holding period of 5 years at a price based on mutually agreed upon formula. However, if the options was not exercised in the given option period, the Company had to purchase remaining equity shares within 60 days from the end of the option period by applying same formula agreed for at the time of exercising options.

During financial year 2022-23, on 26 September 2022 the Parent Company had acquired balance 24% equity shares of La-Gajjar Machineries Private Limited (LGM) as per the Shareholders' Agreement including amendments thereof at the final acquisition price of ₹ 109.36 crores by discharging the existing current financial liability at at that date, for a cash consideration. Consequent to the aforesaid acquisition, the Parent Company is holding 100% equity shares of LGM and LGM had become a Wholly Owned Subsidiary of the Parent Company.

2 On 29 November 2023, KAC had acquired 51% stake of Engines LPG, LLC dba Wildcat Power Gen, an Ohio Limited Liability Company based at PO Box 12234, Wichita, KS 67277 United State of Americas (hereinafter referred as 'Engines LPG LLC') at an approximate consideration of Three Hundred Fifty Seven Thousand Dollars ($357,000) by signing Securities Purchase Agreement and other ancillary agreements as per prevailing application laws in USA. Engines LPG LLC is engaged in the business of designing, manufacturing, selling and servicing of generators powered by gas, diesel, other environmental fuel/ power solution under the brand name of Wildcat Power Gen for all types of applications. This acquisition is step towards business expansion and to enable market development in Powergen applications for the North American markets. Pursuant to the said acquisition, Engines LPG LLC has become a step-down subsidiary of the Company and subsidiary of KAC with effect from 29 November 2023.

The subsidiary company KAC has incurred acquisition related costs of ₹ 1.26 Crores on legal/professional fees and due diligence. These costs are included in legal and professional fees under "Other Expenses".

Notes to the Consolidated Financial Statements

6.17 Acquisitions (Business combination) (Contd..)

For year ended 31 March 2024, Engines LPG LLC contributed revenue of ₹ 2.99 Crores and loss before tax of ₹ 5.60 Crores to the Parent Company's results.

Management estimates that Engines LPG LLC would have contributed revenue of ₹ 4.98 Crores and loss before tax of ₹ 10.85 Crores to the Parent Company's results had the acquisition occurred on 1 April 2023.

The following table summarizes the recognized amounts of assets acquired, liabilities assumed and consequential goodwill as on the date of acquisition which approximates the acquistion date fair values:

Particulars	USD	₹ in Crores
Property, plant and equipment	77,875	0.66
Inventories	4,86,165	4.05
Trade receivables	4,632	0.04
Cash and cash equivalents	2,962	0.02
Other assets	37,694	0.30
Borrowings	(60,457)	(0.50)
Trade payables	(11,27,819)	(9.41)
Other payables	(13,97,033)	(11.65)
Total net identifiable assets acquired	**(19,75,981)**	**(16.48)**
Non-Controlling Interest	(16,53,082)	(13.79)
Goodwill	6,79,899	5.67
Total Purchase consideration	**3,57,000**	**2.98**

This goodwill is attributed to the expected synergies due to forward integration with the Parent Company.

6.18 Compliance with approved scheme of Arrangements :

During the financial year 2023-24, One of the Subsidiary La-Gajjar Machineries Private Limited (LGM/Transferee Company) and Optiqua Pipes and Electricals Private Limited (OPEPL/Transferor Company) have approved the draft scheme of arrangement in their respective meetings of Board, Shareholders and Creditors. This scheme has been further approved by the Regional Director, Ahmedabad (North Western Region) on 22 March 2024. OEPEL and LGM has filed the order copy issued by Regional Director, Ahmedabad (North Western Region) with Ministry of Corporate Affairs / Registrar of Companies, Ahmedabad, Gujarat on 26 March 2024 which is the effective date of said Scheme. Pursuant to the approval of Scheme of Amalgamation, OPEPL amalgamated with LGM and accordingly, OPEPL ceased to be the wholly owned subsidiary of LGM. Further ESVA Pumps India Private Limited (ESVA) is a Joint Venture (JV) formed on 4 October 2021 between Mr. V Bharanitharan (25.5%), Mrs. C Shanthi (25.5%) and Optiqua Pipes and Electricals Private Limited (49%). Consequent to the aforesaid Scheme, OPEPL's interest of 49% in ESVA is transferred to LGM. ESVA is in the process of completing the procedural formalities for transfer of shares from OPEPL to LGM.

