NOTICE

NOTICE is hereby given that the 99th Annual General Meeting (AGM) of the Members of **KIRLOSKAR BROTHERS LIMITED** will be held on Monday, the 12th day of August 2019, at 11.00 a.m. at “Yamuna”, Survey No.98 (3-7), Baner, Pune – 411 045 to transact the following business: -

ORDINARY BUSINESS:

1. To receive, consider and adopt financial statements of the Company for the Financial Year ended on March 31, 2019 together with the Reports of Auditors and Directors thereon and consolidated financial statements of the Company for the Financial Year ended on March 31, 2019.

2. To declare dividend on equity shares of the Company for the Financial Year 2018 -19.

3. To appoint a Director in place of Ms. Rama Kirloskar (DIN 07474724), who retires by rotation and being eligible, offers herself for re-appointment.

   “**RESOLVED THAT** Ms. Rama Kirloskar (DIN 07474724), Director of the Company, who retires by rotation at this Annual General Meeting and being eligible for re-appointment be and is hereby re-appointed as a Director liable to retire by rotation.”

SPECIAL BUSINESS:

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

   “**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 read with the applicable rules thereunder including any statutory modification(s) or re-enactment thereof as may be in force read with Schedule IV of the said Act, Mr. Rajeev Kher (DIN 01192524), who was appointed by the Board as an Additional Director with effect from January 25, 2019 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold the office for a term up to January 24, 2022;

   RESOLVED FURTHER THAT Mr. Rajeev Kher shall not be considered as a director liable to retire by rotation in terms of Section 152 read with Section 149(13) of the Companies Act, 2013;

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all the acts, deeds and things as may be necessary to give effect to this resolution.”

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

   “**RESOLVED THAT** pursuant to the provisions of Sections 152,160 and other applicable provisions, if any, of the Companies Act, 2013 read with the applicable rules thereunder including any statutory modification(s) or re-enactment thereof as may be in force, Mr. Tilak Dhar (DIN 00204912), who was appointed by the Board as an Additional Director with effect from March 22, 2019 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation;

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all the acts, deeds and things as may be necessary to give effect to this resolution.”

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

"**RESOLVED THAT** pursuant to the provisions of Sections 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 read with the applicable rules thereunder including any statutory modification(s) or re-enactment thereof as may be in force, Mr. Pratap B. Shirke (DIN 00104902) who was appointed by the Board as an Additional Director with effect from April 1, 2019 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all the acts, deeds and things as may be necessary to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 read with the applicable rules thereunder including any statutory modification(s) or re-enactment thereof as may be in force and read with Schedule IV of the said Act, Mr. Pradyumna Vyas (DIN 02359564), who was appointed by the Board as an Additional Director with effect from May 16, 2019 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold the office for a term up to May 15, 2022;

RESOLVED FURTHER THAT Mr. Pradyumna Vyas shall not be considered as a director liable to retire by rotation in terms of Section 152 read with Section 149(13) of the Companies Act, 2013;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all the acts, deeds and things as may be necessary to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 read with the applicable rules thereunder including any statutory modification(s) or re-enactment thereof as may be in force read with Schedule IV of the said Act, Ms. Shailaja Kher (DIN 08450568), who was appointed by the Board as an Additional Director with effect from May 16, 2019 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold the office for a term up to May 15, 2022;

RESOLVED FURTHER THAT Ms. Shailaja Kher shall not be considered as a director liable to retire by rotation in terms of Section 152 read with Section 149(13) of the Companies Act, 2013;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all the acts, deeds and things as may be necessary to give effect to this resolution."

9. To pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 including any statutory modification(s) or re-enactment thereof for the time being in force and pursuant to the recommendation of the Audit and Finance Committee, the remuneration amounting to ₹ 8,25,000/- (Rupees Eight Lakhs Twenty Five Thousand only) excluding GST and other taxes as may be applicable and out of pocket and travelling expenses, if any, payable to M/s. Parkhi Limaye & Co., Cost Accountants (Firm Reg. No. 000191), 'Aabha', Plot No. 16, Siddhakala CHS, Warje, Pune – 411 058, appointed by the Board of Directors of the Company as Cost Accountants to conduct the audit of the cost records of the Company for the Financial Year 2019 – 20, be and is hereby ratified and confirmed.”

10. To pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 and as per the provisions of Schedule V to the said Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the Articles of Association of the Company, the change in terms of the appointment of Mr. Sanjay C. Kirloskar as Managing Director of the Company as set out below, be and is hereby approved with effect from April 1, 2019 for a period up to the term of his appointment as Managing Director of the Company with all other terms and conditions remaining same:-

Salary:

₹ 9,37,500/- (Rupees Nine Lakhs Thirty Seven Thousand Five Hundred only) per month i.e. ₹ 1,12,50,000/- (One Crore Twelve Lakhs and Fifty Thousand only) per year, to be reviewed and revised by the Board within the statutory limits as may be applicable;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts, deeds and things as may be necessary to give effect to this resolution.”

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

Sandeep Phadnis
Company Secretary

Pune: May 16, 2019

NOTES:

1. **A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

   A person can act as a Proxy on behalf of Members not exceeding 50 (Fifty) and holding in the aggregate not more than 10% of total share capital of the Company carrying voting rights. An authorised representative of a body corporate, holding shares in a Company, may appoint a proxy under his signature. However, a Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as a Proxy for his entire shareholding and such person shall not act as a Proxy for another person or shareholder. The instrument of proxy duly filled, stamped, dated and signed should be lodged at the Registered Office of the Company not less than forty-eight hours before the commencement of Annual General Meeting (AGM). Every Member entitled to vote at this meeting shall be entitled during the period beginning twenty four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than 3 days written notice is given to the Company before the commencement of the meeting. The proxy holder shall bring his/her id-proof for the purpose of identification at the time of attending the meeting.

2. Pursuant to Section 102 of the Companies Act, 2013 ('the Act'), statement of material facts in respect of Item Nos. 4 to 10 above is annexed.

3. The unclaimed dividend for the Financial Year 2010-11 has been transferred to "Investor Education and Protection Fund Authority" (IEPF), pursuant to the applicable provisions of Section 124 of the Act. In terms of the said Section read with relevant rules, the amount transferred to the unpaid dividend account, which remains unpaid or unclaimed for a period of 7 (seven) consecutive years or more from the date of such transfer, shall be transferred by the Company to IEPF. Accordingly, the unpaid / unclaimed final dividend for the Financial Years 2011-12 onwards will become transferable at the end of 7 (seven) years from the respective dates of transfer of such amount to the unclaimed dividend accounts to IEPF.

   As per the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the underlying shares in respect of which the dividend has remained unclaimed / unpaid for 7 years or more will be transferred to IEPF. Accordingly, the Company has transferred underlying shares, in respect of which the dividend remained unpaid / unclaimed for consecutive 7 years upto the Financial Year 2010-11.

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

   The details of transfer of dividend to IEPF are given below:

Financial Year	Type of dividend	Dividend in ₹ per share	Date of declaration	Due Date of transfer to the IEPF Account
2011 - 12	Final	2.00	18-Jul-12	August, 2019
2012 - 13	Final	2.00	24-Jul-13	August, 2020
2013 - 14	Final	2.50	25-Sep-14	October, 2021
2014 - 15	Final	0.50	27-Jul-15	September, 2022
2015 - 16	Interim	0.50	14-Mar-16	April, 2023
2016 - 17	Final	1.00	27-Jul-17	September, 2024
2017 - 18	Final	2.50	27-Jul-18	September, 2025

In terms of the IEPF (Uploading of information regarding unpaid dividend amount lying with the Companies) Rules, 2012, the details of unclaimed dividend up to 2016-17 have been uploaded on the Company's website www.kirloskarpumps.com. This will facilitate the Members to claim their unclaimed dividend. Members are therefore, requested to check and send their claims if any, for the relevant Financial Years from 2011-12 onwards before the respective amounts become due for transfer to IEPF.

4. Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act will be available for inspection at the time of AGM.

5. Register of Contracts or arrangements in which the Directors are interested, as maintained under Section 189 of the Act will be available for inspection at the time of AGM.

6. In case, Members wish to ask for any information about the accounts or operations of the Company, they are requested to send their queries in writing, at least 7 (seven) days before the date of the meeting at the Registered Office or by an e-mail at secretarial@kbl.co.in, so that the information can be made available at the time of AGM.

7. Members of the Company and/ or their Proxies only will be allowed to attend the AGM. Before entering the meeting hall, Members and/ or Proxies are requested to sign the attendance slip in the prescribed form and leave it at the counter.

   Members/Proxies are requested to carry their Folio No. / Client Id and DP Id for easy identification.

8. Since, the Company's shares are in compulsory dematerialized trading mode, to ensure better investor service and elimination of risk of holding shares in physical form, the Members holding shares in physical form are requested to get their shares dematerialized at the earliest.

9. Members having multiple folios are requested to intimate to the Company / Registrar and Transfer (R&T) Agent, such folios to consolidate all shareholdings into one folio.

10. Members who hold shares in physical form are requested to intimate to the Company / R&T Agent immediately of any change in their addresses along with necessary proof for identity and change in their addresses.

11. The Company has appointed M/s. Bigshare Services Private Limited as its R&T Agent. All correspondence relating to transmission of shares, issue of duplicate share certificates, change of address, dematerialisation of shares, payment of dividend etc. will be attended and processed at the office of the R & T Agent at the following address:-

    Bigshare Services Private Limited

    1st Floor, Bharat Tin Works Building,

    Opp. Vasant Oasis, Makwana Road,

    Marol, Andheri (East), Mumbai 400059

    Board No.: 022-6263 8200 Direct No: 022-62638214

    E-mail: KBL@bigshareonline.com

12. As per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 and vide Notification dated November 30, 2018, issued by the Ministry of Corporate Affairs, requests for effecting transfer of shares shall not be processed unless the shares are held in the dematerialized form with effect from April 01, 2019. Shareholders holding shares in physical form shall get their shares dematerialized and credited in their demat account before undertaking any securities market transactions and off-market / private transactions involving transfer of shares.

13. In terms of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, Companies (Management and Administration) Amendment Rules, 2015 as amended and Secretarial Standards on General Meeting (SS 2) and in terms of Regulation 44 of the Securities and Exchange Board of India (Listing Regulations, 2015) all the businesses i.e. Ordinary and Special may be

transacted through electronic voting system (remote e-voting), which is being provided by the Company or by ballot paper at the venue of AGM. The Company has engaged the services of National Securities Depository Limited (NSDL) to provide the remote e-voting facility, which is available at the link https://www.evoting.nsdl.com. The instructions for remote e-voting are given herein below.

E- Voting instructions:

14. The notice of AGM is being sent to the Members, whose names appear in the Register of Members as on June 28, 2019. The cut-off date for determining entitlement of voting rights for the purpose of remote e-voting shall be considered on the number of shares registered in the name of the shareholders, in case of all those beneficial owners holding shares in electronic form as per the ownership data made available to the Company by NSDL and Central Depository Services (India) Limited (CDSL) on Friday, August 2, 2019 and to all those Members holding shares in physical form on Friday, August 2, 2019 only.

15. The Board has appointed Mr. Shyamprasad Limaye, Practicing Company Secretary, Pune as a Scrutinizer to scrutinize voting by electronic mode and ballot in accordance with the applicable laws in a fair and transparent manner.

16. The remote e-voting shall commence on Friday, August 9, 2019 at 9.00 a.m. and end on Sunday, August 11, 2019 at 5.00 p.m. Remote e-voting shall not be allowed beyond Sunday, August 11, 2019 after 5.00 p.m. During this period, Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. August 2, 2019 may cast their vote electronically. The remote e-voting portal shall forthwith be blocked by NSDL for voting after 5.00 p.m. on Sunday, August 11, 2019.

    The Chairman shall, at the 99th AGM, at the end of discussion on the resolutions as mentioned in the Notice, allow voting with the assistance of Scrutinizer, by use of ballot paper for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

    A Member whose name is recorded in the Register of Members or in Register of Beneficial Owners maintained by the Depositories, as on the cut-off date i.e. August 2, 2019, only shall be entitled to avail the facility of remote e-voting or voting at the AGM vide ballot paper for resolutions set out in the Notice.

17. In respect of representatives of the Corporations, the authorization should be received by the scrutinizer/ Company on or before close of remote e-voting. Representative attending the AGM in person to vote thereat, shall submit the letter of appointment / authorisation, as the case may be before the commencement of AGM.

18. In case of Members, who have registered their e-mail IDs with the Company :

    i. For remote e-voting, a Member should log on to https://www.evoting.nsdl.com and click on 'Shareholder – Login' during the period mentioned in point No. 16 above.

    ii. Enter user ID, password and verification code as shown on the screen and click login.

    Alternatively, if a Member has registered for NSDL e-services i.e. IDEAS, Member can log-in at https://eservices.nsdl.com / with his/her existing IDEAS login. Once Member logs-in to NSDL eservices after using log-in credentials, click on e-Voting and proceed to cast vote electronically.

    User ID details for existing and new users are as given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	User ID
a) For Members holding shares in demat account with NSDL.	Eight (8) character DP ID followed by Eight (8) Digit Client ID For example: if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.

b)	For Members who holding shares in demat account with CDSL.	Sixteen (16) Digit Beneficiary ID For example: if your Beneficiary ID is 12************** then your user ID is 12**************
c)	For Members holding shares in physical form.	'Electronic Voting Event Number' (EVEN) followed by your Folio Number registered with the Company. For example: if folio number is 001*** and EVEN is _____ then user ID is ______001***

iii. If a Member is already registered with NSDL for remote e-voting, then a Member can use his/her existing user-ID & password for login.

iv. Password details for new users are as given below:

a) If a Member is using NSDL e-Voting system for the first time, he/she will need to retrieve the 'initial password' which was communicated. Once 'initial password' is retrieved, the system will prompt to change the password.

b) Steps to retrieve 'initial password'

(i) If e-mail ID is registered in demat account, use the 'initial password' sent by NSDL on registered e-mail ID. The password to open the attached pdf file in the e-mail is Eight (8) digit client ID for NSDL account, last Eight (8) digits of client ID for CDSL account or folio number for shares held in physical form. The pdf file contains 'User ID' and 'initial password'.

(ii) If email ID is not registered, the 'initial password' is communicated on his/her postal address.

If a Member is unable to retrieve or has not received the 'initial password' or has forgotten the password:

a) Click on 'Forgot User Details/Password'

b) Physical User- Click on 'Reset Password'

(iii) If a Member is still unable to get the password by aforesaid two options, he/she can send a request at evoting@nsdl.co.in mentioning his/her demat account number/folio number, PAN, name and registered address.

(iv) After entering the password, tick on Agree to 'Terms and Conditions' by selecting on the check box.

Now, you will have to click on 'Login' button, Home page of e-Voting will open.

(v) After log in as mentioned in the above steps, click on 'e-voting: Active Voting Cycles'.

(vi) Select the (EVEN) of Kirloskar Brothers Limited (which is provided in the attendance slip).

(vii) Now you are ready for remote e-voting as 'voting page' opens.

(viii) Cast your vote by selecting appropriate option and click on 'submit' and also 'confirm' when prompted.

(ix) Upon confirmation, the message 'vote cast successfully' will appear. Once you have cast your vote on the resolution, you will not be allowed to modify it.

(x) Institutional shareholders are required to send scanned copy (in PDF or JPEG format) of the relevant Board Resolution / Authority letter / Power of Attorney etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer at cssdlimaye@gmail.com with a copy marked to evoting@nsdl.co.in.

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

19. In case of other Members:

    You will receive User ID and password at the bottom of the Attendance slip. Please follow steps from 18 (iv) to (ix) for casting vote electronically.

20. For those who have acquired the shares and become Members of the Company after dispatch of notice and are entitled on the cut-off date i.e. August 2, 2019 for voting, may write to the Company at designated email id grievance.redressal@kbl.co.in or Ms. Pallavi Mhatre, Assistant Manager, NSDL at designated email id: evoting@nsdl.co.in for obtaining User ID and password which would be sent to them forthwith in the manner mentioned above. Alternatively, you may reach the Company at 020-2721 1030 or NSDL at 022-2499 4600 or you can call on toll free number 1800 222 990 and lodge the request.

