



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

## MATERIAL ACCOUNTING POLICIES

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

### 1. CORPORATE INFORMATION

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

### 2. MATERIAL ACCOUNTING POLICIES

#### 2.1 Basis of preparation

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

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

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

The financial statements have been approved for issue by the Board of Directors at its meeting held on 14 May 2024.

#### 2.2 Basis of measurement

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

Items	Measurement basis
Financial instruments – FVTPL	Fair value
Defined benefit plan – plan assets	Fair value

#### 2.3 Current or non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating

cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013.

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

#### 2.4 Functional and presentation currency

These financial statements are presented in Indian Rupees (₹), which is the Company's functional currency. All financial information is presented in ₹ MN rounded off to three decimal places, except share and per share data, unless otherwise stated.

#### 2.5 Use of judgements, estimates and assumptions

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

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

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

#### Critical estimates and judgements

The areas involving critical estimates or judgements are:

- Estimation of defined benefit obligation – The cost of the defined benefit gratuity and pension plan, and the present value of the gratuity/pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that

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may differ from actual developments in the future.  
(Refer note – 34)

- **Estimation of leave encashment provision** - The cost of the leave encashment and the present value of the leave encashment obligation are determined using actuarial valuations. (Refer note 38)
- **Impairment of receivables** - The impairment provisions for financial receivables disclosed are based on assumptions about risk of default and expected credit loss. (Refer note 40)
- **Decommissioning liability** – Initial estimate of dismantling and restoration liability requires significant judgement about cost inflation index and other factors. (Refer note 38)
- **Provision for warranty claims** – Provision is recognised based on the key assumptions about likelihood and magnitude of an outflow of resources. (Refer note 38)
- **Estimation of provision for loss on long term contract** – The provision is recognised when the estimated cost exceeds the estimated revenue for constructions contracts as per Ind AS 115. (Refer note 38)
- **Recognition of deferred tax asset** – Availability of future taxable profit against which deductible temporary differences can be utilized
- **Revenue recognition** – Variable consideration such as discounts, rebates is recognized considering historical trend of payout as adjusted for any amendment in rebate scheme.

## 2.6 Inventories

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

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

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

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

## 2.7 Cash and cash equivalents

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

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

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

## 2.8 Statement of Cash Flows

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

- changes during the period in inventories and operating receivables and payables transactions of a non-cash nature;
- non-cash items such as depreciation, provisions, unrealized foreign currency gains and losses; and
- all other items for which the cash effects are investing or financing cash flows.



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

## 2.9 Property, plant and equipment (PPE)

### Measurement

The cost of an item of PPE, shall be recognized as an asset only if it is probable that future economic benefits associated with the item will flow to the company and cost of the item can be measured reliably.

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

The cost of an item of PPE comprises its purchase price, including import duties net of credits and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use, after deducting any discounts, rebates and estimated costs of dismantling and removing the item and restoring the site on which it is located and borrowing costs directly attributable to the construction or acquisition of a qualifying asset upto completion or acquisition are capitalised as part of the cost.

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

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

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

Advances paid towards the acquisition of PPE outstanding at each reporting date are disclosed under "Other non-current assets".

### Subsequent costs

The cost of replacing a part of an item of PPE is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost

can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of PPE are recognised in the statement of profit and loss as incurred.

### Disposal

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

### Depreciation

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

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

Depreciation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of PPE as prescribed in Schedule II of the Companies Act 2013 except in the case of patterns as mentioned below where the management based on the technical evaluation have estimated the life to be lower than the life prescribed in schedule II.

Patterns – Useful life 1-7 Years

Life of assets considered as per schedule II -

Particulars	Life
Building	60 Years
Factory Building	30 Years
Plant and Equipment	3-22 Years
Furniture and Fixtures	10 Years
Vehicles	8 Years
Office equipment	5 Years
Railway Siding	15 Years

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## 2.10 Investment property

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

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

Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment loss, if any. The estimated useful life and residual values are reviewed at each financial year end and the effect of any change in the estimates of useful life/ residual value is accounted on prospective basis. Investment property in the form of land is not depreciated.

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

The fair value of investment property is disclosed in the notes. Fair value is determined by an independent valuer.

## 2.11 Intangible assets

### Recognition and measurement

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

Intangible assets acquired by the Company that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses (if any).

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

### Subsequent measurement

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

### Amortisation

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

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Computer software is amortised over the period of three years.

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

### Research and development costs –

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

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

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated



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impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss.

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

## 2.12 Interest in joint operations

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

## 2.13 Borrowing costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.

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

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

## 2.14 Revenue recognition

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

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

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

### Sale of goods

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

### Customer loyalty programs

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

### Rendering of services

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

### Construction Contracts

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

Contract revenue and contract cost arising from fixed price contract are recognized in accordance with the percentage completion method (POC).

The stage of completion is measured with reference to cost incurred to date as a percentage of total estimated cost of each contract. Until such time (50% of project cost in case of civil projects outside India and 25% of project cost in case of other projects) where the outcome of the contract cannot be ascertained reliably, the Company recognizes revenue equal to actual cost.

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

Where the Company is involved in providing operation and maintenance services under a single construction contract, then the consideration is allocated on a relative stand-alone price basis between various obligations of a contract.



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

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

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

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

## 2.15 Other income

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

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

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

## 2.16 Foreign currencies transactions

### Transactions and balances

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

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

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

## 2.17 Employee benefits

### Short-term employee benefits

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

### Post-employment benefits

#### Defined contribution plans

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

#### Defined Benefit Plans

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

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

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income (OCI) in the period in which they occur. Remeasurements are



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not reclassified to the statement of profit and loss in subsequent periods.

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

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

The Company pays contribution to a recognized provident fund trust in respect of above-mentioned PF schemes.

## Other long-term employee benefit

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

## 2.18 Income taxes

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

### Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years.

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

## Deferred tax

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

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

Deferred tax liabilities are recognized for all timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

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

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

## 2.19 Provisions

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

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

### Warranty provisions

A provision for warranty is recognised when the underlying products and services are sold to the

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customer based on historical warranty data and at its best estimate using expected value method. The initial estimate of warranty-related costs is revised annually.

## Provision for decommissioning and site restoration

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

## Contingent liabilities

Contingent liability is disclosed when,

- company has a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; or
- present obligation arising from past events, when no reliable estimate is possible; or
- A possible obligation arising from past events where the probability of outflow of resources is not remote.

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

## 2.20 Leases

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

### • Company as a Lessee

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

### Initial Measurement

#### Right to use asset

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

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

- the amount of the initial measurement of the lease liability

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

### Lease liability

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

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

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

### Subsequent measurement

#### Right to use assets

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





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## Lease Liability

Subsequently the Company measures the lease liability by:

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

## • Company as a Lessor

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

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

## 2.21 Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market

assessments of the time value of money and the risks specific to the asset.

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

Impairment losses are recognised in the statement of profit and loss.

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

## 2.22 Fair value measurement

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

## 2.23 Financial instruments

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

### Financial assets

#### Initial recognition and measurement

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

#### Subsequent measurement

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

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

Financial assets are subsequently measured at amortised cost if,

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### Derecognition

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

### Impairment of financial asset

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

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

The company follows 'simplified approach' for recognition of impairment loss allowance on:

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

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

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

## Financial liabilities

### Initial recognition and measurement

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

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

### Financial guarantee contracts

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

### Derecognition

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

### Offsetting of financial instruments

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

to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## Derivative financial instruments

### Initial recognition and subsequent measurement

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

## 2.24 Earnings per share (EPS)

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

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

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

## 2.25 Segment reporting

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

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

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

## 2.26 Recent accounting pronouncement

MCA has not issued any standards/ amendments to accounting standards which are effective from 1 April 2024

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

## NOTE 3A: PROPERTY, PLANT AND EQUIPMENT

	(Amounts in Million ₹)											
	Property, plant and equipment							Intangible Assets				
	Land free hold	Land lease hold	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Railway siding	Total	Computer software	Sales tax deferral rights	Total
<b>Gross Block</b>												
As at 1 April 2022	425.049	75.157	1,935.557	5,713.508	146.753	59.868	104.483	1.528	8,461.903	295.769	31.730	327.499
Additions	-	-	11.818	158.754	0.167	20.582	2.140	-	193.461	28.314	-	28.314
Disposals	-	-	(13.634)	(14.514)	(0.486)	(0.584)	(0.520)	-	(29.738)	-	-	-
As at 31 March 2023	425.049	75.157	1,933.741	5,857.748	146.434	79.866	106.103	1.528	8,625.626	324.083	31.730	355.813
Additions	-	-	340.902	954.829	12.115	36.994	24.139	-	1,368.979	13.745	-	13.745
Disposals	-	-	-	(103.613)	(1.569)	(0.292)	(13.503)	-	(118.977)	-	-	-
<b>As at 31 March 2024</b>	<b>425.049</b>	<b>75.157</b>	<b>2,274.643</b>	<b>6,708.964</b>	<b>156.980</b>	<b>116.568</b>	<b>116.739</b>	<b>1.528</b>	<b>9,875.628</b>	<b>337.828</b>	<b>31.730</b>	<b>369.558</b>
<b>Depreciation/ Amortisation</b>												
As at 1 April 2022	-	7.640	533.376	4,263.889	128.445	36.877	69.350	1.526	5,041.103	272.993	31.730	304.723
Charge for the year	-	1.003	47.846	301.275	4.469	9.249	7.718	0.002	371.562	15.233	-	15.233
Depreciation on disposal	-	-	(1.231)	(8.786)	(0.486)	(0.584)	(0.520)	-	(11.607)	-	-	-
As at 31 March 2023	-	8.643	579.991	4,556.378	132.428	45.542	76.548	1.528	5,401.058	288.226	31.730	319.956
Charge for the year	-	1.003	54.762	337.481	4.357	12.367	8.066	-	418.036	20.462	-	20.462
Depreciation on disposal	-	-	-	(102.874)	(1.569)	(0.207)	(8.242)	-	(112.892)	-	-	-
<b>As at 31 March 2024</b>	<b>-</b>	<b>9.646</b>	<b>634.753</b>	<b>4,790.985</b>	<b>135.216</b>	<b>57.702</b>	<b>76.372</b>	<b>1.528</b>	<b>5,706.202</b>	<b>308.688</b>	<b>31.730</b>	<b>340.418</b>
<b>Net block</b>												
As at 1 April 2022	425.049	67.517	1,402.181	1,449.619	18.308	22.991	35.133	0.002	3,420.800	22.776	-	22.776
As at 31 March 2023	425.049	66.514	1,353.750	1,301.370	14.006	34.324	29.555	-	3,224.568	35.857	-	35.857
<b>As at 31 March 2024</b>	<b>425.049</b>	<b>65.511</b>	<b>1,639.890</b>	<b>1,917.979</b>	<b>21.764</b>	<b>58.866</b>	<b>40.367</b>	<b>-</b>	<b>4,169.426</b>	<b>29.140</b>	<b>-</b>	<b>29.140</b>

### Notes:

- Plants and machineries acquired out of proceeds of term loan, are pledged as security against the loan.
- During the year no provision envisaged for impairment loss.
- Refer note no 29 for estimated amount of contract remaining to be executed on capital account.
- Company has not revalued any property, plant and equipment during the FY 2023-24 and FY 2022-23
- All title deeds of immovable properties are held in the name of company



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

## NOTE 3B : RIGHT TO USE ASSETS

Particulars	Amt
Opening balance as at 1 April 2022	64.329
Net addition / (deletion) during the year	62.972
Depreciation	(37.591)
<b>Balance as at 31 March 2023</b>	<b>89.710</b>
Net addition / (deletion) during the year	59.222
Depreciation	(52.184)
<b>Balance as at 31 March 2024</b>	<b>96.748</b>

## NOTE 4 : INVESTMENT PROPERTY

Particulars	Amt
<b>Land</b>	
<b>Gross Block</b>	
As at 1 April 2022	5.020
Additions	-
Disposals	-
<b>As at 31 March 2023</b>	<b>5.020</b>
Additions	-
Disposals	-
<b>As at 31 March 2024</b>	<b>5.020</b>
<b>Depreciation and Impairment</b>	
As at 1 April 2022	-
Charge for the year	-
Depreciation on disposals	-
<b>As at 31 March 2023</b>	<b>-</b>
Charge for the year	-
Depreciation on disposals	-
<b>As at 31 March 2024</b>	<b>-</b>
<b>Net block</b>	
As at 1 April 2022	5.020
As at 31 March 2023	5.020
As at 31 March 2024	5.020

### Fair Value

The company obtains independent valuations for its investment property. The valuation model considers current prices in active market.

