NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

SIGNIFICANT ACCOUNTING POLICIES

(All amounts are in Indian rupees rounded in millions, unless otherwise stated)

1. CORPORATE INFORMATION

Kirloskar Brothers Limited ("KBL") is a public limited Company domiciled in India and incorporated under the provisions of the Indian Companies Act. KBL, its Subsidiaries and Joint Ventures ("Group") are engaged in providing fluid management solutions globally. The core products of the company are Engineered Pumps, Industrial Pumps, Agriculture and Domestic Pumps, Valves, and Hydro turbines.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with the provisions of Indian Accounting Standards (Ind-AS) notified under the Companies Act, 2013 ("the Act") (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS have been prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.

In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment.

Group maintains it's accounts on accrual basis following historical cost convention except for certain financial instruments which are measured at fair values. The financial statements have been prepared on accrual and going concern basis.

The financial statements have been approved for issue by the Board of Directors at it's meeting held on 11th May 2023.

2.2 Basis of consolidation and equity accounting

i. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The consolidated financial statements relate to Kirloskar Brothers Limited (KBL) and its majority owned subsidiary companies, consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group transactions and the unrealized profit /losses on intra-group transactions, and are presented to the extent possible, in the manner as the Company's independent financial statements.

The names of the subsidiary companies, country of incorporation, and proportion of ownership interest considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	Proportion of ownership Interest of KBL
Karad Projects and Motors Limited (KPML)	India	100.%
The Kolhapur Steel Limited (TKSL)	India	99.78%
Kirloskar Corrocoat Private Limited (KCPL)	India	65%
Kirloskar Brothers International B V	The Netherlands	100%
SPP Pumps Limited	United Kingdom	100%
Kirloskar Brothers(Thailand) Limited	Thailand	100%
SPP Pumps (MENA) L.L.C.	Egypt	100%
Kirloskar Pompen B.V	The Netherlands	100%
Micawber 784 Proprietary Limited	South Africa	100%
SPP Pumps International PTY Limited	South Africa	100%
SPP France S A S	France	100%
SPP Pumps Inc.	USA	100%
SPP Pumps South Africa Proprietary Limited	South Africa	100%
Braybar Pumps Limited	South Africa	100%
Rodelta Pumps International BV	The Netherlands	100%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

Name of the Company	Country of Incorporation	Proportion of ownership Interest of KBL
Rotaserve Overhaul B.V.	The Netherlands	100%
SPP Pumps Real Estate LLC	U S A	100%
SyncroFlo Inc.	U S A	100%
SPP Pumps (Asia) Ltd	Thailand	100%
SPP Pumps (Singapore) Ltd	Singapore	100%
Rotaserve Limited	United Kingdom	100%
Rotaserve Mozambique	South Africa	100%

Reporting date for Indian subsidiaries and joint venture is 31 March and that to for foreign subsidiaries is 31 December, which is as per the local laws in the respective countries of incorporation. However, in order to have uniform accounting policies management drawn financials of 3 months ended 31 March 2023 are also consolidated. Accordingly, consolidated financials ended 31 March 2023, considers results for foreign subsidiaries for 12 months ended March 2023 only.

The excess of cost to the company of its investment in the subsidiary company over the parents' portion of equity is recognised in the consolidated financial statements as goodwill. The excess of company's share of equity of the subsidiary company over the cost of acquisition is treated as capital reserve.

ii) **Non-controlling interests (NCI)**

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iii) **Loss on control**

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date when the control is lost. Any resulting gain or loss is recognised in profit or loss.

iv) **Equity accounted investees**

A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Company has accounted 'Investment in Associate and joint venture' under the equity method as per Ind AS 28, whereby the investment is initially recorded at cost, identifying any goodwill/capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the Company's share of net assets of the associates/ Joint Venture.

The excess of cost to the Company of its investment in the joint venture/ associates entity is set off against the adjusted carrying amount of the investment. Distributions received from the joint venture/ associates reduce the carrying amount of the investment.

The consolidated statement of profit and loss reflects the Company's share of the results of the operations of the joint venture company.

Unrealized profits and losses resulting from transactions between the joint venture / associates and the Company are eliminated to the extent of Company's interest in the joint venture/associates.

The names of the associates and joint ventures entities, country of incorporation, and proportion of ownership interest considered in the consolidated financial statements are:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

Name of the Company	Country of Incorporation	Proportion of ownership Interest of KBL
KBL Synerge LLP	India	50%
Kirloskar Ebara Pumps Ltd.	India	45%

v) **Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2.3 Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items, which are measured on an alternative basis in accordance with Ind AS on each reporting date.

Items	Measurement basis
Derivative financial instruments at fair value through profit or loss	Fair value
Defined benefit plan – plan assets	Fair value

2.4 Current or non-current classification

All assets and liabilities have been classified as current or non-current as per the group's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013.

Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities for product business. In case of project business, operating cycle is dependent on life of specific project/ contract/ service, hence current non-current bifurcation relating to project is based on expected completion date of project which generally exceeds 12 months.

2.5 Functional and presentation currency

Functional currency of KBL, KPML, TKSL and KCPL is Indian currency. The functional currency of other foreign subsidiaries is their respective local currency. These financial statements are presented in Indian Rupees.

All financial information is presented in INR Mn rounded off to three decimal places, except share and per share data, unless otherwise stated.

2.6 Use of judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, current assets, non-current assets, current liabilities, non-current liabilities and disclosure of the contingent liabilities at the end of each reporting period. The estimates are based on management's best knowledge of current events and actions, however, due to uncertainty about these assumptions and estimates, actual results may differ from these estimates.

This note provides an overview of the areas that involved a higher degree of judgement or complexity and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Critical estimates and judgements

The areas involving critical estimates or judgements are:

- Estimation of defined benefit obligation – The cost of the defined benefit gratuity and pension plan, and the present value of the gratuity/ pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. (Refer note – 34)
- Estimation of leave encashment provision - The cost of the leave encashment and the present value of the leave encashment obligation are determined using actuarial valuations. (Refer note 38)
- Impairment of goodwill – The group estimates the value in use of a cash generating unit (CGU)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

based on the future cash flows after considering the current economic conditions and trends, estimated future operating results and growth rate. The estimated cash flows are developed using internal forecasts. The discount rate used for the CGU's represent the weighted average cost of capital based on historical market returns of comparable companies.

- Impairment of receivables - The impairment provisions for financial receivables disclosed are based on assumptions about risk of default and expected credit loss (Refer note 40)
- Decommissioning liability – Initial estimate of dismantling and restoration liability requires significant judgement about cost inflation index and other factors. (Refer note 38)
- Provision for warranty claims – Provision is recognised based on the key assumptions about likelihood and magnitude of an outflow of resources. (Refer note 38)
- Estimation of provision for loss on long term contract – The provision is recognised when the estimated cost exceeds the estimated revenue for constructions contracts as per Ind AS 115. (Refer note 38)

2.7 Inventories

Inventories are valued at the lower of cost and net realizable value. The cost is calculated on moving weighted average method. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- **Raw materials:** cost includes cost of purchase excluding taxes subsequently recoverable from tax authorities and other costs incurred in bringing the inventories to their present location and condition. However, these items are considered to be realizable at cost if the finished products in which they will be used, are expected to be sold at or above cost.
- **Finished goods and work in progress:** cost includes cost of direct materials, labor and a systematic allocation of fixed and variable production overhead that are incurred in converting raw material into work in progress/ finished goods based on the normal operating capacity and actual capacity respectively.
- **Traded goods:** Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Based on ageing of inventory and its future potential to generate economic benefit, group provides for slow and non-moving inventory using provision matrix. This provision is reversed once such inventory is consumed or expected to be consumed.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Assessment of net-realizable value is made at regular intervals (each reporting period) and at change of events.

2.8 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks, cash on hand and highly liquid short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

The deposits maintained by the Group with banks and financial institutions comprise time deposits, which can be withdrawn by the Group at any point without prior notice or penalty on the principal.

While other bank balances include, margin money, deposits, earmarked balances with bank, and other bank balances with bank which have restrictions on repatriation.

2.9 Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method, adjusting the profit before tax for the effects of:

(1) changes during the period in inventories and operating receivables and payables transactions of a non-cash nature;

(2) non-cash items such as depreciation, provisions, unrealized foreign currency gains and losses; and

(3) all other items for which the cash effects are investing or financing cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as at the date of Balance Sheet.

2.10 Property, plant and equipment (PPE)

Measurement

Freehold land is carried at historical cost. All other items of PPE are measured at cost of acquisition or construction less accumulated depreciation and accumulated impairment loss, if any.

The cost of an item of PPE comprises its purchase price, including import duties net of credits and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any discounts and rebates are deducted in arriving at the purchase price.

Own manufactured PPE is capitalized at cost including an appropriate share of overheads. Administrative and other general overhead expenses that are specifically attributable to construction or acquisition of PPE or bringing the PPE to working condition are allocated and capitalized as a part of the cost of the PPE.

Borrowing costs directly attributable to the construction or acquisition of a qualifying asset up to completion or acquisition are capitalized as part of the cost. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision is met.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

PPE under construction are disclosed as capital work-in-progress.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date are disclosed under “Other non-current assets”.

Subsequent costs

The cost of replacing a part of an item of PPE is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of PPE are recognised in the statement of profit and loss as incurred.

Disposal

An item of PPE is derecognized upon disposal or when no future benefits are expected from its use or disposal. Gains and losses on disposal of an item of PPE are determined by comparing the proceeds from disposal with the carrying amount of PPE, and are recognised within other income/expenses in the statement of profit and loss.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

The residual values, useful lives and method of depreciation of PPE reviewed at each financial year end and adjusted prospectively, if appropriate. Depreciation on additions to/deductions from, owned assets is calculated pro rata to the period of use. Further, extra shift depreciation is provided wherever applicable. Depreciation charge for impaired assets if any is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

Depreciation is recognised in the statement of profit and loss generally on a straight-line basis over the estimated useful lives of each part of an item of PPE and in some cases based on the technical evaluation made by the management.

2.11 Investment property

Investment property is a property, being land or building or part of it, (including those under construction) that is held to earn rental income or for capital appreciation or both but not held for sale in ordinary course of business, use in manufacturing or rendering services or for administrative purposes.

Upon initial recognition, investment property is measured and reported at cost, including transaction costs. The cost of investment property includes its purchase price and directly attributable expenditure, if any. Subsequent expenditure is capitalized to the asset’s carrying amount only when it is probable that future economic benefits associated with expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

costs are expensed when incurred. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The estimated useful life and residual values are reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

Investment property in the form of land is not depreciated. Investment properties in the form of building are stated at cost less accumulated depreciation on straight line basis, calculated as per provisions of Schedule II to Companies Act, 2013.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

2.12 Goodwill and intangible assets

Recognition and measurement

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less impairment losses. Goodwill is allocated to the CGUs for the purpose of impairment testing. The allocation is made to those CGUs or group of CGUs that are expected to benefit from the business combination in which goodwill arose.

Other intangible assets are recognised when the asset is identifiable, is within the control of the Group, it is probable that the future economic benefits that are attributable to the asset will flow to the Group and cost of the asset can be reliably measured.

Intangible assets acquired by the Group that have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level.

Subsequent measurement

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortization

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortization is recognised in statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The method of amortization and useful life is reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

Amortization on impaired assets is provided by adjusting the amortization charge in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

Research and development costs –

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization expense is recognised in the statement of profit and loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

During the period of development, the asset is tested for impairment annually.

2.13 Interest in joint operations

The company as joint operator recognizes in relation to its interest in a joint operation, it's share in the assets/ liabilities held / incurred jointly with the other parties of the joint arrangements. Revenue is recognised for its share of revenue from the sale of output by the joint operator. Expenses are recognised for its share of expenses incurred jointly with the other parties of the joint arrangements.

2.14 Borrowing costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences in relation to the foreign currency borrowings to the extent those are regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized in the cost of that asset. Qualifying assets are those assets which necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are expensed in the period in which they are incurred.

2.15 Revenue recognition

Group recognizes revenue from contracts with customers when it satisfies a performance obligation.

Revenue is measured at transaction price i.e. Consideration to which group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and after considering effect of variable consideration, significant financing component, if any.

For contracts with multiple performance obligations, transaction price is allocated to different performance obligations based on their standalone selling price. In such case, revenue recognition criteria are applied separately to different performance obligations, in order to reflect the substance of the transaction and revenue is recognised separately for each obligation as and when the recognition criteria for the component is fulfilled.

Sale of goods

Revenue from the sale of goods is recognized when the control of the goods is transferred to the buyer. For contracts that permit the customer to return an item, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Amounts included in revenue are net of returns, trade allowances, rebates, goods and service tax, value added taxes.

Customer loyalty programs

Group allocates a portion of the consideration received to loyalty points. This allocation is based on the relative stand-alone selling prices. The amount allocated to the loyalty programs is deferred, and is recognized as revenue when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points becomes remote. The deferred revenue is included in contract liabilities.

Rendering of services

Revenue is recognized over the time as and when customer receives the benefit of company's performance and the company has an enforceable right to payment for services transferred.

Construction Contracts

Contract revenue includes initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably.

Contract revenue and contract cost arising from fixed price contract are recognized in accordance with the percentage completion method (POC). The stage of completion is measured with reference to cost incurred to date as a percentage of total estimated cost of each contract. Until such time (25% of Project Cost) where the outcome of the contract cannot be ascertained reliably, the Group recognizes revenue equal to actual cost.

Full provision is made for any loss estimated on a contract in the year in which it is first foreseen.

Where the group is involved in providing operation and maintenance services under a single construction

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

contract, then the consideration is allocated on a relative stand-alone price basis between various obligations of a contract.

For contracts where progress billing exceeds the aggregate of contract costs incurred to-date and recognized profits (or recognized losses, as the case may be), the surplus is shown as the amount due to customers.

For contracts where the aggregate of contract costs incurred to-date and recognized profits (or recognized losses, as the case may be) exceed progress billing, the deficit is shown as the amount due from customers. Amount due from customers is shown as part of other non-financial assets as the contractual right for consideration is dependent on completion of contractual milestones.