21. Members may participate in the AGM even after casting their vote through remote e-voting but shall not be allowed to vote again at the meeting and his vote, if any, cast at the AGM shall be treated as invalid. Kindly note that vote once cast cannot be modified or cast again. Please note that a person who is not a Member as on the cut-off date i.e. August 2, 2019 and who is in receipt of the Notice may treat this for information purpose only.

22. In case of any queries relating to remote e-voting, you may refer the Frequently Asked Questions (FAQs) and e-voting user manual for Members available at 'Downloads' section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in

23. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in presence of at least two witnesses not in the employment of the Company and not later than 2 (two) days of the conclusion of the meeting, make a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman of the Company or a person authorised by him in writing, who shall countersign the same.

24. The result of the resolutions shall be declared by the Chairman or a person authorised by him in writing forthwith on receipt of the Scrutinizer's report.

25. The results declared along with the Scrutinizer's report shall be placed on the website of the Company at www.kirloskarpumps.com and at www.evoting.nsdl.com immediately after the result is declared and simultaneously shall be forwarded to BSE Limited and National Stock Exchange of India Limited for displaying the same on their website.

26. The Notice has been uploaded on the website of the Company and NSDL.

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

Sandeep Phadnis
Company Secretary

Pune: May 16, 2019

ANNEXURE TO THE NOTICE OF 99th ANNUAL GENERAL MEETING

I. Details of Directors Seeking Appointment / Re-appointment as required under Regulation 36 of the Listing Regulations, 2015 and Secretarial Standards (SS-2)

Ms. Rama Kirloskar (DIN 07474724) age 29 is a Non-Executive Director on the Board of the Company. Ms. Rama Kirloskar is associated with the Company from 28th July 2017.

She currently serves as the Managing Director of Kirloskar Ebara Pumps Limited (KEPL), a joint venture between and Kirloskar Brothers Limited, parent company of the 130-year-old Kirloskar Group and Ebara Corporation, Japan. Previously, she was General Manager and Head of the Product Portfolio Management at Kirloskar Brothers Limited, where she was responsible for driving the Go-to-market strategy, product value management and restructuring for the mass production business; material grade rationalization and streamlining for the foundry business and product rationalization for the made-to-order business. She holds a double major in Mathematics and Biology from Bryn Mawr College, USA. After graduation, she went on to work at Polaris Partners, a multi-stage venture capital firm that principally invests in technology, healthcare and consumer products, headquartered at Boston, MA, USA. Subsequently, she worked at the Koch Institute at Massachusetts Institute of Technology (MIT), USA. Her research led her and the team to begin working with Visterra Inc., an MIT biotechnology start-up company that currently uses its proprietary platform to design therapeutics for infectious diseases.

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

She is also on the Board of Karad Projects and Motors Limited and Prakar Investments Private Limited.

She is a member of Corporate Social Responsibility Committee. She has attended all the 6 (six) Board meetings held during the year 2018-19.

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

Ms. Rama Kirloskar will be entitled for sitting fees as may be decided by the Board from time to time and commission, if any, as may be approved by the Board.

For details of her remuneration drawn last year, one can refer reporting under ‘Report on Corporate Governance’.

Ms. Rama Kirloskar is a daughter of Mr. Sanjay C. Kirloskar and sister of Mr. Alok Kirloskar. Apart from this none of the other Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested financially or otherwise in the proposed resolution.

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

II. Statement of material facts as required under Section 102 of the Companies Act, 2013

Item No. 4

Mr. Rajeev Kher (DIN 01192524), age 63, is an Additional Director on the Board of the Company with effect from January 25, 2019.

Mr. Rajeev Kher superannuated as Commerce Secretary, Government of India in 2015 after serving for 35 years in the Indian Administrative Services (IAS). He then worked as a Member in the Competition Appellate Tribunal. He is now a distinguished Fellow with RIS, a leading think tank of the Ministry of External Affairs. He is a Professional Arbitrator. He is also nominated on some of the Government Committees and Tasks Forces on Trade and Industrial Development.

Mr. Rajeev Kher has held prominent assignments in the Central Government and State Government of UP like in the Department of Trade and Commerce, Ministry of Environment and The Energy and Resources Institute (TERI) in Delhi and Senior level assignments in the Departments of Renewable Energy, Finance, Planning and Science and Technology.

He was instrumental in bringing the first comprehensive Foreign Trade Policy for India. He led negotiations on behalf of India for Trade Agreements with major blocks such as EU, EFTA, RCEP and ASEAN. He has made an immense contribution in the Indian Pharmaceutical sector in Generic Medicine and building India as a brand in this sector. He is instrumental in protecting India's interest in the Multilateral Trade Facilitation Agreement and in Services at the center stage of negotiations.

Mr. Rajeev Kher significantly contributed in preparation of Country's first National Environment Policy as the Principal investigator in TERI. He also led the various teams in designing and implementing sustainable development projects.

He also chairs the Task Force on Global value chains of the CII. He is presently a member of CII committees on International trade Policy, India-China Trade and International Council of CII and of the High-Level Advisory Group constituted by Ministry of Commerce and Industry. He was a member of Niti Ayog Task Force on Exports and Employment and FICCI Trade Policy Committee and is an advisor on Foreign Trade to PHD Chamber of Commerce and Industry.

He has published work on Indias' Patent Policy, Trade Policy, WTO Dispute Settlement Mechanism, Product Standards and Technical Regulations etc.

Considering his rich experience in finance and related discipline, the Board considers his appointment as an Independent Director on the Board of the Company would be beneficial for the Company.

He is a member of Nomination and Remuneration Committee and Corporate Social Responsibility Committee. He has attended 2 (two) Board meetings held during the year 2018-19.

Mr. Rajeev Kher does not hold any shares of the Company.

Mr. Rajeev Kher will be entitled to sitting fees as may be decided by the Board from time to time and commission if any, as may be approved by the Board.

Apart from Mr. Rajeev Kher, none of the other Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the proposed resolution.

The Company has received a notice from a shareholder proposing his candidature to the office of a director.

On the recommendation of Nomination and Remuneration Committee, the Board recommends the passing of this resolution as an Ordinary Resolution appointing him as an Independent Director of the Company for a term up to January 24, 2022.

Item No. 5

Mr. Tilak Dhar (DIN 00204912), age 63, is an Additional Director on the Board of the Company with effect from March 22, 2019.

He is presently Sr. Managing Director of DCM Shriram Industries Ltd., a listed company having operations in sugar, alcohol, chemicals and rayon tyre cord. The company is also engaged in co-generation of power and bottling of premium brand liquors. Previously, he was the Chairman & Managing Director of the said company.

He started his career with DCM Limited in 1980 and joined the Board of DCM Shriram Industries Limited, which had taken over part of the business of DCM Limited through a Scheme of Arrangement in April, 1990. He has about 39 years of experience in various areas of corporate management.

He spearheaded setting up of Daurala Organics Limited (DOL), a company for the manufacture of drug intermediaries and fine chemicals in 1991. He was associated as Managing Director. DOL was subsequently merged with DCM Shriram Industries Limited considering synergy of operations with the chemical business of the latter.

Mr. Tilak Dhar is also the Vice Chairman of Shriram Institute of Industrial Research, an Institution of International repute engaged in research and development.

Mr. Tilak Dhar has been active and takes special interest in sugar and alcohol industries. He is past President of Indian Sugar Mills Association and a Member of the Sugar Technologists Association of India, the International Society of Sugar Cane Technologists and Committee Member of the Indian Sugar Exim Corporation Ltd. Mr. Tilak Dhar is also on the Managing Committee of All India Distillers' Association and UP Distillers' Association. As a member of the Executive Committee of FICCI, he was active in its Environment Committee. He was on the Study Group on Technology / Application of Biotechnology set up by the Government of India.

He is a Committee Member of the Indian National Trust for Art & Culture Heritage (INTACH).

He is an alumnus of the Shriram College of Commerce, Delhi and the International Management Institute, Geneva.

He is also on the Board of Gentech Chemicals Private Limited and H R Travels Private Limited.

He is not a member of any Committee of the Board. He has not attended any Board meeting held during the year 2018-19.

Mr. Tilak Dhar does not hold any shares of the Company.

Mr. Tilak Dhar will be entitled for sitting fees as may be decided by the Board from time to time and commission if any, as may be approved by the Board.

Apart from Mr. Tilak Dhar, none of the other Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the proposed resolution.

The Company has received a notice from a shareholder proposing his candidature to the office of director.

On the recommendation of the Nomination and Remuneration Committee, the Board recommends his appointment as a Non-Executive Director liable to retire by rotation and the passing of this resolution as an Ordinary Resolution.

Item No. 6

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

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

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

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

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

He also serves on the Boards of B. G. Shirke Construction Technology Private Limited, ASP Pacific Holdings Pty. Ltd., British Naval Architects Ltd., Grand Havre Holdings Ltd., Marine Shipping Mutual Insurance Company Ltd., North of England P&I Association Ltd., Oak Group Ltd., Pan Gulf Aviation Ltd., SPP Pumps Ltd., Northern Navigation Fund I LLC, Kirloskar Brothers International B.V., Sunderland Marine Mutual Insurance Company Ltd., Kirloskar Pompen B.V., ASP Marine (NZ) Limited, KOKAKO Pte. Limited and North of England P&I DAC.

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

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

Mr. Pratap B. Shirke attended 5 (five) Board meetings of the Company held during the year 2018-19.

He is a member of Audit and Finance Committee.

Presently, he is holding 20,000 (0.02%) equity shares of ₹ 2/- each of the Company.

Apart from Mr. Pratap B. Shirke, no other Director, Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the proposed resolution.

The Company has received a notice from a shareholder proposing his candidature to the office of the director.

On the recommendation of Nomination and Remuneration Committee, the Board recommends his appointment as Non-Executive Director liable to retire by rotation and the passing of this resolution as an Ordinary Resolution.

Item No. 7

Mr. Pradyumna Vyas DIN (02359564) age 60, is an Additional Director on the Board of the Company with effect from May 16, 2019.

Mr. Pradyumna Vyas holds Master's in industrial design from the Indian Institute of Technology, Mumbai. Mr. Vyas has more than 36 years of professional and teaching experience in different spheres of design. Since last 30 years, he was associated with National Institute of Design (NID).

Mr. Vyas has received many awards and was a jury member of various design related Boards and has represented NID at various National and International events.

Considering his rich experience, the Board feels that his appointment as an Independent Director on the Board of the Company would be beneficial for the Company.

Mr. Pradyumna Vyas does not hold any shares of the Company.

He has a rich experience and expertise in design and industries. He is on the Boards of Dynamatic Technologies Limited and Titan Company Limited as an Independent Director.

Mr. Pradyumna Vyas will be entitled for sitting fees as may be decided by the Board from time to time and commission, if any, as may be approved by the Board.

Apart from Mr. Pradyumna Vyas, none of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the proposed resolution.

The Company has received a notice from a shareholder proposing his candidature to the office of a director.

On the recommendation of Nomination and Remuneration Committee, the Board recommends the passing of this resolution as an Ordinary Resolution appointing him as an Independent Director of the Company for a term up to May 15, 2022.

Item No. 8

Ms. Shailaja Kher is a Double Graduate, having majored in History and Political Science from the University of Mumbai, and thereafter completed her Bachelors Degree in Law from Government Law College, Mumbai. She hails from a family of lawyers, being a third generation lawyer herself.

After Ms. Shailaja Kher completed her law, she joined the Firm of M/s. Manilal Kher Ambalal & Company, Mumbai as an Associate. She then commenced Counsel Practice by joining the Chambers of a Senior Advocate.

In 1989, she rejoined M/s. Manilal Kher Ambalal & Company, Mumbai as a Partner. In 1999, Ms. Shailaja Kher started her own independent legal Firm. In 2011, she joined the Firm of M/s. India Law Alliance, Advocates, Mumbai as a Partner.

She has expertise on various aspects of law which includes Company Law, Indirect Tax and Anti-Dumping Laws.

As a Partner in M/s. Manilal Kher Ambalal & Company, Mumbai she was concerned in handling cases of several companies in Pimpri-Chinchwad area who were facing charges of Excise Duty evasion.

Her first contact with Kirloskar Brothers Limited came as far back as 1987 when she was briefed to appear for them in the Excise Duty evasion case which started with a Show Cause Notice being issued by the Commissioner Pune and which involved all the top Directors of the Company. This case went on for four years where she assisted the Senior Advocate appearing on behalf of the Company.

Shailaja Kher appears in the Supreme Court of India, in various High Courts as well as various Tribunals.

Considering her rich experience, the Board considers her appointment as an Independent Director on the Board, beneficial for the Company.

Ms. Shailaja Kher does not hold any shares of the Company.

Ms. Shailaja Kher will be entitled for sitting fees as may be decided by the Board from time to time and commission, if any, as may be approved by the Board.

Apart from Ms. Shailaja Kher, none of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the proposed resolution.

The Company has received a notice from a shareholder proposing her candidature to the office of a director.

On the recommendation of the Nomination and Remuneration Committee, the Board recommends the passing of this resolution as an Ordinary Resolution appointing her as an Independent Director of the Company for a term up to May 15, 2022.

Item No. 9

In terms of Section 148 of the Act read with The Companies (Cost Records and Audit) Rules, 2014 including any statutory modification(s) or re-enactment thereof, for the time being in force, the Company is required to get its cost records audited by a Cost Accountant and the remuneration to be paid to such Cost Accountant would be required to be approved by the Members of the Company. The Board of Directors of the Company has appointed, M/s. Parkhi Limaye & Co., Pune, as Cost Auditors in terms of the provisions of Section 148 of the Act, for the purpose of auditing the cost records of the Company for the Financial Year 2019-20 on a yearly remuneration of Rs. ₹ 8,25,000/- p.a. excluding GST and other taxes as may be applicable and out of pocket and travelling expenses if any.

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

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

Item No. 10

Taking into consideration the progress made by the Company under the leadership of Mr. Sanjay C. Kirloskar as Managing Director of the Company, the Nomination and Remuneration Committee of the Board has recommended revision in the terms of his appointment as Managing Director.

The Board of Directors of the Company at its meeting held on May 16, 2019, has approved an amendment as mentioned below. This amendment would be subject to the approval of the Members.

Salary:

₹ 937,500/- (Rupees Nine Lakhs Thirty Seven Thousand Five Hundred only) per month with effect from April 1, 2019 i.e. ₹ 11,250,000/- (One Crore Twelve Lakhs and Fifty Thousand only) per annum, to be reviewed and revised by the Board within the statutory limits as may be applicable from time to time.

All the other terms and conditions of the Managing Director's agreement would remain same.

Mr. Sanjay C. Kirloskar (62) did his graduation in Mechanical Engineering from the Illinois Institute of Technology, Chicago-U.S.A. in 1978. He underwent practical training in a number of Kirloskar group companies. He held the positions of Vice President-Operations at Kirloskarvadi factory and Executive Vice President of the Company. Presently, Mr. Sanjay C. Kirloskar is the Chairman and Managing Director of the Company.

Enriching Lives

He was appointed on the Board of the Company on November 19, 1985 and currently is also a Director on the Boards of Kirloskar Ebara Pumps Limited, Kulkarni Power Tools Limited, DCM Shriram Industries Limited, Prakar Investments Private Limited, Asara Sales & Investments Private Limited, SPP Pumps Limited, UK and Kirloskar Brothers International B.V., The Netherlands.

Mr. Sanjay C. Kirloskar attended all the six Board meetings of the Company held during the Financial Year 2018-19.

The details of his membership/chairmanship of the companies on which he is a Director are as follows:

Name of the Companies	Name of the Committees	Chairperson / Member
Kirloskar Brothers Limited	Stakeholders Relationship Committee	Member
	Corporate Social Responsibility Committee	Member
	Nomination and Remuneration Committee	Member
Kirloskar Ebara Pumps Limited	Audit Committee	Chairman
	Share Transfer Committee	Chairman
	Nomination and Remuneration Committee	Member
DCM Shriram Industries Limited	Nomination and Remuneration Committee	Member

Presently, he is holding 17,839,037 (22.46%) equity shares of Rs. 2/- each of the Company [16,077,118 (20.25%) equity shares in individual capacity; 1,758,904 (2.21%) equity shares as a trustee of KBL Employee Welfare Trust Scheme and 3,015 (0.00%) equity shares as a trustee of C. S. Kirloskar Testamentary Trust.]