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

Fair value as at 31 March 2023 was ₹ 60.717 and there is no significant movement in fair value in FY 23-24.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

## NOTE 5 : FINANCIAL ASSETS: INVESTMENTS

Particulars		As at 31 March 2024	As at 31 March 2023
I	Long term investments - at cost		
	Trade Investments		
	(a) Investment in Equity and Preference instruments	2,975.416	2,975.420
	(b) Capital contribution in partnership firm	0.000	0.000
II	Current investment	2,292.212	1,937.400
	<b>Total</b>	<b>5,267.628</b>	<b>4,912.820</b>

Particulars		As at 31 March 2024	As at 31 March 2023
Aggregate amount of quoted investments		1,492.012	1,437.400
Aggregate amount of unquoted investments		3,775.616	3,475.420

Sr No	Particulars	Face Value	Partly Paid / Fully paid	Extent of holding (%)		No. of Shares / Units		Amount in Million ₹	
				As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
Non-current investments									
(1)	Investments at fair value through Other comprehensive income								
	Investment in Structured Entities								
	Kirloskar Proprietary Limited *	₹ 100	Fully Paid	-	-	2	2	-	-
(2)	Investment in equity shares (unquoted) accounted at cost								
a	Investment in Joint venture								
1	Kirloskar Ebara Pumps Limited	₹ 10	Fully Paid	45%	45%	225,000	225,000	2.747	2.747
b	Investment in Subsidiaries								
1	The Kolhapur Steel Limited **	₹ 10000/ ₹ 1	Fully Paid	100%	99.7%	34,200	266,315,115	425.790	343.884
2	Kirloskar Corrocoat Private Limited	₹ 10	Fully Paid	65%	65%	3,250,000	3,250,000	94.000	94.000
3	Kirloskar Brothers International B V	Euro 100	Fully Paid	100%	100%	236,851	236,851	1,398.025	1,398.025
4	Karad Projects & Motors Ltd.	₹ 10	Fully Paid	100%	100%	13,952,450	13,952,450	1,480.643	1,480.643
(3)	Investment in 6% non cumulative convertible preference shares (unquoted) accounted at cost								
1	The Kolhapur Steel Limited	₹ 1	Fully Paid	100%	100%	75,000,000	150,000,000	75.000	150.000
	Investment in Partnership Firm								
1	KBL Synerge LLP***	N A	N A	0%	50%	N A	N A	0.000	0.005
	Provision for impairment of investment (##)							(500.789)	(493.884)
	Total investment in equity shares of subsidiaries and joint venture							2,975.416	2,975.420



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

Sr No	Particulars	Face Value	Partly Paid / Fully paid	Extent of holding (%)		No. of Shares / Units		Amount in Million ₹	
				As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
Current investments									
(4)	Investments at amortised cost								
	Investment in fixed deposit with financial institutions - (Int rate - 7.25% to 8.15%)							800.200	500.000
(5)	Investments at fair value through profit and loss								
	Investment in mutual funds							1,492.012	1,437.400
	Total current investment							2,292.212	1,937.400

\* The investment in unquoted equity shares is ₹200/- and therefore not seen in the above table.

All subsidiaries, joint venture and associate companies are incorporated and have place of business as India except, the Kirloskar Brothers International B.V. is incorporated and has place of business as Netherland.

\*\* During the year, 'The Kolhapur Steel Limited' (TKSL) issued 7,50,00,000 equity shares of Re. 1/- each to KBL pursuant to conversion of 7,50,00,000 preference shares of Re 1 each, as per the terms of the issue.

NCLT vide its order dated 23.02.2024 approved the consolidation of the Issued, subscribed and paid up equity shares in the share capital of subsidiary company 'TKSL' by increasing the value of the equity shares from Re. 1/- (Rupee One Only) each to ₹ 10,000/- (Rupees Ten Thousand Only) each by consolidating existing 10,000 equity shares of Re.1/- each into new 1 equity share ₹ 10,000/- (Rupees Ten Thousand Only) each. Thereby, KBL has made payment of ₹ 6.9 Million towards minority shareholders. Consequent to this, TKSL has now become wholly owned subsidiary.

(##) Company has made provision for investment in the subsidiary company viz. 'The Kolhapur Steel Limited' and associate company viz. 'KBL Synerge LLP'. This provision is treated and disclosed as an exceptional item in FY 2023-24 and FY 2022-23

\*\*\* KBL Synerge LLP, a limited liability partnership was formed in year 2017 between Kirloskar Brothers Ltd, Mrs. Sneha Phatak and Synerge Overseas Pte. Ltd. KBL Synerge LLP was inoperative and did not carry out any operations and had applied for striking off its name to the Registrar of Companies, Pune. The said application has been approved on 3 July 2023 and accordingly the said LLP ceased to be an associate of the Company. Following were the details of total capital and share of each partner in it.

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

## NOTE 6 : FINANCIAL ASSETS: TRADE RECEIVABLES

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Non-current</b>		
Unsecured, considered good	258.206	373.330
Doubtful	1,217.555	1,152.466
	<b>1,475.761</b>	<b>1,525.796</b>
Less : Provision for significant increase in credit risk and credit impaired receivables	1,217.555	1,152.466
	<b>258.206</b>	<b>373.330</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Current</b>		
Unsecured, considered good		
From related parties	1,312.166	1,066.288
Others	3,130.498	2,623.722
	<b>4,442.664</b>	<b>3,690.010</b>
<b>Total trade receivables</b>	<b>4,700.870</b>	<b>4,063.340</b>

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

## NOTE 7 : FINANCIAL ASSETS: LOANS

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Non-current</b>		
<b>Advances to related parties (Refer note 36)</b>		
Unsecured, considered good	31.528	81.528
	<b>31.528</b>	<b>81.528</b>
<b>Current</b>		
Advances to related parties (Refer note 36)		
Unsecured, considered good	59.514	59.614
	<b>59.514</b>	<b>59.614</b>
<b>Total loans</b>	<b>91.042</b>	<b>141.142</b>

## NOTE 8 : FINANCIAL ASSETS: OTHER FINANCIAL ASSETS

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Non-current</b>		
(a) <b>Claims receivable</b>		
Unsecured, considered good		
Other Miscellaneous Claim	0.593	13.777
Doubtful	19.361	12.552
	<b>19.954</b>	<b>26.329</b>
Less : Provision for significant increase in credit risk and credit impaired claims	19.361	12.552
	<b>0.593</b>	<b>13.777</b>
(b) <b>Fixed deposits with the original maturity of more than 12 months</b>	88.318	26.621
(c) <b>Security deposits</b>		
Unsecured, considered good	60.782	60.671
Doubtful	12.588	10.884
	<b>73.370</b>	<b>71.555</b>
Less : Provision for significant increase in credit risk and credit impaired deposits	12.588	10.884
	<b>60.782</b>	<b>60.671</b>
	<b>149.693</b>	<b>101.069</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Current</b>		
(a) <b>Claims receivable</b>		
Unsecured, considered good	14.423	14.584
(b) <b>Interest accrued</b>	28.170	27.543
(c) <b>Security deposits</b>	779.985	827.520
Unsecured, considered good		
	<b>822.578</b>	<b>869.647</b>
<b>Total other financial asset</b>	<b>972.271</b>	<b>970.716</b>

## NOTE 9 : OTHER ASSETS

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Non-current</b>		
(a) <b>Advances to supplier of capital goods</b>	158.646	5.301
(b) <b>Advances to supplier and others</b>		
Unsecured, considered good	239.251	238.289
Doubtful	71.878	72.190
	<b>311.129</b>	<b>310.479</b>
Less : Provision for significant increase in credit risk and credit impaired advances	71.878	72.190
	<b>239.251</b>	<b>238.289</b>
(c) <b>Prepaid expenses</b>	17.516	6.553
(d) <b>Retention (Net of provision)</b>	181.579	288.342
(e) <b>Advance income tax (Net of provision)</b>	65.813	117.964
	<b>662.805</b>	<b>656.449</b>
<b>Current</b>		
(a) <b>Advances to supplier and others</b>		
Unsecured, considered good		
Advances to related parties	97.633	97.633
Others	130.928	203.827
	<b>228.561</b>	<b>301.460</b>
(b) <b>Prepaid expenses</b>	142.845	100.579
(c) <b>Gross amount due from customer for project related work</b>	164.122	186.843
(d) <b>Retention</b>	1,141.288	1,215.310
(e) <b>Balances with government authorities</b>	717.035	783.513
	<b>2,393.851</b>	<b>2,587.705</b>
<b>Total other assets</b>	<b>3,056.656</b>	<b>3,244.154</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

## NOTE 10 : INVENTORIES

Particulars	As at 31 March 2024	As at 31 March 2023
(a) Raw Materials *	1,211.693	1,159.990
(b) Work-in-progress	1,698.783	1,708.990
(c) Finished goods	1,443.157	1,101.240
(d) Stock-in-trade	413.511	312.247
(e) Stores and spares	151.178	111.314
(Mode of valuation refer note 2.6 )		
<b>Total inventories</b>	<b>4,918.322</b>	<b>4,393.781</b>

\* Include goods in transit - ₹ 39.09 MN (PY 2022-23 : ₹24.086 MN)

### Amounts recognised in profit or loss

Write-down/(back) of inventories to net realizable value/ any loss due to it's obsolete nature (net of reversal) amounted to (₹ 24.097 MN) (PY 2022-23: ₹34.126 MN) These were recognised as expenses during the year.

## NOTE 11 A : CASH AND CASH EQUIVALENTS

Particulars	As at 31 March 2024	As at 31 March 2023
(a) <b>Balances with bank</b>		
In current account	328.973	390.441
In EEFC accounts	146.137	232.167
Fixed deposits	1,040.431	859.836
(b) <b>Cash on hand</b>	1.160	1.922
<b>Total cash and cash equivalents</b>	<b>1,516.701</b>	<b>1,484.366</b>

## NOTE 11 B : OTHER BANK BALANCES

Particulars	As at 31 March 2024	As at 31 March 2023
(a) <b>Earmarked balances with bank</b>		
Unpaid dividend accounts	12.733	12.055
(b) <b>Margin money</b>	19.397	4.045
<b>Total other bank balances</b>	<b>32.130</b>	<b>16.100</b>

## NOTE 12: EQUITY SHARE CAPITAL

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Authorised</b>		
250,000,000 ( 250,000,000 ) equity shares of ₹2/- each (₹2/-) each	500.000	500.000
<b>Issued, subscribed &amp; fully paid up</b>		
79,408,926 (79,408,926) equity shares of ₹2/- each (₹2/-) each	158.818	158.818
<b>Total equity share capital</b>	<b>158.818</b>	<b>158.818</b>





# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

## (a) Terms/ rights attached to equity shares

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

For the year ended 31 March 2024 the board of directors have proposed final dividend of ₹ 6 (2023: ₹ 4.50) per share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

## (b) Reconciliation of share capital

Particulars	As at 31 March 2024	As at 31 March 2024	As at 31 March 2023	As at 31 March 2023
	Number	Amount (Million ₹)	Number	Amount (Million ₹)
Shares outstanding at the beginning of the year	79,408,926	158.818	79,408,926	158.818
Shares Issued during the year under ESOS	-	-	-	-
Shares outstanding at the end of the year	79,408,926	158.818	79,408,926	158.818

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

Particulars	As at 31 March 2024	As at 31 March 2024	As at 31 March 2023	As at 31 March 2023
	No. of Shares	% of Holding	No. of Shares	% of Holding
Kirloskar Industries Limited	18,988,038	23.91%	18,988,038	23.91%
Mr. Sanjay Chandrakant Kirloskar *	17,847,465	22.48%	17,847,465	22.48%
Mrs. Pratima Sanjay Kirloskar	13,849,488	17.44%	13,849,488	17.44%
Nippon Life India Trustee Ltd. (A/C Nippon India Small Cap Fund)	4,384,076	5.52%	4,300,851	5.42%

## (d) Details of shares held by promoters

Particulars	As at 31 March 2024	As at 31 March 2024	As at 31 March 2023	As at 31 March 2023
	No. of Shares	% of Holding	No. of Shares	% of Holding
Mr. Sanjay Chandrakant Kirloskar *	17,847,465	22.48%	17,847,465	22.48%
Mr. Rahul Chandrakant Kirloskar	404,501	0.51%	404,501	0.51%
Mr. Atul Chandrakant Kirloskar	466,499	0.59%	398,888	0.50%
Ms. Jyotsna Gautam Kulkarni	441,805	0.56%	441,805	0.56%
Ms. Geetanjali Vikram Kirloskar	2,625	0.00%	2,625	0.00%

There is no change in shares held by promoters' during the FY 2023-24 and 2022-23, except 67,611 equity shares held by Mrs. Mrinalini S. Kirloskar as a Trustee of Rooplekha Life Interest Trust were transferred to another Trustee of Rooplekha Life Interest Trust, namely Mr. Atul Kirloskar. Details of shares held by promoter's group are available on Company's website.