Amounts received before the related work is performed are disclosed in the Balance Sheet as a liability towards advance received. Amounts billed for work performed but yet to be paid by the customer are disclosed in the Balance Sheet as trade receivables.

The amount of retention money held by the customers is disclosed as part of other current assets.

2.16 Other income

Interest is recognized on a time proportion basis determined by the amount outstanding and the rate applicable using the effective interest rate (EIR) method. Dividend income and export benefits are recognised in the statement of profit and loss on the date that the Group's right to receive payment is established.

Interest receivable on customer dues is recognised as income in the Statement of Profit and Loss on accrual basis provided there is no uncertainty towards its realization.

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

2.17 Foreign currencies transactions

Transactions and balances

Transactions in foreign currency are recorded at exchange rates prevailing at the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss of the year.

Monetary assets and liabilities denominated in foreign currencies which are outstanding, as at the end of reporting period are translated at the closing exchange rates and the resultant exchange differences are recognised in the statement of profit and loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the date of that balance sheet
- Income and expenses are translated at average exchange rates, and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

2.18 Employee benefits

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the services are classified as short term employee benefits. Benefits such as salaries, wages, expected cost of bonus and short term compensated absences, leave travel allowance etc. are recognized in the period in which the employee renders the related service.

Post-employment benefits

Defined contribution plans

The Group's superannuation scheme, state governed provident fund schemes and employee state insurance scheme are defined contribution plans. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

Defined Benefit Plans

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

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income (OCI) in the period in which they occur. Re-measurements are not reclassified to the statement of profit and loss in subsequent periods.

In case of funded plans, the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes gains/ losses on settlement of a defined plan when the settlement occurs.

The Group pays contribution to a recognized provident fund trusts in respect of above mentioned PF schemes.

Other long term employee benefits

Compensated absences liabilities means, the liabilities for earned leave that are not expected to be settled wholly within twelve months after the end of the reporting period in which the employee render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating the terms of the related obligation. Re-measurements as a result of experience adjustments and change in actuarial assumptions are recognised in the statement of profit and loss.

2.19 Income taxes

Income tax expense comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to a business combination or items recognised directly in equity or in OCI.

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that were enacted at the reporting date in the country where the Group operates and generates taxable income. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year. The tax effect is calculated on the accumulated timing differences at the end of the accounting period based on prevailing enacted or subsequently enacted regulations.

Deferred tax liabilities are recognized for all timing differences including temporary differences associated with investment in subsidiaries and associates and interest in joint venture. Deferred tax assets are recognized for deductible timing differences only to the extent there is reasonable certainty that sufficient

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset only if certain criteria are met.

2.20 Share-based payments

Share based compensation benefits are provided to the employees (including senior executives) of the Group under the Group's Employee Stock Option Scheme, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The fair value of the options granted to employees is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2.21 Provisions

A Provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the statement of profit and loss.

Warranty provisions

A provision for warranty is recognised when the underlying products and services are sold to the customer based on historical warranty data and at its best estimate using expected value method. The initial estimate of warranty-related costs is revised annually.

Provision for decommissioning and site restoration

The Group has a legal obligation for decommissioning of windmills and restoring the site back to its original condition. Decommissioning and restoration costs are measured initially at its best estimate using expected value method. The present value of initial estimates is provided as a liability and corresponding amount is capitalized as a part of the windmill. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Contingent liability is disclosed when Group has:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; or

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

- present obligation arising from past events, when no reliable estimate is possible; or
- A possible obligation arising from past events where the probability of outflow of resources is not remote.

Provisions and contingent liabilities are reviewed at each Balance Sheet date.

2.22 Leases

Group has adopted Ind AS 116 'Leases' from 1 April 2019. On transition, Group has recognized right-to-use asset equal to lease liability which is the present value of the remaining lease payments, discounted using incremental borrowing rate at the date of initial application i.e. 1 April 2019.

Lease is a contract that provides to the customer (lessee) the right to use an asset for a period of time in exchange for consideration.

- **Group as a Lessee**

A lessee is required to recognised assets and liabilities for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and to recognize depreciation of leased assets separately from interest on lease liabilities in the statement of Profit and Loss.

Initial Measurement

Right to use asset

At the commencement date, the Company measures the right-of-use asset at cost.

The cost of the right-of-use asset shall comprise:

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Lease liability

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

Subsequent measurement

Right to use assets

Subsequently the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

Lease Liability

Subsequently the Company measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability at the interest rate implicit in the lease, if that rate can be readily determined or the Company's incremental borrowing rate.
- reducing the carrying amount to reflect the lease payments made; and

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

- re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments.

Group as a Lessor

Leases in which the company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases or another systematic basis is available. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the company's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

2.23 Impairment of non-financial assets

The Group assesses at each balance sheet date whether there is any indication that an asset or cash generating unit (CGU) may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal or its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in the statement of profit and loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

2.24 Fair value measurement

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

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

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

2.25 Financial instruments

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

Financial assets

Initial recognition and measurement

All financial assets except trade receivables are recognized initially at fair value plus or minus the transaction cost. Trade receivables that do not contain financial component are measured at transaction price in accordance with Ind AS 115. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Financial assets are subsequently measured at amortized cost if,

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Impairment of financial asset

Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Financial assets that are debt instruments and are measured as at FVTOCI
- Lease receivables
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.
- Loan commitments which are not measured as at FVTPL
- Financial guarantee contracts which are not measured as at FVTPL

The Group follows ‘simplified approach’ for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 116

The application of simplified approach does not require the group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the group determines that whether there has been a significant

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

Financial liabilities

Initial recognition and measurement

The Group initially recognizes loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined and the amount recognised less cumulative amortization.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

For all hedged forecast transactions, the amount accumulated in other equity is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss

2.26 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Group by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted EPS adjust the figures used in the determination of basic EPS to consider

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

- The after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares (if any).

2.27 Segment reporting

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

The board of directors of the company assesses the financial performance and position of the group and makes strategic decisions. The Board of Directors, which are identified as a CODM, consists of chief executive officer, chief financial officer and all other executive directors.

Group operates in single reporting segment of 'Fluid Machinery and Systems'

2.28 Recent accounting pronouncement

The Ministry of Corporate Affairs (MCA) on 31 March 2023, has issued Companies (Indian Accounting Standard) Amendment Rules, 2023 in consultation with the National Financial Reporting Authority (NFRA).

The notification states that these rules shall be applicable from 1 April 2023 and would thus be applicable for the financial year ending 31 March 2024.

The amendments to Ind AS are intended to keep the Ind AS aligned with the amendments made in IFRS.

- **Amendments to Ind AS 1, "Presentation of Financial Statements"**

  Companies should now disclose material accounting policy information rather than their significant accounting policies, together with other information, which is relevant to an understanding of financial statements.

- **Amendments to Ind AS 8, "Accounting policies, Change in Accounting Estimates and Errors"**

  1. Definition of 'change in account estimate' has been replaced by revised definition of 'accounting estimate'
  2. As per revised definition, accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty
  3. A company develops an accounting estimate to achieve the objective set out by an accounting policy.
  4. Accounting estimates include: a) Selection of a measurement technique (estimation or valuation technique) b) Selecting the inputs to be used when applying the chosen measurement technique.

- **Amendments to Ind AS 12, "Income Taxes"**

  1. Narrowed the scope of the Initial Recognition Exemption (IRE) (with regard to leases and decommissioning obligations)
  2. Now IRE does not apply to transactions that give rise to equal and offsetting temporary differences
  3. Accordingly, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on transactions such as initial recognition of a lease and a decommissioning provision.

Based on preliminary assessment, the Company does not expect these amendments to have any significant impact on financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

NOTE 3: PROPERTY, PLANT AND EQUIPMENT. GOODWILL AND INTANGIBLE ASSETS

(Amounts in Million ₹)

	Property, plant and equipment										Intangible Assets		
	Land free hold	Land lease hold	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Railway siding	Total	Goodwill	Computer software	Other intangible assets	Total
Gross Block													
As at 1 April 2021	574.915	85.332	2,737.326	7,197.632	734.507	57.844	123.271	1.714	11,512.540	141.200	326.635	206.932	533.567
Additions	11.971	-	243.967	779.608	17.795	14.581	30.085	-	1,098.007		6.863	-	6.863
Disposals /impairment	-	-	-	(73.114)	(2.522)	(1.143)	(5.728)	-	(82.507)	-	(0.043)	-	(0.043)
Exchange difference	(17.103)	(0.022)	11.032	17.187	(1.719)	(0.004)	0.453	-	9.824	(2.043)	(0.409)	0.396	(0.013)
As at 31 March 2022	569.783	85.310	2,992.325	7,921.313	748.060	71.278	148.081	1.714	12,537.864	139.157	333.046	207.328	540.374
Additions	110.124	-	102.437	357.360	24.965	21.167	2.741	-	618.794		28.857	-	28.857
Disposals /impairment	(37.845)	-	(13.764)	(93.013)	(9.806)	(0.726)	(5.546)	-	(160.700)	-	(0.060)	-	(0.060)
Exchange difference	10.268	5.160	20.056	4.357	22.580	0.012	(0.461)	-	61.972	4.367	0.957	12.576	13.533
As at 31 March 2023	**652.330**	**90.470**	**3,101.054**	**8,190.017**	**785.799**	**91.731**	**144.815**	**1.714**	**13,057.930**	**143.524**	**362.800**	**219.904**	**582.704**
Depreciation/ Amortisation													
As at 1 April 2021	-	9.086	845.906	5,600.594	642.094	37.846	90.879	1.714	7,228.119	-	290.682	188.953	479.635
Charge for the year	-	1.544	79.039	435.478	33.876	7.681	8.833	-	566.451		17.512	6.076	23.588
Depreciation on disposal	-	-	-	(75.592)	(7.362)	(1.143)	(5.831)	-	(89.928)		(0.043)	-	(0.043)
Exchange difference	-	2.846	(6.953)	(7.052)	(25.233)	(0.003)	(0.761)	-	(37.157)		(0.063)	(0.052)	(0.115)
As at 31 March 2022	-	13.476	917.992	5,953.428	643.374	44.381	93.120	1.714	7,667.485	-	308.088	194.977	503.065
Charge for the year	-	1.460	83.507	432.359	28.983	10.273	11.108	-	567.690		17.149	6.814	23.963
Depreciation on disposal	-	-	(1.314)	(24.793)	(2.258)	(0.719)	(4.512)	-	(33.596)		(3.665)	-	(3.665)
Exchange difference	-	(2.789)	22.875	(21.598)	42.777	0.012	0.593	-	41.870		0.172	11.482	11.654
As at 31 March 2023	**-**	**12.147**	**1,023.060**	**6,339.396**	**712.876**	**53.947**	**100.309**	**1.714**	**8,243.449**	**-**	**321.744**	**213.273**	**535.017**
Net block													
As at 1 April 2021	574.915	76.246	1,891.420	1,597.038	92.412	19.998	32.392	(0.000)	4,284.421	141.200	35.953	17.979	53.932
As at 31 March 2022	569.783	71.834	2,074.333	1,967.885	104.686	26.897	54.961	(0.000)	4,870.379	139.157	24.958	12.351	37.309
As at 31 March 2023	**652.330**	**78.323**	**2,077.994**	**1,850.621**	**72.923**	**37.784**	**44.506**	**(0.000)**	**4,814.481**	**143.524**	**41.056**	**6.631**	**47.687**

Notes:

a) Plants and machineries acquired out of proceeds of term loan, are pledged as security against the loan.
b) During the year no provision envisaged for impairment loss .
c) Refer note no 29 for estimated amount of contract remaining to be executed on capital account.
d) Company has not revalued any property, plant and equipment during the FY 2022-23 and FY 2021-22
e) All title deeds of immovable properties are held in the name of company
f) Other intangible assets includes sales tax deferral rights, trade marks, patents and licenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

NOTE 4 : RIGHT TO USE ASSETS

Particulars	Amt
Opeing balance as at 1 April 2021	301.712
Net addition / (deletion)during the year including forex	77.339
Depreciation	(104.998)
Balance as at 31 March 2022	**274.053**
Net addition / (deletion)during the year including forex	125.542
Depreciation	(93.885)
Balance as at 31 March 2023	**305.710**

NOTE 5 : INVESTMENT PROPERTY

Particulars	Amt
Gross Block	
As at 1 April 2021	25.724
Net addition / (deletion)during the year including forex	(22.944)
As at 31 March 2022	**2.780**
Net addition / (deletion)during the year including forex	5.020
As at 31 March 2023	**7.800**
Depreciation and Impairment	
As at 1 April 2021	0.636
Charge for the year	0.106
Depreciation on disposals	-
As at 31 March 2022	**0.742**
Charge for the year	0.106
Depreciation on disposals	-
As at 31 March 2023	**0.848**
Net block	
As at 1 April 2021	25.088
As at 31 March 2022	2.038
As at 31 March 2023	**6.952**

INFORMATION REGARDING INCOME AND EXPENDITURE OF INVESTMENT PROPERTY

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Rental Income derived from investment property	-	-
Less: Direct operating expenses *	-	-
Profit arising from investment properties before depreciation and indirect expenses	-	-
Less - Depreciation	0.106	0.106
Profit/ (loss) arising from investment properties after depreciation and indirect expenses	(0.106)	(0.106)

* Considering the materiality, operating expenses are not apportioned to investment property.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

Fair Value

The group obtains independent valuations for its investment properties. The valuation model considers current prices in active market on reliable estimates of future cash-flows.

The main inputs used are the rental growth rates, expected vacancy rates, terminal yields and discount rates based on comparable transactions and industry data. All resulting fair value estimates for investment properties are included in level 3.

Fair value as at 31 March 2023 was ₹ 70.773 (PY - ₹ 65.491 Mn) and there is no significant movement in fair value.