Except Mr. Alok Kirloskar and Ms. Rama Kirloskar, his son and daughter respectively, none of the other Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the proposed resolution.

The copy of the draft agreement is available for inspection by the Members at its Registered and Corporate Office of the Company during business hours on any working day (excluding Saturday and Sunday) on prior notice.

The approval of the Members is sought for the alteration in the terms of appointment of Mr. Sanjay C. Kirloskar as Managing Director of the Company.

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

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

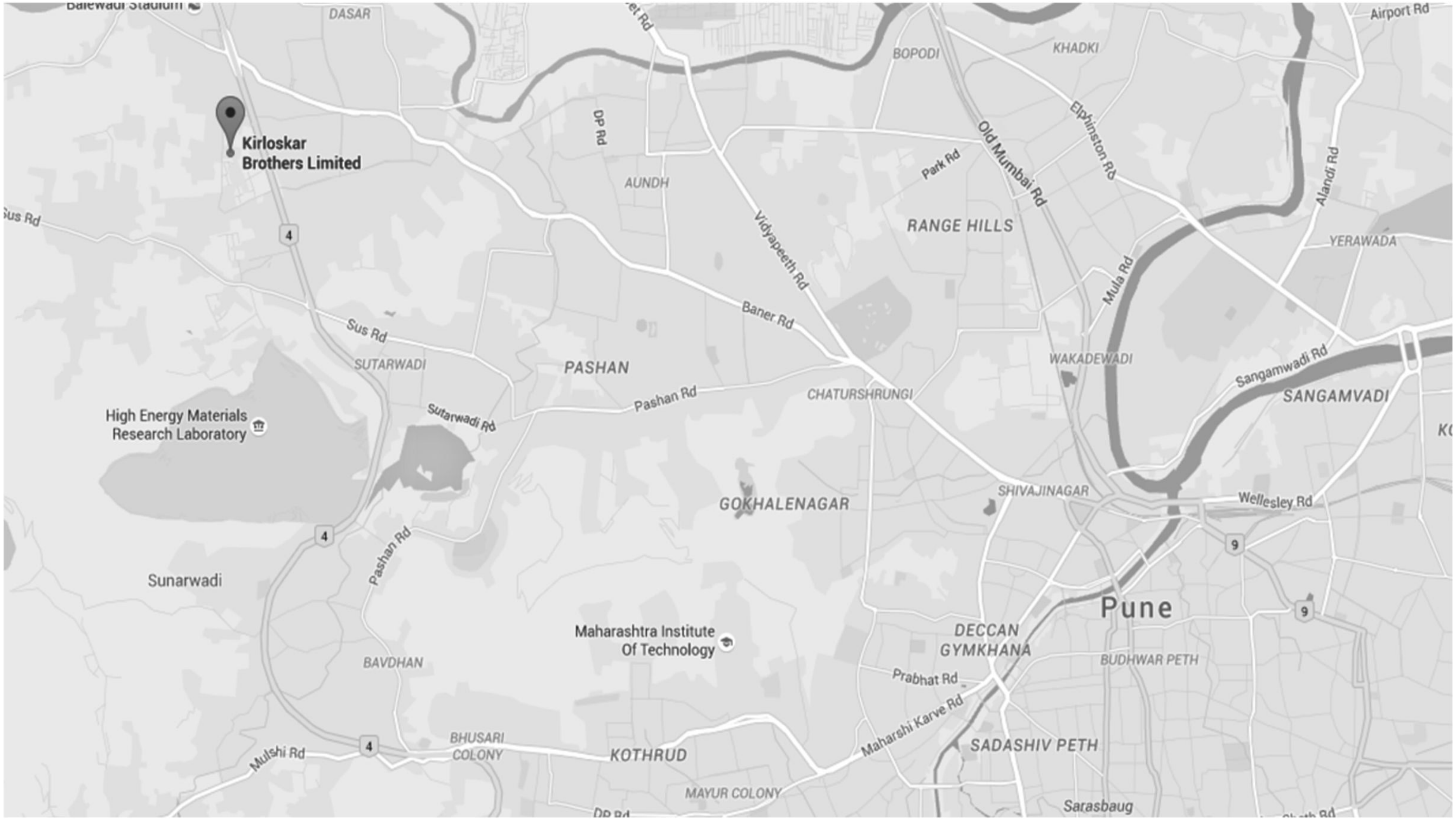
Sandeep Phadnis
Company Secretary

Pune: May 16, 2019

Route Map for Venue of Annual General Meeting

Kirloskar Brothers Limited

Global Headquarters: 'Yamuna', Survey No. 98 / (3-7), Baner, Pune – 411 045



Dear Shareholders,

Sub : Transport arrangements for Annual General Meeting to be held on August 12, 2019

As you are aware, the Annual General Meeting (AGM) of the Company is scheduled on Monday, August 12, 2019 at 11:00 a.m. at our Corporate Office at “Yamuna”, Survey No. 98(3-7), Baner, Pune - 411 045.

The Corporate Office is situated about 20 kms away from the Company’s Registered Office at Udyog Bhavan, Tilak Road, Pune - 411 002.

In order to facilitate the shareholders to attend the said AGM, we have made special bus arrangements. This facility will be provided from the Registered Office at Udyog Bhavan to the Corporate Office and back to Udyog Bhavan after completion of meeting.

Shareholders who wish to avail this facility are requested to register their names before August 7, 2019 through letter or at following e-mail id / phone :

E-mail Id : secretarial@kbl.co.in Phone Nos. : (020) 2721 1030 / 35

On August 12, 2019 such shareholders should report at Udyog Bhavan along with this circular duly filled in and signed at 9.15 a.m. The bus would start at 09.30 a.m. sharp for Corporate Office.

Kindly note that only registered shareholders and proxies will be permitted to avail this facility. Entry to family members, children and/or friends of the shareholders/proxies will not be permitted.

Thanking you,

Yours faithfully,
For **KIRLOSKAR BROTHERS LIMITED**

Sandeep Phadnis
Company Secretary

Pune : May 16 , 2019

(to be filled in and handed over, while boarding)

Name(s) of shareholder(s)/Proxy	Folio No./DP ID & Client ID	Signature(s)
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Dear Shareholder,

Subject : Green Initiative - Registration of E-mail address

As you are aware, as a part of “Green Initiative in the Corporate Governance” and in terms of Section 102 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, it is permitted to serve the documents to the eligible shareholders through the electronic mode.

In order to support this “Green Initiative”, we have already started serving certain documents i.e. the Notice of the Annual General Meeting, Annual Report, etc. to a few shareholders through the electronic mode at the email address provided by them or obtained from the depositories from time to time. We wish to continue this initiative as a step forward towards protecting environment for all of us.

This initiative also helps in prompt receipt of communication and it would help to avoid the losses/delays in postal transit. We expect your absolute participation in the initiative and therefore, request you to register your email address and / or changes therein from time to time:

- In case your shares are in demat mode - with the concerned Depository Participant (DP), by following related procedure as laid down by the concerned DP
- In case your shares are in physical mode - with the Company’s Registrar and Transfer Agent at the following address :

Bigshare Services Private Limited
1^{st} Floor, Bharat Tin Works Building,
Opp. Vasant Oasis, Makwana Road,
Marol, Andheri (East), Mumbai 400 059
Board No.: 022-6263 8200 Direct No: 022-6263 8214
E-mail: KBL@bigshareonline.com

In any case, on your specific request with detailed Name, Address, Folio/DPID/Client ID and signature, physical copies of above documents will be sent to you, free of cost.

We expect your whole-hearted support to this “Green Initiative” for its successful implementation.

Thanking you and assuring you of our best attention at all times.

Yours faithfully,
For **KIRLOSKAR BROTHERS LIMITED**

Sandeep Phadnis
Company Secretary

Pune : May 16, 2019

E-COMMUNICATION REGISTRATION FORM
(For shares in physical mode)

Kirloskar Brothers Limited
Regd. Office : Udyog Bhavan,
Tilak Road, Pune 411 002

Folio No. :..

Name of the 1^{st} Shareholder :..

Name of Joint Shareholder/s :..

Email ID (to be registered) :..

PAN :..

Phone No. :..

Please register my above email ID in your records for receiving communication through email from Company of which I/we am/are shareholder(s).

Place : ………… Date : .... Signature : ....
(First shareholder)

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KIRLOSKAR BROTHERS LIMITED
A Kirloskar Group Company

Enriching Lives

CIRCULAR

Dear Shareholders,

Ref: NOTICE OF THE 99TH ANNUAL GENERAL MEETING

We refer to the Notice dated May 16, 2019 ("the Notice of the AGM") issued convening the 99th Annual General Meeting ("AGM") of the shareholders of the Company, on Monday, 12th August, 2019 at 11.00 a.m. at "Yamuna", Survey No.98 (3-7), Baner, Pune – 411 045.

We wish to inform the shareholders about the sad demise of Mr. Tilak Dhar - Additional Director of the Company, on July 1, 2019. As per Item No. 5 of the Notice convening the 99th AGM, approval of the shareholders is sought for his appointment as a Non-Executive and Non-Independent Director of the Company, liable to retire by rotation, at the ensuing AGM.

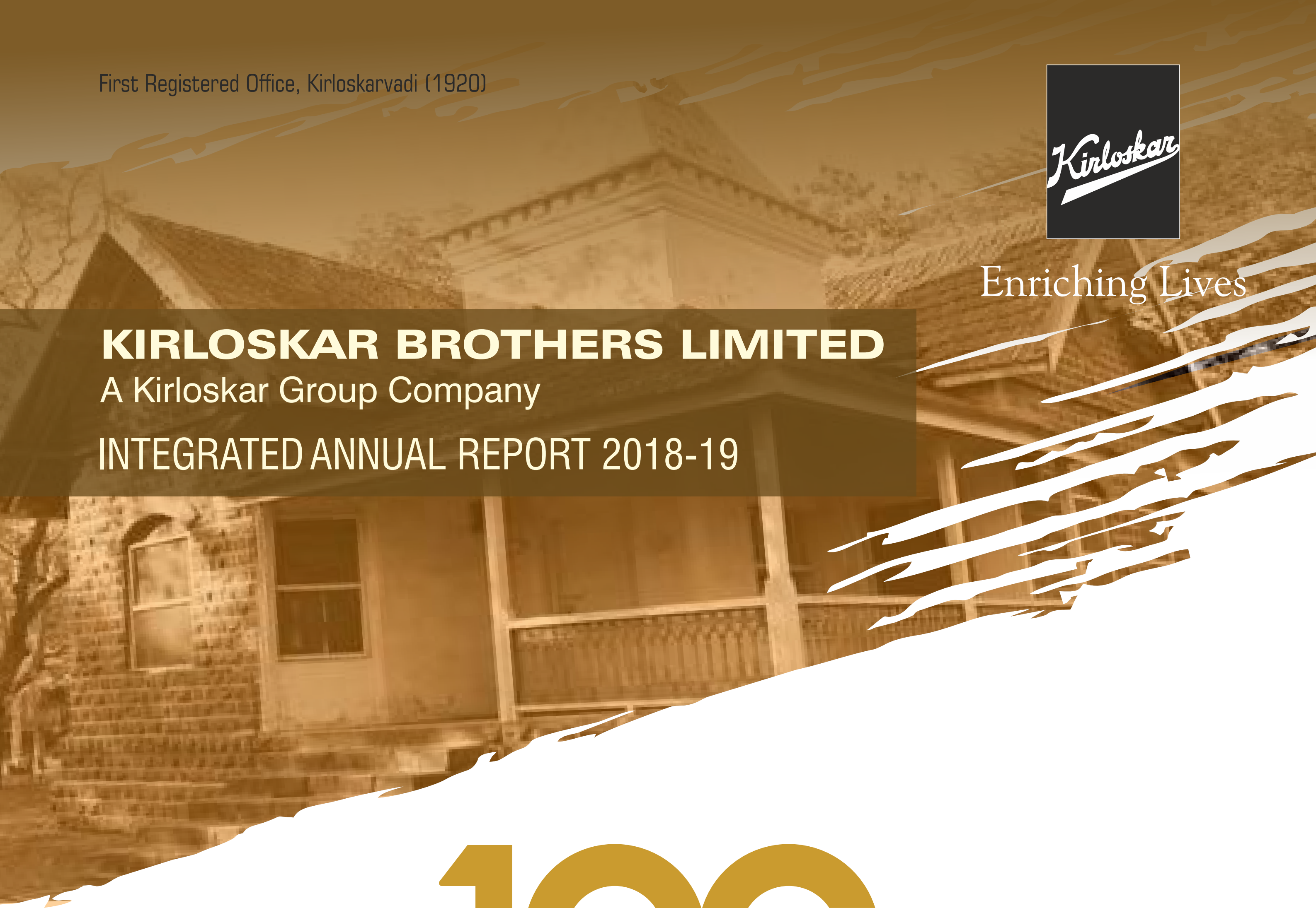
In view of the above, Resolution No. 5 has now become redundant. Any voting on the said resolution will not be considered as a part of outcome of the voting of the ensuing AGM.

This circular is issued to enable the shareholders to exercise their voting rights on an informed basis.

For **KIRLOSKAR BROTHERS LIMITED**

Sanjay C. Kirloskar
Chairman & Managing Director

Pune: July 1, 2019



First Registered Office, Kirloskarvadi (1920)

Kirloskar

Enriching Lives

KIRLOSKAR BROTHERS LIMITED

A Kirloskar Group Company

INTEGRATED ANNUAL REPORT 2018-19

100

1920
2020

KIRLOSKAR BROTHERS LTD.

Celebrating the Legacy.
Shaping the Future.

Present Headquarters, Pune

For any organisation, there are some momentous milestones which create everlasting impressions, redefining its brand forever. Established in 1888 and incorporated in 1920, KBL accomplished one such defining milestone in 2019 as the organisation entered its 100th year of incorporation as a public limited company.

Over the years we have not just counted the years to reach here, we have made our years count. With our aspirations driving our actions and our actions committed to our achievements, we have marched forward with an ambition and agility that is only aspiring to conquer newer horizons. Over the last century, we have come a long way with a humble beginning to becoming one of the world's leading fluid management solution providers. Our transformational journey from a factory-shed to a multinational conglomerate has been primarily driven by the immense trust of our customers in our brand and products.

Right since the inception of the company, we have been at the forefront of innovation and technological advancement, giving India its many firsts, from being the producer of the country's first centrifugal pump in 1926 to being the country's foremost manufacturer of various highly engineered products. Over the last few decades, KBL has been the proud executor of some of the world's largest and most prestigious fluid management projects, an accomplishment attributed to the wealth of experience garnered by the company over a century. With millions of KBL pumps and valves operational globally across farmlands, households and a wide range of industries, we aspire to contribute to the success of our customers daily.

As much as the year 2019 is about cherishing our glorious past, it is also a year to embrace the future with new promises to excel further in all that we do. A future that marks the dawn of a 100 Years Young Organisation, Going Strong!!

100 1920 2020

KIRLOSKAR BROTHERS LTD.