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

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

- allotted as fully paid up pursuant to contracts without payment being received in cash
- allotted as fully paid shares by way of bonus shares
- bought back.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

## NOTE 13: OTHER EQUITY

Particulars	As at 31 March 2024	As at 31 March 2023
(a) Capital reserve	0.172	0.172
(b) Capital redemption reserve	4.000	4.000
(c) Securities premium	414.604	414.604
(d) General reserves	5,787.407	5,787.407
(e) Retained Earnings		
Opening balance	6,151.938	4,888.926
Add : Total comprehensive income for the year	2,362.604	1,501.239
Balance available for appropriation	<b>8,514.542</b>	<b>6,390.165</b>
Less : Appropriations :		
Final and interim dividend	357.340	238.227
<b>Sub total</b>	<b>357.340</b>	<b>238.227</b>
<b>Closing balance</b>	<b>8,157.202</b>	<b>6,151.938</b>
<b>Total other equity</b>	<b>14,363.385</b>	<b>12,358.121</b>

### Capital reserve:

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

### Capital redemption reserve:

The Company had recognised capital redemption reserve on redemption of preference shares from its retained earnings as per the then applicable provisions of Companies Act, 1956.

### Securities premium :

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

### General reserve:

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

### Retained earnings:

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

## NOTE 14 : FINANCIAL LIABILITIES: BORROWINGS

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Non-current</b>		
<b>Secured</b>		
(a) <b>Term loan from HDFC bank</b>	-	599.738
(Terms of loan: Term loan of ₹ 599.738 is repaid fully on prepayment basis in the month of April 2023.)		
Less- Current maturities of non-current borrowings	-	257.233
	-	<b>342.505</b>
(b) <b>Term loan from EXIM bank</b>	-	225.000
(Term loan of ₹ 225 Million is repaid fully on prepayment basis in the month of May 2023.)		
Less- Current maturities of non-current borrowings	-	75.000
	-	<b>150.000</b>
<b>Total non-current borrowings</b>	-	<b>492.505</b>
<b>Current</b>		
<b>Secured</b>		
1) <b>Loans repayable on demand from bank</b>		
(i) Cash / export credit facilities	391.257	326.625
(Export packing credit loans: Loans carrying interest @ 7.00% to 8.00% per annum and secured against the inventory and receivables)		
<b>Total secured loan - Current</b>	<b>391.257</b>	<b>326.625</b>
<b>Current maturities of long term loan</b>	-	332.233
<b>Total current borrowings</b>	<b>391.257</b>	<b>658.858</b>
<b>Total borrowings</b>	<b>391.257</b>	<b>1,151.363</b>

- The quarterly returns or statements filed by the Company for working capital limits whenever availed with such banks and financial institutions are in agreement with the books of account of the Company
- The company has utilized loans for the specific purpose for which same are availed.
- The Company is not declared as wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof or other lender in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.
- The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond the statutory period.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

## NOTE 15 : FINANCIAL LIABILITIES: TRADE PAYABLES

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Non-current</b>		
(a) Total outstanding dues of creditors other than micro, small and medium enterprises	79.148	77.534
	<b>79.148</b>	<b>77.534</b>
<b>Current</b>		
(a) Total outstanding dues of micro, small and medium enterprises (refer note 42)	944.327	752.678
(b) Total outstanding dues of creditors other than micro, small and medium enterprises	4,064.544	3,796.442
<b>Total</b>	<b>5,008.871</b>	<b>4,549.120</b>
<b>Total trade payables</b>	<b>5,088.019</b>	<b>4,626.654</b>

### Terms and conditions of the above financial liabilities:

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

## NOTE 16: OTHER FINANCIAL LIABILITIES

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Non-current</b>		
(a) Financial guarantee contracts with banks for subsidiary company	-	-
	-	-
<b>Current</b>		
(a) <b>Investor Education &amp; Protection fund (will be credited as and when due).</b>		
Unclaimed dividends	12.733	12.055
(b) <b>Others</b>		
Trade deposits	149.814	141.126
Interest accrued	34.850	28.766
Salary and reimbursements	403.969	483.996
Payables on account of purchases of fixed assets	29.321	49.831
Provision for expenses	328.785	429.309
Financial guarantee contracts with bank for subsidiaries	11.499	12.805
Forward contract liability	0.995	
	<b>959.233</b>	<b>1,145.833</b>
	<b>971.966</b>	<b>1,157.888</b>
<b>Total other financial liabilities</b>	<b>971.966</b>	<b>1,157.888</b>

### Terms and conditions of the above financial liabilities:

- Other payables are non-interest bearing.
- For explanations on the Company's credit risk management processes, (refer note 40)



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

## NOTE 17: PROVISIONS

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Non-current</b>		
<b>Provisions for employee benefits</b>		
(a) Compensated absences (refer note 38)	191.719	135.464
(b) Pension scheme (refer note 34)	21.823	22.372
	<b>213.542</b>	<b>157.836</b>
<b>Other provisions (refer note 38)</b>		
(a) Provision for product warranty	33.216	41.347
(b) Provision for decommissioning and restoration costs	10.412	9.621
	<b>43.628</b>	<b>50.968</b>
	<b>257.170</b>	<b>208.804</b>
<b>Current</b>		
<b>Provisions for employee benefits</b>		
(a) Compensated absences (refer note 38)	211.582	153.622
(b) Gratuity and provident fund (refer note 34)	5.186	60.819
	<b>216.768</b>	<b>214.441</b>
<b>Other provisions (refer note 38)</b>		
(a) Provision for product warranty	271.135	267.404
(b) Provision for loss on long term contracts	13.787	11.409
	<b>284.922</b>	<b>278.813</b>
	<b>501.690</b>	<b>493.254</b>
<b>Total provisions</b>	<b>758.860</b>	<b>702.058</b>

## NOTE 18: OTHER LIABILITIES

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Non-current</b>		
(a) Gross amount due to customers for project related contract work	156.797	165.947
(b) Advances from customer	532.814	536.639
	<b>689.611</b>	<b>702.586</b>
<b>Current</b>		
(a) Gross amount due to customers for project related contract work	1,449.432	1,392.870
(b) Advances from customer	1,440.229	1,321.010
(c) Contribution to provident fund and superannuation fund	5.035	2.243
(d) Statutory dues	90.588	126.757
(e) Deferred revenue	61.368	51.175
	<b>3,046.652</b>	<b>2,894.055</b>
<b>Total other non-financial liabilities</b>	<b>3,736.263</b>	<b>3,596.641</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

## NOTE 19 : INCOME TAX

(1) The major components of income tax expense for the year ended 31 March 2024 and 31 March 2023 are:

(a) Statement of profit and loss

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
<b>Current income tax:</b>		
Current income tax charge	790.756	660.939
Adjustments in respect of income tax of previous year	-	-
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	0.154	(114.019)
<b>Income tax expense reported in the statement of profit and loss</b>	<b>790.910</b>	<b>546.920</b>

(b) Statement of other comprehensive income (OCI)

Current tax related to items recognised in OCI during the year:

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Income tax charged/ (credited) to OCI	(24.056)	(19.427)

(2) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31 March 2024 and 31 March 2023:

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Accounting profit before tax	3,225.045	2,072.847
At India's statutory income tax rate of 25.168% (a)	811.679	521.694
<b>Adjustments for -</b>		
Dividend / adjustment for deduction in respect of certain inter-corporate dividends u/s 80 M of income tax act	174.267	112.877
<b>Subtotal (b)</b>	<b>174.267</b>	<b>112.877</b>
<b>Non deductible expenses</b>		
Provision for advances/ deposits and write off	8.513	0.035
Interest payable to MSMED vendors	8.277	2.737
Fines and penalties	0.200	0.001
Donation	46.312	24.224
Provision for impairment of investment	6.900	138.516
<b>Subtotal (c)</b>	<b>70.202</b>	<b>165.513</b>
<b>Sub total (d) = (b-c)</b>	<b>104.065</b>	<b>(52.636)</b>
Tax impact of above adjustments	26.191	(13.247)
Other items	(5.422)	(11.979)
<b>Total (e)</b>	<b>20.769</b>	<b>(25.226)</b>
<b>Tax expenses at effective rate (a-e)</b>	<b>790.910</b>	<b>546.920</b>
<b>Tax expenses recorded in books</b>	<b>790.910</b>	<b>546.920</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

## (3) Movement in deferred tax

### (a) Balance sheet

Deferred tax relates to the following: DTL/ (DTA)	As at 31 March 2024	As at 31 March 2023
Property, plant and equipment (Depreciation)	75.032	70.890
Employee benefits	(124.909)	(102.165)
Provision for doubtful debts and advances	(430.230)	(449.442)
Others - DTA/DTL	0.498	0.956
	<b>(479.609)</b>	<b>(479.761)</b>
<b>Net deferred tax liabilities/(assets)</b>	<b>(479.609)</b>	<b>(479.761)</b>

Reflected in balance sheet as	As at 31 March 2024	As at 31 March 2023
Deferred tax asset	555.139	551.607
Deferred tax liability	75.530	71.846
<b>Net deferred tax asset</b>	<b>479.609</b>	<b>479.761</b>

### (b) Statement of profit and loss

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Property, plant and equipment (Depreciation)	4.142	(1.312)
Employee benefits - compensated absences	(22.744)	(10.946)
Provision for doubtful debts and advances	19.212	(102.357)
Others	(0.456)	0.596
<b>Deferred tax expense/(income)</b>	<b>0.154</b>	<b>(114.019)</b>

## (4) Movement in Current tax

### (a) Balance sheet

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Non- current advance tax	65.813	117.964

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

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Current tax (asset)/ liability as at beginning of year	(117.964)	(243.388)
Add: Additional provision during the year - Statement of Profit and loss account	790.756	660.939
Add/ (Less): Additional provision during the year - Other comprehensive income	(24.056)	(19.427)
Less: Current tax paid during the year (Net of refund received for previous year and adjustment for TDS receivable for previous years )	(714.549)	(516.088)
<b>Non Current tax (asset)/ liability as at end of year</b>	<b>(65.813)</b>	<b>(117.964)</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

## NOTE 20: REVENUE FROM OPERATIONS

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
(a) <b>Sale of products</b> (Refer note 30 for the construction contract revenue)	26,475.651	24,754.000
(b) <b>Sale of services</b>	410.218	371.847
	<b>26,885.869</b>	<b>25,125.847</b>
(c) <b>Other operating revenues</b> (majorly includes scrap sales and exports benefits)	315.381	273.498
<b>Total</b>	<b>27,201.250</b>	<b>25,399.345</b>

## NOTE 21: OTHER INCOME

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
(a) <b>Interest Income</b>		
From customers and others	93.127	94.028
(b) <b>Release of deferred income</b>	10.983	20.529
(c) <b>Profit on sale of mutual fund investment</b>	67.173	42.496
(d) <b>Dividend income from subsidiary and joint venture companies</b>	174.267	112.877
(e) <b>Foreign exchange difference (net)</b>	4.140	48.835
(f) <b>Other non-operating income</b>	8.939	11.441
<b>Total</b>	<b>358.629</b>	<b>330.206</b>

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

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
(A) <b>Cost of raw material consumed</b>	<b>14,079.109</b>	<b>13,258.764</b>
(B) <b>Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
<b>Opening Stock (refer note 10)</b>		
Finished goods	1,101.240	1,201.655
Work-in- progress	1,708.990	1,606.401
Stock in trade	312.247	242.206
	<b>3,122.477</b>	<b>3,050.262</b>
<b>Closing Stock (refer note 10)</b>		
Finished goods	1,443.157	1,101.240
Work-in- progress	1,698.783	1,708.990
Stock in trade	413.511	312.247
	<b>3,555.451</b>	<b>3,122.477</b>
<b>Total change in inventories</b>	<b>(432.974)</b>	<b>(72.215)</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

## NOTE 23: EMPLOYEE BENEFITS EXPENSE

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
(a) <b>Salaries, wages and bonus</b>	3,079.384	2,540.290
(b) <b>Defined contribution plans</b>		
Contribution to provident fund, superannuation fund and ESIC	59.138	53.588
(c) <b>Defined benefit plans</b>		
Gratuity, Provident fund and Pension	145.419	121.362
(d) <b>Welfare expenses</b>	147.353	158.150
<b>Total</b>	<b>3,431.294</b>	<b>2,873.390</b>

## NOTE 24: FINANCE COSTS

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
(a) <b>Interest expense</b> (at effective interest rate/ market rate of interest)	23.541	99.690
(b) <b>Other borrowing costs</b> (includes bank guarantee commission, LC charges, loan processing charges)	34.544	38.574
<b>Total</b>	<b>58.085</b>	<b>138.264</b>