NOTE 6 : FINANCIAL ASSETS: INVESTMENTS

	Particulars	As at 31 March 2023	As at 31 March 2022
I	**Long term investments - at cost**		
	Accounted using equity method		
	(a) Investment in Equity instruments	884.770	796.538
	(b) Capital contribution in partnership firm	-	0.005
		884.770	**796.543**
	Others		
	(c) Investment in other Equity instruments	0.005	0.005
	(d) Investment in long term fixed deposit	20.000	-
		20.005	**0.005**
	Total	**904.775**	**796.548**
II	Current investment	2,267.401	2,534.198
		2,267.401	**2,534.198**

Particulars	As at 31 March 2023	As at 31 March 2022
Aggregate amount of quoted investments	1,437.401	1,584.198
Aggregate amount of unquoted investments	1,734.775	1,746.548

Sr No	Particulars	Face Value	Partly Paid / Fully paid	Extent of holding (%)		No. of Shares / Units		Amount	
				As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Non-current investments									
(1)	**Investments at fair value through Other comprehensive income**								
	Kirloskar Proprietary Limited *	INR 100	Fully Paid	-	-	512	512	0.005	0.005
(2)	**Investment accounted using equity method**								
a	Kirloskar Ebara Pumps Limited	INR 10	Fully Paid	45%	45%	225,000	225,000	884.770	796.538
b	KBL Synerge LLP*	N A	N A	50%	50%		-	0.000	0.005
	Total Investments accounted using equity method							**884.770**	**796.543**
(3)	**Investment in long term fixed deposits**						**-**	**20.000**	
	Total non-current Investments							**904.775**	**796.548**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

Sr No	Particulars	Amount As at 31 March 2023	Amount As at 31 March 2022
	Current investments		
(4)	**Investments at amortised cost**		
	Investment in fixed deposit with financial institutions - LIC HFL (Int rate - 5.8%)	830.000	950.000
(5)	**(Investment accounted using fair value through profit and loss)**		
a	Investment in mutual funds	1,437.401	1,584.198
	Total current Investments	**2,267.401**	**2,534.198**

*KBL Synerge LLP a limited liability partnership was formed in year 2017 between Kirloskar Brothers Ltd, Mrs. Sneha Phatak and Synerge Overseas Pte. Ltd. This LLP has been created for a short term project. Following are the details of total capital and share of each partner in it. Currently KBL Synerge LLP is not operative and has filed application of striking off name from registrar of LLP. Company has fully provided for this investment.

Name of Partner	Capital Contributed (₹)	Share in Partnership and profit (%)
Kirloskar Brothers Limited	5,000	50
Synerge Overseas Pte. Ltd	2,600	26
Mrs. Sneha Phatak	2,400	24
Total	**10,000**	**100**

The Company has complied with the number of layers for its holding in downstream companies prescribed under clause (87) of section 2 of the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017.

Company has not made any additional investment in it's group companies during the year in FY 22-23 and FY 21-22.

The Company has complied with the number of layers for its holding in downstream companies prescribed under clause (87) of section 2 of the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017.

NOTE 7 : FINANCIAL ASSETS: TRADE RECEIVABLES

Particular	As at 31 March 2023	As at 31 March 2022
Non-current		
Unsecured, considered good	573.883	390.283
Doubtful	952.843	622.176
	1,526.726	**1,012.459**
Less : Provision for significant increase in credit risk and credit impaired receivables	952.843	622.176
	573.883	**390.283**
Current		
Unsecured, considered good	4,884.702	5,152.087
Doubtful	78.173	80.913
	4,962.875	**5,233.000**
Less : Provision for significant increase in credit risk and credit impaired receivables	**78.173**	**80.913**
	4,884.702	**5,152.087**
Total trade receivables	**5,458.585**	**5,542.370**

Trade receivables are non-interest bearing and are generally on terms of 1 to 90 days.Refer note 44 (A) for ageing and 40 (A) for movement in loss allowance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

NOTE 8 : FINANCIAL ASSETS: OTHER FINANCIAL ASSETS

Particulars		As at 31 March 2023	As at 31 March 2022
Non-current			
(a)	**Claims receivable**		
	Unsecured, considered good	15.002	17.648
	Doubtful	12.545	12.545
		27.547	**30.193**
	Less : Provision for significant increase in credit risk and credit impaired claims	12.545	12.545
		15.002	**17.648**
(b)	**Fixed deposits with the original maturity of more than 12 months**	63.257	151.928
(c)	**Interest accrued**	-	0.039
(d)	**Security deposits**		
	Unsecured, considered good	90.280	83.282
	Doubtful	10.884	11.147
		101.164	**94.429**
	Less : Provision for significant increase in credit risk and credit impaired deposits	10.884	11.147
		90.280	**83.282**
		168.539	**252.897**
Current			
(a)	**Claims receivable**		
	Unsecured, considered good	21.728	23.146
(b)	**Interest accrued**	35.720	15.026
(c)	**Security deposits**		
	Unsecured, considered good	833.080	828.715
(d)	**Forward contract asset**	144.160	-
		1,034.688	**866.887**
	Total other financial asset	**1,203.227**	**1,119.784**

NOTE 9 : OTHER ASSETS

Particulars		As at 31 March 2023	As at 31 March 2022
	Non-current		
(a)	**Advances to supplier of capital goods**	23.934	104.108
(b)	**Advances to supplier and others**		
	Unsecured, considered good	245.674	303.370
	Doubtful	72.190	70.340
		317.864	**373.710**
	Less : Provision for doubtful advances	72.190	70.340
		245.674	**303.370**
(c)	**Prepaid expenses**	7.654	5.431
(d)	**Retention**	288.342	371.489
(e)	**Advance income tax (Net of provision)**	120.466	251.887
(f)	**Claims receivable**	10.851	-
		696.921	**1,036.285**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

	Particulars	As at 31 March 2023	As at 31 March 2022
	Current		
(a)	**Advances to supplier and others**		
	Unsecured, considered good	473.493	288.194
(b)	**Prepaid expenses**	236.482	250.014
(c)	**Gross amount due from customer for project related contract work**	186.843	203.097
(d)	**Retention**	1,452.848	1,239.920
(e)	**Claims receivable**	1,005.684	1,436.334
		3,355.350	**3,417.559**
	Total other assets	**4,052.271**	**4,453.844**

NOTE 10 : INVENTORIES

	Particulars	As at 31 March 2023	As at 31 March 2022
(a)	Raw Materials *	2,628.587	2,119.052
(b)	Work-in-progress	2,416.019	2,237.327
(c)	Finished goods	1,410.231	1,682.800
(d)	Stock-in-trade*	521.866	249.075
(e)	Stores and spares	162.929	146.981
	(Mode of valuation refer note 2.7)		
	Total inventories	**7,139.632**	**6,435.235**

(*) 'Include goods in transit - ₹ 174.07 MN (PY 2021-22 : ₹ 111.876 MN)

Amounts recognised in profit or loss

Write-down of inventories to net realizable value/ any loss due to it's obsolete nature (net of reversal) amounted to ₹43.940 MN (PY 2021-22 ₹ 31.569 MN) was recognised as an expense during the year.

NOTE 11 A : CASH AND CASH EQUIVALENTS

	Particulars	As at 31 March 2023	As at 31 March 2022
(a)	**Balances with bank**		
	In current and EEFC account (Including cheques on hand)	1,288.487	766.166
	Bank deposits	920.847	575.074
(b)	**Cash on hand**	3.513	1.448
	Total cash and cash equivalents	**2,212.847**	**1,342.688**

NOTE 11 B : OTHER BANK BALANCES

	Particulars	As at 31 March 2023	As at 31 March 2022
(a)	**Earmarked balances with bank**		
	Unpaid dividend accounts	12.055	11.600
(b)	**Other deposits**	299.666	283.131
(c)	**Margin money**	4.045	3.370
	Total other balances	**315.766**	**298.101**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

NOTE 12: EQUITY SHARE CAPITAL

Particulars	As at 31 March 2023	As at 31 March 2022
Authorised		
250,000,000 (250,000,000) equity shares of ₹2/- each (₹2/-) each	500.000	500.000
Issued, subscribed & fully paid up		
79,408,926 (79,408,926) equity shares of ₹2/- each (₹2/-) each	158.818	158.818
Total equity share capital	**158.818**	**158.818**

(a) Terms/ rights attached to equity shares .

The company has only one class of equity shares, having face value of ₹ 2/- per share. Each holder of equity share is entitled to one vote per share and has a right to receive dividend as recommended by the board of directors subject to the necessary approval from the shareholders. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

For the year ended 31 March 2023 the board of directors have proposed final dividend of ₹4.5 (2022: ₹3.00) per share subject to shareholders' approval.

(b) Reconciliation of share capital

Particulars	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
	Number	Amount (Million ₹)	Number	Amount (Million ₹)
Shares outstanding at the beginning of the year	79,408,926	158.818	79,408,926	158.818
Shares Issued during the year under ESOS	-	-	-	-
Shares outstanding at the end of the year	**79,408,926**	**158.818**	**79,408,926**	**158.818**

(c) Details of shareholder holding more than 5% shares

Particulars	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
	No. of Shares	% of Holding	No. of Shares	% of Holding
Kirloskar Industries Limited	18,988,038	23.91%	18,988,038	23.91%
Mr. Sanjay Chandrakant Kirloskar *	17,847,465	22.48%	17,847,465	22.48%
Mrs. Pratima Sanjay Kirloskar	13,849,488	17.44%	13,849,488	17.44%
Nippon Life India Trustee Ltd. (A/C Nippon India Small Cap Fund)	4,300,851	5.42%	4,278,923	5.39%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

(d) Details of shares held by promoters

Particulars	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
	No. of Shares	% of Holding	No. of Shares	% of Holding
Mr. Sanjay Chandrakant Kirloskar *	17,847,465	22.48%	17,847,465	22.48%
Mr. Rahul Chandrakant Kirloskar	404,501	0.51%	404,501	0.51%
Mr. Atul Chandrakant Kirloskar	398,888	0.50%	398,888	0.50%
Mr. Vikram Shreekant Kirloskar	-	0.00%	70,236	0.09%
Ms. Jyotsna Gautam Kulkarni	441,805	0.56%	441,805	0.00%
Ms. Geetanjali Vikram Kirloskar	2,625	0.00%	-	0.00%

There is no change in shares held by promoters' during the FY 2022-23 and 2021-22, except the transfer of partial shares held by late Mr. Vikram Kirloskar to his wife Ms. Geetanjali Kirloskar. Details of shares held by promoter's group are available on Company's website.

** includes 1,761,919 (PY: 1,761,919), 2% (PY: 2%) shares held in the capacity of a trustee.*

For the period of five years immediately preceding the date as at which the balance sheet is prepared, no shares are

i. allotted as fully paid up pursuant to contracts without payment being received in cash

ii. allotted as fully paid shares by way of bonus shares

iii. bought back.

NOTE 13: OTHER EQUITY

	Particulars	As at 31 March 2023	As at 31 March 2022
(a)	**Capital reserve**	5.237	5.237
(b)	**Capital redemption reserve**	9.237	9.237
(c)	**Securities premium**	414.700	414.700
(d)	**General reserves**	6,334.597	6,334.597
(e)	**Foreign Currency Translation Reserve**		
	Opening balance	290.767	297.878
	Add: Current year transfer	137.043	(7.111)
	Closing balance	**427.810**	**290.767**
(f)	**Retained Earnings**		
	Opening balance	4,560.886	3,826.447
	Add : Net profit for the year	2,349.390	943.357
	Other comprehensive income for the year	(26.594)	29.309
	Balance available for appropriation	**6,883.682**	**4,799.113**
	Less : Appropriations :		
	Final and interim dividend	238.227	238.227
	Sub total	**238.227**	**238.227**
	Closing balance	**6,645.455**	**4,560.886**
(g)	**Effective portion of cash flow hedges**		
	Opening balance	-	-
	Other comprehensive income for the year	**42.927**	-
	Closing balance	**42.927**	-
	Total other equity	**13,879.963**	**11,615.424**

Capital reserve:

The company has recognised profit or loss on purchase, sale, issue or forfeiture/ cancellation of own equity instrument to capital reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

Capital redemption reserve:

The Company has recognised Capital Redemption Reserve on redemption of preference shares from its retained earnings as per the applicable provisions of Companies Act, 1956.

Securities premium :

The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium.

General reserve:

The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

Retained earnings:

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

Foreign currency translation reserve

Exchange differences arising on translation of foreign operations are recognised in other comprehensive income and are accumulated in separate reserve within equity. The cumulative amount is reclassified to profit and loss, when the investment is disposed off.

Effective portion of cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the other equity under 'effective portion of cash flow hedges'.

NOTE 14 : FINANCIAL LIABILITIES: BORROWINGS

	Particulars	As at 31 March 2023	As at 31 March 2022
	Non-current		
	Secured		
	Term loan from HDFC bank	1,478.214	1,738.870
	(Terms of loans: Term loans are availed by the group from various banks across the world. Loans are repayable over the period of 3 to 10 years and carry interest rates varing from 1% to 10.5%. Loans are secured against fixed assets purchased from proceeds of loan and corporate guarantees given by holding company)		
	Less- Current maturities of non-current borrowings	368.718	375.237
		1,109.496	**1,363.633**
	Current		
	Secured		
	Loans repayable on demand from bank		
(i)	Cash / export credit facilities and working capital demand loans	1,049.660	2,013.089
	(Terms of loans: Loan carries interest @ 2% to 10.5% per annum and secured against the inventory, receivables and mortgage of plant & machinery in some cases)		
	Total secured loan - Current	**1,049.660**	**2,013.089**
	Current maturities of long term loan	**368.718**	**375.237**
	Total current borrowings	**1,418.378**	**2,388.326**
	Total borrowings	**2,527.874**	**3,751.959**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

1. The quarterly returns or statements filed by the Company and it's group companies for working capital limits whenever availed with such banks and financial institutions are in agreement with the books of account of the Company and it's group companies.

2. The group has utilized loans for the specific purpose for which same are availed.

3. The Company or any of it's group company is not declared as willful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof or other lender in accordance with the guidelines on willful defaulters issued by the Reserve Bank of India.

4. The Company and it's group companies do not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond the statutory period.

NOTE 15 : FINANCIAL LIABILITIES: TRADE PAYABLES

Particulars		As at 31 March 2023	As at 31 March 2022
	Non-current		
(a)	Total outstanding dues of creditors other than micro, small and medium enterprises	80.206	74.851
		80.206	**74.851**
	Current		
(a)	Total outstanding dues of micro, small and medium enterprises (refer note 42)	800.913	683.536
(b)	Total outstanding dues of creditors other than micro, small and medium enterprises	5,376.218	5,226.980
	Total	**6,177.131**	**5,910.516**
	Total trade payables	**6,257.337**	**5,985.367**

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 60-day terms except dues to micro and small enterprises which are settled in 45 days or contractual term whichever is earlier. Refer note 44(b) for ageing.