Your company is celebrating its legacy and shaping the future by:

- Celebrating its 100th year of incorporation in 2019 and entering a new successful era as a global leader in fluid management
- Being India's only supplier of pumps for the ITER project, the world's largest magnetic confinement plasma physics experiment
- Supplying FM/UL pumps for ISRO's new fire pump room at the Thumba Equatorial Rocket Launching Station, Thiruvananthapuram
- Manufacturing its biggest HYPN system & Autoprime pumpset and launching revolutionary products like KU6, KVM, and K-Kleen
- Spearheading the adoption of a new technology with the implementation of the universal 'One4ALL' mobile app for inventory management, dealer management and product management, thereby leading to improvement in production, delivery and service performance
- Always being at the forefront of fulfilling its social responsibility, be it during the Thailand cave rescue and Kerala flood relief operation or various other CSR and sustainability initiatives

BOARD OF DIRECTORS	Sanjay C. Kirloskar	Chairman and Managing Director
	Shrikrishna N. Inamdar	(Independent Director upto July 28, 2018)
	Padmakar S. Jawadekar	(Independent Director upto March 31, 2019)
	Lalita D. Gupte	(Independent Director upto March 31, 2019)
	Pratap B. Shirke	(Independent Director upto March 31, 2019) (Additional Director w.e.f. April 1, 2019)
	Alok S. Kirloskar	
	Kishor A. Chaukar	
	Rakesh R. Mohan	
	Rama S. Kirloskar	
	Rajeev V. Kher	(Additional Director w.e.f. January 25, 2019)
	Tilak B. Dhar	(Additional Director w.e.f. March 22, 2019)
	Pradyumna R. Vyas	(Additional Director w.e.f. March 22, 2019)
	Shailaja S. Kher	(Additional Director w.e.f. May 16, 2019)
Chief Financial Officer	Chittaranjan M. Mate	
Company Secretary	Sandeep A. Phadnis	
Auditors	M/s. Sharp & Tannan Associates - Chartered Accountants, Pune	
Bankers	Bank of India Canara Bank HDFC Bank Limited Citibank N.A. Credit Agricole, Corporate and Investment Bank ICICI Bank Limited	
Registered Office	Udyog Bhavan, Tilak Road, Pune - 411 002, Maharashtra (India) Phone: (020) 2444 0770 Fax : (020) 2440 2083 Email: secretarial@kbl.co.in Website: www.kirloskarpumps.com	
Corporate Office	“Yamuna”, Survey No. 98 (3-7), Baner, Pune – 411 045, Maharashtra (India) Phone (020) 6721 4444 Fax: (020) 6721 1136 Email: secretarial@kbl.co.in Website: www.kirloskarpumps.com	
Works	Kirloskarvadi, Dewas, Shirwal, Kondhapuri, Coimbatore (Kaniyur), Ahmedabad (Sanand)	

Information for shareholders

Annual General Meeting :

Day & Date	: Monday, August 12, 2019
Time	: 11.00 a.m.
Venue	: “Yamuna”, Survey No. 98 (3-7) Baner, Pune – 411 045

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TEN YEARS' SUMMARY

(Amounts in Million ₹)

Particulars	Ind AS			IGAAP						
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net Sales	22,235	19,135	17,355	16,387	16,257	17,598	18,724	17,819	19,469	20,178
Other Income	247	189	182	208	113	55	70	463	129	479
Material Cost	13,205	11,288	9,975	9,898	10,471	11,696	13,204	12,661	13,431	14,987
Other Expenses	7,408	6,508	6,318	5,833	4,934	4,504	4,107	4,441	4,386	3,341
Interest	262	253	315	382	413	409	443	537	453	336
Depreciation	366	352	397	408	497	346	320	303	300	266
Profit before tax	1,241	923	533	74	55	698	719	340	1,027	1,729
Income tax provision	368	267	203	(33)	(30)	221	285	28	414	554
Net Profit after tax	873	656	330	107	85	477	434	312	615	1,175
Share Capital	159	159	159	159	159	159	159	159	159	159
Reserves	9,244	8,796	8,221	7,903	7,804	7,842	7,627	7,378	7,276	6,975
Net Worth	9,403	8,955	8,380	8,062	7,963	8,001	7,786	7,536	7,434	7,134
Imports	1,042	504	382	403	524	671	473	729	2,026	5,073
Exports	2,199	1,311	1,667	1,245	1,280	1,184	1,544	1,153	1,827	1,694
Basic Earnings per Share (Rs.) (Face Value of Rs. 2/-)	11.00	8.26	4.16	1.36	1.07	6.00	5.47	3.93	7.73	14.81
Dividend %	125%*	125%	50%	25%	25%	125%	100%	100%	175%	275%
Book Value per Share (Rs.)	118.42	112.78	105.53	101.53	100.30	100.82	98.11	94.99	93.70	89.92

Notes :

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

* Final Dividend Recommended 125%

About the Report

Reporting Scope

This Report of Kirloskar Brothers Limited (KBL) is disclosing its financial and non-financial performance in accordance with national and global frameworks. This includes reporting requirements under the Companies Act, 2013 and the rules made thereunder, Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations 2015 including amendments thereof and Indian Accounting Standard (IndAS). The information contained in page no. 4 to 66 is based on Integrated Reporting < IR > framework of International Integrated Reporting Council (IIRC) as well as in accordance with Global Reporting Initiative (GRI) standards 'Comprehensive' option and National Voluntary Guidelines.

For the past 9 years, we have been reporting our sustainability performance through Annual Sustainability Report. Starting from this year, information which earlier contained in our sustainability report has been combined with financial information and presented in the form of this Integrated Report. It gives the material information about the organisation's strategy, governance, performance and prospects which lead to the creation of value. It also includes KBL's Environmental, Economic and Social performance between April 1, 2018 and March 31, 2019 categorized and reported in the form of capitals such as Financial capital, Manufactured capital, Human capital, Intellectual capital, Social & Relationship capital and Natural capital.

Reporting Boundary

The financial information contained in this Integrated Report pertains to KBL standalone and gives a consolidated financial statement for KBL, its subsidiary companies and associate companies (referred to as "the group"). The boundary for the information contained in page no. 4 to 66 covers KBL Corporate office, manufacturing locations, subsidiaries and associate companies in India as shown below:

1. Kirloskar Brothers Limited
    - Corporate Office, Pune
    - Kirloskarvadi Plant
    - Dewas Plant
    - Sanand Plant
    - Kaniyur Plant
    - Kondhapuri Plant
2. Subsidiaries and Associate companies
    - Karad Projects and Motors Limited, Karad
    - The Kolhapur Steel Limited, Kolhapur
    - Kirloskar Ebara Pumps Limited, Kirloskarvadi
    - Kirloskar Corrocoat Pvt Limited, Kirloskarvadi

Audit and Assurance

The financial statements presented in the report have been audited by M/s. Sharp and Tannan Associates - Chartered Accountants, Mumbai and the information contained in page no. 4 to 66 in line with <IR> framework has been independently assured by Ernst and Young associates LLP.

CMD Message

2019 is a year to celebrate and a year to rejoice for Kirloskar Brothers Limited. It's a year to cherish our glorious past and embrace the future with new promises to excel further in what we do – bringing life to water. Kirloskar Brothers Limited has now entered its 100th year of Incorporation. Though Kirloskar Brothers was established in 1888 and various group companies have emerged from this mother company that completed 130 years in 2018, Kirloskar Brothers became "Kirloskar Brothers Limited" and was officially registered as a legal entity on 15th January, 1920.

Our Organisation started Sustainability Reporting in 2009-10. This year, we have decided to present the report in the form of an Integrated Annual Report disclosing the financial and non-financial performance in accordance with national and global frameworks. We understand that reporting practice is not static. It can always be improved and adapted to the constantly changing business and regulatory environment. Apart from addressing the regulatory requirements, this integrated report gives wider goals of financial stability and sustainable development through the cycle of Integrated Reporting and thinking. We want to embed Integrated Reporting as a key principle of corporate governance and become a catalyst for a more cohesive corporate reporting system. This report has been prepared in accordance with the Integrated Reporting Framework of the International Integrated Reporting Council and has been independently assured by a third-party agency.

With our aspirations driving our actions and our actions committed to our achievements, we have marched forward with ambition and agility that seeks to conquer newer horizons. Our laurels from the past are a testimony of our dedicated and determined efforts. With a will of iron, a strong foundation and a dedicated team, we are zealously looking forward to an even brighter future in the coming century.

Ensuring a better future for the next generation in a period which is experiencing the transition from a consumer to a sustainable society requires us to determine the strategies within the framework of development criteria. When we talk about sustainable development, we endeavour to make sure that our organisation's aim is to

create long term stakeholder value. Our journey would have been unimaginable without the passion of our employees and trust of our customers. Being a global conglomerate, we are equipped with best technology in the world. Our companies like SPP pumps (U.K),Rodelta (The Netherlands), SyncroFlo (U.S.A), KEPL (India), Braybar Pumps (South Africa), KPML, TKSL and KCPL - all synergize their competencies to develop and bring to market nothing but technically the best in class solutions. This one big family of Kirloskar Brothers Limited combines efforts as a global team, creating win-win propositions for us as well as our stakeholders and more importantly, our end customers. The company has performed well in 2018-19 despite challenges in various businesses. The revenue touched Rs 22,482 Mn with a growth of 14.93% during 2018-19. The company has recorded a profit after tax for the year at Rs.874 Mn. With the rich experience acquired through our association with eminent customers, KBL has `state of the art' manufacturing technology at our Advance Technology Pump Division to support 'Make in India' initiative of the Government of India. Apart from the Indian Government, we will continue to work closely with government bodies in developing countries in the current year as well.

KBL's strategy is to focus on the environment and enhance renewable energy sources which are clean and non-polluting. Government of India is focusing on roof top solar development, which is leading to an enormous leap in solar installations. To reduce our carbon footprint, we have invested in solar PV panels at manufacturing plants of KBL, subsidiaries and the Corporate office and these have all become operational. Total installed capacity of solar panels is 4500 kW, which is in addition to the wind power installations that had been made in the previous years, thus contributing towards green energy. Under clean development mechanism (CDM) project, KBL has got voluntary cancellation certificate from UN for certified emission reduction.

During the year, KBL and its subsidiary companies contributed to corporate social responsibility activities in the areas of health and education, through its social arm the Vikas Charitable Trust. During the recent flood crisis in Kerala, we undertook a series of contributory efforts towards facilitating the post-flood recovery operations in the state. We are proud to have been involved in the Thai cave rescue mission, as the Indian Embassy extended our technical help to the Government of Thailand in the evacuation of 12 young soccer players and their coach stuck through a multi-national team of experts from KBL's global offices comprising of KBL (India), KBTL (Thailand) and SPP Pumps (UK). We offered technical advice on dewatering and pumps used in the rescue operation.

I would like to take this opportunity to thank all our stakeholders for their support and association with KBL. As we celebrate this 100th year of incorporation, let us set the bar higher and raise the standards for our performance to constantly hold our heads high, for being an Indian MNC that is a global leader in fluid management technology.

Sanjay C. Kirloskar
Chairman & Managing Director

Highlights of the Year

Key Financial Figures in Rupees

TOTAL INCOME	22482 Mn
ROI	13.7%
PAT	874 Mn
EBITDA	1870 Mn

New Product Launch

K - Kleen 25 Pump

K-Kleen 25 is a unique chlorination technology designed exclusively for improving the quality of water delivered through the pump. KBL is the first Company in India to develop such a revolutionary technological marvel that enables a pump to filter the water that it delivers. The K-Kleen 25 kit can be mounted on any mini range of pumps.

Leading Pump Supplier for ITER Project

KBL is proud to be among the leading suppliers of specialized pump sets for the prestigious ITER (International Thermonuclear Experimental Reactor) project, an international nuclear fusion research and engineering megaproject located in France, which is touted to be the world's largest magnetic confinement plasma physics experiment.

Awards

Kirloskarvadi and Dewas facilities were honoured with the prestigious GreenCo Certification at the GreenCo Summit 2018. Both these facilities received the esteemed "Gold" rating, clearly reflecting that they bettered their green initiatives over the last year, when they had received the Silver rating. The GreenCo rating systems is a CII initiative to assess and analyse the green footprints of the participating companies.

Plant- Dewas

Plant -Kirloskarvadi

KBL received the prestigious India Design Mark (IDM) - a design standard granted by the IDC (India Design Council) to products that are aesthetically appealing and socially responsible, for five of our prominent products, reaffirming our position as a design and innovation leader in the industry.

Overview of Capitals

FINANCIAL CAPITAL

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

Highlights

Turnover	–	22482 Mn
ROCE	–	13.70%
PAT	–	874 Mn

MANUFACTURED CAPITAL

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

Highlights

No. of Plants – 5

HUMAN CAPITAL

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

Highlights

Total number of employees – 4707

INTELLECTUAL CAPITAL

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

Highlights

Patents – 20

Monetary investment made in R & D – Rs. 292.43 Mn

SOCIAL AND RELATIONSHIP CAPITAL

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

Highlights

No. of Dealers	–	16000 +
No. of ASCs	–	554
CSR Investments	–	Rs.14.55 Mn

NATURAL CAPITAL

Renewable and Non-renewable resources utilised by the organisation or impacted by its operations

Highlights

Electricity from renewable sources – 26%

Water recycled as a percentage of water withdrawal – 64%

Company at a Glance

KBL at a Glance

Kirloskar Brothers Limited (KBL) is a world class pump manufacturing Company with expertise in engineering and manufacture of systems for fluid management. Established in 1888 and incorporated in 1920, KBL is the flagship Company of the $ 2.1 billion Kirloskar Group. KBL, a market leader, provides complete fluid management solutions for large infrastructure projects in the areas of water supply, power plants, irrigation, oil & gas and marine & defence. We engineer and manufacture industrial, agriculture and domestic pumps, valves and hydro turbines.

KBL has manufacturing facilities in India at Kirloskarvadi, Dewas, Kondhapuri, Shirwal, Sanand, Kaniyur.

KBL has the necessary expertise to manufacture over 75 types of pumps with a flow capacity up to 120,000 m^3/hr, head up to 1200 m and EPC capabilities, making it the leader in producing world's widest range of energy efficient pumps, including the smallest and some of the largest pumps in the world. We have Asia's largest hydraulic research Centre for testing pumps at duty conditions up to 5000 kW and with up to 50,000 m^3/hr discharge.

Mission

We shall be known globally as a reliable, innovative and cost-effective solution provider in hydraulic machines & systems.

Vision

KIRLOSKAR BROTHERS LIMITED will be one of the most admired engineering companies in the world.

Values

- Developing and working with mutual trust.
- Building and nurturing team work.
- Fairness in dealing with stakeholders.
- Quality in everything.
- Commitment towards environment.

Subsidiaries and Associate Companies at a Glance

Kirloskar Corrocoat Private Limited

This company is a subsidiary joint venture between Kirloskar Brothers Limited and Corrocoat Ltd. U.K. The company manufactures coatings in a state-of-the-art plant at Kirloskarvadi, Maharashtra. It undertakes turnkey projects for supply and application of coatings on variety of equipment.

Karad Projects and Motors Limited

This company is a wholly owned subsidiary of Kirloskar Brothers Limited. The company manufactures stators, rotors and electric motors.

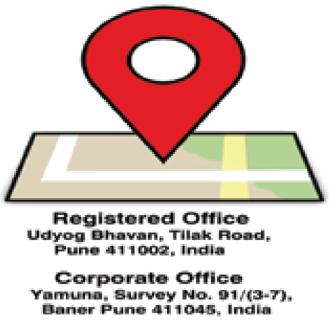
The Kolhapur Steel Limited

This company is a subsidiary of Kirloskar Brothers Limited and was established in the year 1965. TKSL is a foundry manufacturing steel casting for various industries, viz. power, mining, cement, heavy engineering application, sugar, etc.