In the current year, two entities La-Gajjar Machineries Private Ltd (LGM) and Optiqua Pipes and Electricals Private Limited (OPEPL) (both under common control of KOEL) wherein OPEPL got amalgamated into LGM as per the scheme of amalgamation, the transferee Company (LGM) post merger has restated the comparative figures in the financial statements as required under Appendix C of IND AS 103 and as stated in the accounting policy.

6.19 Disclosure in terms of Schedule III of the Companies Act, 2013

₹ in Crores

Particulars	Net Assets (i.e. Total assets minus total liabilities)		Share in Profit/(Loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit/loss amount	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
F.Y. 2023-24								
1. Parent:								
Kirloskar Oil Engines Limited	98.59%	2,622.69	81.84%	361.63	81.68%	(2.63)	81.84%	359.00

Notes to the Consolidated Financial Statements

6.19 Disclosure in terms of Schedule III of the Companies Act, 2013 (Contd..)

₹ in Crores

Particulars	Net Assets (i.e. Total assets minus total liabilities)		Share in Profit/(Loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit/loss amount	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
2. Subsidiary (Foreign):								
Kirloskar Americas Corporation***	-0.36%	(9.55)	-0.95%	(4.20)	2.17%	(0.07)	-0.97%	(4.27)
3. Subsidiary (Indian):								
Arka Financial Holdings Private Limited*	44.50%	1,183.90	15.11%	66.78	6.21%	(0.20)	15.18%	66.58
La-Gajjar Machineries Private Limited**	3.87%	103.06	5.59%	24.70	10.25%	(0.33)	5.56%	24.37
Add/(Less): Minority interests in all subsidiaries	-	-	0.49%	2.17	-0.31%	0.01	0.50%	2.18
Add/(Less): Inter-Company eliminations	-46.61%	(1,239.83)	-2.08%	(9.21)	0.00%	-	-2.10%	(9.21)
Total	**100.00%**	**2,660.27**	**100.00%**	**441.87**	**100.00%**	**(3.22)**	**100.00%**	**438.65**
F.Y. 2022-23								
1. Parent:								
Kirloskar Oil Engines Limited	101.23%	2,331.84	81.30%	270.25	93.50%	(8.92)	80.94%	261.33
2. Subsidiary (Foreign):								
Kirloskar Americas Corporation	0.37%	8.50	0.41%	1.37	-0.31%	0.03	0.43%	1.40
3. Subsidiary (Indian):								
Arka Financial Holdings Private Limited*	46.85%	1,079.15	18.34%	60.96	0.31%	(0.03)	18.87%	60.93
La-Gajjar Machineries Private Limited**	3.42%	78.70	1.37%	4.56	6.29%	(0.60)	1.23%	3.96
Add/(Less): Minority interests in all subsidiaries	-	-	0.23%	0.75	0.21%	(0.02)	0.23%	0.73
Add/(Less): Inter-Company eliminations	-51.86%	(1,194.58)	-1.65%	(5.49)	0.00%	-	-1.70%	(5.49)
Total	**100.00%**	**2,303.61**	**100.00%**	**332.40**	**100.00%**	**(9.54)**	**100.00%**	**322.86**

*AFHPL includes "Arka Investment Advisory Services Private Limited" (AIASPL) (wholly owned subsidiary of the AFHPL) and "Arka Fincap Limited"(subsidiary of AFHPL) i.e. on a consolidated basis. AFHPL has 99.998% shareholding in AFL.

**La-Gajjar Machineries Private Limited, a wholly-owned subsidiary of the Company and Optiqua Pipes and Electricals Private Limited, a step-down subsidiary of the Company has been amalgamated w.e.f. 26 March 2024, pursuant to the Scheme of Amalgamation between Optiqua Pipes and Electricals Private Limited (OPEPL/ Transferor Company) and La-Gajjar Machineries Private Limited, (LGM/ Transferee Company) and their respective shareholders and creditors under Section 233 of the Companies Act 2013 read with Rule 25 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, including amendments thereunder. Accordingly, OPEPL ceased to be a step down subsidiary of the Company. Further ESVA Pumps India Private Limited (ESVA) was the 'Associate Company' of OPEPL with effect from 4 October 2021 pursuant to Section 2(6) of the Companies Act, 2013 and rules made thereunder, on account of a Joint Venture Arrangement between OPEPL and ESVA. OPEPL was holding 49% stake in ESVA. Pursuant to the aforesaid Scheme, the 49% stake of ESVA is transferred from OPEPL to LGM with effect from 26 March 2024. Accordingly, ESVA is the Associate Company of LGM with effect from 26 March 2024. LGM includes share of profit of ESVA (joint venture of LGM) i.e. on a consolidated basis.