NOTE 16: OTHER FINANCIAL LIABILITIES

Particulars		As at 31 March 2023	As at 31 March 2022
	Non-current		
	Other liabilities	13.361	108.448
		13.361	**108.448**
	Current		
(a)	**Investor Education & Protection fund (will be credited as and when due).**		
	Unclaimed dividends	12.055	11.600
(b)	**Others**		
	Trade deposits	143.510	85.177
	Salary and reimbursements	640.607	518.204
	Payables on account of purchases of fixed assets	68.101	20.479
	Provision for expenses and other liabilities	814.843	748.558
		1,667.061	**1,372.418**
		1,679.116	**1,384.018**
	Total other financial liabilities	**1,692.477**	**1,492.466**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

Terms and conditions of the above financial liabilities:

1) Other payables are non-interest bearing.

2) For explanations on the Group's credit risk management processes. (refer note 40)

NOTE 17: PROVISIONS

	Particulars	As at 31 March 2023	As at 31 March 2022
	Non-current		
	Provisions for employee benefits		
(a)	Compensated absences (refer note 38)	150.605	151.435
(b)	Pension scheme (refer note 34)	43.899	38.617
(c)	Gratuity (refer note 34)	24.602	23.561
		219.106	**213.613**
	Other provisions		
(a)	Provision for product warranty (refer note 38)	46.022	36.928
(b)	Provision for decommissioning and restoration costs (refer note 38)	9.621	8.892
		55.643	**45.820**
		274.749	**259.433**
	Current		
	Provisions for employee benefits		
(a)	Compensated absences (refer note 38)	170.348	165.946
(b)	Gratuity and Provident fund (refer note 34)	74.991	47.158
		245.339	**213.104**
	Other provisions (refer note 38)		
(a)	Provision for product warranty	573.009	464.104
(b)	Provision for loss on long term contracts	21.142	62.556
		594.151	**526.660**
		839.490	**739.764**
	Total provisions	**1,114.239**	**999.197**

NOTE 18: OTHER LIABILITIES

	Particulars	As at 31 March 2023	As at 31 March 2022
	Non-current		
	Non-current		
(a)	Gross amount due to customers for project related contract work	165.947	165.624
(b)	Advance from customer	536.639	522.335
		702.586	**687.959**
	Current		
(a)	Gross amount due to customers for project related contract work	1,392.865	1,398.859
(b)	Advances from customer	1,709.229	1,931.786
(c)	Contribution to provident fund and superannuation fund	76.346	132.915
(d)	Statutory dues	168.855	143.994
(e)	Deferred revenue	51.175	89.124
		3,398.470	**3,696.678**
	Total other non-financial liabilities	**4,101.056**	**4,384.637**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

NOTE 19 : INCOME TAX

(1) The major components of income tax expense for the year ended 31 March 2023 and 31 March 2022 are:

(a) Statement of profit and loss

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Current income tax:		
Current income tax charge (Net of MAT credit entitlement)	901.916	423.199
Adjustments in respect of income tax of previous year	-	36.477
Deferred tax:		
Relating to origination and reversal of temporary differences	28.193	79.824
Income tax expense reported in the statement of profit or loss	**930.109**	**539.500**

(b) Statement of other comprehensive income (OCI)

Tax related to items recognised in OCI during in the year:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Related to remeasurement gains and losses		
Income tax charged to OCI	(19.848)	(5.968)
Deferred tax charged to OCI	-	-
	(19.848)	**(5.968)**

(2) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31 March 2023 and 31 March 2022:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Accounting profit before tax	3,180.737	1,354.830
At India's statutory income tax rate of 25.168%/ (25.168%) (a)	800.528	340.984
Adjustments		
Non deductible expenses / accelerated deduction (b) (Including provisions for advances, Interest on TDS, donation, penalties etc.)	(26.997)	(34.060)
Tax impact of above adjustments	(6.795)	(8.572)
Rate difference on opening DTA/ DTL/ different tax rates from holding company	(53.158)	19.540
Tax impact of B/F losses (Tax losses on which DTA is not recognised)	(55.026)	(169.384)
Other items	(14.602)	(3.832)
Earlier year excess / short provision	-	(36.266)
Total (c)	**(129.581)**	**(198.514)**
Tax expenses at effective rate (a-c)	**930.109**	**539.500**
Tax expenses recorded in books	**930.109**	**539.500**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

(3) Movement in deferred tax

(a) Balance sheet

Deferred tax relates to the following: DTL/ (DTA)	As at 31 March 2023	As at 31 March 2022
Property, plant and equipment (Depreciation)	85.591	80.998
Employee benefits	(121.705)	(110.261)
Provision for doubtful debts and advances	(455.569)	(352.142)
Others - (DTA) /DTL (Including deferred tax on undistributed profits of joint venture and carry forwarded losses)	102.917	47.192
	(388.766)	**(334.213)**
MAT credit	(19.236)	(83.537)
	(408.002)	**(417.750)**
Reflected in balance sheet as		
Deferred tax asset	408.002	417.750

(b) Statement of profit and loss

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Property, plant and equipment (Depreciation)	4.593	(3.070)
Employee benefits	(11.444)	4.094
Provision for doubtful debts and advances	(103.427)	(19.848)
Others - (DTA) /DTL (Including deferred tax on undistributed profits of joint venture and carry forwarded losses)	55.726	10.166
	(54.552)	**(8.658)**
MAT Credit utilised and forex difference	82.745	88.482
Deferred tax expense/(income)	**28.193**	**79.824**

(4) Movement in Current tax

(a) Balance sheet

Reflected in balance sheet as	Year ended 31 March 2023	Year ended 31 March 2022
Non- current advance tax	120.466	251.887
Current advance tax	57.342	92.550
Current tax liability	(60.874)	
	116.934	**344.437**

(b) Statement of profit and loss and other comprehensive income

Movement in current tax	Year ended 31 March 2023	Year ended 31 March 2022
Current tax (asset)/ liability as at beginning of year	(344.437)	(389.870)
Add: Additional provision during the year - Statement of Profit and loss account	901.916	459.676
Add: Additional provision during the year - Other comprehensive income	(19.848)	(5.968)
Less: Current tax paid during the year (Net of refund received for previous years)	(654.565)	(408.275)
Non Current tax (asset)/ liability as at end of year	**(116.934)**	**(344.437)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

NOTE 20: REVENUE FROM OPERATIONS

	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
(a)	**Sale of products** (Refer note 30 for the construction contract revenue)	35,986.426	29,083.940
(b)	**Sale of services**	735.080	858.735
		36,721.506	**29,942.675**
(c)	**Other operating revenues** (majorly includes scrap sales and exports benefits)	580.707	633.602
	Total	**37,302.213**	**30,576.277**

NOTE 21: OTHER INCOME

	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
(a)	**Interest Income**		
	From customers and others	133.705	39.643
	On income tax and sales tax refund	0.787	0.023
(b)	**Release of deferred income**	20.670	14.369
(c)	**Profit on sale of mutual fund investment**	42.496	32.192
(d)	**Other non-operating income**	75.013	238.099
	Total	**272.671**	**324.326**

NOTE 22: COST OF RAW MATERIALS CONSUMED , CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK -IN- TRADE AND WORK-IN-PROGRESS

	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
(A)	**Cost of raw material consumed**	17,811.550	15,164.812
(B)	**Changes in inventories of finished goods, work-in-progress and stock-in-trade**		
	Opening Stock (Refer note 10)		
	Finished goods	1,682.800	1,483.708
	Work-in- progress	2,237.327	2,313.191
	Stock in trade	249.075	359.146
		4,169.202	**4,156.045**
	Closing Stock (Refer note 10)		
	Finished goods	1,410.231	1,682.800
	Work-in- progress	2,416.019	2,237.327
	Stock in trade	521.866	249.075
		4,348.116	**4,169.202**
	Total change in inventories	**(178.914)**	**(13.157)**

NOTE 23: EMPLOYEE BENEFITS EXPENSE

	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
(a)	**Salaries, wages and bonus**	5,055.733	4,522.001
(b)	**Defined contribution plans**	251.750	184.165
	Contribution to provident fund, superannuation fund and ESIC		
(c)	**Defined benefit plans**	134.147	146.299
	Gratuity, Provident fund and Pension		
(d)	**Welfare expenses**	210.337	163.061
	Total	**5,651.967**	**5,015.526**

** Includes payment on account of Voluntary Retirement Scheme ₹ nil (PY 2021-22 - ₹5.520 MN).*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

NOTE 24: FINANCE COSTS

Particulars		Year ended 31 March 2023	Year ended 31 March 2022
(a)	**Interest expense** (at effective interest rate/ market rate of interest)	231.913	217.300
(b)	**Other borrowing costs** (includes bank guarantee commission, LC charges, loan processing charges)	121.952	117.377
	Total	**353.865**	**334.677**

NOTE 25: DEPRECIATION AND AMORTISATION EXPENSE

Particulars		Year ended 31 March 2023	Year ended 31 March 2022
(a)	Depreciation on property, plant and equipment and investment property	567.796	566.557
(b)	Amortization of intangible assets	23.963	23.588
(c)	Amortisation of right to use assets (Lease)	93.885	104.998
	Total	**685.644**	**695.143**

NOTE 26: OTHER EXPENSES

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Other Manufacturing Expenses		
Stores and spares consumed	1,385.442	1,078.991
Processing charges	957.565	826.865
Power & fuel	580.909	479.462
Repairs and maintenance		
Plant and machinery	240.795	230.362
Buildings	101.780	100.781
Other	64.017	63.996
Other expenses		
Rent	40.167	30.346
Rates and taxes	103.668	124.466
Travelling and conveyance	344.111	187.140
Communication expenses	94.104	99.592
Insurance	186.269	170.016
Directors' sitting fees	7.578	7.890
Royalties and fees *	70.680	59.659
Freight and forwarding charges	659.358	596.527
Brokerage and commission	184.745	125.935
Advertisements and publicity	214.787	156.147
Provision for product warranty	334.469	358.119
Loss on sale/disposal of fixed assets	13.582	0.730
Provision for doubtful debts, advances and claims	343.077	80.733
Bad debts written off	37.035	88.297
Advances, deposits and claims written off	0.545	8.304
Auditor's remuneration (refer note 31)	45.397	46.679
Professional, consultancy and legal expenses	670.906	599.681
Security services	71.826	65.967

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Computer services	338.857	291.179
Non-executive directors remuneration	14.375	13.550
Stationery & Printing	39.924	39.459
Training course expenses	27.223	20.136
Outside labour charges	453.052	363.581
Foreign exchange difference (net)	198.108	76.836
Corporate social responsibility expenses (refer note 43)	32.177	31.407
Other miscellaneous expenses	257.548	274.579
Total	**8,114.076**	**6,697.412**

**As specified in note given in the Board's Report in respect of legal proceeding pending against KPL, the Company has in the interim, without prejudice to all its rights and contentions, including those in the pending proceedings, in compliance with the order of Hon'ble commercial court, Pune has deposited the claimed royalty amount by way of cheque in safe custody of the Ld. Nazir, District court, Pune from the quarter ended October 2018 onwards until 3rd quarter of 2022-23.*

NOTE 27: OTHER COMPREHENSIVE INCOME

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Items that will not be reclassified to statement of profit and loss		
Remeasurement gains and losses on post employments benefits	(45.960)	22.363
Tax on Remeasurements gains and losses	19.848	5.968
Share in other comprehensive income of joint venture company	(0.801)	1.165
Items that will be reclassified to statement of profit and loss		
Cash flow hedge	42.927	-
Gains/ losses on currency translation for foreign subsidiaries	137.043	(7.111)
Total	**153.057**	**22.385**

NOTE 28 : CONTINGENT LIABILITIES

	Particulars	As at 31 March 2023	As at 31 March 2022
	Other money for which the company is contingently liable for		
i)	Central Excise and Service tax (Matter Subjudice)	1,049.113	1,048.672
ii)	Sales Tax (Matter Subjudice)	212.482	280.723
iii)	Income Tax (Matter Subjudice)	154.407	154.024
iv)	Labour Matters (Matter Subjudice)	45.069	69.001
v)	Other Legal Cases (Matter Subjudice)	547.465	503.080
		2,008.536	**2,055.500**

Group does not expect any reimbursement in respect of the above contingent liabilities. It is not practicable to estimate the timing of cash flow if any with respect to above matters.