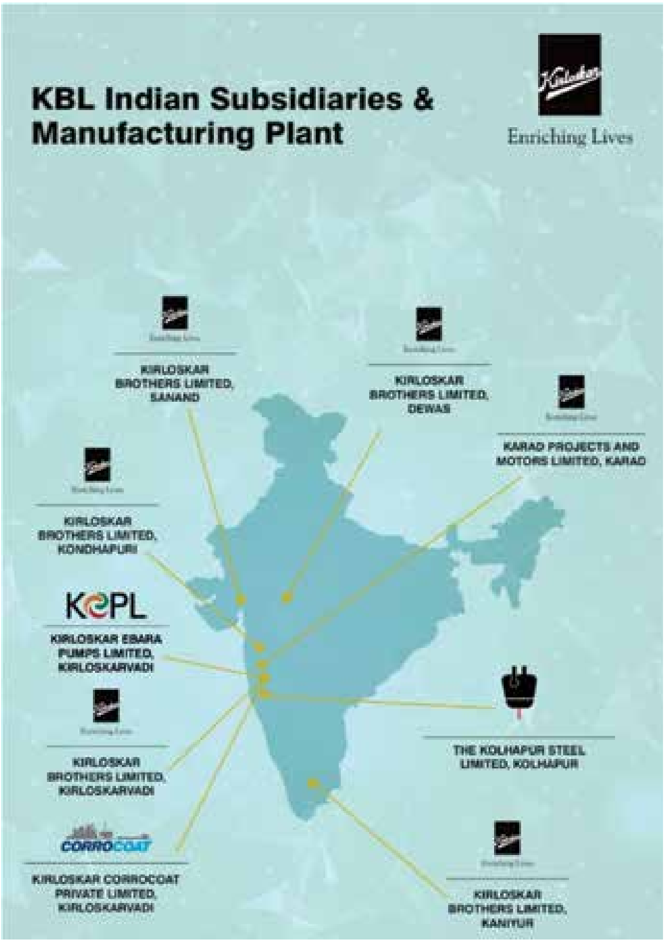
Kirloskar Ebara Pumps Limited

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

Location of the organisation's headquarters



KPML	B 67/68, Karad Industrial MIDC Area, Tasawade, Karad – 415 109 District: Satara, Maharashtra, India
KCPL	Registered office: Udyog Bhavan, Tilak Road, Pune – 411 002
KEPL	Registered Office: Pride Kumar Senate Building, Senapati Bapat Road, Pune – 411 016
KBL (Corporate Office)	Yamuna, Survey No 91/(3-7), Baner, Pune – 411 045 India
TKSL	THE KOLHAPUR STEEL LTD. Pune - Bangalore Highway, Shiroli (Pulachi), Kolhapur – 416 122



Value Chain

Value Chain

Raw Materials

- Sourcing of foundry raw material, foundry equipment, semi-finished components and finished components
- **Enabling production of pumps, Valves and Hydro turbines with appropriate quality at competitive price**

Inbound logistics

- Centralized logistics for suppliers, Preference to local suppliers
- **Improving reliability and minimising cost of logistics network**
- **Reducing carbon footprint**

Manufacturing

- State of the art manufacturing facility set up
- Installation of latest technology machines to reduce consumption of energy
- Increase focus on utilization of renewable energy sources such as solar power and wind power
- **Reducing cost, improving profitability and conserving natural resources**

Outbound logistics

- Transportation of goods in a safe, cost efficient and timely manner
- **Higher reliability in dispatching, better monitoring of logistics, cost optimization and improved supply chain efficiencies**

Marketing & Sales

- Advertising, conducting seminars & exhibitions
- Distribution channels such as distributors, dealers & retailers and direct sale to customers
- **Increase in market presence/market share, thereby generating value for stakeholders**

Service

- Installation, commissioning, operation & maintenance of pumps, valves, hydro turbines and allied equipment
- **Enhanced focus on customer centricity , leading to increase in customer satisfaction and brand loyalty**

General Disclosures

Nature of ownership and legal form

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

Geographic locations where products and services are offered

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

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

Markets served

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

- Product and Project Leadership
- Operational efficiency

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

KBL Business Verticals

- Building and Construction
- Engineered Service Division
- Customer Service & Spares
- Small Pump Business
- Marine & Defence
- Oil & Gas
- Industry
- Power
- Valves
- Water & Irrigation

Product Portfolio Management (PPM)

Industries over the previous few years have experienced huge technological advancements like cloud computing, additive manufacturing, machine learning, artificial intelligence, robotic manufacturing etc. These technological advancements have created new opportunities for cost optimisation. In order to stay relevant, it is imperative to be agile and proactive to respond to changing external environment. Companies which can streamline their operations and optimise costs are able to succeed in today's environment. KBL focuses on ensuring competitive, technologically advanced and profitable product basket. PPM function was introduced in KBL in 2015 with this objective. PPM function is entrusted with the responsibility to review on the real time the average margin the different product groups are earning and take necessary steps to ensure that average margin improves. The necessary steps could comprise of re-launch with feature augmentation, enhanced performance or one of the steps could also be obsolescence if the earnings from the product groups are lesser than the cost of maintaining that product groups in KBL product basket.

PPM works on two fronts namely products and factories. In products, PPM keeps on proactively benchmarking its product basket with the dominant competition. To remain competitive, optimum layout and routings are critical which provides competitive advantage. One of the pillars of PPM is Industrial Engineering (IED) which works on these fronts for justifiable conversion cost. The initiatives taken by PPM IED include connecting machines for remote monitoring, automatic machine uptime / OEE monitoring, Total Productive Maintenance (TPM), etc.

In order to have a thorough evaluation of new products before development starts, KBL (PPM) has introduced structured New Product Development (NPD) request evaluation mechanism. The New Product request after initiation will be evaluated by concerned departments through NPD portal. The cleared cases will go automatically to the Senior Management (Governing Council) for final approved. The process ensures the minimum margin by sale of new products, ensures the technical superiority over the competition of the product being developed & introduced in the market, tracks for the timely introduction of new products to the market and keeps tracks of the product over its life cycle for sustained profitable earnings.

Physical pattern verification and tracking the history of patterns, getting all the patterns with its condition online has been one of the major project PPM is working on and is expected to significantly OTIF metric improver over long run. Knowledge of own and competition products, processes and supply chain helps strengthen offering, craft robust & sustainable channel network and build organisation for long term success. Thus, Knowledge Management is one of the pillars of PPM which keeps on proactively scouting for information from market to ensure KBL stays ahead of market and makes the most of the given strengths and opportunities. Thus, PPM at KBL is gradually evolving and exploring new avenues to improve products, manufacturing processes and supply chain.

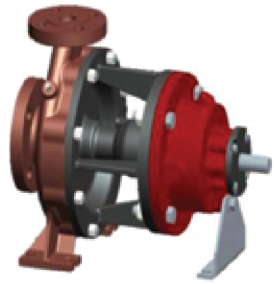
Glimpse of KBL products

Mini-series pump

Mini-series pump

Open well submersible pump

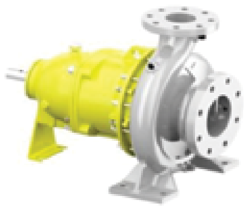
Open well submersible pump



Air-cooled thermic fluid pump

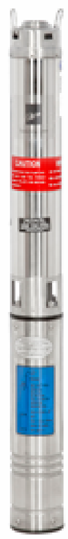
Hydropneumatic system

Canned motor pump



Magnetic drive pump

Bore well water filled submersible pump



Bore well oil filled submersible pump

Multi-stage multi-outlet pump

Vertical turbine pump

i-HT

i-NS

KCPL range of products

KCPL is devoted towards manufacturing variety of Glass flake filled coating formulations specially designed and developed to give peak performance of the assets with unique aim to integrate productivity and profit.

We manufacture variety of application specific coatings with formulations based on epoxy, polyester, vinyl ester etc.

Corroglass Series for Pump, Valves Coating & Refurbishment

Polyglass Series for internal of Pipelines, Vessels Coating

Plasmet Series for External of Structures, Pipelines, Vessels Coating

Fluiglide Series for Energy Conservation / Energy Efficient coating of Pumps

TKSL range of products

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

TKSL Business Verticals

Steam Turbine	Hydro Turbine	Pump	Valves	General Engineering	Mining
Turbine casing	Francis Runner	Bell Mouth	Valve Body	Head Stock	Cross
Turbine Chest	Runner	Open Impeller	Bonnet	Tiller	Centre Case
Turbine Housing	Runner Blade	Enclosed Impeller	-	Gear Wheel	Sprocket
Nozzle Chest	Guide vane	Pump Casing	-	-	Rear Case

TKSL Range of Products

Francis Turbine Runner

Pump Casing

Pelton Turbine Runner

KEPL Range of Products

One stop shop for optimised pumping solution from concept to commissioning across market segments

- Hydrocarbon Industries
- Process and Energy Industries
- Customer Service and Spares

API Process Pumps	Boiler Feed Water Pumps	Drive Turbines	Power Turbines
Overhung type pumps- KESS (UCW) Pumps -OH2 Series	Low and Medium pressure- KBSL / KBSM (MSS / MSSH) Pumps	Single stage turbine – KT-B & KT-D	Back pressure turbine- Straight Back pressure Turbine Extraction cum Back pressure
Between bearing type- KBSD (KS) Pumps -BB2 Series KBTS / KBTD (R2 / R2D) Pumps -BB2 Series KB3S / KB3D Pumps -BB3 Series KBDS / KBDD (DCS / DCD) Pumps -BB5 series	High pressure- KBSH / KBDH (SS / SSD) Pumps -BB4 Series		Condensing turbine- Extraction cum Condensing Double Extraction cum Condensing
Vertically suspended type- KVSL (VPCS) Pumps -VS1 & VS6 Series KVSH (VPCH) Pumps -VS6 Series			

API-610 Pump – Model-R2 R2D

Power Turbine

KPML range of products

Motor Division	Stamping Division	Component Division
Electric Motors	Stator & Rotor Laminations for Rotating Machines	Drive Unit Assemblies
Mini pumps	Wound Stators & Die-cast Rotors and rotor fitted shaft	Connecting Rods and Shafts
Special purpose motors	Stacks	
Stator - Rotor for Canned- Motor Pump	Progressive tools	
Motor assembly for Health Care Equipment and Elevator Applications		

Stator for
Health Application

Auto electric
Lamination stack

KU6 Oil Filled Wound Stator and Rotor

Services

KBL- Energy Audit Services

The world is moving towards a sustainable energy future with an emphasis on energy efficiency and use of renewable energy sources. With this objective in mind, Kirloskar Brothers Limited has started the Energy Conservation Cell wherein a team of Certified Energy Managers & Auditors carry out Performance Measurement of Pumps & Motors, called Pumping Energy Audit.

- Energy Audit Study helps an organisation to understand and analyse its energy utilisation and identify areas where energy use can be reduced. Kirloskar Brothers Limited offers a unique Energy Audit Program which helps customers saving of electricity consumption.
- It helps to decide on how to budget energy use, plan & practice feasible energy conservation methods that will enhance their energy efficiency; minimise energy wastage and thereby reduce energy costs.
- Some organisations have already implemented the recommendations and are benefitted up to 30% energy savings. This has helped save 11 million KWH electricity and more than Rs 40 million in energy bill.

Our capabilities

- Fully equipped with sophisticated instruments like Ultrasound Flow Meter, Power Analyzer, Stroboscope, etc.
- Competent team of energy professionals.
- We are ESCO- Grade –IV certified company by BEE. We also undertake projects on ESCO basis.

KPML services

Fully equipped Motor performance testing Dynamometer facility.

We also provide after sales service support to customers.

KEPL services

KEPL supplies critical equipment to niche markets. In order to offer excellent after sales support to our customers, we have a separate Customer Support and Spares Division, which supplies spare parts, and provides after sales services as per client requirements.

We help and support our clients for onsite installations of pumps, steam turbines and turbo generator sets.

We also support our clients for product commissioning and troubleshooting. We have a large network of service staff, who can service our customers' every need, at strategic locations across the country; i.e., New Delhi, Kirloskarvadi, Pune, Vadodara, Jamnagar, Kolkata, Mumbai, Hyderabad and Chennai.

TKSL Services

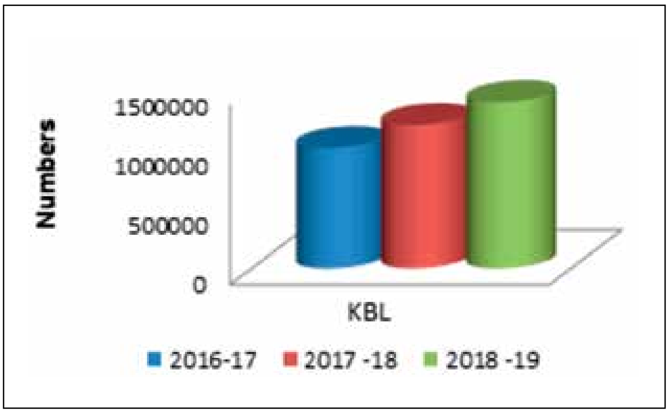
TKSL specializes in the manufacture of a wide variety of castings. Our castings meet the most demanding product requirement in various sectors like pumps, valves, turbines (steam and hydro), marine, rubber machinery, mining and general engineering.

Scale of the Organisation

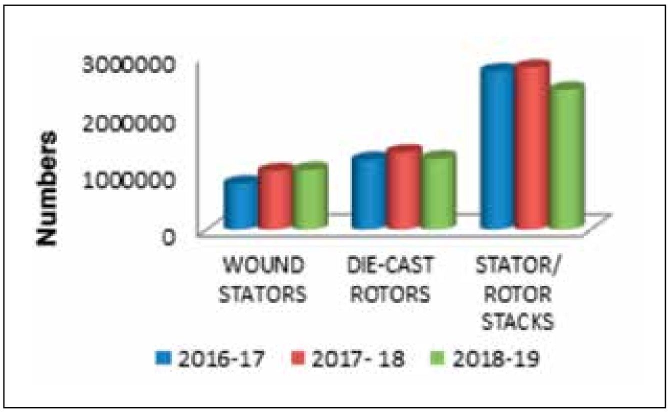
	KBL	KCPL	TKSL	KPML	KEPL
No. of Employees	4707	77	361	747	335
No. of Manufacturing Plants	5	1	1	3	1
Net Sales (Mn.)	22482	278	360	3254	1652