***KAC includes Engines LPG, LLC dba Wildcat Power Gen ("Engines LPG LLC") (Subsidiary of KAC) w.e.f. 29 November 2023 i.e. on a consolidated basis. KAC has 51% shareholding in Engines LPG LLC.

Notes to the Consolidated Financial Statements

6.20 Disclosure required as per SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015 as applicable to the Parent Company are disclosed under standalone financial statements. (Refer Note 43 of the standalone financial statements)

6.21 Disclosure of interest in subsidiaries and interest of non-controlling interest:

a. Details of the Parent Company's subsidiaries at the end of the reporting period are as follows:

₹ in Crores

Name of Subsidiary	Place of Incorporation and Place of Operation	Proportion of ownership interest and voting power	
		2023-2024	2022-2023
Kirloskar Americas Corporation (formerly known as KOEL Americas Corp.)^^	United states of America	100%	100%
La-Gajjar Machineries Private Limited^^	India	100%	100%
Arka Financial Holding Private Limited^^	India	100%	100%

^^ For details of entities included within the subsidiary companies, refer foot notes to Note 43.6.19

b. Details of non-wholly owned subsidiary (including stepdown subsidiary) that have material non-controlling interest:

Name of Subsidiary (including Stepdown subsdiary)	Place of incorporation and Place of operation	Proportion of ownership interest and voting rights held by Non-controlling interests		Profit / (Loss) allocated to Non-controlling interest*		Accumulated Non-controlling interest	
		2023-2024	2022-2023	2023-2024	2022-2023	2023-2024	2022-2023
Engines LPG, LLC dba Wildcat Power Gen ("Engines LPG LLC") (subsidiary of KAC w.e.f 29 November 2023)	United States of America	51%	NA	(2.75)	NA	(16.54)	NA

* Excluding effects of consolidation adjustment

Engines LPG LLC specializes in the design, manufacturing, sales and service of generator powered by gas, diesel and other environmentally friendly fuel/power solutions under the brand name Wildcat Power Gen, catering to various applications.

c. Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations and are based on their standalone financial statements.

Engines LPG, LLC dba Wildcat Power Gen (subsidiary of KAC and step-down subsidiary of the Parent Company w.e.f 29 November 2023)

₹ in Crores

Particulars	2023-2024	2022-2023
Current assets	14.92	NA
Non-current assets	1.49	NA
Current liabilities	37.77	NA
Non-current liabilities	0.74	NA
Equity interest attributable to the owners	(5.55)	NA
Non-controlling interest	(16.54)	NA
Total income	2.99	NA
Expenses	8.59	NA
Profit / (loss) for the year	(5.60)	NA
Profit / (loss) attributable to the owners of the Company	(2.85)	NA
Profit / (loss) attributable to the non-controlling interest	(2.75)	NA
Dividends paid to non-controlling interest	-	NA
Opening cash & cash equivalents	0.02	NA
Closing cash & cash equivalents	0.35	NA
Net Cash inflow/(outflow)	0.33	NA

Notes to the Consolidated Financial Statements

6.22 Research and development ('R&D') expenditure eligible for deduction under section 35(2AB) of Income Tax Act, 1961:

The Parent Company has adopted a new tax ordinance under section 115BAA during financial year 2019-20. Since provisions of section 115BAA of the Income Tax Act, 1961 are applicable, the Parent Company is not entitled to avail weighted deduction u/s 35(2AB) of the Income Tax Act, 1961, for Financial Year 2022-23. Thus the Parent Company will not avail weighted deduction benefit on in-house R&D expenditure for financial year 2022-23. However, the Parent Company will continue to maintain a separate set of books for in-house R & D activities.