NOTE 29 : COMMITMENTS

	Particulars	As at 31 March 2023	As at 31 March 2022
i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	551.471	281.000
ii)	Letters of credit outstanding	894.385	521.605
		1,445.856	**802.605**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

NOTE 30 : ADDITIONAL DISCLOSURES AS REQUIRED BY IND AS 115 'REVENUE FROM CONTRACTS WITH CUSTOMERS'

a) Additional details in relation to contracts satisfied over the period

	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
a)	Contract Revenue recognised as revenue for the year	1,219.619	1,357.765
b)	Advances received	1,040.495	1,054.480
c)	Amount of retentions	1,741.190	1,611.409
d)	**Gross amount due from customer**		
	Contract costs incurred	7,765.211	9,216.748
	Recognised Profits less recognised Losses	2,862.222	2,509.231
	Less: Progress Billing	10,364.917	11,447.570
	Less: Provision for gross amount due from customer	75.673	75.312
		186.843	**203.097**
e)	**Gross amount due to customer**		
	Contract costs incurred	27,312.296	26,036.163
	Recognised Profits less recognised Losses	4,680.577	4,888.535
	Less: Progress Billing	33,551.685	32,489.181
		(1,558.812)	**(1,564.483)**

i. Movement in gross amount due from customer and due to customer is due to difference in revenue recognition as compared to progress billings.

b) Reconciliation of revenue from sale of products with the contracted price

	Particulars	Year ended 31 March 2023	Year ended 31 March 2022
a)	Contracted price	37,096.651	30,306.658
b)	Less - trade discounts, volume rebates, late delivery charges etc	375.145	363.983
	Total revenue	**36,721.506**	**29,942.675**

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Opening contracted price of orders as at start of the year	54,857.436	55,937.852
Add - Fresh orders/change orders received (net) including exchange rate movement	-	248.555
Less- Orders completed during year	(89.633)	(1,328.971)
Closing contracted price of orders as at the end of the year	**54,767.803**	**54,857.436**
a. Revenue out of orders completed during the year	3.527	41.594
b. Revenue out of orders under execution at the end of the year (I)	1,216.093	1,313.518
Total Revenue recognised during the year	**1,219.619**	**1,355.112**
Revenue recognised upto previous year (from orders pending completion at the end of the year) (II)	42,286.285	42,330.809
Balance revenue to be recognised in future viz. Order book (III)	11,265.425	11,213.109
Closing contracted price of orders as at the end of the year (I+II+III)	**54,767.803**	**54,857.436**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

NOTE 31: REMUNERATION TO AUDITORS

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Statutory Auditors :		
a) Audit Fees	31.135	32.564
b) Tax Audit Fees	5.053	0.426
c) VAT/ GST Audit Fees	0.261	2.555
d) Limited review fees	3.289	3.361
e) Certification services	0.235	0.506
f) Other services	0.012	7.072
g) Expenses reimbursed	5.412	0.195
Sub total	**45.397**	**46.679**

NOTE 32 : EARNING PER SHARE (BASIC AND DILUTED)

Particulars		Year ended 31 March 2023	Year ended 31 March 2022
a)	Profit for the year before tax	3,180.737	1,354.830
	Less : Attributable Tax thereto	930.109	539.500
	Add: Share of profit / (loss) in joint venture company	107.032	128.435
		2,357.660	**943.765**
	Less: Attributable to Non-controlling interest	8.270	0.408
	Profit attributable to owners of equity	**2,349.390**	**943.357**
b)	Weighted average number of equity shares used as denominator	79,408,926	79,408,926
c)	Basic earning per share of nominal value of ₹ 2/- each	29.59	11.88

NOTE 33: EXPENDITURE ON RESEARCH & DEVELOPMENT ACTIVITIES

Particulars		Year ended 31 March 2023	Year ended 31 March 2022
a)	Revenue expenditure	258.004	245.359
b)	Capital Expenditure	2.308	0.464
		260.312	**245.823**

NOTE 34 : EMPLOYEE BENEFITS

i. Defined Contribution Plans:

Amount of ₹ 251.750 Mn.(PY 2021-22 ₹ 184.165 Mn) is recognised as an expense towards defined contribution plan and included in Employees benefits expense (Note-23 in the Profit and Loss Statement.)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

ii. Defined Benefit Plans:

a) The amounts recognised in Balance Sheet are as follows: Funded Plan

Particulars		As at 31 March 2023		As at 31 March 2022	
		Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
A.	Amount to be recognised in Balance Sheet				
	Present Value of Defined Benefit Obligation	647.694	1,834.825	546.318	1,586.091
	Less: Fair Value of Plan Assets	545.523	1,868.485	485.812	1,605.918
	Amount to be recognised as liability or (asset)	**102.171**	**(33.660)**	**60.506**	**(19.827)**
B.	Amounts reflected in the Balance Sheet				
	Liabilities	102.171		60.506	
	Assets	-	33.660		19.827
	Net Liability/(Assets)	**102.171**	**(33.660)**	**60.506**	**(19.827)**

b) The amounts recognised in the Profit and Loss Statement are as follows: Funded Plan

Particulars		FY 2022-23		FY 2021-22	
		Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
1	Current Service Cost	43.414	59.660	37.626	48.860
2	Acquisition (gain)/ loss	-	-	-	-
3	Past Service Cost	-	-	-	-
4	Net Interest (income)/expenses	2.197	(7.475)	(0.088)	(2.951)
5	Actuarial Losses/(Gains)	-	-	-	-
6	Curtailment (Gain)/ loss	-	-	-	-
7	Settlement (Gain)/loss	-	-	-	-
8	Others				
	Net periodic benefit cost recognised in the statement of profit & loss- (Employee benefit expenses - Note 23)	**45.611**	**52.185**	**37.538**	**45.909**

c) The amounts recognised in the statement of other comprehensive income (OCI) : Funded Plan

Particulars		FY 2022-23		FY 2021-22	
		Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
1	Opening amount recognised in OCI outside profit and loss account	-	-	-	-
2	Remeasurements for the year - Obligation (Gain)/loss	55.871	87.367	27.205	26.523
3	Remeasurement for the year - Plan assets (Gain) / Loss	(3.244)	(95.774)	(2.067)	(74.100)
4	Total Remeasurements Cost / (Credit) for the year recognised in OCI	52.627	(8.407)	25.140	(47.577)
5	Less: Accumulated balances transferred to retained earnings	52.627	(8.407)	25.140	(47.577)
	Closing balances (remeasurement (gain)/ loss recognised OCI	**-**	**-**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

d) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows: Funded Plan

	Particulars	As at 31 March 2023		As at 31 March 2022	
		Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
1	Balance of the present value of Defined benefit Obligation at the beginning year	546.318	1,586.091	495.532	1,490.666
2	Acquisition adjustment	-	-	-	-
3	Transfer in/ (out)	0.751	(10.070)	0.460	-
4	Interest expenses	36.094	107.119	29.998	88.609
5	Past Service Cost	-	-	-	-
6	Current Service Cost	43.414	59.660	37.626	48.860
7	Curtailment Cost / (credit)	-	-	-	-
8	Settlement Cost/ (credit)	-	-	-	-
9	Benefits paid	(34.754)	(111.645)	(44.503)	(168.354)
10	Employee Contribution	-	116.303	-	99.787
11	Remeasurements on obligation - (Gain) / Loss	55.871	87.367	27.205	26.523
	Present value of obligation as at the end of the year	**647.694**	**1,834.825**	**546.318**	**1,586.091**

e) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows: Funded Plan

	Particulars	As at 31 March 2023		As at 31 March 2022	
		Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
1	Fair value of the plan assets as at beginning of the year	485.812	1,605.918	496.951	1,466.401
2	Acquit ion adjustment	(0.283)	-	-	-
3	Transfer in/(out)	0.073	(10.070)	-	-
4	Interest income	33.897	114.594	30.086	91.560
5	Contributions	58.176	173.914	1.213	142.211
6	Benefits paid	(34.755)	(111.645)	(44.504)	(168.354)
7	Mortality Charges and Taxes	(0.611)	-	-	-
8	Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	3.214	95.774	2.066	74.100
	Fair value of plan assets as at the end of the year	**545.523**	**1,868.485**	**485.812**	**1,605.918**

f) Net interest (Income) /expenses: Funded Plan

	Particulars	FY 2022-23		FY 2021-22	
		Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
1	Interest (Income) / Expense – Obligation	36.094	107.119	29.998	88.609
2	Interest (Income) / Expense – Plan assets	(33.897)	(114.594)	(30.086)	(91.560)
3	Net Interest (Income) / Expense for the year	2.197	(7.475)	(0.088)	(2.951)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

g) The broad categories of plan assets as a percentage of total plan assets of Employee's Gratuity Scheme are as under:

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

h) The amounts pertaining to defined benefit plans are as follows: Funded Plan

Particulars	As at 31 March 2023		As at 31 March 2022	
	Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
Defined Benefit Obligation	647.694	1,834.825	546.318	1,586.091
Plan Assets	545.523	1,868.485	485.812	1,605.918
Surplus/(Deficit)	(102.171)	33.660	(60.506)	19.827

i) The amounts recognised in Balance Sheet are as follows: Non Funded Plan

Particulars		As at 31 March 2023		As at 31 March 2022	
		Gratuity Plan (Non Funded)	Pension Scheme (Non Funded)	Gratuity Plan (Non Funded)	Pension Scheme (Non Funded)
A.	Amount to be recognised in Balance Sheet				
	Present Value of Defined Benefit Obligation	31.015	43.899	29.812	38.617
	Less: Fair Value of Plan Assets	-	-	-	-
	Amount to be recognised as liability or (asset)	31.015	43.899	29.812	38.617
B.	Amounts reflected in the Balance Sheet				
	Liabilities	31.015	43.899	29.812	38.617
	Assets		-		-
	Net Liability/(Assets)	**31.015**	**43.899**	**29.812**	**38.617**

j) The amounts recognised in the Profit and Loss Statement are as follows: Non Funded Plan

Particulars		FY 2022-23		FY 2021-22	
		Gratuity Plan (Non Funded)	Pension Scheme (Non Funded)	Gratuity (Non Funded)	Pension Scheme (Non Funded)
1	Current Service Cost	1.714	2.280	1.916	2.292
2	Acquisition (gain)/ loss	-	-	-	-
3	Past Service Cost	-	-	-	-
3	Net Interest (income)/expenses	1.914	1.839	1.943	1.719
5	Actuarial Losses/(Gains)	-	-	-	-
6	Curtailment (Gain)/ loss	-	-	-	-
7	Settlement (Gain)/loss	-	-	-	-
8	Others				
	Net periodic benefit cost recognised in the statement of profit & loss- (Employee benefit expenses - Note 23)	**3.628**	**4.119**	**3.859**	**4.011**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

k) The amounts recognised in the statement of other comprehensive income (OCI) : Non Funded Plan

	Particulars	FY 2022-23		FY 2021-22	
		Gratuity Plan (Non Funded)	Pension Fund (Non Funded)	Gratuity Plan (Non Funded)	Pension Scheme (Non Funded)
1	Opening amount recognised in OCI outside profit and loss account	-	-	-	-
2	Remeasurements for the year - Obligation (Gain)/loss	1.736	(0.025)	(1.819)	1.894
3	Remeasurement for the year - Plan assets (Gain) / Loss	-	-	-	-
4	Total Remeasurements Cost / (Credit) for the year recognised in OCI	1.736	(0.025)	(1.819)	1.894
5	Less: Accumulated balances transferred to retained earnings	1.736	(0.025)	(1.819)	1.894
	Closing balances (remeasurement (gain)/loss recognised OCI	-	-	-	-

l) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows: Non Funded Plan

	Particulars	As at 31 March 2023		As at 31 March 2022	
		Gratuity Plan (Non Funded)	Pension Scheme (Non Funded)	Gratuity Plan (Non Funded)	Pension Scheme (Non Funded)
1	Balance of the present value of - Defined benefit Obligation as at beginning of the year	29.812	38.617	31.096	36.286
2	Acquisition adjustment	-	-	-	-
3	Transfer in/ (out)	-	-	-	-
4	Interest expenses	1.914	1.839	1.943	1.719
5	Past Service Cost	-	-	-	-
6	Current Service Cost	1.714	2.280	1.916	2.292
7	Curtailment Cost / (credit)	-	-	-	-
8	Settlement Cost/ (credit)	-	-	-	-
9	Benefits paid	(4.161)	(3.442)	(3.324)	(3.249)
10	Remeasurements on obligation - (Gain) / Loss	1.736	(0.025)	(1.819)	4.187
11	Foreign exchange difference	-	4.630	-	(2.618)
	Present value of obligation as at the end of the year	31.015	43.899	29.812	38.617

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

m) Net interest (Income) /expenses Non Funded Plan

Particulars		FY 2022-23		FY 2021-22	
		Gratuity Plan (Non Funded)	Pension Scheme (Non Funded)	Gratuity Plan (Non Funded)	Pension Scheme (Non Funded)
1	Interest (Income) / Expense – Obligation	1.914	1.839	1.943	1.719
2	Interest (Income) / Expense – Plan assets	-	-	-	-
3	Net Interest (Income) / Expense for the year	1.914	1.839	1.943	1.719

n) The amounts pertaining to defined benefit plans are as follows:Non Funded Plan

	As at 31 March 2023		As at 31 March 2022	
	Gratuity Plan (Non Funded)	Pension Scheme (Non Funded)	Gratuity Plan (Non Funded)	Pension Scheme (Non Funded)
Defined Benefit Obligation	31.015	43.899	29.812	38.617
Plan Assets	-	-	-	-
Surplus/(Deficit)	(31.015)	(43.899)	(29.812)	(38.617)

Basis used to determine the overall expected return:

The net interest approach effectively assumes an expected rate of return on plan assets equal to the beginning of the year Discount Rate. Expected return of 6.8 % (PY 2021-22 6.3%) has been used for the valuation purpose.

o) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

1 Discount rate as at 31-03-2023 - 7.40% (PY- 6.80%)

2 Expected return on plan assets as at 31-03-2023- 6.8%(PY- 6.3%)

3 Salary growth rate : For Gratuity Scheme - 10% (PY - 8%). Impact for change in accounting estimate along with other remeasuremnt impact is recognised in other comprehensive income.