## NOTE 25: DEPRECIATION AND AMORTISATION EXPENSE

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
(a) Depreciation on property, plant and equipment	418.036	371.562
(b) Amortization of intangible assets	20.462	15.233
(c) Amortisation of right to use assets (Lease)	52.184	37.591
<b>Total</b>	<b>490.682</b>	<b>424.386</b>

## NOTE 26: OTHER EXPENSES

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
<b>Other Manufacturing Expenses</b>		
Stores and spares consumed	1,133.776	1,045.910
Processing charges	577.327	478.126
Power and fuel	434.658	390.447
Repairs and maintenance		
Plant and machinery	179.868	169.550
Buildings	40.825	68.445
Other	46.194	42.774
<b>Other expenses</b>		
Rent	38.443	28.393
Rates and taxes	30.008	62.715
Travelling and conveyance	268.096	210.609
Communication expenses	61.013	69.105
Insurance	30.777	42.518
Directors' sitting fees	6.000	7.201
Royalties and fees *	66.477	61.887
Freight and forwarding charges	311.891	385.134
Brokerage and commission	52.842	50.721

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Advertisements and publicity	182.670	169.652
Provision for product warranty	228.383	255.364
Loss on sale/disposal of fixed assets	1.169	12.601
Provision for doubtful debts, advances and claims	-59.369	406.232
Bad debts written off	313.787	27.282
Advances, deposits and claims written off	0.386	0.545
Auditor's remuneration (refer note 31)	8.898	8.627
Professional, consultancy and legal expenses	550.594	487.395
Security services	57.662	54.692
Computer services	307.361	246.908
Non-executive directors remuneration	19.000	14.375
Stationery and Printing	9.782	9.274
Training course expenses	8.134	6.885
Outside labour charges	452.128	373.774
Corporate social responsibility expenses (refer note 43)	32.187	24.165
Other miscellaneous expenses	165.525	130.482
<b>Total</b>	<b>5,556.492</b>	<b>5,341.788</b>

\* As specified in the note given in the Board's Report in respect of legal proceedings pending against KPL, the company has in the interim, without prejudice to all its rights and contentions, including those in the pending proceedings, in compliance with the directions of the Order dated 05.12.2023 of the Hon'ble Commercial Court, Pune, KBL has deposited the claimed royalty amount with the Court from the quarter ended October 2018 onwards until 3<sup>rd</sup> quarter of 23-24. Pending dispute, the Hon'ble Commercial Court, has directed its treasury to invest the said deposited royalty amount in a Nationalized bank for a fixed term of three years.

## NOTE 27: OTHER COMPREHENSIVE INCOME

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurements gains and losses on post employment benefits	(95.587)	(44.115)
Tax on remeasurements gains and losses	24.056	19.427
<b>Total</b>	<b>(71.531)</b>	<b>(24.688)</b>

## NOTE 28 : CONTINGENT LIABILITIES

Particulars	As at 31 March 2024	As at 31 March 2023
<b>a) Claims against the company not acknowledged as debt</b>		
Other legal cases	199.009	225.688
<b>Other money for which the company is contingently liable for (Matter Subjudice)</b>		
a) Central excise, service tax and GST	1,031.144	1,047.213
b) Sales tax	171.413	198.566
c) Income tax	119.080	132.511
d) Labour matters	47.711	37.543
<b>Total</b>	<b>1,568.357</b>	<b>1,641.521</b>

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





# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

## NOTE 29 : COMMITMENTS

Particulars	As at 31 March 2024	As at 31 March 2023
a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	755.893	516.953
b) Letters of credit outstanding	653.436	865.040

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

### A) Additional details in relation to contracts satisfied over the period

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
a) Contract revenue recognised as revenue for the year	618.211	1,219.619
b) Advances received	1,034.743	1,040.495
c) Amount of retentions	1,322.867	1,503.652
d) Gross amount due from customer		
Contract costs incurred	4,210.682	7,765.211
Recognised profits less recognised losses	629.986	2,862.222
Less: Progress billing	4,635.722	10,364.917
Less: Provision for gross amount due from customer	40.824	75.673
<b>Total gross amount due from customer</b>	<b>164.122</b>	<b>186.843</b>
e) Gross amount due to customer		
Contract costs incurred	24,796.071	27,312.291
Recognised profits less recognised losses	4,659.498	4,680.577
Less: Progress billing	31,061.798	33,551.685
<b>Total gross amount due to customer</b>	<b>(1,606.229)</b>	<b>(1,558.817)</b>

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

### B) Disaggregation of revenue from sale of products / services

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
a) Within India	25,139.456	23,367.885
b) Outside India	1,746.413	1,757.962
<b>Total</b>	<b>26,885.869</b>	<b>25,125.847</b>

### C) Reconciliation of revenue from sale of products / services with the contracted price

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
a) Contracted price	27,324.262	25,442.610
Less - trade discounts, volume rebates, late delivery charges etc	438.393	316.763
<b>Total</b>	<b>26,885.869</b>	<b>25,125.847</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
<b>Opening contracted price of orders as at start of the year</b>	<b>54,767.803</b>	<b>54,857.436</b>
Add - Fresh orders/change orders received (net) including exchange rate movement	290.975	-
Less- Orders completed during year	(6,464.840)	(89.633)
<b>Closing contracted price of orders as at the end of the year</b>	<b>48,593.938</b>	<b>54,767.803</b>
a. Revenue out of orders completed during the year	4.070	3.527
b. Revenue out of orders under execution at the end of the year (I)	614.141	1,216.093
<b>Total Revenue recognised during the year</b>	<b>618.211</b>	<b>1,219.620</b>
Revenue recognised upto previous year (from orders pending completion at the end of the year) (II)	36,375.604	42,286.285
Balance revenue to be recognised in future (III)	11,604.193	11,265.425
<b>Closing contracted price of orders as at the end of the year (I+II+III)</b>	<b>48,593.938</b>	<b>54,767.803</b>

## D) Cost to obtain the contract

Amount recognised as asset as at 31<sup>st</sup> March 2024 is Nil (PY: Nil)

Amount of amortisation recognised in the statement of profit and loss during the year is Nil (PY: Nil)

Information about the Company's performance obligations are summarised below:

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31<sup>st</sup> March are, as follows

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Balance revenue to be recognised in future		
Revenue to be recognised within 1 year	1,476.220	2,986.935
Revenue to be recognised after 1 year	10,127.973	8,278.490
	<b>11,604.193</b>	<b>11,265.425</b>

## NOTE 31: REMUNERATION TO AUDITORS

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
a) Audit fees	5.600	5.600
b) Limited review fees	2.400	2.400
c) Certification services	0.450	0.206
d) Expenses reimbursed	0.448	0.421
	<b>8.898</b>	<b>8.627</b>

## NOTE 32 : EARNING PER SHARE ( BASIC AND DILUTED )

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
a) Profit before tax	3,225.045	2,072.847
Less : Tax expenses	790.910	546.920
Profit after tax	2,434.135	1,525.927
b) Weighted average number of equity shares used as denominator	79,408,926	79,408,926
c) Basic and diluted earning per share of nominal value of ₹ 2/- each	30.65	19.22



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

## NOTE 33: EXPENDITURE ON RESEARCH & DEVELOPMENT ACTIVITIES

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
a) Revenue expenditure	284.790	248.245
b) Capital Expenditure	4.789	2.308
	<b>289.579</b>	<b>250.553</b>

## NOTE 34 : EMPLOYEE BENEFITS

### i. Defined Contribution Plans:

Amount of ₹59.138 MN (PY - ₹ 53.588 MN.) is recognised as an expense towards defined contribution plan and included in Employees benefits expense (Note-23 in the Profit and Loss Statement.)

### ii. Defined Benefit Plans:

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

Particulars	As at 31 March 2024		As at 31 March 2023	
	Gratuity Plan	Provident Fund	Gratuity Plan	Provident Fund
	(Funded)	(Funded)	(Funded)	(Funded)
A. Amount to be recognised in Balance Sheet				
Present Value of Defined Benefit Obligation	726.235	2,050.830	606.971	1,834.826
Less: Fair Value of Plan Assets	698.914	2,072.965	512.558	1,868.485
Amount to be recognised as liability or (asset)	<b>27.321</b>	<b>(22.135)</b>	<b>94.413</b>	<b>(33.659)</b>
B. Amounts reflected in the Balance Sheet				
Liabilities	27.321	-	94.413	-
Assets	-	22.135	-	33.659
Net Liability/(Assets)	<b>27.321</b>	<b>(22.135)</b>	<b>94.413</b>	<b>(33.659)</b>

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

Particulars	As at 31 March 2024		As at 31 March 2023	
	Gratuity Plan	Provident Fund	Gratuity Plan	Provident Fund
	(Funded)	(Funded)	(Funded)	(Funded)
1 Current Service Cost	47.274	72.687	38.196	59.660
2 Acquisition (gain)/ loss	-	-	-	-
3 Past Service Cost	-	-	-	-
4 Net Interest (income)/expenses	0.003	(10.131)	1.842	(7.475)
5 Actuarial Losses/(Gains)	-	-	-	-
6 Curtailment (Gain)/ loss	-	-	-	-
7 Settlement (Gain)/loss	-	-	-	-
8 Others (Transfer In / (Out))	-	-	1.213	-
Net periodic benefit cost recognised in the statement of profit & loss- (Employee benefit expenses - Note 23)	<b>47.276</b>	<b>62.556</b>	<b>41.252</b>	<b>52.185</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

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

Particulars		2023-24		2022-23	
		Gratuity Plan	Provident Fund	Gratuity Plan	Provident Fund
		(Funded)	(Funded)	(Funded)	(Funded)
1	Opening amount recognised in OCI outside profit and loss account	-	-	-	-
2	Remeasurements for the year - Obligation (Gain)/loss	77.607	24.672	55.541	87.367
3	Remeasurement for the year - Plan assets (Gain) / Loss	(3.666)	(4.122)	(2.994)	(95.774)
4	Total Remeasurements Cost / (Credit ) for the year recognised in OCI	73.941	20.550	52.547	(8.407)
5	Less: Accumulated balances transferred to retained earnings	73.941	20.550	52.547	(8.407)
	<b>Closing balances (remeasurement (gain)/loss recognised OCI</b>	-	-	-	-

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

Particulars		As at 31 March 2024		As at 31 March 2023	
		Gratuity Plan	Provident Fund	Gratuity Plan	Provident Fund
		(Funded)	(Funded)	(Funded)	(Funded)
1	Balance of the present value of Defined benefit Obligation at the beginning period	606.971	1,834.826	511.767	1,586.091
2	Acquisition adjustment	-	-	-	-
3	Transfer in/ (out)	-	(6.113)	1.287	(10.069)
4	Interest expenses	43.113	130.570	33.711	107.119
5	Past Service Cost	-	-	-	-
6	Current Service Cost	47.274	72.687	38.196	59.660
7	Curtailment Cost / (credit)	-	-	-	-
8	Settlement Cost/ (credit)	-	-	-	-
9	Benefits paid	(48.729)	(140.720)	(33.531)	(111.645)
10	Employee Contribution	-	134.908	-	116.303
11	Remeasurements on obligation - (Gain) / Loss	77.607	24.672	55.541	87.367
	<b>Present value of obligation as at the end of the period</b>	<b>726.236</b>	<b>2,050.830</b>	<b>606.971</b>	<b>1,834.826</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

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

Particulars	As at 31 March 2024		As at 31 March 2023	
	Gratuity Plan	Provident Fund	Gratuity Plan	Provident Fund
	(Funded)	(Funded)	(Funded)	(Funded)
1 Fair value of the plan assets as at beginning of the period	512.558	1,868.485	458.990	1,605.918
2 Acquisition adjustment	-	-	-	-
3 Transfer in/(out)	-	(6.113)	0.073	(10.070)
4 Interest income	43.110	140.701	31.869	114.594
5 Contributions	186.126	206.490	52.776	173.914
6 Benefits paid	(46.106)	(140.720)	(33.531)	(111.645)
7 Mortality Charges and Taxes	(0.441)	-	(0.613)	-
8 Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	3.666	4.122	2.994	95.774
Fair value of plan assets as at the end of the period	698.913	2,072.965	512.558	1,868.485

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

Particulars	2023-24		2022-23	
	Gratuity Plan	Provident Fund	Gratuity Plan	Provident Fund
	(Funded)	(Funded)	(Funded)	(Funded)
1 Interest (Income) / Expense – Obligation	43.113	130.570	33.711	107.119
2 Interest (Income) / Expense – Plan assets	(43.110)	(140.701)	(31.869)	(114.594)
3 Net Interest (Income) / Expense for the year	0.003	(10.131)	1.842	(7.475)

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

Majority of plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. Company has also invested part of it's fund with private life insurance company ICICI prudential.