6.23 Goodwill

Following is the summary of changes in carrying amount of goodwill:

₹ in Crores

Particulars	31 March 2024	31 March 2023
Balance at the beginning of the year	185.76	185.76
Add : Additions during the year	5.67	-
Balance at the end of the year	**191.43**	**185.76**

Allocation of goodwill by segments is as follows:

₹ in Crores

Particulars	31 March 2024	31 March 2023
B2C	185.76	185.76
B2B	5.67	-

Allocation of goodwill to cash generating units:-

Goodwill has been allocated for impairment testing purposes to the underlying cash generating units ('CGU') identified based on business segments. The goodwill impairment test is performed at the level of the CGU which are benefiting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes. The recoverable amount of CGUs is determined based on higher of value-in-use and fair value less cost to sell. Value-in-use is the present value of future cash flow projections based on financial budgets approved by management covering a five year period.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates and weighted average cost of capital. The long term growth rates is determined considering the average growth rate of the industry and that of the country (India) in which the CGU generates its revenue from. The weighted average cost of capital has been determined considering a long term target debt equity ratio of the CGU.

Cash flow projections take into account past experience and represent management's best estimate about future developments. The key assumptions used for the calculations are as follows:

₹ in Crores

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Terminal growth rate	3.50%**	3.50%**
Pre-tax discount rate	18.80%	18.54%

** growth rate does not exceed long term average growth rate for the market in which CGU operates

The management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the carrying amount to exceed the recoverable amount of the respective cash generating unit.

44 (Net Debt)/Surplus reconciliation

This section sets out an analysis of net debt and the movements in net debt for the year ended 31 March 2024 and 31 March 2023

₹ in Crores

Particulars	31 March 2024	31 March 2023
Cash and cash equivalents	492.90	270.30
Current borrowings	(2,154.42)	(1,428.45)
Non-current borrowings	(1,970.26)	(1,801.90)
(Net debt)/surplus	**(3,631.78)**	**(2,960.05)**

Notes to the Consolidated Financial Statements

44 (Net Debt)/Surplus reconciliation (Contd..)

₹ in Crores

Particulars	Other Assets	Liabilities from financing activity	Total
	Cash and Cash Equivalents	Current and Non-current borrowings	
(Net Debt)/Surplus as on 31 March 2023	**270.30**	**(3,230.35)**	**(2,960.05)**
Cash Inflow/outflow during the year	222.60	(894.33)	(671.73)
(Net Debt)/Surplus as on 31 March 2024	**492.90**	**(4,124.68)**	**(3,631.78)**

45 Relationship with struck off companies

The Parent Company did not enter into any transaction with companies struck off from ROC records for the year ended 31 March 2024 except as reported below :

Amount in ₹

Name of the struck off company	Nature of transactions with struck off Company	Transactions during the year	Balance outstanding* as at 31 March 2024	Relationship with struck off Company
Alike Trading Private Limited	Shares held	-	60	Shareholder
	Others - Dividend paid/unpaid	134	416	Shareholder
Dreams Broking Private Limited	Shares held	-	600	Shareholder
	Others - Dividend paid/unpaid	1,350	-	Shareholder
Gunti & Company Private Limited	Shares held	-	90	Shareholder
	Others - Dividend paid/unpaid	179	1,185	Shareholder
Highlands Garments Private Limited	Shares held	-	30	Shareholder
	Others - Dividend paid/unpaid	67	-	Shareholder
Kothari Intergroup Limited	Shares held	-	2	Shareholder
	Others - Dividend paid/unpaid	3	20	Shareholder
Mahila Credit and Investment Company Private Limited	Shares held	-	30	Shareholder
	Others - Dividend paid/unpaid	67	67	Shareholder
Pushap Capital & Securities Private Limited	Shares held	-	120	Shareholder
	Others - Dividend paid/unpaid	240	774	Shareholder
Shyam Computers Private Limited	Shares held**	(60)	20	Shareholder
	Others - Dividend paid/unpaid	78	-	Shareholder
R. Sanghi Stock Brokers and Finance (P) Limited	Shares held	-	8	Shareholder
	Others - Dividend paid/unpaid	18	-	Shareholder
Suraj Enterprise Private Limited	Shares held**	140	140	Shareholder
	Others - Dividend paid/unpaid	80	-	Shareholder
Wilway Engineering and Construction Private Limited	Payment / Invoice raised	-	1,47,645	Vendor
Chetan Motors	Payment / Invoice raised	24,419	-	Vendor
Thermotech Engineering (India) Private Limited	Sales & Receipt	14,514	-	Customer
Samay Services	Sales & Receipt	43,542	-	Customer
Kans Builders Private Limited	Sales & Receipt	11,328	-	Customer
Ravi Sons Private Limited	Sales & Receipt	8,614	-	Customer
Axay Auto Spares Private Limited	Sales & Receipt	35,25,278	-	Customer
B. S. S. Real Estate Private Limited	Sales & Receipt	10,089	-	Customer
Direct Mechanical Services Limited	Sales & Receipt	74,15,141	-	Customer
Spenco Limited	Sales & Receipt	13,98,517	-	Customer
R.M.H. Diesels Private Limited	Sales & Receipt	-	73,704	Customer
Sahni Auto Components Private Limited	Sales & Receipt	86,214	-	Customer