4 Attrition rate: For gratuity scheme the attrition rate is taken at 11% (PY - 11%)

5 The estimates of future salary increase considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

p) General descriptions of defined plans:

1 Gratuity Plan:

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

2 Company's Pension Plan:

The company operates a Pension Scheme for specified ex-employees wherein the beneficiaries are entitled to defined monthly pension.

q) The Company expects to fund ₹ 102.171 MN (PY ₹ 52.77 MN) towards its gratuity plan in the year 2023-24.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

NOTE 35 :RELATED PARTY DISCLOSURES

(A) Names of the related party and nature of relationship where control/ significant influence exists

Sr. No.	Name of the related party	Nature of relationship
1	Karad Projects and Motors Limited	Subsidiary Company
2	The Kolhapur Steel Limited	Subsidiary Company
3	Kirloskar Corrocoat Private Limited	Subsidiary Company
4	Kirloskar Brothers International BV	Subsidiary Company
5	SPP Pumps Limited	Subsidiary of Kirloskar Brothers International B.V.
6	Kirloskar Brothers(Thailand) Limited	Subsidiary of Kirloskar Brothers International B.V.
7	SPP Pumps (MENA) LLC	Subsidiary of Kirloskar Brothers International B.V.
8	Kirloskar Pompen BV	Subsidiary of Kirloskar Brothers International B.V.
9	Micawber 784 Proprietary Limited	Subsidiary of Kirloskar Brothers International B.V.
10	SPP Pumps International Proprietary Limited	Subsidiary of Kirloskar Brothers International B.V.
11	Rotaserve Limited	Subsidiary of Kirloskar Brothers International B.V.
12	SPP France S.A.S	Subsidiary of SPP Pumps Limited
13	SPP Pumps Inc	Subsidiary of SPP Pumps Limited
14	SPP Pumps South Africa Proprietary Limited	Subsidiary of SPP Pumps International Proprietary Limited
15	Braybar Pumps Proprietary Limited	Subsidiary of SPP Pumps International Proprietary Limited
16	Rodelta Pumps International BV	Subsidiary of Kirloskar Brothers International B.V.
17	Rotaserve BV	Subsidiary of Kirloskar Pompen BV
18	SPP Pumps Real Estate LLC	Subsidiary of SPP Pumps Inc
19	SyncroFlo Inc.	Subsidiary of SPP Pumps Inc
20	SPP Pumps (Asia) Ltd	Subsidiary of Kiroskar Brothers (Thailand) Ltd
21	SPP Pumps (Singapore) Ltd	Subsidiary of Kiroskar Brothers (Thailand) Ltd
22	Rotaserve Mozambique	Subsidiary of SPP Pumps International Proprietary Limited
23	KBL synerge LLP	Associate of Kirloskar Brothers Limited
24	Kirloskar Ebara Pumps Limited	Joint venture of Kirloskar Brothers Limited

(B) Names of related parties with whom transactions have been entered into:

Sr. No.	Nature of relationship	Name of the related party	
1)	Joint Venture	Kirloskar Ebara Pumps Limited	
2)	Key Management Personnel	Mr. Sanjay Kirloskar	Mr. K.Taranath
		Ms. Rama Kirloskar	Mr. Owen Shelvin
		Mr. Alok Kirloskar	Mr. C.M. Mate
		Mr. Pratap Shirke	Mr. Stephen Apel
		Mr. Rakesh Mohan	Mr. Achyut Dhadphale
		Mrs. Shailaja Kher	Ms. Prabha Kulkarni
		Mr. Pradyumna Vyas	Mr. Akshay Dhar
		Mr. S. Unnikrishnan	Mr. Ravindra Samant
		Mr. Shobinder Duggal	Mr. John Karen
		Mr. Shrinivas Dempo	Mr. Mohammed Hassan
		Ms. Ramni Nirula	Mr. Clive Harper
		Mr. Amitava Mukherjee	Mr. Bob Tichband
		Mr. Vivek Pendharkar	Mr. Remko Dubois

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

Sr. No.	Nature of relationship	Name of the related party	
		Ms. Rekha Sethi	Mr. Ajeet Kulkarni
		Ms. Manjiri Jawadekar	Mr. Suresh Deshpande
		Mr. Ajay Deshpande	Mr.Rudrappa Mahajan
		Mr. Graham Greenwood	Mr. Rakesh Mohan
3)	Relatives of Key Management Personnel	Mrs.Pratima Kirloskar (Wife of Mr. Sanjay Kirloskar)	
4)	Post Employee Benefit Plans	Kirloskar Brothers Ltd Employees Prov. Fund For Engg.Factory	
		Kirloskar Brothers Ltd Staff Members Prov. Fund	
		Kirloskar Brothers Limited,Kirloskarvadi Employee Gratuity Fund	
		Kirloskar Brothers Executive Staff Superannuation fund	
5)	Substantial Interest	Corrocoat Limited, UK	

(C) Disclosure of related parties transactions

Sr No	Nature of transaction/relationship/major parties	Year ended 2022-23		Year ended 2021-22	
		Amount	Amount	Amount	Amount
1	**Purchase of goods**	**102.275**		**33.739**	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		91.025		27.809
	Substantial Interest				
	Corrocoat Limited, UK		11.250		5.930
2	**Sale of goods/contract revenue**	**37.365**		**2.324**	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		37.365		2.324
3	**Rendering Services**	**75.095**		**78.890**	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		75.095		78.890
4	**Receiving Services**	**20.892**		**7.386**	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		15.767		0.869
	Substantial Interest				
	Corrocoat Limited, UK		-		0.112
	Relatives of Key Management Personnel				
	Mrs. Pratima Kirloskar		5.125		6.405
5	**Reimbursement of expenses by KBL**	**-**		**13.178**	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		-		13.178

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

Sr No	Nature of transaction/relationship/major parties	Year ended 2022-23		Year ended 2021-22	
		Amount	Amount	Amount	Amount
6	**Dividend received**	**18.000**		**13.500**	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		18.000		13.500
7	**Dividend paid**	**96.949**		**96.504**	
	Key Management Personnel				
	Mr. Sanjay Kirloskar (*)		54.692		54.405
	Mr. Alok Kirloskar		0.319		0.244
	Mr. Pratap Shirke		0.060		0.060
	Ms. Rama Kirloskar		0.300		0.225
	Relatives of Key Management Personnel				
	Mrs. Pratima Kirloskar		41.578		41.571
8	**Remuneration Paid**	**286.505**		**205.474**	
	Key Management Personnel				
	Short Term Employee Benefit				
	Mr. Sanjay Kirloskar		65.027		47.570
	Mr. Ravindra Samant		8.028		7.149
	Ms. Rama Kirloskar		65.484		23.807
	Mr. Alok Kirloskar		32.621		26.795
	Mr. Stefan Apel		17.613		21.465
	Mr. Remko Dubois		28.477		23.910
	Mr. Ajeet Kulkarni		0.851		1.049
	Mr. Owen Shevlin		21.727		18.067
	Mr. Mohammed Hassan		1.480		1.804
	Mr. John Kahren		25.212		21.680
	Mr. Bob Tichband		19.985		12.178
		14.876		**13.109**	
	Key Management Personnel				
	Commission on profits				
	Mr. S Unnikrishnan		1.500		1.300
	Mr. Pratap Shirke		3.500		1.300
	Mr. Kishor Chaukar		-		-
	Mr. Rakesh Mohan		0.500		1.300
	Mr. Rajeev Kher		-		1.083
	Mr. Pradyumna Vyas		0.188		1.300
	Ms. Shailaja Kher		0.188		1.300
	Mr. Shobinder Duggal		1.500		1.192
	Mr. Shrinivas Dempo		1.500		1.192
	Ms. Ramni Nirula		1.500		1.192
	Mr. Amitava Mukherjee		1.500		0.650
	Mr. Vivek Pendharkar		1.500		0.650
	Ms. Rekha Sethi		1.500		0.650
		7.812		**9.031**	
	Key Management Personnel				
	Sitting Fees				
	Mr. Pratap Shirke		0.825		2.353

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

Sr No	Nature of transaction/relationship/major parties	Year ended 2022-23		Year ended 2021-22	
		Amount	Amount	Amount	Amount
	Mr. Alok Kirloskar		0.630		0.480
	Mr. K.Taranath		0.123		0.100
	Mr. Clive Harper		0.020		0.030
	Mr. Chittranjan Mate		0.030		0.030
	Mr. Sanjay Kirloskar		0.060		0.045
	Ms. Rama Kirloskar		-		0.150
	Mr. Rakesh Mohan		0.300		1.200
	Mr. Rajeev Kher		-		0.803
	Mr. S Unnikrishnan		1.125		1.125
	Mr. Achyut Dhadphale		0.118		0.098
	Ms. Prabha Kulkarni		0.025		0.043
	Mr. Pradyumna Vyas		0.075		0.420
	Ms. Shailaja Kher		-		0.503
	Mr. Shobinder Duggal		0.975		0.473
	Mr. Shrinivas Dempo		0.600		0.338
	Ms. Ramni Nirula		0.525		0.405
	Mr. Amitava Mukherjee		0.975		0.135
	Mr. Vivek Pendharkar		0.600		0.150
	Ms. Rekha Sethi		0.600		0.135
	Mr. Akshay Dhar		0.048		0.015
	Mr. Suresh Deshpande		0.030		-
	Ms. Manjiri Jawadekar		0.045		-
	Mr.Rudrappa Mahajan		0.038		-
	Mr. Ajay Deshpande		0.035		-
	Mr. Graham Greenwood		0.010		-
	Post Employment Benefit	**10.932**		**14.947**	
	Mr. Sanjay Kirloskar		3.180		3.180
	Ms. Rama Kirloskar		1.888		4.294
	Mr. Ravindra Samant		1.095		1.120
	Mr. Alok Kirloskar		1.428		2.433
	Mr. Bob Tichband		1.906		1.415
	Mr. Mohammed Hassan		-		-
	Mr. Stefan Apel		-		1.631
	Mr. John Kahren		1.435		0.874
9	**Contribution paid to post Employment benefit plans**	**113.194**		**46.740**	
	Provident Fund		58.558		44.636
	Superannuation Fund		1.860		2.104
	Gratuity Trust		52.776		-
10	**Reimbursement received**	**4.250**		**2.851**	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		4.250		2.851

(*) Includes dividend received in capacity of trustee of ₹ 5.285 Mn. (PY- ₹ 5.285 Mn.)
Purchases and sales reported are net of discounts, returns etc.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

(D) Amount due to/from related parties

Sr No	Nature of transaction/relationship/major parties	Year ended 2022-23		Year ended 2021-22	
		Amount	Amount for Major parties	Amount	Amount for Major parties
1	**Accounts receivables**				
	Joint Venture	**74.926**		**44.980**	
	Kirloskar Ebara Pumps Limited		74.926		44.980
2	**Accounts payables**	**95.582**		**3.005**	
a	**Joint Venture**				
	Kirloskar Ebara Pumps Limited		94.799		1.315
b	**Substantial Interest**				
	Corrocoat Limited, UK		0.783		1.690
	Key Management Personnel (#)	**114.516**		**56.004**	
	Mr. Sanjay Kirloskar		47.000		32.058
	Mr. S Unnikrishnan		1.500		1.300
	Mr. Pratap Shirke		1.500		1.300
	Mr. Alok Kirloskar		1.500		1.300
	Mr. Kishor Chaukar		-		-
	Mr. Rakesh Mohan		0.500		1.300
	Ms. Rama Kirloskar		53.140		9.540
	Mr. Rajeev Kher		-		1.080
	Mr. Pradymana Vyas		0.188		1.300
	Ms. Shailaja Kher		0.188		1.300
	Mr. K.Taranath		-		-
	Mr. Achyut Dhadphale		-		-
	Mr. Amitava Mukherjee		1.500		0.650
	Ms. Rekha Sethi		1.500		0.650
	Ms.Ramini Niruala		1.500		1.192
	Mr. Shrinivas Dempo		1.500		1.192
	Mr. Shobinder Duggal		1.500		1.192
	Mr. Vivek Pendharkar		1.500		0.650
c	**Relatives of Key Management Personnel**	**-**		**0.870**	
	Mrs Pratima Kirloskar		-		0.870

(#) Commission to Chairman- Managing Director and Non-Executive Directors is approved in board meeting held on 11th May 2023. Payment will be made in the year 2023-24

NOTE 36 : DISCLOSURE PURSUANT TO SCHEDULE V READ WITH REGULATIONS 34(3) AND 53(F) OF THE SEBI(LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS,2015 :

A Loans and advances in the nature of loans for working capital requirements :

Name of the Company	Balance as at		Maximum outstanding	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
To Subsidiary Companies				
The Kolhapur Steel Limited	141.142	159.614	159.614	160.414
To Associate				
KBL Synerge LLP	-	-	-	-

** Consists of ₹ 9.610 Mn unsecured loan given under order from Board for Industrial and Financial Reconstructions (BIFR) in 2008-09 without any specific agreed terms for charge of interest and repayment. Balance loan of ₹ 131.532 Mn is with specified terms and conditions.*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

B Loans and advances in the nature of loans to firms/companies in which directors are interested: NIL

C Investment by the loanee (borrower) in the shares of the Company or subsidiary of the Company : NIL

Note:- Loans to employees under various schemes of the company (such as housing loan, furniture loan, education loan etc.) have been considered to be outside the purview of this disclosure requirements.

NOTE 37 : JOINT VENTURE AND JOINTLY CONTROLLED OPERATIONS

a) List of Joint Venture

Sr No	Name of the Joint Venture	Description	Ownership Interest	Country of Incorporation
1	Kirloskar Ebara Pumps Limited	Jointly controlled entity	45%	India

b) Financial Interest in Jointly controlled entities

Sr. No	Name of the Joint Venture	Summarized financial information	As at 31 March 2023	As at 31 March 2022
1	Kirloskar Ebara Pumps Limited	Assets	2,941.938	2,342.219
		Liabilities	975.784	572.133
			FY 2022-23	FY 2021-22
		Income	2,409.472	2,306.693
		Expenses(including tax expenses)	2,171.622	2,021.281
		Profit after tax	237.850	285.412
		Other comprehensive income	(1.781)	2.590
		Total comprehensive income	**236.069**	**288.002**

c) Contingent liabilities , if any , incurred in relation to interest in Joint Ventures: For income tax - Nil (₹ Nil)

d) Capital commitments , if any , in relation to interest in Joint Ventures : ₹ 10.110 Million (₹ 23.627 Million)

e) List of Jointly controlled operations :

Sr No	Name of the Jointly controlled operation	Description	Ownership Interest	Country of Incorporation
1	HCC - KBL *	Jointly controlled operations	N A	India
2	KBL – MCCL	Jointly controlled operations	N A	India
3	KCCPL – IHP – BRC – TAIPPL – KBL JV *	Jointly controlled operations	N A	India
4	IVRCL – KBL JV	Jointly controlled operations	N A	India
5	Maytas – KBL JV	Jointly controlled operations	N A	India
6	Larsen & Toubro – KBL JV	Jointly controlled operations	N A	India
7	KBL-MEIL-KCCPL JV	Jointly controlled operations	N A	India
8	KBL – PLR JV	Jointly controlled operations	N A	India
9	KBL – Koya – VA Tech JV	Jointly controlled operations	N A	India
10	KBL – PIL Consortium	Jointly controlled operations	N A	India
11	Larsen & Toubro – KBL – Maytas JV	Jointly controlled operations	N A	India
12	IVRCL – KBL – MEIL JV	Jointly controlled operations	N A	India
13	Pioneer – Avantica – ZVS – KBL JV	Jointly controlled operations	N A	India
14	AMR – Maytas – KBL – WEG JV *	Jointly controlled operations	N A	India