Quantity of products sold

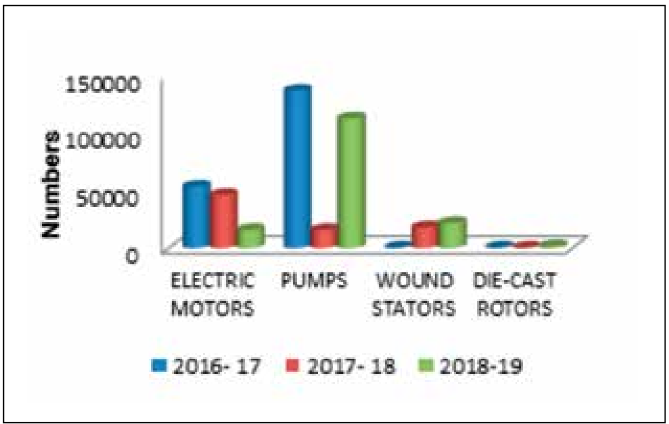
KBL



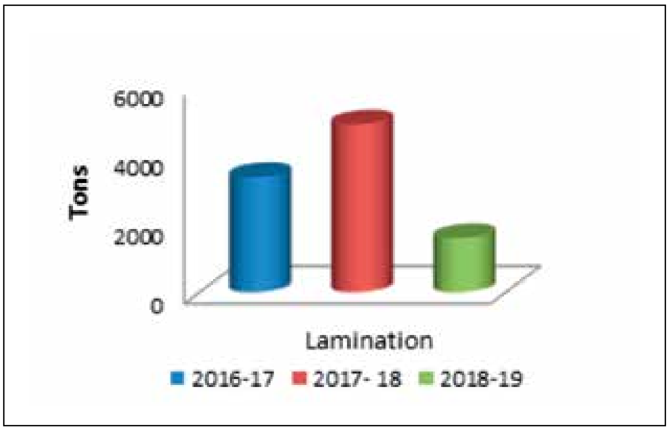
KPML-Stamping Division 2018-19



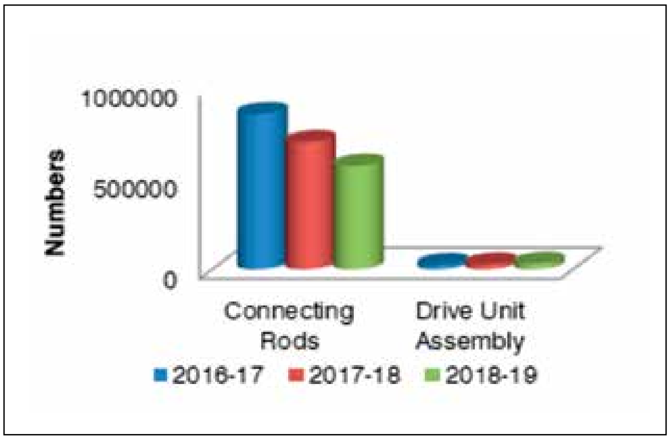
KPML-Motor Division 2018-19



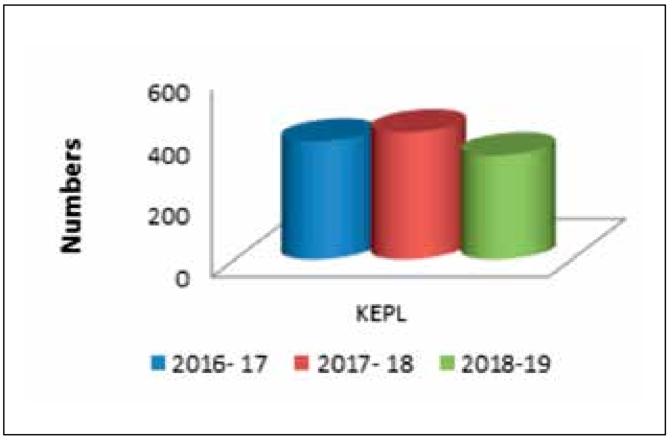
KPML-Stamping Division 2018-19



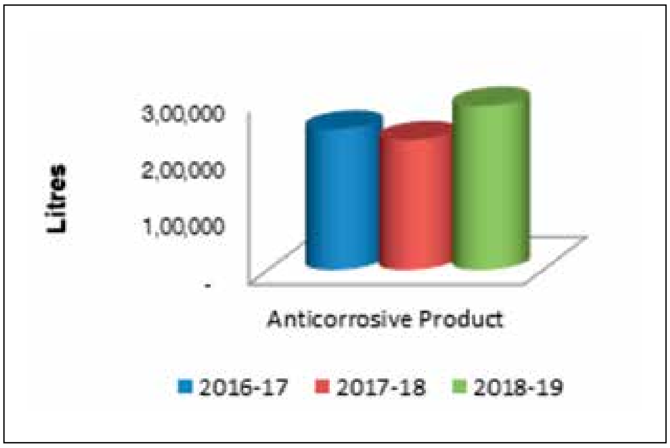
KPML-Component Division 2018-19



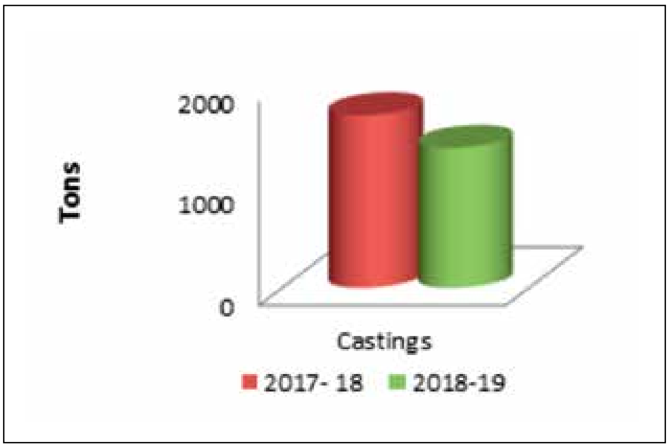
KEPL 2018-19



KCPL 2018-19



TKSL 2018-19



Supply chain

Main objective of our supply chain is to improve overall organisational performance and customer satisfaction by improving product and service delivery to customer. Table given below describes the categories of channel partner and suppliers in the value chain of KBL. This partnership has resulted in sustainable benefits for the partners as also to KBL based on joint development projects, technological and financial support to these partners. This partnership has helped us in developing a more sustainable supply chain and resulted in cost reduction, managing risks better, generating new sources of revenue and boosting the value of our brand.

Channel Partners / Suppliers	Sustainable benefit to KBL
Dealers	Increasing market share of KBL. Customer satisfaction.
Authorized Refurbishment Centre (ARC)	Convenient and timely service support to customers Increase in spare and replacement business.
Suppliers of Foundry Raw Material and Bar Material	Cost, Delivery, Quality benefits, Price Stability.
Finish machined items, casting suppliers, fabricators and machining vendors	Cost, Quality improvement, Delivery, Productivity Improvement, Flexibility.
Bought -out items	Quality, Delivery, Product Performance, Cost
Ancillaries	Capacity enhancement, New Product development, Branding.
Group Companies and Subsidiaries	Strengthen Brand Image, Quality, Cost, Business growth, Delivery, Flexibility
Pattern / Die makers / Tools / Gauges / other consumables	Support for New Product Development, Delivery, Quality, Service
Service providers like Transport, Canteen, security, manpower providers, etc.	Quality Service
Technology providers, Joint Ventures	Latest technological competitive edge.

Significant changes to the organisation and its supply chain

There are no significant changes in the organisation structure and its supply chain.

Precautionary Principle or approach

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

External initiatives that KBL subscribes to and endorses.

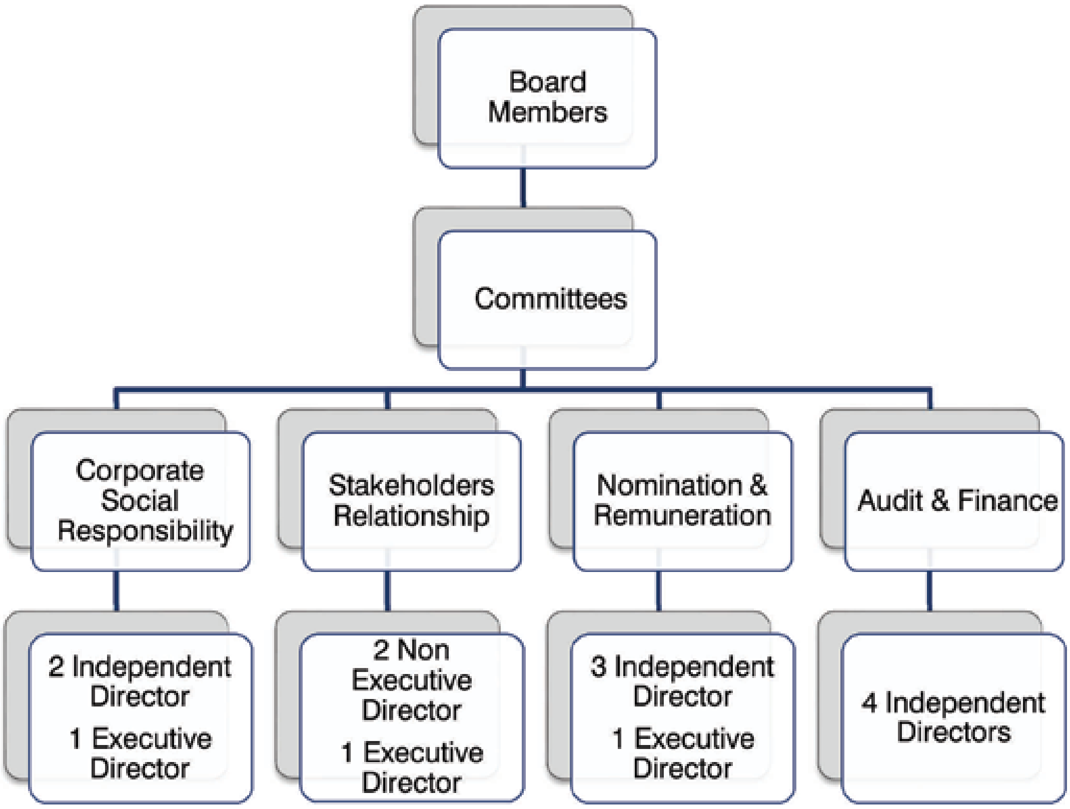
CII Code for Ecologically Sustainable Business Growth

Membership of associations

- Confederation of Indian Industries
- Maratha Chamber of Commerce & Industries
- Hydraulic Institute, USA
- Indian Pump Manufacturer Association
- Federation of Indian Chambers of Commerce & Industries
- Maharashtra Chamber of Commerce, Industry and Agriculture
- Indian Water Partnership (Global Water Partnership)
- Public Affairs Forum of India
- All India Management Association
- Fluid mechanics and Fluid Pumping
- Bureau of Indian Standards (BIS)
- Solvent Extractor's Association of India
- Indian Paper Pulp Association of India
- File and Security Association of India
- Indian Society of Heating Refrigerating and Air conditioning Engineers
- Indian Plumbing Association

Governance

Governance Structure



Delegating authority

The economic topics are primarily delegated to business sector heads, manufacturing plant heads and heads of corporate functions. They have direct relation with economic activities of the business operations of the Company. Responsibility of environmental topics related to energy, use of natural resources, managing waste and certain social aspects related to people safety, people development and community initiatives is delegated to the manufacturing plant heads. Policies related to social topics are delegated to head of corporate human resource management function.

Executive level responsibility for economic, environmental, and social topics

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

Consulting stakeholders on economic, environmental, and social topics

Chairman & Managing Director (CMD) interacts with stakeholders. In addition, the business sector heads, corporate function heads and manufacturing plant heads interact with the various stakeholders through multiple channels / platforms. For example they visit customers, suppliers, and joint venture partners, representatives of local bodies, educational institutions, government, media and employees.

There is a dedicated email id provided to the shareholders to communicate with the Company and to register their grievances / complaints. The Company addresses the same promptly.

Role of highest governance body in setting purpose, values, and strategy

The highest governance body sets the tone for the organisation, and has a major role in defining its purpose, values and strategy.

Senior Leadership team has developed. The Mission, Vision and Values of the organisation. The Mission, Vision and Values are communicated to all levels of employee through various channels of communication. Each new entrant is also made aware of Mission, Vision and Values during induction program. During establishment of Annual Operating Plan and Long-Range Plan of respective sectors and functions, Environmental analysis and strategy formulation are done and internal capability is checked. It is ensured that the identified objectives are aligned with the vision.

Collective knowledge of highest governance body

Quarterly meeting of the highest governing body reviews the economic, environmental and social topics. They are actively involved in review of the annual business plan prepared every year which includes the environment scan and covers various aspects of economic, environmental and social topics.

Identifying and managing economic, environmental, and social impacts

The Board of Directors reviews the progress of the business plan during the quarterly review. They also review the process of identification of risks and opportunities and provide their own inputs for the identification of risks and opportunities. The board also reviews the status of actions planned to mitigate the risks.

In addition to the above they also review the feedbacks received from stakeholders and the actions initiated based on these feedbacks. The board participates in the Annual General Body meeting where shareholders provide their views. They also interact with the financial analysts.

The board reviews the reports of the findings of internal audits and audits conducted by outside agencies. In addition, board also reviews the organisation's performance for economic, environmental and social performance.

Review of economic, environmental and social topics

The Board of Directors reviews the economic, environmental and social impacts, risks and opportunities during its meetings.

Highest governance body's role in sustainability reporting

Chairman & Managing Director (CMD) reviews the contents of the sustainability report and provides his inputs on improving the contents of the sustainability report. He ensures that all the material aspects are covered in the report.

Nature and total number of critical concerns

Mitigation plan for any critical issue or concern is prepared by concerned committee and same is discussed with board. Board provides their feedback and suggestions to resolve the issues. This year there were no critical concerns identified and communicated

Stakeholders' involvement in remuneration

We follow the robust performance appraisal for awarding the salary increment of employees.

Subsidiary and Associate companies

Name of the Committee	KPML	KEPL	TKSL
Audit & Finance	-	2 Independent Directors 1 Non- Executive Director	2 Independent Directors 1 Non- Executive Director
Nomination & Remuneration	-	2 Independent Directors 1 Non- Executive Director	2 Independent Directors 1 Non- Executive Director
Corporate Social Responsibility	1 Independent Directors 1 Non- Executive Director 1 Executive Director	2 Independent Directors 1 Executive Director	-

KCPL

The highest body of governance is the Board of Directors of the Company. As the Company is a joint venture, the Directors represent each venture partner in the proportion as agreed in the Articles of Association of the Company and the Shareholders' Agreement. The critical decisions as detailed in the Articles of Association are taken only after obtaining approval from Directors representing both the partners.

As per the provisions of the Companies Act, 2013, for the current financial year, the provisions of Corporate Social Responsibility were not applicable to the Company.

Ethics and integrity

Company has Code of Ethics which is communicated to all employees. This code in e-book format is available on the company's website to all stakeholders including employees http://www.kirloskarpumps.com/we-are-kbl-value-proposition-code-thics.aspx

In order to ensure that all employees understand the code of ethics, an online examination is conducted every year for all staff employees.

Communication and training about anti-corruption policies and procedures

Since our inception we have always conducted business with a moral responsibility. 'Code of Ethics' of KBL reaffirms the century-old values of the Company that has helped the Kirloskar brand and the Company to survive and thrive for over 100 years.

All our employees are trained in organisations on anti-corruption policies and procedures.

Mechanisms for advice and concerns about ethics

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

Company also has ethics committee at its head office and plant locations with regional ethics counselor. Any internal concerns can be communicated to regional ethics counselor. Company has a dedicated mail id for reporting any concern- ethics.helkpdesk@kbl.co.in

Incidents of corruption and actions taken

No incidence has been reported.

Contact point for questions regarding the report or its contents.

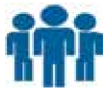
Mr. Sajeev Kumar
Divisional Manager-Corporate Quality Assurance
sajeev.kumar@kbl.co.in

Restatements of information

Error in reporting production sales figure of KPML corrected.

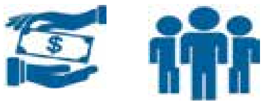
Strategy

Our Strategy gives direction and scope for long-term value creation. This enables the organisation to meet the needs of the market and fulfill stakeholders and customers expectation through efficient allocation of resources within a challenging environment. Strategy formulation process considers the risks, opportunities and challenges presented by the external and internal business environment, while incorporating learnings from the past. Our strategy and plans are cascaded down to individual division/function with clearly defined responsibilities across employees at all levels.

Strategic objectives	Focus areas	Enablers	Capitals Impacted
Widening Market Reach	Strengthening Channel Partner base	Infrastructure Upgradation at dealerships and Service Centres, Dealer Sales Team Competence Enhancement, Kirloskar App-Mobility Solution for KBL team and Channel Partners for Real Time Data Flow.	
Improve Profitability	Enhance Product Competitiveness	Design Benchmarking, Feature Augmentation, Product life cycle Monitoring, Cost reduction through Value Analysis/Value Engineering	
Plant Productivity Improvement	Optimal utilisation of machinery and resources	Upgradation of Manufacturing Facilities, Smart Machines, TPM initiative, Improvement of Vendor Capacities	
Digital Transformation	IT Enablement	Machine connectivity with IOT box, Test bed digitalization, Component tracking system	
Environment Protection	Minimise environmental footprint of the organisation	Optimum utilisation of resources such as energy, water and raw material. Adopt environmentally friendly processes and materials. Increase dependence on renewable energy sources. Minimise wastage through reduce- reuse -recycle.	

Risk and Opportunity

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

Categorization	Risk Type	Strategic Response	Capitals Impacted
Strategic Risk	Customer Loyalty	• Promised timely and quality delivery of goods to customers • Proactive Assistance in equipment installation • Knowledge sharing beyond sale of products to get both the Capex and Opex cost of customer improved.	
	Competitiveness	• Technological upgradation of Operations • Cost competitiveness	
	Innovation	• New product/Fluid Solutions development	
	Capitalization on Brand value	• Creating awareness on product and after-market differentiation. • Enhancing competence of sales and marketing network • Customer engagement through knowledge sessions, seminars, exhibitions	
	Enhance Global Footprint	• Identify potential markets • Go-To market strategy	
	Sustenance of Power sector Business	• Focus on pump business for Nuclear power	
Financial Risk	Profitability	• Working Capital Management • Inventory Control	
	Revenue from Projects	• On-time completion of project execution • Positive cash flow	

Categorization	Risk Type	Strategic Response	Capitals Impacted
Operational Risk	Talent Management	• Optimum utilisation of human resource • Attracting and retaining talent • Building required skill set	
	Knowledge Management	• Maintenance of knowledge repository	
	Supplier Management	• Supplier Quality Improvement Programme • Supplier satisfaction survey	
	Environment Management	• Increased dependence on renewable energy sources • Carbon footprint assessment and offsetting	

Opportunity

Opportunity	Outcome	Capitals Impacted
Alternative for declining fossil fuel dependent power plant business	Pumps for Nuclear power business, Solar power pumps, small & mini hydro and hydel turbines	
Capitalizing on Government Projects	Smart city infrastructural projects	
Capitalizing on Government funding on agricultural products	Boost the small pump business.	