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

Particulars	As at 31 March 2024		As at 31 March 2023	
	Gratuity Plan	Provident Fund	Gratuity Plan	Provident Fund
	(Funded)	(Funded)	(Funded)	(Funded)
Defined Benefit Obligation	726.235	2,050.830	606.971	1,834.826
Plan Assets	698.914	2,072.965	512.558	1,868.485
Surplus/(Deficit)	(27.321)	22.135	(94.413)	33.659

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

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

Particulars	As at 31 March 2024	As at 31 March 2023
	Pension Scheme (Non-Funded)	Pension Scheme (Non- Funded)
A. Amount to be recognised in Balance Sheet		-
Present Value of Defined Benefit Obligation	21.823	22.372
Less: Fair Value of Plan Assets	-	-
Amount to be recognised as liability or (asset)	21.823	22.372
B. Amounts reflected in the Balance Sheet		
Liabilities	21.823	22.372
Assets	-	-
Net Liability/(Assets)	21.823	22.372

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

Particulars	2023-24	2022-23
	Pension Scheme (Non-Funded)	Pension Scheme (Non- Funded)
1 Current Service Cost	-	-
2 Acquisition (gain)/ loss	-	-
3 Past Service Cost	-	-
3 Net Interest (income)/expenses	1.558	1.612
5 Actuarial Losses/(Gains)	-	-
6 Curtailment (Gain)/ loss	-	-
7 Settlement (Gain)/loss	-	-
8 Others	-	-
Net periodic benefit cost recognised in the statement of profit & loss- (Employee benefit expenses - Note 23)	1.558	1.612

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

Particulars	2023-24	2022-23
	Pension Scheme (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	1.096	(0.025)
3 Remeasurement for the year - Plan assets (Gain) / Loss	-	-
4 Total Remeasurements Cost / (Credit ) for the year recognised in OCI	1.096	(0.025)
5 Less: Accumulated balances transferred to retained earnings	1.096	(0.025)
Closing balances (remeasurement (gain)/loss recognised OCI)	-	-





# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

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

Particulars	As at 31 March 2024	As at 31 March 2023
	Pension Scheme (Non-Funded)	Pension Scheme (Non- Funded)
1 Balance of the present value of Defined benefit Obligation as at beginning of the period	22.372	23.987
2 Acquisition adjustment	-	-
3 Transfer in/ (out)	-	-
4 Interest expenses	1.558	1.612
5 Past Service Cost	-	-
6 Current Service Cost	-	-
7 Curtailment Cost / (credit)	-	-
8 Settlement Cost/ (credit)	-	-
9 Benefits paid	(3.202)	(3.202)
10 Remeasurements on obligation - (Gain) / Loss	1.096	(0.025)
Present value of obligation as at the end of the period	<b>21.824</b>	<b>22.372</b>

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

Particulars	Pension Scheme (Non-Funded)	Pension Scheme (Non- Funded)
	2023-24	2022-23
1 Interest ( Income) / Expense – Obligation	1.558	1.612
2 Interest (Income) / Expense – Plan assets	-	-
3 Net Interest (Income) / Expense for the year	<b>1.558</b>	<b>1.612</b>

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

Particulars	Pension Scheme (Non-Funded)	Pension Scheme (Non- Funded)
	2023-24	2022-23
Defined Benefit Obligation	21.823	22.372
Plan Assets	-	-
Surplus/(Deficit)	(21.823)	(22.372)

## Basis used to determine the overall expected return:

The net interest approach effectively assumes an expected rate of return on plan assets equal to the beginning of the year Discount Rate. Expected return of 7.4% (PY 6.8%) has been used for the valuation purpose.

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

- Discount rate as at 31-03-2024 - 7.20% (PY- 7.40%)
- Expected return on plan assets as at 31-03-2024- 7.40%( PY- 6.80%)
- Salary growth rate : For Gratuity Scheme - 10% (PY - 10%). Impact for change in accounting estimate along with other remeasurmnt impact is recognised in other comprehensive income.
- Attrition rate: For gratuity scheme the attrition rate is taken at 11% (PY - 11%)
- The estimates of future salary increase considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- Weighted average duration of the Gratuity plan (based on discounted cash flows using mortality, withdrawal rate and interest rate) is 7.06 years and for Pension plan 6.56 years.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

**p) General descriptions of defined plans:**

**1 Gratuity Plan:**

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

**2 Company's Pension Plan:**

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

**q) The Company expects to fund ₹ 27.230 MN (P.Y ₹ 94.41 MN) towards its gratuity plan in the year 2024-25**

**r) Sensitivity analysis**

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation (PVO). Sensitivity analysis is done by varying (increasing/ decreasing) one parameter at a time and studying its impact

One percentage point change in actuarial assumptions would have the following effects on the defined benefit obligation

Change in assumption	Effect on Gratuity obligation	
	As at 31 March 2024	As at 31 March 2023
<b>1 Discount rate</b>		
Increase by 1% to 8.2% (PY - 8.4%)	692.183	578.074
Decrease by 1% to 6.2% (PY- 6.4%)	763.858	638.925
<b>2 Salary increase rate</b>		
Increase by 1% to 11% (PY- 11%)	756.327	632.671
Decrease by 1% to 9% (PY- 9%)	698.371	583.194
<b>3 Withdrawal rate</b>		
Increase by 1% to 12.0% (PY - 12%)	722.090	603.634
Decrease by 1% to 10.0% (PY - 10%)	730.763	610.617

Half percentage point change in actuarial assumptions would have the following effects on the defined benefit obligation

Change in assumption	Effect on Provident Fund obligation	
	As at 31 March 2024	As at 31 March 2023
<b>1 Discount rate</b>		
Increase by 0.5% to 7.7% (PY- 7.9%)	2,031.472	1,824.784
Decrease by 0.5% to 6.7% (PY- 6.9%)	2,071.133	1,853.797
<b>2 Interest rate</b>		
Increase by 0.50% to 8.75% (PY- 8.65%)	2,070.158	1,853.191
Decrease by 0.50% to 7.75% (PY - 7.65%)	2,031.502	1,824.784

One percentage point change in actuarial assumptions would have the following effects on the defined benefit obligation

Change in assumption	Effect on Provident Fund obligation	
	As at 31 March 2024	As at 31 March 2023
<b>1 Discount rate</b>		
Increase by 1% to 8.2% (PY - 8.5%)	20.796	21.293
Decrease by 1% to 6.2% (PY- 6.5%)	22.950	23.558



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

- iii. The Company will assess the impact of Code on Wages, 2019 and the Code on Social Security, 2020 and give effect in the financial statements when the date of implementation of these codes and the Rules/Schemes thereunder are notified.

## NOTE 35 :RELATED PARTY DISCLOSURES

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

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

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

Sr. No.	Name of the related party	Nature of relationship
1)	Subsidiary Companies	Karad Projects and Motors Limited
		The Kolhapur Steel Limited
		Kirloskar Corrocoat Private Limited
		SPP Pumps Limited
		SPP Pumps Inc.
		Kirloskar Pompen B.V
		Kirloskar Brothers (Thailand) Limited
		Rodelta Pumps International BV
		SPP Pumps International (Proprietary) Limited
		SyncroFlo Inc.
		Rotaserve B.V.
		SPP Pumps (MENA) LLC
		Braybar Pumps (Proprietary) Limited

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

Sr. No.	Name of the related party	Nature of relationship
2)	Joint Venture	Kirloskar Ebara Pumps Limited
3)	Key Management Personnel	Mr. Sanjay Kirloskar
		Mr. Alok Kirloskar
		Ms. Rama Kirloskar
		Mr. M. S. Unnikrishnan
		Mr. Amitava Mukherjee (Upto 03 July 2023)
		Ms. Rekha Sethi
		Mr. Vivek Pendharkar
		Mr. Shobinder Duggal
		Mr. Shrinivas Dempo
		Ms. Ramni Nirula
		Mr. Vinayak Deshpande (From 02 August 2023)
		Mr. Chittaranjan Mate
		Mr. Devang Trivedi
4)	Close Members of family of Key Management Personnel	Mrs. Pratima Kirloskar (wife of Mr. Sanjay Kirloskar)
5)	Post Employee Benefit Plans	Kirloskar Brothers Ltd Employees Prov. Fund For Engg. Factory
		Kirloskar Brothers Ltd Staff Members Prov. Fund
		Kirloskar Brothers Limited, Kirloskarvadi Employee Gratuity Fund
		Kirloskar Brothers Executive Staff Superannuation fund

\* KBL Synerge LLP ceased to be an associate of the Company from 3 July 2023.

## (C) Disclosure of related parties transactions

Sr No	Nature of transaction/relationship/major parties	2023-24		2022-23	
		Amount	Amount for Major parties*	Amount	Amount for Major parties*
1	<b>Purchase of goods</b>	4,229.180		4,309.018	
	Subsidiary/Fellow subsidiary Companies				
	Karad Projects and Motors Limited		3,937.309		3,928.559
2	<b>Sale of goods/contract revenue</b>	1,429.672		1,426.033	
	Subsidiary/Fellow subsidiary Companies				
	SPP Pumps Limited		356.808		414.896
	Kirloskar Brothers (Thailand) Ltd.		355.088		366.296
	SPP Pumps Inc.		261.120		255.803
	The Kolhapur Steel Limited		220.316		191.583
3	<b>Rendering Services</b>	140.352		134.844	
	Subsidiary/Fellow subsidiary Companies/Joint venture				
	Kirloskar Brothers (Thailand) Ltd.		12.393		13.848
	Kirloskar Ebara Pumps Limited		44.923		45.687
	SPP Pumps Limited		42.021		35.357
4	<b>Receiving Services</b>	92.870		107.897	
	Subsidiary/Fellow subsidiary Companies /Joint Venture				
	Kirloskar Brothers (Thailand) Ltd.		0.204		15.410
	Rodelta Pumps International BV		50.700		59.230
	Kirloskar Ebara Pumps Limited		23.036		15.767
	Close Members of family of Key Management Personnel				
	Mrs Pratima Kirloskar		6.941		5.125



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

Sr No	Nature of transaction/relationship/major parties	2023-24		2022-23	
		Amount	Amount for Major parties*	Amount	Amount for Major parties*
5	<b>Interest Received</b>	<b>9.586</b>		<b>12.572</b>	
	The Kolhapur Steel Limited		9.586		12.572
6	<b>Dividend Paid</b>	<b>142.664</b>		<b>95.169</b>	
	<b>Key Management Personnel</b>				
	Mr. Sanjay Kirloskar (**)		80.314		53.542
	Close Members of family of Key Management Personnel				
	Mrs. Pratima Kirloskar		62.323		41.548
7	<b>Dividend Received</b>	<b>174.267</b>		<b>112.877</b>	
	<b>Subsidiary/Fellow subsidiary Companies/Joint Venture</b>				
	Karad Projects & Motors Limited		156.267		94.877
	Kirloskar Ebara Pumps Limited		18.000		18.000
8	<b>Remuneration Paid</b>	<b>206.162</b>		<b>168.406</b>	
	<b>Key Management Personnel</b>				
	Short Term Employee Benefit				
	Mr. Sanjay Kirloskar		80.241		65.027
	Ms. Rama Kirloskar		78.080		62.057
	Mr. Chittaranjan Mate		12.023		10.044
	Mr. Devang Trivedi		5.044		4.244
	<b>Commission on profits</b>				
	Mr. Pratap Shirke		-		1.500
	Mr. Alok Kirloskar		2.400		1.500
	Mr. Rakesh Mohan		-		0.500
	Mrs. Shailaja Kher		-		0.188
	Mr. Pradyumna Vyas		-		0.188
	Mr. M.S. Unnikrishnan		2.400		1.500
	Mr. Shobinder Duggal		2.400		1.500
	Mr. Shrinivas Dempo		2.400		1.500
	Ms. Ramni Nirula		2.400		1.500
	Mr. Amitava Mukherjee		0.600		1.500
	Mr. Vivek Pendharkar		2.400		1.500
	Ms. Rekha Sethi		2.400		1.500
	Mr. Vinayak Deshpande		1.600		-
	<b>Key Management Personnel</b>				
	Sitting Fees				
	Mr. Pratap Shirke		-		0.825
	Mr. Alok Kirloskar		0.525		0.600
	Mr. Rakesh Mohan		-		0.300
	Mr. Paryumn Vyas		-		0.075
	Mr. M.S. Unnikrishnan		1.200		1.125
	Mr. Shobinder Duggal		0.900		0.975
	Mr. Shrinivas Dempo		0.600		0.600
	Ms. Ramni Nirula		0.900		0.525
	Mr. Amitava Mukherjee		0.225		0.975
	Mr. Vivek Pendharkar		0.525		0.600
	Ms. Rekha Sethi		0.675		0.600
	Mr. Vinayak Deshpande		0.450		-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