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

Sr No	Name of the Jointly controlled operation	Description	Ownership Interest	Country of Incorporation
15	Indu – Shrinivasa Constructions – KBL – WEG JV	Jointly controlled operations	N A	India
16	MEIL – KBL – IVRCL JV	Jointly controlled operations	N A	India
17	MEIL – Maytas – KBL JV	Jointly controlled operations	N A	India
18	KCCPL – TAIPPL – KBL JV	Jointly controlled operations	N A	India
19	KBL-SPML JV	Jointly controlled operations	N A	India
20	MEIL - KBL JV *	Jointly controlled operations	N A	India
21	MAYTAS – MEIL – KBL JV	Jointly controlled operations	N A	India
22	Gondwana - KBL JV	Jointly controlled operations	N A	India
23	MEIL -PRASAD-KBL CONSORTIUM	Jointly controlled operations	N A	India
24	JCPL - MEIL - KBL CONSORTIUM	Jointly controlled operations	N A	India
25	KBL -PTIL UJV	Jointly controlled operations	N A	India
26	KBL - RATNA - JOINT VENTURE	Jointly controlled operations	N A	India
27	MEIL-KBL-WEG CONSORTIUM	Jointly controlled operations	N A	India
28	MEIL-KBL- (KDWSP) JV	Jointly controlled operations	N A	India
29	KBL and TCIPL JOINT VENTURE	Jointly controlled operations	N A	India
30	ACPL & KBL JV *	Jointly controlled operations	N A	India
31	Kirloskar Brothers Ltd. JV *	Jointly controlled operations	N A	India
32	ITD CEMENTATION INDIA LIMITED JV	Jointly controlled operations	N A	India
33	GSJ - KBL JV	Jointly controlled operations	N A	India
34	JBL-KBL-GSJ JV	Jointly controlled operations	N A	India

** These JVs are operationally and financially closed, however formal dissolution of JV is in progress*

NOTE 38 : DETAILS OF PROVISIONS AND MOVEMENTS IN EACH CLASS OF PROVISIONS

Particulars	Provision for compensated absences	Provision for product warranty	Provision for decommissioning and restoration cost	Provision for loss on long term contracts
Carrying amount as at 1 April 2021	**303.183**	**351.647**	**8.218**	**41.360**
Add: Provision during the year 2021-22 net of reversal of excess provision for earlier years	44.863	363.926	-	30.945
Add: Unwinding of discounts	-	2.580	0.674	-
Less: Amount utilized during the year 2021-22	(30.665)	(209.543)	-	(9.234)
Less: Amount reversed during the year 2021-22	-	(5.806)	-	-
Add: Foreign exchange difference	-	(1.772)	-	(0.515)
Carrying amount as at 31 March 2022	**317.381**	**501.032**	**8.892**	**62.556**
Add: Provision during the year 2022-23 net of reversal of excess provision for earlier years	36.770	352.012	-	(39.890)
Add: Unwinding of discounts	-	4.870	0.729	(4.038)
Less: Amount utilized during the year 2022-23	(33.198)	(226.151)	-	(0.004)
Less: Amount reversed during the year 2022-23	-	(17.757)	-	-
Add: Foreign exchange difference		5.025	-	2.518
Carrying amount as at 31 March 2023	**320.953**	**619.031**	**9.621**	**21.142**
Non-current provision	**150.605**	**46.022**	**9.621**	**-**
Current provision	**170.348**	**573.009**	**-**	**21.142**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

Compensated absences

The cost of the leave encashment and the present value of the leave encashment obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates.

Provision for warranty

Provision for warranty is made for estimated warranty claims in respect of products sold, which are under warranty at the end of the reporting period. These claims are expected to be settled in the next 18 months. Management records the provision based on the historical warranty claims information and any recent trends that may suggest future claims which could differ from historical amount.

Provision for decommissioning and restoration cost

A provision has been recognised for decommissioning and restoration costs associated with windmills on lease hold land. The Company is committed to restore the site at the end of useful life of windmills.

Provision for long term contract

A provision is made for the expected loss of the projects, where the estimated cost is more than the estimated revenue. Changes in estimated cost and estimated revenue are assessed by the management at the end of reporting period based on the price variation received/ given, change in the scope of project and revision of estimates regarding date of completion, expected costs to be incurred, changes in external circumstances such as applicable tax rates etc.

NOTE 39 : FAIR VALUE MEASUREMENTS

As per assessments made by the management fair values of all financial instruments carried at amortised costs (except as specified below) are not materially different from their carrying amounts since they are either short term nature or the interest rates applicable are equal to the current market rate of interest.

The Company has not performed a fair valuation of its investment in unquoted ordinary shares which are classified as FVOCI (refer Note 5), as the Company believes that impact of change on account of fair value is insignificant.

Sr. No	Particulars	Carrying value	
		As at 31 March 2023	As at 31 March 2022
	Levelled at Level 1		
(a)	**Carried at fair value through Profit and loss (FVTPL)**		
	Investment in Mutual funds	1,437.401	1,584.198
	Levelled at Level 2		
(b)	**Carried at amortised cost**		
	Investment in fixed deposits with financial institution	850.000	950.000
	Trade receivable	5,458.585	5,542.370
	Other financial assets	1,203.227	1,119.784
	Cash and cash equivalent	2,212.847	1,342.688
	Other bank balances	315.766	298.101
	Levelled at Level 3		
(c)	Investments in unquoted equity shares (FVOCI)	0.005	0.005
	Financial Liabilities		
(a)	**Carried at amortised cost**		
	Non-current borrowings	1,109.496	1,363.633
	Current borrowings	1,418.378	2,388.326
	Trade payable	6,257.337	5,985.367
	Lease liability	331.243	209.309
	Other financial liabilities	1,692.477	1,492.466

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

NOTE 40: FINANCIAL RISK MANAGEMENT POLICY AND OBJECTIVES

'Group's principal financial liabilities, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance Group's operations and to provide guarantees to support its operations. Group's principal financial assets include trade and other receivables, security deposits and cash and cash equivalents, that derive directly from its operations.

In order to minimize any adverse effects on the financial performance of the Group, it has taken various measures. This note explains the source of risk which the entity is exposed to and how the entity manages the risk and impact of the same in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost, corporate guarantees issued to group companies	Ageing analysis, External credit rating (wherever available)	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk- Interest rate risk	Long term borrowings at variable rate	Sensitivity Analysis	Mixed portfolio of fixed and variable interest rate loans
Market risk -Foreign Currency Risk	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Sensitivity Analysis	Management follows established risk management policies, including use of derivatives like foreign exchange forward contracts, where the economic conditions match the Group's policy.

'The Group's risk management is carried out by management, under policies approved by the board of directors. Group's treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, and investment of excess liquidity.

(A) Credit Risk

'Credit risk in case of the Group arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

Credit risk management

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Group periodically assesses the reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward looking information such as:

(i) Actual or expected significant adverse changes in business,

(ii) Actual or expected significant changes in the operating results of the counterparty,

(iii) Financial or economic conditions that are expected to cause a significant change to counterparty's ability to meet its obligations,

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

(iv) Significant increases in credit risk on other financial instruments of the same counterparty,

(v) Significant changes in the value of collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

The Group provides for expected credit loss in case of trade receivables, claims receivable and security deposits when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Group etc.

For the security deposits and claims receivable, provision for expected loss is made considering 12 months expected credit loss. Provision for lifetime credit loss is made if there is significant increase in credit risk for such financial assets.

In respect of trade receivable, Group uses the simplified approach for the provision for expected loss. The lifetime expected loss provision is recognised based on the provision matrix as decided by the management, based on the historical experience of recoverability. The Group categorizes a receivable for provision for doubtful debts/write off when a debtor fails to make contractual payments greater than 1 year past due in case product business and 4 years past due in case of project business. In addition to this Group also provides the expected loss based on the overdue number of days for receivables as per the provision matrix. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Provision for expected credit loss

Financial assets for which loss allowance is measured using Expected Credit Losses (ECL) model as per Ind AS 109,

Exposure to Risk	**As at 31 March 2023**	As at 31 March 2022
Trade Receivables	6,489.600	6,245.459
Less : Expected Loss	1,031.015	703.089
	5,458.585	**5,542.370**
Security Deposits	934.244	923.145
Less : Expected Loss	10.884	11.147
	923.360	**911.998**
Claims Receivable	49.275	53.339
Less : Expected Loss	12.545	12.545
	36.730	**40.794**

Trade receivable ageing used in the provision matrix for life time expected credit loss is as -

	As at 31 March 2023	As at 31 March 2022
Trade Receivables		
Neither past due nor impaired	2,831.110	2,270.046
Past due but not impaired		
Less than 180 days	1,078.459	1,725.966
181 - 365 days	377.791	380.054
More than 365 days	1,171.225	1,166.304
Total	**5,458.585**	**5,542.370**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

Reconciliation of loss provision

	Trade receivables	Others
Loss allowance as at 1 April 2021	768.642	30.818
Changes in loss allowance	(65.553)	(7.126)
Loss allowance as at 31 March 2022	703.089	23.692
Changes in loss allowance	327.926	(0.263)
Loss allowance as at 31 March 2023	**1,031.015**	**23.429**

** Movement in loss allowance is primarily on account of additional ECL provision based on ageing.*

B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Group maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is carried out in accordance with practice and limits set by the group. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Exposure to Risk	**As at 31 March 2023**	As at 31 March 2022
Interest bearing borrowings		
On demand	1,065.734	1,012.705
Less than 180 days	418.131	1,380.327
181 - 365 days	0.587	4.910
More than 365 days	1,043.422	1,354.017
Total	**2,527.874**	**3,751.959**
Other financial liabilities		
On demand	153.981	95.258
Less than 180 days	1,504.135	1,280.914
181 - 365 days	7.486	2.161
More than 365 days	26.875	114.133
Total	**1,692.477**	**1,492.466**
Lease liability		
On demand	-	-
Less than 180 days	91.368	83.195
181 - 365 days	91.368	83.194
More than 365 days	148.506	42.920
Total	**331.243**	**209.309**
Trade & other payables		
On demand / Not due	2,837.032	2,337.546
Less than 180 days	1,588.996	1,243.145
181 - 365 days	516.648	1,083.301
More than 365 days	1,314.661	1,321.375
Total	**6,257.337**	**5,985.367**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

The Group has access to following undrawn facilities at the end of the reporting year (Interest rates 2.0% - 10.5%)

Exposure to Risk	As at 31 March 2023	As at 31 March 2022
Expiring within one year	2,249.109	1,346.710
Expiring beyond one year	-	-

C) Market risk - Interest rate risk

The company's exposure to the risk of changes in market interest rates relates to borrowings with floating interest rates. To manage the risk, company has created balance portfolio of fixed and variable interest rate borrowings.

Change of 0.5%, in the base rates will have effect of INR 12.639 MN on the company's profitability.

(D) Foreign Currency Risk

The group is exposed to foreign exchange risk mainly through its sales to overseas customers and purchases from overseas suppliers in various foreign currencies.

The group evaluates exchange rate exposure arising from foreign currency transactions and the group follows established risk management policies, including use of natural hedge between receivables and payables, use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk, where the economic conditions match the group's policy.

Foreign currency exposure :

Financial Assets	Currency	Amount in Foreign Currency (MN)		Amount in INR (MN)	
		As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Trade Receivables	EUR	0.228	1.144	20.289	96.192
	GBP	0.286	0.139	29.002	13.848
	USD	11.984	12.365	984.717	937.107
	AED	0.145	-	-	-
	SGD	-	0.003	-	0.148
Bank Accounts	EGP	0.841	0.358	2.243	1.482
	EUR	0.364	0.051	32.450	4.325
	GBP	0.843	0.514	85.502	51.089
	USD	2.987	1.729	245.456	131.069
	XOF	0.014	0.144	0.002	0.025
	SGD	-	0.014	-	0.766
	AED	0.083	0.019	1.841	0.377
	IDR	-	142.567	-	0.755
	CZK	-	0.719	-	2.481
Other Deposits	EGP	0.083	-	-	-
	USD	0.003	0.003	0.222	0.205
Amount Due from Employees	EUR	0.003	-	0.276	-
	GBP	0.011	0.005	1.124	0.523
	THB	0.002	-	0.005	-
	USD	0.011	0.002	0.888	0.174

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

Financial Liabilities	Currency	Amount in Foreign Currency (MN)		Amount in INR (MN)	
		As at 31 March 2023	As at 31 March 2022	**As at 31 March 2023**	As at 31 March 2022
Trade Payables	EGP	0.731	0.731	1.949	3.025
	EUR	0.896	1.356	79.815	114.053
	GBP	7.054	0.065	715.051	6.481
	USD	4.192	4.660	344.498	353.175
	VND	15,649.974	15,649.974	45.385	51.645
	XOF	150.041	149.962	20.436	25.494
	SGD	0.004	0.003	0.217	0.140
	IDR	-	11.435	-	0.061
	AED	9.083	0.176	202.208	3.437
Amount Due to Employees	EUR	0.003	-	0.262	-
	USD	0.002	(0.002)	0.187	(0.155)

Currency wise net exposure (assets - liabilities)

Particulars	Amount in Foreign Currency (MN)		Amount in INR (MN)	
	As at 31 March 2023	As at 31 March 2022	**As at 31 March 2023**	As at 31 March 2022
EGP	0.193	(0.373)	0.294	(1.543)
EUR	(0.304)	(0.161)	(27.062)	(13.537)
GBP	(5.913)	0.593	(599.423)	58.979
USD	10.789	9.438	886.599	715.330
VND	(15,649.974)	(15,649.974)	(45.385)	(51.645)
XOF	(150.027)	(149.818)	(20.434)	(25.469)
SGD	(0.004)	0.014	(0.217)	0.774
CNY	-	(11.435)	-	(0.061)
CZK	-	0.719	-	2.481
AED	(8.854)	(0.157)	(200.367)	(3.059)
THB	0.002	-	0.005	-
IDR	-	142.567	-	0.755
Total			**(5.991)**	**683.005**