Stakeholder Engagement

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

Stakeholder	Purpose	Mode and Frequency of Engagement	Value Creation for Stakeholders
Shareholder / Investors	To communicate Company's financial status, outlook, policies and strategies to build trust of investors, Adherence to Corporate Governance principles	Annual General meeting, Website Publication (Periodic basis), Feedback form (continuous basis), Quarterly financials and Earning Call Updates on NSE & BSE Advertisement in public newspaper, shareholding pattern displayed on quarterly basis	Transparency in operations and management Returns in form of Regular dividend
Customer	Customer Satisfaction, their perception and expectations.	Perception Survey, Special events, Technical seminars, exhibitions, Dealer meets and regular meeting.	Quality products, Order execution and delivery on time, Service in time, Technology up gradation (energy efficient products), Meeting needs and expectations of customers
Employees	Employees are the most important partners for success of the company. Employee engagement is very important in driving sustainability and can also lead to ripple effects in form of increased productivity, innovation, high morale and better retention.	Employee Engagement Survey, Feedback session, Speak out session, Knowledge sharing session, Succession planning for critical positions, Transparent performance appraisal system, Lucrative incentive schemes, Health benefit programs, Outbound training programs and Competency mapping.	Reward and recognition, Functional & soft skill development programs Career Development activities, Work life balance
Suppliers	Understand needs and expectations of suppliers/ vendors, Upgrade suppliers' capabilities	Vendor meet, Vendor perception Surveys Supplier improvement programs,	Payment status on web Portal, Share point for monitoring of entire procurement activities, RTGS transfers system for payments, Purchase order terms & condition standardization, system and process improvement at vendor end, Concept of supplier partnership engagement with key supplier with annual rate contracts for assured business and capacity utilisation.

Stakeholder	Purpose	Mode and Frequency of Engagement	Value Creation for Stakeholders
Dealers and Distributors	To develop understanding about business operations and implement business plans into action, Meet the expectations of next generation. To increase footprint in ISC countries.	Apex dealers meet, One to one meet, (regular), Dealer portal (Regular), Dealer Survey, Dealer audits, Gen-Next Program.	Enhancement in Business opportunities, Improved Channel management process, Implement channel partner intimacy program.
Society	To know the needs, expectations, requirements and concerns of the society and develop action plans.	Perception survey, Interactions with local community, Awareness programs, Activities through Vikas Charitable Trust, Summer internships, Industrial visits for students.	Community development in nearby areas, Employability of local people, Increased awareness about health, education and environment.

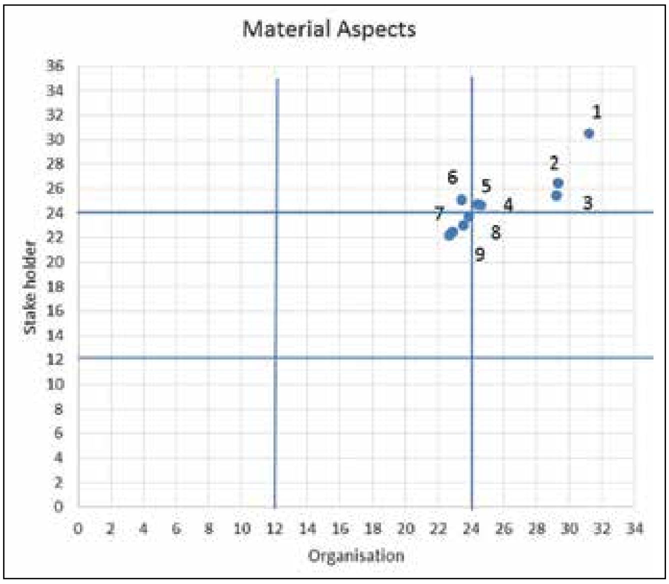
Materiality

We use Materiality Assessment for identification of key issues which affect the performance of our organisation in the long term. The expectations and concerns of our identified stakeholders help in evaluation and prioritization of strategy, policies and action plans across the Financial capital, Manufactured capital, Intellectual capital, Human capital, Natural capital, Social and Relationship capital. Stakeholder engagement is an ongoing process based on interactions that we have with all the concerned on a regular basis. After gathering feedback from stakeholders, we identify the relevant material issues that influence the ability of our organisation to create value. KBL's Materiality matrix has guided the content of this Report to provide a reasonable and balanced picture of the organisation's Triple Bottom Line impacts and performance. KBL's materiality analysis is based upon the following three-pronged approach:

Identification of material aspects	• Relevance of defined aspects in terms of boundary of impacts • Identification of aspects relevant to the stakeholders through survey • Categorization of aspects relevant to KBL based on its impact on business and impact on the relevant stakeholders
Prioritization	• Analysis of high, medium or low importance of an aspect based on stakeholder engagement • Evaluation of Stakeholders perception of KBL's impact with that material aspect • Significance of a material aspect to a KBL business based on KBL's corporate strategies, policies, Risk and Opportunity for the Business. • Aggregation of material aspects
Validation	• Review by Sustainability Team • Final Review and approval by Senior Management Team

Material Aspects

A Materiality Matrix, as presented was developed outlining the material topics critical to stakeholders and to the business



Material Issues and Management approach:

Focus Issues	Approach
1. Customer Satisfaction	For us customer retention is the most important factor for long term business, which we try to achieve by assessing their needs and expectations through surveys. Innovation in our products and services helps us serve larger market segments, leading to repeat orders that are a testimony to client satisfaction. We also believe in developing customer intimacy through regular personal interactions.
2. Economic performance & Market presence	Our endeavor is to continually improve our economic performance by maintaining optimal capital structure. Ongoing capex projects and prudent risk management framework contribute in enhancing our operational performance. Our focus is on strengthening KBL's position as one of India's most trusted brands.
3. Employee training & development and leadership development	Competency development is one of our key focus areas to enhance employee performance and organisational growth.
4. Occupational Health & Safety of employees and contractors and emergency preparedness	We ensure integration of occupational health & safety in our work culture and lifestyle. All our manufacturing plants are certified to ISO 45001 standard.
5. Anti-corruption	KBL ensures fairness and transparency in all business dealings in line with KBL values through effective governance. We are guided by our code of ethics framework.
6. Energy conservation and efficiency improvement	To give impetus to energy conservation and efficiency improvement KBL has an energy conservation competition & award scheme among KBL manufacturing plants and its subsidiaries. KBL and subsidiaries have installed Solar PV panels in manufacturing plants and corporate office along with wind power mills that together contribute to 26 % of total energy consumption.
7. Natural resource conservation and material management	KBL is practicing Reduce-Reuse-Recycle concept for conservation of natural resources. Optimum utilisation of resources is aiding our efforts towards carbon abatement while improving productivity and profitability.
8. Sustainability of Supply chain	KBL continuously upgrades inbound and outbound supply chains in order to meet the changing requirements. Supplier Quality Improvement Programme (SQIP) is deployed for continual improvement of suppliers, along with assessment and upgradation of channel partners that enhances performance and customer satisfaction.
9. Procurement Practices	We encourage procurement from locally available sources and influence suppliers to join us in our quest for inclusive and sustainable growth.

Value Creation Model

USING THE SIX CAPITALS TO CREATE VALUE

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

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

INPUTS

FINANCIAL CAPITAL
- Capital Expenditure- Rs. 375.5 Mn
- Interest Bearing -Liabilities- Rs. 1596 Mn
- Debt to Equity Ratio – 1: 5.89

MANUFACTURED CAPITAL
- No. of Manufacturing Facilities -5

HUMAN CAPITAL
- No. of Employees – 4707
- Employee Training: Avg. hrs. per employee – 10.86

INTELLECTUAL CAPITAL
- R&D Investment – Rs. 292 Mn
- R&D Personnel Employed - 159

SOCIAL AND RELATIONSHIP CAPITAL
- Spend on Corporate Social Responsibility (CSR) – Rs. 14.55 Mn
- Key Focus Areas of CSR Projects – Water Sanitation and Hygiene (WaSH) project for school children, Free Medical camps & awareness program, Blood donation camps, Education sponsorship etc.
- Partnerships with educational institutions - 7 nos
- Memberships of Associations – 16
- Local Sourcing – 95%

NATURAL CAPITAL
- Raw Materials Used – 24941 Tones
- Recycled Material Used- 2559 Tones
- Fresh Water Consumption- 266151 kL
- Energy Consumption-183367 GJ
- Expenditure on: Environmental Protection – 20.8 Mn

KEY PROCESSES

- Order Generation
- Design & Development
- Supply Chain Management
- Manufacturing
- Product Testing
- Packaging & Dispatch

We manufacture Pumps, Valves, Hydro Turbines and packaged systems

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

OUTPUTS

FINANCIAL CAPITAL
- Revenue - Rs. 22482 Mn
- EBIDTA – Rs.1870 Mn
- PAT - Rs. 874 Mn
- EPS – Rs.11
- Return on Capital Employed – 13.70%

MANUFACTURED CAPITAL
- Number of products Sold -13,88,566
- Inventory- Rs 3670 Mn

HUMAN CAPITAL
- No. of Work-related fatalities – 0
- Reportable accidents – 4 Nos.
- Accident frequency rate – 0.42
- No. of Complaints Related to Human Rights: 0
- POSH, grievance : 0

INTELLECTUAL CAPITAL
- Patents obtained-20 Nos.
- Papers published in peer-reviewed journals – 5 Nos.

SOCIAL & RELATIONSHIP CAPITAL
- Beneficiaries of CSR WaSH Project – 3641 students

NATURAL CAPITAL
- GHG & other air emissions Scope 1 & 2 – 31850 Tons
- Waste Generation-Hazardous waste – 80.62 MT Non-Hazardous waste – 4174.93 MT
- Water Recycling – 171472 kL

OUTCOMES

FINANCIAL CAPITAL
- Contribution to Exchequer – Rs. 427 Mn
- Dividend Distributed – Rs.198.5 Mn
- Market Cap – Rs.24674 Mn

MANUFACTURED CAPITAL
- No. of Markets Served 8
- Inventory Turnover Ratio – 5.99 times

HUMAN CAPITAL
- Motivated, Engaged and Healthy Employees with Improved Productivity

INTELLECTUAL CAPITAL
- Better Performing Products with Desirable Characteristics (quality, performance, environmental attributes)
- Pumps certified by special standards

SOCIAL & RELATIONSHIP CAPITAL
- Enhanced Brand Value and Reputation
- Awards :GreenCo Gold certification for Dewas and Kirloskarvadi plant
- Number of grievances reported by labor : 101
- Grievances addressed- 100%

NATURAL CAPITAL
- Renewable energy – 26%
- Recycled Water – 64%

Financial Capital

Financial Capital is used for long term facilities like machines, computers, patterns, buildings as well as purchase of materials, extending credit for customers where necessary. This ensures that the organisation is well equipped to develop new products and technologies, grow its businesses and sustain its market position as well as ability to generate money. KBL also studies the needs of its subsidiaries and makes funds available to them.

Our organisation is conscious of the fact that it's cost of borrowing is dependent on its credit rating and has been getting itself rated from the topmost rating agency for more than twenty-five years. KBL follows prudent financial policies and strategies. KBL continuously pursues its plans and objectives to expand its market shares, margins and cash position. This has helped it to maintain its ratings. It is presently rated as AA- for long term and P+ for short term periods. AAA is the highest level for long term and P+ is the highest for short term.

The rating depends on financials numbers, certain ratios and Company's policies and strategies. Success of our business is measured in terms of Returns on Investments. (ROCE).This is a function of (1) Returns- i.e. Profits a Company earns and (2) Amount invested in business. Higher the profit and lower the Investment can improve ROCE.

Finance department of the organisation has well defined goals about maintaining optimum borrowing levels, negotiating rates for such borrowings and at the same time providing adequate funds for the business necessary to pay suppliers on due dates and purchasing fixed assets required for its business. This is done by proper planning of requirements, close following of inventories and receivables, exploring different sources of finance to obtain competitive rates, and optimisation of proper mix of different types of debts and equity. These goals are cascaded into individual goals for executives in Finance department.

Direct economic value generated and distributed (Figures in Million Rupees)

Economic Value Generated	2016-17	2017-18	2018-19
Revenues	18413	19534	22482
Economic Value Distributed			
Operating Costs			
Material Cost and other expenses	15003	15733	18205
Employee benefit & wages			
Employee expenses	2166	2273	2407
Payment to Providers of Capital			
Dividend	0	90	231
Finance Cost	315	253	262
Payments to Government			
Income taxes (excluding Deferred Tax)	265	366	433
Community Investments			
Expenditure Under Corporate social responsibility	7.31	7.5	14.55
Total	17698	18517	21244
Economic Value Retained			
Depreciation	397	352	366
Retained Earnings	318	665	872
Total	715	1017	1238

Economic Value Distributed 2018-19 (Figures in Million Rupees)

	KPML	KCPL	KEPL	TKSL
Materials	2,349	77	709	185
Operation	493	163	439	153
Employee Expenses	176	45	280	92
Finance Cost	7	9	12	12
Taxes and Duties	61	0	83	0
Dividend	49	0	25	0

Coverage of the organisation's defined benefit plan obligations

The employees' gratuity fund scheme, provident fund scheme managed by a Trust and pension scheme is 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 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 recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income (OCI) in the period in which they occur.

Re-measurements are not reclassified to the statement of profit and loss in subsequent periods. In case of funded plans, the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis. When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in the statement of profit and loss.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The group recognizes gains/losses on settlement of a defined plan when the settlement occurs.

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

Financial assistance received from government:

Our Organisation has not received any financial assistance from government in 2018-19.

Ratios of standard entry level wage by gender compared to local minimum wage:

We are abiding by the minimum wage act so there is no deviation in the wage payment and the clause is validated with internal audit.

Proportion of senior management hired from the local community:

Candidates hired in senior management category from the local community

Location	Number of employees hired for senior management role in 2018-19
Dewas	1
Sanand	1
Kirloskarvadi	1
Yamuna, Pune	3

Spending on local suppliers

Locations	% of Spending
KBL	95
KPML	95
KCPL	91
KEPL	85
TKSL	100

Manufactured Capital

Manufactured capital is vital for Kirloskar Brothers Limited as our vision is to be one of the most admired engineering companies in the world. It supports productivity, quality, cost effectiveness, delivery performance and research & development. It also guarantees investment for the future and enables our organisation to remain competitive in marketplace.

KBL is a world class pump manufacturing Company with expertise in engineering and manufacture of systems for fluid management. We are the market leader in providing complete fluid management solutions for large infrastructure projects in the areas of water supply, power plants, irrigation, oil & gas and marine & defence. We engineer and manufacture industrial, agriculture and domestic pumps, valves and hydro turbines.

KBL has state of the art integrated manufacturing facilities in India at Kirloskarvadi, Dewas, Kondhapuri, Shirwal, Sanand, Kaniyur, Kolhapur and Karad.

Various types of ferrous and non-ferrous alloys are used for manufacturing of our products.

Our foundry set-up is equipped with a centralized pattern shop, mechanized sand processing system, automatic molding machines and metal pouring system. There are independent units for cast iron, alloy steel and non-ferrous metals.

Besides, we have Replicast® foundry by which high integrity castings with improved machinability and excellence surface finish can be made. We have advanced technology product division for machining of parts with a high precision for critical application pumps. The Kirloskarvadi plant of KBL has Asia's largest hydraulic research centre with pump testing facility of up to 5000 kW and 50,000 m3/hr. To make our manufacturing process more robust we follow below method:

- Ensuring that all our employees are having required skills and are following right processes.
- Identifying and updating the new manufacturing technology and new software solutions which can help us with scheduling inventory and monitoring workflow improvements in equipment which can improve speed of production and quality.
- Preventive maintenance of equipment, TPM initiatives and training to employees for new equipment installed.