Sr No	Nature of transaction/relationship/major parties	2023-24		2022-23	
		Amount	Amount for Major parties*	Amount	Amount for Major parties*
	<b>Post Employment Benefit</b>				
	Mr. Sanjay Kirloskar		3.180		3.180
	Ms. Rama Kirloskar		0.987		0.848
	Mr. Chittaranjan Mate		1.158		1.063
	Mr. Devang Trivedi		0.449		0.367
<b>9</b>	<b>Reimbursement Received</b>	<b>8.176</b>		<b>12.979</b>	
	<b>Subsidiary/ Fellow Subsidiary Company/Joint Venture</b>				
	Kirloskar Ebara Pumps Limited		4.223		4.250
	SPP Pumps Limited		1.301		4.696
	Kirloskar Brothers (Thailand) Ltd.		1.628		0.326
	Kirloskar Pompen B.V.		-		1.491
<b>10</b>	<b>Reimbursement Paid</b>	<b>0.283</b>		<b>2.366</b>	
	<b>Subsidiary/ Fellow Subsidiary Company</b>				
	Kirloskar Pompen B.V.		0.121		0.966
	Rodelta Pumps International BV		0.099		0.909
	Kirloskar Brothers (Thailand) Ltd.		-		0.966
	Rotaserve B.V.		-		0.494
	Braybar Pumps (Proprietary) Limited		-		0.909
<b>11</b>	<b>Advance given to vendors/ adjusted against customers</b>	<b>95.323</b>		<b>79.299</b>	
	i) Business advance				
	Subsidiary/ Fellow Subsidiary Company				
	The Kolhapur Steel Limited		90.562		79.299
	Karad Projects & Motors Ltd		3.389		-
	Kirloskar Brothers (Thailand) Ltd.		0.188		-
	Kirloskar Pompen B.V.		0.979		-
	Rotaserve B.V.		0.152		-
	SPP Pumps Limited		0.054		-
	ii) Capital Advance/	137.000		-	
	Subsidiary/ Fellow Subsidiary Company				
	The Kolhapur Steel Limited		137.000		-
<b>12</b>	<b>Advance received from customers / adjusted against vendors (Business advance)</b>	<b>133.356</b>		<b>18.472</b>	
	Subsidiary/ Fellow Subsidiary Company				
	The Kolhapur Steel Limited		129.813		18.472
	Karad Projects & Motors Ltd		2.508		-
	Kirloskar Brothers (Thailand) Ltd.		0.056		-
	Kirloskar Pompen B.V.		0.979		-
<b>13</b>	<b>Contribution Paid for Post Employment Benefit Plan</b>	<b>260.748</b>		<b>113.195</b>	
	Provident Fund		72.723		58.558
	Superannuation Trust		1.899		1.860
	Gratuity		186.126		52.776
<b>14</b>	<b>Corporate Guarantees Given</b>	<b>2,426.083</b>		<b>-</b>	
	SPP Pumps Limited		1,431.985		-
	Kirloskar Brothers(Thailand) Limited		375.183		-
	Kirloskar Pompen B.V.		378.916		-
	Kirloskar Corrocoat Pvt Ltd.		240.000		-





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FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

Sr No	Nature of transaction/relationship/major parties	2023-24		2022-23	
		Amount	Amount for Major parties*	Amount	Amount for Major parties*
15	<b>Corporate Guarantees Cancelled</b>	<b>3,366.387</b>		-	
	SPP Pumps Ltd. - UK		2,341.763		-
	SPP Pumps Ltd. - UK		369.765		-
	Kirloskar Pompen B.V.		654.859		-
	Kirloskar Corrocoat Pvt Ltd.		190.000		-

(\*\*) Includes dividend received in capacity of trustee of ₹ 7.929 Million. (PY- ₹ 5.285 Million.)

Purchases and sales reported are net of discounts, returns etc.

\* Major parties denote entities who account for 10% or more of the aggregate for that category of transaction.

The above transactions have been entered at arms length price.

## (D) Amount due to/from related parties

Sr No	Nature of transaction/relationship/major parties	31 March 2024		31 March 2023	
		Amount	Amount for Major parties	Amount	Amount for Major parties
1	<b>Accounts receivable</b>				
	<b>Subsidiary/Fellow subsidiary Companies/Joint Venture</b>	<b>1,312.166</b>		<b>1,066.288</b>	
	SPP Pumps Ltd.		72.113		97.463
	Kirloskar Brothers (Thailand) Ltd.		207.662		205.969
	SPP Pumps (MENA) L.L.C.		5.741		0.388
	Braybar Pumps (Proprietary) Limited		0.006		-
	SPP Pumps (South Africa) (Proprietary) Limited		-		5.616
	SPP Pumps Inc.		42.644		73.831
	Kirloskar Ebara Pumps Limited		53.676		70.222
	Rodelta Pumps International BV		9.982		3.618
	The Kolhapur Steel Ltd		865.285		512.819
	SPP Pumps International (Proprietary) Limited		21.025		-
	Kirloskar Brothers Pompen BV		32.719		71.442
	Rotaserve B.V.		1.311		13.342
	Karad Projects And Motors Limited		-		11.578
	<b>Advance/ loan receivable</b>				
	The Kolhapur Steel Ltd		91.042		141.142
2	<b>Accounts payable</b>				
(a)	<b>Subsidiary/Fellow subsidiary Companies/Joint Venture</b>	<b>1,152.866</b>		<b>846.901</b>	
	Karad Projects And Motors Limited		1,057.860		722.217
	Kirloskar Corrocoat Pvt Ltd.		5.005		8.825
	Rodelta Pumps International BV		4.628		6.199
	SPP Pumps Ltd.		5.033		3.963
	Kirloskar Brothers (Thailand) Ltd.		0.086		7.235
	SPP Pumps Inc.		0.241		-
	Kirloskar Brothers Pompen BV		0.121		3.515
	Rotaserve B.V.		0.671		0.671
	Kirloskar Ebara Pumps Limited		78.312		93.367
	Braybar Pumps (Proprietary) Limited		0.909		0.909

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FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

Sr No	Nature of transaction/relationship/major parties	31 March 2024		31 March 2023	
		Amount	Amount for Major parties	Amount	Amount for Major parties
(b)	<b>Key Management Personnel (#)</b>	<b>147.000</b>		<b>114.376</b>	
	Mr. Sanjay Kirloskar		59.000		47.000
	Mr. Pratap Shirke		-		1.500
	Mr. Alok Kirloskar		2.400		1.500
	Mr. Rakesh Mohan		-		0.500
	Ms. Rama Kirloskar		69.000		53.000
	Mrs. Shailaja Kher		-		0.188
	Mr. Pradyumna Vyas		-		0.188
	Mr. M. S. Unnikrishnan		2.400		1.500
	Mr. Amitava Mukherjee		0.600		1.500
	Ms. Rekha Sethi		2.400		1.500
	Ms. Ramni Nirula		2.400		1.500
	Mr. Shrinivas Dempo		2.400		1.500
	Mr. Shobinder Duggal		2.400		1.500
	Mr. Vivek Pendharkar		2.400		1.500
	Mr. Vinayak Deshpande		1.600		-

(#) Commission to Chairman- Managing Director and Non-Executive Directors is approved in board meeting held on 14<sup>th</sup> May, 2024. Payment will be made in the year 2024-25

## (E) Corporate Guarantees: Below mentioned guarantees have been provided by the company to banks on behalf of subsidiary companies for availing financial facilities.

Sr No	Particulars	31 March 2024	31 March 2023
		Amount	Amount
1	By the company to ICICI Bank Ltd. on behalf of Kirloskar Pompen B.V. (CY : EURO 4,200,000 , PY : EURO 7,350,000)	378.916	654.859
2	By the company to ICICI Bank Ltd. on behalf of The Kolhapur Steel Limited.	185.500	185.500
3	By the company to ICICI Bank Ltd. on behalf of SPP Pumps Ltd. (CY : GBP 13,600,000 , PY : GBP 23,100,000 )	1,431.985	2,341.763
4	By the company to ICICI Bank Ltd. on behalf of Kirloskar Corrocoat Private Limited.	240.000	190.000
5	By the company to Sinhan Bank Ltd. on behalf of Kirloskar Corrocoat Private Limited.	14.850	14.850
6	By the company to Axis Bank on behalf of SPP Pumps International (Proprietary) Limited (USD 14,30,000)	119.225	117.503
7	By the company to Axis Bank on behalf of Kirloskar Brothers (Thailand) Ltd. (USD 66,00,000)	550.268	542.322
8	By the company to Citi Bank on behalf of SPP Pumps Ltd.(PY : USD 4,500,000)	-	369.765
9	By the company to Citi Bank on behalf of Kirloskar Pompen B.V. (USD 1,000,000)	83.374	82.170
10	By the company to Citi Bank on behalf of Kirloskar Brothers (Thailand) Ltd. (CY : USD 5,500,000 , PY : USD 1,000,000)	458.557	82.170
11	By the company to ICICI Bank Ltd. on behalf of Rodelta Pumps International B.V. (EURO 2,625,000)	236.822	233.878
		<b>3,699.497</b>	<b>4,814.780</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

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

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

Name of the Company	Balance as at		Maximum outstanding	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
To Subsidiary Companies				
The Kolhapur Steel Limited *	91.042	141.142	141.142	159.614
To Associates				
KBL Synerge LLP	-	-	-	-

\* Consists of ₹ 9.510 Million unsecured loan given under order from Board for Industrial and Financial Reconstructions (BIFR) in 2008-09 without any specific agreed terms for charge of interest and repayment. Balance loan of ₹ 81.532 Million with interest rate of 8.5% and other specified terms and conditions.

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

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

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

## NOTE 37 : JOINT VENTURE AND JOINTLY CONTROLLED OPERATIONS

### a) List of Joint Venture

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

### b) Financial Interest in Jointly controlled entities

Sr. No	Name of the Joint Venture	Summarized financial information	As at	As at
			31 March 2024	31 March 2023
1	Kirloskar Ebara Pumps Limited	Assets	4,000.504	2,941.938
		Liabilities	1,856.865	975.784
			2023-24	2022-23
		Income	3,105.635	2,409.472
		Expenses(including tax expenses)	2,880.097	2,171.623
		Profit after tax	225.538	237.849
		Other comprehensive income	(8.053)	(1.780)
		Total comprehensive income	217.485	236.069

### c) Contingent liabilities, if any, incurred in relation to interest in Joint Ventures: Nil (PY: ₹ Nil Million)

### d) Capital commitments, if any, in relation to interest in Joint Ventures: ₹ 7.177 Million (PY: ₹ 10.110 Million)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

## e) List of Jointly controlled operations :

Sr No	Name of the Jointly controlled operation	Description	Ownership Interest	Country of Incorporation
1	HCC - KBL *	Jointly controlled operations	N A	India
2	KBL – MCCL	Jointly controlled operations	N A	India
3	KCCPL – IHP – BRC – TAIPPL – KBL JV *	Jointly controlled operations	N A	India
4	IVRCL – KBL JV	Jointly controlled operations	N A	India
5	Maytas – KBL JV	Jointly controlled operations	N A	India
6	Larsen & Toubro – KBL JV	Jointly controlled operations	N A	India
7	KBL-MEIL-KCCPL JV	Jointly controlled operations	N A	India
8	KBL – PLR JV	Jointly controlled operations	N A	India
9	KBL – Koya – VA Tech JV	Jointly controlled operations	N A	India
10	KBL – PIL Consortium	Jointly controlled operations	N A	India
11	Larsen & Toubro – KBL – Maytas JV	Jointly controlled operations	N A	India
12	IVRCL – KBL – MEIL JV	Jointly controlled operations	N A	India
13	Pioneer – Avantica – ZVS – KBL JV	Jointly controlled operations	N A	India
14	AMR – Maytas – KBL – WEG JV *	Jointly controlled operations	N A	India
15	Indu – Shrinivasa Constructions – KBL – WEG JV	Jointly controlled operations	N A	India
16	MEIL – KBL – IVRCL JV	Jointly controlled operations	N A	India
17	MEIL – Maytas – KBL JV	Jointly controlled operations	N A	India
18	KCCPL – TAIPPL – KBL JV	Jointly controlled operations	N A	India
19	KBL-SPML JV	Jointly controlled operations	N A	India
20	MEIL - KBL JV *	Jointly controlled operations	N A	India
21	MAYTAS – MEIL – KBL JV	Jointly controlled operations	N A	India
22	Gondwana - KBL JV	Jointly controlled operations	N A	India
23	MEIL -PRASAD-KBL CONSORTIUM	Jointly controlled operations	N A	India
24	JCPL - MEIL - KBL CONSORTIUM	Jointly controlled operations	N A	India
25	KBL -PTIL UJV	Jointly controlled operations	N A	India
26	KBL - RATNA - JOINT VENTURE	Jointly controlled operations	N A	India
27	MEIL-KBL-WEG CONSORTIUM	Jointly controlled operations	N A	India
28	MEIL-KBL- ( KDWSP ) JV	Jointly controlled operations	N A	India
29	KBL and TCIPL JOINT VENTURE	Jointly controlled operations	N A	India
30	ACPL & KBL JV *	Jointly controlled operations	N A	India
31	Kirloskar Brothers Ltd. JV *	Jointly controlled operations	N A	India
32	ITD CEMENTATION INDIA LIMITED JV	Jointly controlled operations	N A	India
33	GSJ - KBL JV	Jointly controlled operations	N A	India
34	JBL-KBL-GSJ JV	Jointly controlled operations	N A	India