* In case of shareholders, balance outstanding represents face value of the shares held and unpaid dividend thereupon and excludes dividend transfered to Investor Education and Protection Fund (IEPF).

** shares purchase/(sold) represented at face value

Notes to the Consolidated Financial Statements

45 Relationship with struck off companies (Contd..)

The Parent Company did not enter into any transaction with companies struck off from ROC records for the year ended 31 March 2023 except as reported below :

Amount in ₹

Name of the struck off company	Nature of transactions with struck off Company	Transactions during the year	Balance outstanding* as at 31 March 2023	Relationship with struck off Company
Alike Trading Private Limited	Shares held	-	60	Shareholder
	Others - Dividend paid/unpaid	134	282	Shareholder
Dreams Broking Private Limited	Shares held	-	600	Shareholder
	Others - Dividend paid/unpaid	1,350	-	Shareholder
Gunti & Company Private Limited	Shares held	-	90	Shareholder
	Others - Dividend paid/unpaid	179	1,006	Shareholder
Highlands Garments Private Limited	Shares held	-	30	Shareholder
	Others - Dividend paid/unpaid	67	-	Shareholder
Kothari Intergroup Limited	Shares held	-	2	Shareholder
	Others - Dividend paid/unpaid	3	17	Shareholder
Mahila Credit and Investment Company Private Limited	Shares held	-	30	Shareholder
	Others - Dividend paid/unpaid	67	-	Shareholder
Pushap Capital & Securities Private Limited	Shares held	-	120	Shareholder
	Others - Dividend paid/unpaid	240	774	Shareholder
Shyam Computers Private Limited	Shares held**	(42)	80	Shareholder
	Others - Dividend paid/unpaid	273	-	Shareholder
R. Sanghi Stock Brokers and Finance Private Limited	Shares held	-	8	Shareholder
	Others - Dividend paid/unpaid	18	-	Shareholder
Wilway Engineering and Construction Private Limited	Payment made***	6,126	1,47,645	Vendor

* Balance outstanding represents face value of the shares held and unpaid dividend thereupon.

** Shares purchase/(sold) represented at face value.

*** Above details of balances as on 31 March 2023 pertains to transactions of purchases made in previous years

-Movement in shareholders, balances as at 31 March 2022 vis-à-vis 31 March 2023 is on account of transfer to IEPF during the year.

Details of transaction and outstanding balances of one of the subsidiaries with struck off companies for the year ended and as at 31 March 2023:

Amount in ₹

Name of the Struck off Company	Nature of transactions with struck off Company	Transactions during the year	Balance outstanding as at 31 March 2023	Relationship with struck off Company
Usha Netco Private Limited	Payable	1,500	-	Vendor

Notes to the Consolidated Financial Statements

46 Disclosures for investments and transactions through/ as an intermediary:

(a) No funds have been advanced or loaned or invested either from borrowed funds or share premium or any other sources or kind of funds by the Group to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(b) No funds have been received by the Group from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Group shall, whether, 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.

47 Previous year's figures have been regrouped wherever considered necessary to make them comparable with those of the current year.

Signatures to Note 1 to 47, forming part of the Consolidated Financial Statements.

As per our attached report of even date

For **G. D. APTE & CO.**
Chartered Accountants
Firm Registration Number : 100515W

UMESH S. ABHYANKAR
Partner
Membership Number : 113 053
Pune: 8 May 2024

For and on behalf of the **Board of Directors**

RAHUL KIRLOSKAR
Non-Executive Director
DIN: 00007319

GAURI KIRLOSKAR
Managing Director
DIN:03366274

SMITA RAICHURKAR
Company Secretary
ACS: A21265
Pune: 8 May 2024

Notes

Oil Engines

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