Sensitivity Analysis

Currency	Amount in INR (MN)		**Sensitivity % (2022-23)**	Sensitivity % (2021-22)
	As at 31 March 2023	As at 31 March 2022		
EGP	0.294	(1.543)	4.25%	3.54%
EUR	(27.062)	(13.537)	2.12%	4.19%
GBP	(599.423)	58.979	2.08%	4.33%
USD	886.599	715.330	4.89%	3.25%
VND	(45.385)	(51.645)	0.49%	3.01%
XOF	(20.434)	(25.469)	3.44%	7.96%
SGD	(0.217)	0.774	4.58%	3.84%
CZK	-	2.481	-	6.69%
AED	(200.367)	(3.059)	2.25%	2.18%
THB	0.005	-	2.91%	-
IDR	-	0.755	-	1.69%
Total	**(5.991)**	**683.005**		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

Particulars	Impact on profit (strengthen)		Impact on profit (weakening)	
	2022-23	2021-22	2022-23	2021-22
EGP	(0.012)	0.055	0.012	(0.055)
EUR	0.574	0.568	(0.574)	(0.568)
GBP	12.468	(2.556)	(12.468)	2.556
USD	(43.355)	(23.232)	43.355	23.232
JPY	-	-	-	-
VND	0.222	1.553	(0.222)	(1.553)
XOF	0.703	2.027	(0.703)	(2.027)
SGD	0.010	(0.030)	(0.010)	0.030
CZK	-	(0.166)	-	0.166
AED	4.508	0.067	(4.508)	(0.067)
THB	(0.000)	-	-	-
IDR	-	(0.013)	-	0.013
Total	**(24.882)**	**(21.728)**	**24.882**	**21.728**

** Sensitivity % are derived based on variation in the exchange rates over the period of last 5 years.*

(EGP- Egyptian Pound, EUR- Euro, GBP - Great Britain Pound, USD - US Dollar, JPY - Japanese Yen VND- Vietnamese Dong, SGD- Singapore Dollar, , AED-Arab emirates Dirham, XOF- CFA Franc, IDR- Indonesian rupiah, MYR- Malaysian Ringgit, CZK - Czech Koruna)

NOTE 41: CAPITAL MANAGEMENT

a) Risk management

The group's objectives when managing capital are to

- safeguard it's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, change debt mix. Consistent with others in the industry, the group monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents and investment in mutual funds) divided by Total 'equity' (including non-controlling interest) plus net debt.

The group's strategy is to maintain a gearing ratio within 30%. The gearing ratios were as follows:

Particulars	As at 31 March 2023	As at 31 March 2022
Loans and borrowings (Including current maturities of long term debt)	2,527.874	3,751.959
Less: Cash and cash equivalents (Including other bank balances)	2,528.613	1,640.790
Less: Investment in mutual funds	**2,267.401**	**2,534.198**
Net debt	**(2,268.140)**	**(423.029)**

Gearing ratio is not applicable as net debt of group is negative.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

b) Dividend

Particulars	As at 31 March 2023	As at 31 March 2022
Equity Shares		
(i) Interim dividend for the year	-	
(ii) Dividends not recognised at the end of the reporting year	357.340	238.227
(iii) Dividends not recognised at the end of the reporting year payable to non-controlling interest	-	-

Since year end the directors have recommended the payment of a final dividend of INR 4.5 per fully paid equity share (31 March 2022 - INR 3 per fully paid equity share). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

NOTE 42: DISCLOSURE IN RESPECT OF MICRO, SMALL AND MEDIUM ENTERPRISES

Group has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at March 31, 2023. The disclosure pursuant to the said Act is as under:

Particulars	Year ended 31 March 2023	Year ended 31 March 2023
Total outstanding amount in respect of Micro, small and medium enterprises	800.913	683.536
Other disclosures in respect of micro and small enterprises		
Principal amount due and remaining unpaid	40.010	4.822
Interest due on above and unpaid interest	1.070	0.103
Interest paid	-	-
Payment made beyond appointment day	392.490	426.961
Interest due and payable for the period of delay	2.936	4.933
Interest accrued and remaining unpaid (excluding interest accured for earlier years)	3.114	5.036
Amount of further interest remaining due and payable in succeeding years	2.939	5.087

The identification of suppliers as micro, small and medium enterprise as defined under the Micro, Small and Medium Enterprises Development Act 2006, was done on the basis of information to the extent provided by the suppliers of group.

Delay in payment is mainly on account of quality issues of vendors.

NOTE 43 : CORPORATE SOCIAL RESPONSIBILITY EXPENDITURES

(a) Amount required to be spent by the group during the current year is ₹ 29.943 MN (₹ 30.935 MN)

(b) Amount spent by the group during the current year is ₹ 32.177 Million (₹ 31.407 Million)

The group as per its policy on Corporate Social Responsibility (CSR) and recommendation and approval of the CSR committee has contributed ₹ 6.5 Million towards education through its implementing agency Vikas Charitable Trust in the current financial year,

₹ 12.47 Mn on Skill Development Programme, ₹ 3.11 Mn on village bus project, ₹ 7.5 Mn towards Education, Health through Srinivasan services Trust and balance amount on various projects for students and society at large (including WASH activity for students, bio-diversity restoration project, donation to village Grampanchyats etc) The company has not spent any amount towards construction or acquisition of asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

NOTE 44 A : TRADE RECEIVABLES AGEING

Trade receivables as at 31 March 2023

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivable							
Considered good	2,830.641	1,077.874	355.437	511.558	137.958	526.578	5,440.046
Which have significant increase in credit risk	-	0.383	22.337	118.519	78.540	595.257	815.036
Credit impaired	-	0.202	0.013	2.016	2.030	69.587	73.848
Total undisputed trade receivables (a)	**2,830.641**	**1,078.459**	**377.787**	**632.093**	**218.528**	**1,191.422**	**6,328.930**
Disputed trade receivables							
Considered good	0.469	-	-	0.417	-	17.648	18.534
Which have significant increase in credit risk	-	-	0.004	37.597	35.976	57.961	131.538
Credit impaired	-	-	-	-	-	10.598	10.598
Total Disputed trade receivables (b)	**0.469**	**-**	**0.004**	**38.014**	**35.976**	**86.207**	**160.670**
Total trade receivables (a+b)	**2,831.110**	**1,078.459**	**377.791**	**670.107**	**254.504**	**1,277.629**	**6,489.600**
Provision for increase in significant risk and credit impaired							**1,031.015**
Net trade receivables							**5,458.585**

Trade receivables as at 31 March 2022

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivable							
Considered good	2,270.046	1,725.943	360.424	323.138	306.787	511.989	5,498.327
Which have significant increase in credit risk	-	-	13.860	32.170	98.460	460.491	604.981
Credit impaired	-	0.023	0.000	1.751	1.742	22.965	26.481
Total undisputed trade receivables (a)	**2,270.046**	**1,725.966**	**374.284**	**357.059**	**406.989**	**995.445**	**6,129.789**
Disputed trade receivables							
Considered good	-	-	5.770	0.410	-	37.860	44.040
Which have significant increase in credit risk	-	-	-	-	23.150	39.020	62.170
Credit impaired	-	-	-	-	-	9.460	9.460
Total Disputed trade receivables (b)	**-**	**-**	**5.770**	**0.410**	**23.150**	**86.340**	**115.670**
Total trade receivables (a+b)	**2,270.046**	**1,725.966**	**380.054**	**357.469**	**430.139**	**1,081.785**	**6,245.459**
Provision for increase in significant risk and credit impaired							**703.089**
Net trade receivables							**5,542.370**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

NOTE 44 B : TRADE PAYABLES AGEING

Particulars	Year	Not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
1 . MSME - Non disputed	**2023**	**698.768**	**61.932**	**12.111**	**1.238**	**8.986**	**17.880**	**800.915**
	2022	645.127	20.878	17.531	-	-	-	683.536
2. MSME - disputed	**2023**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2022	-	-	-	-	-	-	-
3 . Others - Non disputed	**2023**	**2,120.830**	**1,527.064**	**504.537**	**505.557**	**35.473**	**729.684**	**5,423.145**
	2022	1,664.354	1,222.267	1,065.770	323.660	144.389	840.939	5,261.379
4 . Others - disputed	**2023**	**17.435**	**-**	**-**	**-**	**-**	**15.844**	**33.279**
	2022	28.066	-	-	-	-	12.386	40.452

‘Unearned revenue i.e. gross amount due to customer is not considered in above table being in nature of non-financial liability and disclosed in note 18.

NOTE 44 C : CAPITAL WORK- IN- PROGRESS AND INTANGIBLES UNDER DEVELOPMENT

Particulars	Year	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	**2023**	**453.033**	**326.997**	**7.858**	**28.750**	**816.638**
	2022	221.527	26.187	17.143	0.617	265.474
Projects temporarily suspended	**2023**	**-**	**-**	**3.078**	**-**	**3.078**
	2022	-	1.785	-	-	1.785

Following projects which were expected to be completed by March 23, got delayed and now expected to get completed as per following table.

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Manufacturing plant expansion and Augmentation of existing plant and machinery	145.593	-	-	-	145.593

NOTE 45: SEGMENT REPORTING

Group operates in single reporting segment of ‘Fluid Machinery and Systems’ Group is not having single major customer having transactions more than 10% of total revenue of group.

		Within India		Outside India		Total	
		2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
a)	Segment Revenue Geographic Segment by location of customer	24,940.143	21,236.586	12,362.070	9,339.691	37,302.213	30,576.277
b)	Carrying Amount of non-current assets other than deferred tax asset and financial assets	5,597.609	5,341.261	1,237.382	1,285.220	6,834.991	6,626.481

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

NOTE 46: DISCLOSURE IN RESPECT OF IND AS 116, 'LEASES'

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Opening right-to-use asset	274.053	301.712
Net addition during the year including forex difference	125.542	77.339
Depreciation charged during the year	(93.885)	(104.998)
Closing right-to-use asset	**305.710**	**274.053**

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Opening lease liability	209.309	305.097
Net addition / (deletion) during the year including forex	208.819	(7.103)
Finance cost	15.334	12.521
Lease payments	(102.219)	(101.206)
Closing lease liability	331.243	209.309
Non-Current	**148.506**	**42.920**
Current	**182.737**	**166.389**

Contractual maturities of lease payments

Particulars	As at 31 March 2023	As at 31 March 2022
Less than one year	172.842	75.800
Between 1-2 years	67.889	52.362
More than 2 years	95.625	99.877

1. Short term leases and leases for low value assets are continued to be accounted for as rent expenses.

2. Total cash outflow for lease arrangements during the year is ₹ 142.386 Mn (PY -₹ 131.552 Mn)

3. Group has not entered into any sublease arrangements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

NOTE 47: ADDITIONAL INFORMATION REGARDING SUBSIDIARIES AS PER SCHEDULE III OF THE COMPANIES ACT, 2013

(Amounts in Million ₹)

Name of the Entity in the Group	As at 31 March 2023		Year ended 31 March 2023					
	Net Assets (Total Assets - Total Liabilities)		Share in Profits or Loss		Share in Other comprehensive income		Share in Total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated P&L	Amount	As % of consolidated OCI	Amount	As % of consolidated Total comprehensive income	Amount
Parent								
Kirloskar Brothers Limited (including effect of consolidation, elimination and other adjustment)	91.310%	12,849.822	66.388%	1,565.203	73.407%	112.355	66.816%	1,677.558
Subsidiaries								
Indian								
1. Karad Projects and Motors Pvt Ltd	6.017%	846.708	17.193%	405.357	0.508%	0.777	16.176%	406.134
2. The Kolhapur Steel Limited	(4.181%)	(588.434)	(10.074%)	(237.517)	(0.457%)	(0.700)	(9.488%)	(238.217)
3. Kirloskar Corrocoat Private Limited	(0.203%)	(28.602)	0.665%	15.678	(6.384%)	(9.771)	0.235%	5.906
Foreign								
1. Kirloskar Brothers International B V (Consolidated)	0.578%	81.285	20.938%	493.637	28.047%	42.927	21.371%	536.564
Non-controlling interest in all Subsidiaries Associates (Investment as per equity method)								
Indian	0.242%	34.038	0.351%	8.270	5.403%	8.270	0.659%	16.541
Foreign	0.000%	0.000	0.000%	0.000	0.000%	0.000	0.000%	0.000
Joint Ventures(investment as per the equity method)								
Indian								
Kirloskar Ebara Pumps Limited	6.239%	878.001	4.540%	107.032	(0.523%)	(0.801)	4.231%	106.231
TOTAL	**100.000%**	**14072.818**	**100.000%**	**2357.660**	**100.000%**	**153.057**	**100.000%**	**2510.717**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2023

(Amounts in Million ₹)

NOTE 48: OTHERS

1. The group does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

2. The group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

3. No proceedings have been initiated or are pending against the Group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

4. Company and its subsidiaries in India have not entered any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956

5. The company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

6. The Company has not received any fund from any person(s) or entity(is), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

7. Kirloskar Industries Limited along with Mr. Atul Kirloskar and Mr. Rahul Kirloskar ('the requisionists'), collectively holding more than one-tenth of the paid-up share capital of the Company had requisitioned for an extra-ordinary general meeting ('EGM') of the shareholders of the Company for appointment of an independent and reputed external entity as an independent forensic auditor for conducting a forensic audit to investigate and i) verify the expenses incurred by the Company on legal, professional and consultancy charges over the past 6 (six) years, and the affairs of the Company ii) verify all records, books of accounts, minute books, other documents of company and iii) examine the conduct of Board of Directors of company including independent directors. Accordingly, Notice dated 16th November 2022 for convening EGM along with statement setting out material facts was sent to the shareholders of the Company and the EGM was conducted on 8th December 2022 by the Company. As per the voting results of the said EGM, the resolution as proposed by the requisitionists was defeated since it was not passed by a the majority of the votes of the shareholders, present/ participating and voting.

8. Statutory auditors of one of the subsidiaries i.e. TKSL have stated in 'Emphasis of Matter paragraph' of the audit report, that they have considered TKSL as going concern inspite of negative net worth, based on support provided by parent company.

9. Previous year's figure have been regrouped, wherever required.

For and on behalf of the Board of Directors

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Rama Kirloskar
Joint Managing Director
DIN: 07474724

Chittaranjan Mate
Chief Financial Officer

Pune : 11 May 2023

Devang Trivedi
Company Secretary

Pune : 11 May 2023