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

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

Particulars	Provision for compensated absences	Provision for product warranty	Provision for decommissioning and restoration cost	Provision for loss on long term contracts
<b>Carrying amount as at 1 April 2022</b>	285.613	264.659	8.892	13.674
Add: Provision during the year 2022-23 (net of excess/ short provision of earlier year)	33.702	255.364	-	1.773
Add: Unwinding of discounts	-	4.753	0.729	-
Less: Amount utilized during the year 2022-23	(30.229)	(216.025)	-	(4.038)
<b>Carrying amount as at 31 March 2023</b>	<b>289.086</b>	<b>308.751</b>	<b>9.621</b>	<b>11.409</b>
Add: Provision during the year 2023-24 (net of excess/ short provision of earlier year)	147.545	228.383	-	4.179
Add: Unwinding of discounts	-	25.792	0.791	-
Less: Amount utilized during the year 2023-24	(33.330)	(258.575)	-	(1.801)
<b>Carrying amount as at 31 March 2024</b>	<b>403.301</b>	<b>304.351</b>	<b>10.412</b>	<b>13.787</b>
<b>Non-current provision</b>	191.719	33.216	10.412	-
<b>Current provision</b>	211.582	271.135	-	13.787

### Compensated absences

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

### Provision for warranty

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

### Provision for decommissioning and restoration cost

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

### Provision for long term contract

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

# NOTES TO THE FINANCIAL STATEMENTS

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(Amounts in Million ₹)

## NOTE 39 : FAIR VALUE MEASUREMENTS

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

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

Sr. No	Particulars	Carrying value	
		As at 31 March 2024	As at 31 March 2023
	<b>Financial Asset</b>		
	<b>Levelled at Level 1</b>		
a)	<b>Carried at fair value through profit and loss</b>		
	Investment in mutual funds	1,492.012	1,437.400
	<b>Levelled at Level 2</b>		
b)	<b>Carried at amortized cost</b>		
	Investment in long fixed deposits with financial institution	800.200	500.000
	Trade receivables	4,700.870	4,063.340
	Advances to subsidiaries	91.042	141.142
	Other financial assets	972.271	970.716
	Cash and cash equivalent	1,516.701	1,484.366
	Other bank balances	32.130	16.100
	<b>Levelled at Level 3</b>		
c)	<b>Investments in unquoted equity shares (FVTOCI) *</b>	0.000	0.000
	<b>Financial Liabilities</b>		
a)	<b>Levelled at Level 2</b>		
	Carried at fair value through Profit and loss (FVTPL)		
	Forward contract liability	0.995	-
b)	<b>Carried at amortized cost</b>		
	Non-current borrowings	-	492.505
	Current borrowings	391.257	658.858
	Trade payables	5,088.019	4,626.654
	Other current financial liabilities	959.472	957.249
	Lease liability	103.837	94.563
c)	<b>Financial guarantee contracts</b>	11.499	12.805

\* The investment in unquoted equity shares is ₹200/- and therefore not seen in the above table.

## NOTE 40: FINANCIAL RISK MANAGEMENT POLICY AND OBJECTIVES

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





# NOTES TO THE FINANCIAL STATEMENTS

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

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

The company's risk management is carried out by management, under policies approved by the board of directors. Company's treasury identifies, evaluates and hedges financial risks in close cooperation with the company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, and investment of excess liquidity. No major change in assumptions and methods used for risk assessments is made during the year.

## (A) Credit Risk

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

### Credit risk management

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly. The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward looking information such as:

- (i) Actual or expected significant adverse changes in business,
- (ii) Actual or expected significant changes in the operating results of the counterparty,
- (iii) Financial or economic conditions that are expected to cause a significant change to counterparty's ability to meet its obligations,
- (iv) Significant increases in credit risk on other financial instruments of the same counterparty,
- (v) Significant changes in the value of collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

# NOTES TO THE FINANCIAL STATEMENTS

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

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

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

## Provision for expected credit loss

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

Exposure to Risk	As at 31 March 2024	As at 31 March 2023
Trade Receivables	5,918.425	5,215.806
Less : Expected Loss	1,217.555	1,152.466
	4,700.870	4,063.340
Security Deposits	853.355	899.075
Less : Expected Loss	12.588	10.884
	840.767	888.191
Claims Receivable	34.377	40.913
Less : Expected Loss	19.361	12.552
	15.016	28.361

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

Exposure to Risk	As at 31 March 2024	As at 31 March 2023
Trade Receivables		
Neither past due nor impaired	2,624.678	2,349.139
Past due but not impaired		
Less than 180 days	723.772	347.921
181 - 365 days	403.495	358.365
More than 365 days	948.925	1,007.915
<b>Total</b>	<b>4,700.870</b>	<b>4,063.340</b>

## Reconciliation of loss provision

Exposure to Risk	Trade receivables	Others
Loss allowance as at 1 April 2022	764.443	23.699
Changes in loss allowance*	388.023	(0.263)
Loss allowance as at 31 March 2023	1,152.466	23.436
Changes in loss allowance*	65.089	8.513
<b>Loss allowance as at 31 March 2024</b>	<b>1,217.555</b>	<b>31.949</b>

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



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FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

## B) Liquidity risk

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

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

Exposure to Risk	As at 31 March 2024	As at 31 March 2023
<b>Interest bearing borrowings</b>		
On demand	91.257	326.625
Less than 180 days	300.000	332.233
181 - 365 days	-	-
More than 365 days	-	492.505
<b>Total</b>	<b>391.257</b>	<b>1,151.363</b>
<b>Other financial liabilities</b>		
On demand	162.547	153.181
Less than 180 days	802.675	998.305
181 - 365 days	5.749	6.402
More than 365 days	-	-
<b>Total</b>	<b>970.971</b>	<b>1,157.888</b>
<b>Lease liability</b>		
On demand	-	-
Less than 180 days	29.703	20.906
181 - 365 days	29.702	20.906
More than 365 days	44.432	52.751
<b>Total</b>	<b>103.837</b>	<b>94.563</b>
<b>Trade &amp; other payables</b>		
Not due	3,173.080	2,636.554
Less than 180 days	743.315	638.282
181 - 365 days	233.944	238.694
More than 365 days	937.680	1,113.124
<b>Total</b>	<b>5,088.019</b>	<b>4,626.654</b>

The company has access to following undrawn fund based facilities at the end of the reporting year (Interest rates 6% - 9%)

	As at 31 March 2024	As at 31 March 2023
Expiring within one year	1,610.000	1,880.000
Expiring beyond one year	-	-

## C) Market risk - Interest rate risk

The company's exposure to the risk of changes in market interest rates relates to borrowings with floating interest rates. To manage the risk, company has created balance portfolio of fixed and variable interest rate borrowings. Change of 0.5%, in the base rates will have effect of ₹ 1.956 MN on the company's profitability.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

## (D) Foreign Currency Risk

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

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

### Foreign currency exposure :

Financial Assets	Currency	Amount in Foreign Currency (MN)		Amount in ₹ (MN)	
		As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
Trade Receivables	EUR	0.562	1.065	50.560	94.876
	GBP	0.249	0.115	26.173	11.675
	ZAR	1.728	1.069	7.606	4.940
	USD	8.351	8.444	696.499	693.843
Bank Accounts	EGP	0.327	0.841	0.576	2.243
	EUR	0.466	0.364	41.887	32.450
	GBP	0.191	0.792	20.071	80.255
	USD	1.423	1.831	118.677	150.450
Other Deposits	XOF	-	0.014	-	0.002
	EGP	0.083	0.083	0.147	0.222
	USD	0.003	0.003	0.225	0.222
	EUR	-	0.003	-	0.276
Amount Due from Employees	GBP	-	0.011	-	1.124
	THB	-	0.002	-	0.005
	USD	0.030	0.011	2.506	0.888

Financial Liabilities	Currency	Amount in Foreign Currency (MN)		Amount in ₹ (MN)	
		As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
Trade Payables	EGP	0.731	0.731	1.287	1.949
	EUR	0.388	0.985	34.911	87.731
	GBP	0.052	0.033	5.501	3.392
	USD	2.966	3.283	247.350	269.789
	JPY	13.324	-	7.337	-
	VND	15,649.974	15,649.974	53.210	45.385
	XOF	149.102	150.041	20.308	20.436
	ZAR	0.190	-	0.838	-
	SGD	0.003	0.004	0.154	0.217
Amount Due to Employees	EUR	-	0.003	-	0.262
	USD	0.011	0.002	0.921	0.187



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

## Currency wise net exposure ( assets - liabilities )

Particulars	Amount in Foreign Currency (MN)		Amount in ₹ (MN)	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
EGP	(0.404)	0.110	(0.711)	0.294
EUR	0.640	0.445	57.537	39.609
GBP	0.387	0.884	40.743	89.662
USD	6.830	7.003	569.637	575.428
JPY	(13.324)	-	(7.337)	-
VND	(15,649.974)	(15,649.974)	(53.210)	(45.385)
XOF	(149.102)	(150.027)	(20.308)	(20.434)
SGD	(0.003)	(0.004)	(0.154)	(0.217)
THB	-	0.002	-	0.005
ZAR	1.537	0.879	6.768	4.060
<b>Total</b>			<b>592.965</b>	<b>643.022</b>

## Sensitivity Analysis

Currency	Amount in ₹ (MN)		Sensitivity % (*) (2023-24)	Sensitivity % (*) (2022-23)
	2023-24	2022-23		
EGP	(0.711)	0.294	12.68%	4.25%
EUR	57.537	39.609	3.03%	2.12%
GBP	40.743	89.662	3.09%	2.08%
USD	569.637	575.428	3.91%	4.89%
JPY	(7.337)	-	-2.18%	0.36%
VND	(53.210)	(45.385)	2.96%	0.49%
XOF	(20.308)	(20.434)	3.81%	3.44%
SGD	(0.154)	(0.217)	3.80%	4.58%
THB	-	0.005	0.98%	2.91%
ZAR	6.768	4.060	1.25%	2.73%
<b>Total</b>	<b>592.965</b>	<b>643.022</b>		

Currency	Impact on profit (strengthen)		Impact on profit (weakening)	
	2023-24	2022-23	2023-24	2022-23
EGP	0.090	(0.012)	(0.090)	0.012
EUR	(1.743)	(0.840)	1.743	0.840
GBP	(1.259)	(1.865)	1.259	1.865
USD	(22.273)	(28.138)	22.273	28.138
JPY	(0.160)	-	0.160	-
VND	1.575	0.222	(1.575)	(0.222)
XOF	0.774	0.703	(0.774)	(0.703)
SGD	0.006	0.010	(0.006)	(0.010)
THB	-	-	-	-
ZAR	(0.085)	(0.111)	0.085	0.111
<b>Total</b>	<b>(22.990)</b>	<b>(29.920)</b>	<b>22.990</b>	<b>29.920</b>

(EGP- Egyptian Pound, EUR- Euro, GBP - Great Britain Pound, , USD - US Dollar, JPY - Japanese Yen VND- Vietnamese Dong, , XOF- CFA Franc, SGD - Singapore dollar , THB - Thai Bhat, ZAR - Zuid-Afrikaanse Rand )

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

## NOTE 41: CAPITAL MANAGEMENT

### a) Risk management

The company's objectives when managing capital are to

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

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

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

Particulars	As at 31 March 2024	As at 31 March 2023
Loans and borrowings (Including current maturities of long term debt)	391.257	1,151.363
Less: Cash and cash equivalents (Including other bank balances)	1,548.831	1,500.466
Less: Investment in mutual funds	2,292.212	1,937.400
Net debt	(3,449.786)	(2,286.503)

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

### b) Dividend

Particulars	As at 31 March 2024	As at 31 March 2023
Equity Shares		
(i) Interim dividend for the year	Nil	Nil
(ii) Dividends not recognised at the end of the reporting year	476.454	357.340

Since year end the directors have recommended the payment of a final dividend of ₹ 6.0 per fully paid equity share (31 March 2023 - ₹ 4.5). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

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

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at 31 March 2024. The disclosure pursuant to the said Act is as under:

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Total outstanding amount in respect of micro, small and medium enterprises	944.327	752.678
<b>Other disclosures in respect of micro and small enterprises</b>		
Principal amount due and remaining unpaid	31.943	4.692
Interest due on above and unpaid interest	0.603	0.049
Interest paid	-	-
Payment made beyond appointment day	1,242.585	392.490
Interest due and payable for the period of delay	7.674	2.785
Interest accrued and remaining unpaid (excluding interest accrued for earlier years)	8.277	2.834
Amount of further interest remaining due and payable in succeeding years	8.277	2.834

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

Delay in payment is mainly on account of quality issues.





# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

## NOTE 43 : CORPORATE SOCIAL RESPONSIBILITY EXPENDITURES

(a) Amount required to be spent by the Company during the current year is ₹ 31.967 Million (PY - ₹ 23.685 Million)

(b) Amount spent by the Company during the current year is ₹ 32.187 Million (PY - ₹ 24.165 Million)

There is no shortfall as per provision of Sec 135 of The Companies Act 2013 either at the beginning or end of year.

The company as per its policy on Corporate Social Responsibility (CSR) and recommendation and approval of the CSR committee has contributed ₹25 Million towards Disaster Management Projects & Programs through its implementing agency Vikas Charitable Trust, ₹ 1.998 Million on Specialized Wildlife Technical Rescue Vehicle, ₹ 3.1 Million on Infrastructure Development for Educational Institutions and balance amount on Prevention of HIV transmission, bio-diversity restoration project, etc. The company has not spent any amount towards construction or acquisition of asset.

Refer board report for detailed disclosure.

## NOTE 44 A : TRADE RECEIVABLES AGEING

Trade receivables as at 31 March 2024

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
<b>Undisputed trade receivable</b>							
Considered good	2,623.207	723.558	379.601	372.866	299.200	283.554	4,681.986
Which have significant increase in credit risk	-	-	23.849	118.421	105.349	872.850	1,120.469
Credit impaired							
<b>Total undisputed trade receivables (a)</b>	<b>2,623.207</b>	<b>723.558</b>	<b>403.450</b>	<b>491.287</b>	<b>404.549</b>	<b>1,156.404</b>	<b>5,802.455</b>
<b>Disputed trade receivables</b>							
Considered good	1.471	0.214	0.034	-	-	17.165	18.884
Which have significant increase in credit risk	-	-	0.011	0.367	58.270	38.438	97.086
Credit impaired	-	-	-	-	-	-	-
<b>Total Disputed trade receivables (b)</b>	<b>1.471</b>	<b>0.214</b>	<b>0.045</b>	<b>0.367</b>	<b>58.270</b>	<b>55.603</b>	<b>115.970</b>
<b>Total trade receivables (a + b)</b>	<b>2,624.678</b>	<b>723.772</b>	<b>403.495</b>	<b>491.654</b>	<b>462.819</b>	<b>1,212.007</b>	<b>5,918.425</b>
Provision for increase in significant risk and credit impaired							1,217.555
<b>Net trade receivables</b>							<b>4,700.870</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

## Trade receivables as at 31 March 2023

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
<b>Undisputed trade receivable</b>							
Considered good	2,348.670	347.921	336.318	460.218	129.038	422.645	4,044.810
Which have significant increase in credit risk	-	-	22.043	118.473	78.277	792.667	1,011.460
Credit impaired							
<b>Total undisputed trade receivables (a)</b>	<b>2,348.670</b>	<b>347.921</b>	<b>358.361</b>	<b>578.691</b>	<b>207.315</b>	<b>1,215.312</b>	<b>5,056.270</b>
<b>Disputed trade receivables</b>							
Considered good	0.469	-	-	0.417	-	17.648	18.534
Which have significant increase in credit risk	-	-	0.004	37.597	35.976	57.961	131.538
Credit impaired	-	-	-	-	-	9.464	9.464
<b>Total Disputed trade receivables (b)</b>	<b>0.469</b>	<b>-</b>	<b>0.004</b>	<b>38.014</b>	<b>35.976</b>	<b>85.073</b>	<b>159.536</b>
<b>Total trade receivables (a+b)</b>	<b>2,349.139</b>	<b>347.921</b>	<b>358.365</b>	<b>616.705</b>	<b>243.291</b>	<b>1,300.385</b>	<b>5,215.806</b>
Provision for increase in significant risk and credit impaired							1,152.466
<b>Net trade receivables</b>							<b>4,063.340</b>

## Note 44 B : Trade payables ageing

Particulars	Year	Not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
1 . MSME - Non disputed	2024	846.624	54.427	4.778	13.050	3.973	21.475	944.327
	2023	680.243	32.220	12.111	1.238	8.986	17.880	752.678
2. MSME - disputed	2024	-	-	-	-	-	-	-
	2023	-	-	-	-	-	-	-
3 . Others - Non disputed	2024	2,326.384	688.888	229.166	51.239	230.908	604.524	4,131.109
	2023	1,938.876	606.062	226.583	428.572	32.351	608.253	3,840.697
4 . Others - disputed	2024	0.072	-	-	-	-	12.511	12.583
	2023	17.435	-	-	-	-	15.844	33.279

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

## Note 44 C : Capital work- in- progress

Particulars	Year	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	2024	120.475	75.492	37.100	3.775	236.842
	2023	418.088	326.997	7.858	28.750	781.693
Projects temporarily suspended	2024	-	-	-	-	-
	2023	-	-	3.078	-	3.078

Following projects which were expected to be completed by March 24, got delayed and now expected to get completed as per following table.

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Expansion of manufacturing plant and Load enhancement	70.850	-	-	-	70.850



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

## NOTE 45: SEGMENT REPORTING

Company operates in single reporting segment of 'Fluid Machinery and Systems'. Information in respect of other disclosures as required by 'Ind AS 108- Operating Segments' is given in consolidated financial statements.

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

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Opening right-to-use asset	89.710	64.329
Net addition / (deletion) during the year	59.222	62.972
Depreciation charged during the year	(52.184)	(37.591)
<b>Closing right-to-use asset</b>	<b>96.748</b>	<b>89.710</b>

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Opening lease liability	94.563	66.764
Net addition / (deletion) during the year	59.205	62.973
Finance cost	9.625	7.499
Lease payments including lease termination	(59.556)	(42.673)
Closing lease liability	103.837	94.563
Non-Current	44.432	52.751
<b>Current</b>	<b>59.405</b>	<b>41.812</b>

**The expenses relating to payments not included in the measurement of lease liability and recognised as expense in the Statement of Profit and Loss during the year as follows:**

- Low value leases - ₹ 2.319 Million (PY : ₹ 1.937 Million)
- Short-term leases - ₹ 36.123 Million (PY: ₹ 26.456 Million)

### Where the company is a lessee

- The company has taken on lease various assets such as plant & equipments and buildings. Generally, leases are renewed only on mutual consent and at a prevalent market price.
- Details with respect to right-to-use assets:

Class of Asset	Year	Depreciation for the year	Additions during the year	Carrying Amount
1. Plant & Equipments	2024	6.661	13.554	20.290
	2023	4.383	11.265	13.398
2. Buildings	2024	45.523	45.669	76.458
	2023	33.209	51.706	76.312

### Contractual maturities of lease payments

Particulars	As at 31 March 2024	As at 31 March 2023
Less than one year	57.293	47.267
Between 1-2 years	35.368	35.988
More than 2 years	24.110	23.273

- Short term leases and leases for low value assets are continued to be accounted for as rent expenses.
- Total cash outflow for lease arrangements during the year is ₹ 97.999 Million (PY 2022-23 - ₹ 71.066 Million) including expenses on low value assets and short term lease.
- Company has not entered into any sublease arrangements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

## NOTE 47 A: RATIO ANALYSIS

Particulars (Reasons where variation is more than 25%)	Year ended 31 March 2024				Year ended 31 March 2023			Absolute Variance (%)
	Numerator		Denominator		Days	Numerator	Denominator	
	%	Days	%	Days				
<b>Current Ratio</b>								
[ Current assets / Current Liability ]	16,477.972	9,979.841	1.651		15,038.623	9,794.987	1.535	7.557%
<b>Debt-Equity Ratio</b>								
[Debt/Equity]	391.257	14,522.203	0.027		1,151.363	12,516.939	0.092	70.652%
(Reduction in borrowings along with increase in net worth due to higher profits)								
<b>Debt Service Coverage Ratio</b>								
[(PBID+ Exceptional items) /(Interest+ Principal repayment due in next year)]	2,955.258	414.798	7.125		2188.519	758.548	2.885	146.967%
(Reduction in borrowings along with higher profits)								
<b>Return on Equity Ratio</b>								
[(PAT + exceptional items)/(Total op. Equity+ Total cl. Equity)/2]	2,441.035	13,519.571	18.056%		1664.443	11,885.433	14.004%	28.935%
(Higher profits due to better operational performance)								
<b>Inventory Turnover</b>								
[Consumption /(op. Inventory + cl. Inventory)/2]	14,791.381	4,656.052	3.177	115	14,740.360	4,293.181	3.433	106
<b>Trade Receivables Turnover</b>								
[Revenue from operations / (op. receivable+cl. receivables)/2]	27,201.250	4,382.105	6.207	59	25,399.345	4,126.809	6.155	59
<b>Trade Payable Turnover</b>								
[Purchases/(op.payables+cl. payables)]	15,315.922	4,857.337	3.153	116	14,941.560	4,610.490	3.241	113
<b>Net Capital Turnover ratio</b>								
[Revenue from operations/ working capital]	27,201.250	6,498.131	4.186		25,399.345	5,243.636	4.844	13.584%
<b>Net profit Ratio</b>								
[PAT before exceptional items/Revenue from operations]	2,441.035	27,201.250	8.974%		1,664.443	25,399.345	6.553%	36.945%
(Higher profits due to better operational performance)								
<b>Return on Capital Employed</b>								
[PBIT before exceptional items/Total capital employed (NW-DTA+ debt+ DTL)]	3,255.486	14,433.851	22.555%		2,311.053	13,188.541	17.523%	28.717%
(Higher profits due to better operational performance along with optimum utilisation of capital employed)								
<b>Return on Investment (quoted)</b>								
[ROI=(Income received on FD+ MF)/ (Average outside investment)]	123.873	3,122.409	3.967%		95.458	2,679.603	3.562%	11.370%

(Amounts in Million ₹)



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(Amounts in Million ₹)

## NOTE 47 B: AUDIT TRAIL

The access to the database for accounting and consolidation software is restricted only to single CIC basis admin user (changes if any are allowed only with prior approval of committee of senior management) depending on Company's operating and business needs after appropriately designing the internal controls and ensuring the operating effectiveness of such controls. Audit trail function for database level is disabled by default in SAP. Enabling that feature, can affect the performance of SAP system as whole. Considering above facts, management has not enabled audit trail at database level.

The Company uses services of third-party service provider (ADP India Private Limited) for payroll processing and said organisation has provided SOC 1 report covering sustainability of the design and operating effectiveness of controls.

Further, outsourced vendor is ISO 9001:2013 and ISO 27001:2013 certified. Rule A.12.4, of ISO 27001:2013 requires, maintaining the audit trail of all events / logs including the changes in payroll products – user access controls, change management, etc. Auditors of third-party service provider had verified these controls and issue certificate for ISO standards. Further, there is no direct integration between third party payroll system and KBL accounting system. Processed payroll data received from third party service provider, is duly verified by KBL's internal team before accounting the same.

Above mentioned does not impact the internal control environment of the Company.

## NOTE 47 C: OTHERS

1. The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
2. The company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
3. The Company has not received any fund from any person(s) or entity(is), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
4. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
5. No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
6. Company has not entered any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956
7. Company has not made any contribution to the political parties during FY 2023-24. (PY: NIL)
8. Previous year's figure have been regrouped, wherever required.

For and on behalf of the Board of Directors

**Sanjay Kirloskar**  
Chairman and Managing Director  
DIN: 00007885

**Rama Kirloskar**  
Joint Managing Director  
DIN: 07474724

**Chittaranjan Mate**  
Chief Financial Officer

Pune : 14 May 2024

**Devang Trivedi**  
Company Secretary

Pune : 14 May 2024