Investment in manufacturing assets enables us to generate long term value for the company, shareholders and economy. To boost our production process, a budget is assigned every year to all plants. Plant wise list of capital requirement is prepared in the form of Capex and payback is calculated wherever there is a tangible and measurable benefit.

Key Capex Projects of 2018-19

Key Manufactured Capital input	Outcomes of our activities on Manufactured Capital
Kirloskarvadi plant	
New Core Box Machine	Compact and dense core with uniform hardness and strength. The hydraulic parts like impellers and bowls will have a better surface finish.
Total Productive Maintenance (TPM)	Started practicing of TPM on 10 Machines from 4 departments. As a result, the availability has improved by 30%.
Upgradation of Transformer	Reduction in power failure and Transformer losses by 1.25% (Transformer Losses Before : 1.80% After: 0.55%)
Induction Furnace Line Vibrator	Improvement in furnace refractory line life by 25%, reduction in line operation time by 50%,
Boom Lifter	Safety while working at height (Max working height- 16 meter with platform capacity of 230 Kg)
True Power cum demand utilisation system	This will ensure the maximum demand within contracted limits (5000 KVA) and optimum utilisation of available power with real-time data monitoring.
CNC Turning centre for ATPD	This will reduce the bottleneck of machining of small components for critical application pumps

Key Manufactured Capital input	Outcomes of our activities on Manufactured Capital
Capacity Enhancement of Replicast foundry	50 Ton/month production steel castings will be produced as against current capacity of 20 Ton / Month.
Capacity Enhancement of Split case pump division	Increase of Split case pumps by 350 pumps per month. The machines will also be shared with other SMPD products depending on order board.
Sanand Plant	
4-inch KU4 motor housing piercing machine installed	Motor housing piercing operation simultaneously on both sides for KU4 model.
Additional Testing panel added to KU4 motor line	Increase in the output of KU4 motor assembly line.
Dewas Plant	
Shrink Wrap machine	Shrink wrapping of corrugated box for protection from moisture.
PMI Portable material elemental testing	To determine the chemical composition of a metal or alloy
LASER marking machine for nameplate	To improve visibility of marking on nameplate and to achieve mistake proofing by connectivity to online data
Automatic PVC Sleeve cutting machine	Sleeve cutting in uniform length and reduced wastage of sleeve during cutting operation
Replacement of old CNC with advanced CNC	Increased capacity of in-house impeller machining from 15000 no’s to 26000 no's per month

Material Consumption and Management

We monitor and control the usage of raw material while providing best quality product and services by remaining competitive. This is achieved through proper planning, organizing and controlling the flow of materials from their initial purchase through internal operations to the service point.

Total Material used for production (2018-19)

Materials	KBL	KCPL	TKSL	KPML	KEPL
	Weight/ volume	Weight/ volume	Weight/ volume	Weight/ volume	Weight/ volume
Metals (MT)	24941	201	2786	11711	1044
Non-metals (MT)	1745	211	245	211	11
Non-metal- Wood (CFT)	537923	0	0	0	39924
Non-metal- Sand (MT)	13268	0	4185	0	0
Coolant (kL)	10	0	0	2	0
Painting Material (kL)	512	91	0	22	18
Lubricant Oil (kL)	64	0	1	21	7
Lubricant Grease (MT)	5	0	0	2	0

Note : Material consumption of 100 kg/ month and above has been considered for reporting

Reuse or Recycling of materials: Recycling of material in foundry helps us reduce material cost.

Materials	KBL
	Weight/volume
Recycle Input Metal (MT)	2559
Total Input Metal (MT)	24462
% of Recycle Metal used	10

Reclaimed products and their packaging materials

Health of our customers and channel partners are of prime importance. KBL & its subsidiaries manufacture's pumps, motors & turbines. We are making efforts to increase the use of material which are recyclable. We use recyclable products for packaging in our plants. In this regards we switched to materials, which complies with standards like Restriction of Hazardous Substances Directive (RoHS) and new packaging complying to International Standards for Phytosanitary Measures No. 15 (ISPM 15).

RoHS: It restricts the use of the six substances like Lead (Pb), Mercury (Hg), Cadmium (Cd), Hexavalent chromium (Cr6+), Polybrominated biphenyls (PBB) and Polybrominated diphenyl ether (PBDE) as they are hazardous.

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

Human Capital

We believe that human capital is a strategic partner in our journey of achieving organisational excellence. We enable our workforce to achieve their full potential and accomplish organisational goals by providing a safe and conducive environment that nurtures their capabilities. Our organisation believes in transparency and shares appropriate and relevant information with all the employees. This is steered by our value system to enrich a culture of mutual trust, teamwork, fairness, commitment towards environment and Quality. We strive to offer a culture that encourages the generation and acknowledgement of innovative ideas, suggestions and creations through people participation at all levels. This helps in addressing the business needs of today and tomorrow.

To ensure alignment of objectives of individual with that of the organisation, performance levels are pre-defined at the beginning of financial year and cascaded down from annual operating plan (AOP) to individual key result areas (KRA's). KBL promotes women empowerment. In Kaniyur plant we have 100% women workforce in pump assembly line and plant is headed by woman.

We believe in enhancement of functional, professional & personal competencies and skills of individuals by bridging the gaps between competencies required by the job and competencies possessed by the individual performing that job through systematic & structured training & developmental activities.

We strive to enhance employee experience and services with the use of latest technology, and this has remained our key priority for 2018-19.

Most of our HR offerings viz. Recruitment, Goals and Performance management, Continuous Performance & feedback, Onboarding, Learning Management including e-learnings have been migrated to new HR technology platform, which we fondly call "People Direct". This has unleashed the seamless and all-time access of HR tools, services through web and mobile platforms for all employees. Over the years, the Government of India has been undertaking various schemes and initiatives at state as well as national level for boosting employment rate, especially youth employment, across the country. KBL, a true 'Made-in-India' company, has always striven towards driving such government initiatives by implementing them in their administrative framework in whichever way possible. In keeping with the same belief, KBL recently took an initiative to implement the National Employability Enhancement Mission (NEEM) Scheme, an effective initiative of Government of India through Ministry of Human Resource Development.

To implement this scheme, KBL entered into an agreement with Care Works Foundation (CWF) which is a registered NEEM facilitator under the "NEEM" notification with AICTE. The NEEM scheme, as the name suggests, is aimed at enhancing employability by giving an opportunity to unemployed youth by providing them On Job Training (OJT), thereby helping them upgrade their skills and thus making them more employable. In first phase, we have deployed NEEM Trainees at KBL manufacturing plants viz. at Dewas, Coimbatore and Ahmedabad in functions like Foundry, Assembly, Testing etc. This initiative will also help in developing competent workforce to meet future requirements.

Total Manpower

KBL

Role/levelwise distribution	2016-17			2017-18			2018-19		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent & Probationer	1849	98	1947	2375	94	2469	2100	109	2209
Trainees & Apprentice	114	6	120	209	14	223	168	15	183
Temporary/FTE	371	43	414	351	54	405	137	40	177
Third party contract	0	0	1726	0	0	1885	1989	149	2138
Total Manpower	2334	147	4207	2935	162	4982	4394	313	4707

Subsidiary and Associate Companies

Role/level wise distribution	KCPL			TKSL			KPML			KEPL		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent & Probationer	38	1	39	208	2	210	334	8	342	234	13	247
Trainees & Apprentice	0	0	0	8	0	8	67	3	70	38	4	42
Temporary/FTE	0	0	0	1	0	1	2	2	4	1	0	1
Third party contract	38	0	38	139	3	142	330	1	331	00	00	0
Workmen	0	0	0	0	0	0	0	0	0	45	0	45
Total Manpower	76	1	77	356	5	361	733	14	747	318	17	335

New Employees hired – KBL

Age wise Distribution	2016-17			2017-18			2018-19		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	224	25	249	320	33	353	290	22	312
31-50 years.	83	8	92	95	11	106	184	7	191
Greater than 50 years	5	0	5	4	1	5	10	0	10

New Employees hired - KCPL

Age wise Distribution	2016-17			2017-18			2018-19		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	4	0	4	6	0	6	5	0	5
31-50 years	1	0	1	6	0	6	3	0	3
Greater than 50 years	1	0	1	0	0	0	0	0	0

New Employees hired - TKSL

Age wise Distribution	2016-17			2017-18			2018-19		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	0	0	0	1	0	1	1	0	1
31-50 years	4	0	4	2	0	2	16	0	0
Greater than 50 years	0	0	0	0	0	0	0	0	0

New Employees hired –KPML

Age-wise Distribution	2016-17			2017-18			2018-19		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	7	2	9	47	1	48	18	0	18
31-50 years	1	0	1	68	0	68	4	2	6
Greater than 50 years	1	0	1	0	0	0	1	0	1

New Employees hired -KEPL

Age-wise Distribution	2016-17			2017-18			2018-19		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	13	5	18	10	1	11	33	3	36
31-50 years	16	1	1	11	1	12	22	2	24
Greater than 50 years	0	0	0	2		2	4	0	4

Attrition data – KBL

Age-wise Distribution	2016-17			2017-18			2018-19		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	222	23	245	210	23	233	87	11	98
31-50 years	83	12	95	94	8	102	55	3	58
Greater than 50 years	45	0	45	28	0	28	5	2	7

Attrition data - KCPL

Age-wise Distribution	2016-17			2017-18			2018-19		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	4	0	4	2	0	2	3	0	3
31-50 years	6	0	6	4	0	4	2	0	2
Greater than 50 years	0	0	0	0	0	0	0	0	0

Attrition data - TKSL

Age-wise Distribution	2017-18			2018-19		
	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	0	0	0	0	0	0
31-50 years	4	0	4	11	0	11
Greater than 50 years	7	0	7	11	0	11

Attrition data - KPML

Age-wise Distribution	2016-17			2017-18			2018-19		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	4	0	4	5	3	8	2	0	2
31-50 years	7	0	7	5	1	6	7	0	7
Greater than 50 years	4	0	4	1	0	1	2	0	2

Attrition data – KEPL

Age-wise Distribution	2016-17			2017-18			2018-19		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	2	0	2	11	1	12	15	1	16
31-50 years	0	0	0	25	1	26	15	5	20
Greater than 50 years	0	0	0	0	0	0	32	6	38

Training and Education

Our Knowledge management sets targets for the levels of knowledge and skills required and accordingly work towards developing them continually. The goal is to bridge the gap between current and desired performance and meet the business requirement. Our knowledge management team creates a work environment that promotes creation, retention and use of knowledge.

We anticipate future skill-needs and prepare our employees to handle more challenging tasks. Our career development policy, cross functional projects and action learning projects are some ways used to develop the enhancement of functional, professional & personal competencies and skills of individuals.

Average Hours of Training per year per employee by gender and employee category

KBL

Category	Female	Male
Senior Management	14.33	9.31
Middle Management	32.35	17.43
Professionals	21.53	14.08
Paraprofessionals	48.50	7.35
Associates	17.18	5.88

Subsidiary and Associate Companies

	KCPL		TKSL		KEPL		KPML	
Category	Female	Male	Female	Male	Female	Male	Female	Male
Senior Management	0	8.5	0	0	0.5	1.98	0	5
Middle Management	0	19.29	0	45	2.49	4.18	2	33
Professionals	13	13.82	0	0	5.66	4.27	1	16
Paraprofessionals	0	0	0	0	0	0	1	0
Associates	0	6.5	15	70	0	0.89	0	32

Programs for upgrading employee skills and transition assistance programs

KBL	KCPL	TKSL	KPML	KEPL
7 Waste & Spaghetti Chart	Six Sigma Green Belt	Safety in Foundry Operation	Manufacturing Excellence Programme	Types of Material Testing
Anti-Sexual Harassment Awareness	CIP NACE Level 1	Magma Software Review	Workplace Relations & Communication	Stage Gate System
Assembly procedure of Pump	Technical Training of Composite Structural Rehabilitation (CSR) at Corrocoat UK	Safe Material handling	Internal Auditor training 16949:2016	3D Modelling (Creo)
Awareness Of Ball Bearing Usage	Leadership at Workplace (Encounter the leader within)	NDT/QA	SAP Training	TPM Workshop
Basis of Pump & Work Place Safety	SAP Plant maintenance Module	POSH	5S training	Fundamentals of Metallurgy

KBL	KCPL	TKSL	KPML	KEPL
Business Excellence Training	Employee Retention Strategy & Effective Employee Engagement	Energy conservation techniques at shop floor.	The Industrial Employment (Standing Orders) Act.1946	NDT Training
Costing		Fire Emergency Control	Process of Workman's Annual Performance Appraisal	Fundamentals of Painting
Environmental Aspect & Impact & OCP		Safety in Material Handling	Create & Complete Maintenance Notification For Breakdown Machine	Product Training
Finance for Non-Finance		conservation of natural resources	Inventory Management	Costing
Fire Fighting		Welding electrodes & welding Process	Workers Role & Responsibilities In Today's Changing Economic Scenario	Finance for Non Finance
First Aid			Material Handling	Welding Inspector
Fundamentals of Foundry Process			2'S & TQM	Ind AS 115-New Accounting Std on Revenue
Fundamentals of Vibration Analysis & Testing			Team Building & Stress Management	Negotiation Skill
General Safety, working in heights & during welding			Prevention of Accident & Improving Safety Culture	Boiler feed application pumps, High temperature application pumps, Low temperature application pumps
GRI Standards and Sustainability Reporting			Emergency Preparedness and Planning	High speed pumps, Pump as HPRT, Trouble Shooting
IMS & ISO 9001:2015				API 610
Ind AS 115 (New Accounting Standard on revenue)				Hytos Operating System
Legatrix, Safety at site, Statutory compliance				

Employees receiving regular performance and career development reviews

KBL

Location	Female	Male	Grand Total
Sanand	1	33	34
Coimbatore	6	10	16
Dewas	4	108	112
Kirloskarvadi	10	334	344
Kondhapuri	0	36	36
Pune	47	341	388
Grand Total	68	862	930

Subsidiary and Associate Companies

Location	Female	Male	Grand Total
KCPL	0	21	21
TKSL	2	25	27
KPML	6	77	83
KEPL	12	227	239

Employee benefits

KBL has covered employees in various group insurance policies and exclusive benefits plans.

1. Group Health Insurance Program – A best in class tailor made HI program with flexible option available in the hands of employees to choose health cover for family and parent up to 10 Lakhs per year.
2. Parivar Suraksha Yojana – An innovative way of putting up Group Term Life Plan, where in the regular income benefit is extended to deceased employee's family for the period of 5 years.
3. Group Personal Accident Plan – Covers employees globally, 24/7 for any accidents, disability or death.
4. KBL Benevolent Fund: A fund maintained through employees' contribution to extend financial help to employee's family in case of death in service.
5. Superannuation Fund Schemes
6. KBL has launched "KBL well-being", health and lifestyle platform to focus on employee's physical and mental health. Apart from this, KBL has Sabbatical leave policy up to one year for women employees, which they can utilize as extended maternity leave.

Human Rights

To demonstrate our commitment to the fair treatment of employees, our organisation is certified to SA8000 standard. The SA8000 Standard is the leading social certification standard for factories and organisations across the globe. It was established by Social Accountability International in 1997 as a multi-stakeholder initiative.

SA8000 measures social performance in the following eight areas important to social accountability in workplace anchored by a management system element that drives continuous improvement in all areas of the Standard.

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

Occupational Health and Safety

Our manufacturing plants at Sanand, Kaniyur, Kirloskarvadi, Dewas and Kondhapuri are certified to ISO 45001 and subsidiaries KPML, KCPL and KEPL are certified to BS OHSAS 18001.

All manufacturing sites are audited for safety by internal safety audit teams.

There is no any activity carried out at any of our locations which has high incidence or high risk of specific diseases, which prevents to maintain the organisation's social licence.

We have a safety committee as per a statutory requirement of state rules, which is equally represented by workmen and management staff.

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

- Medical Allowance.
- Mediclaim/Hospitalization Policy
- Death Benevolent Fund

- Safety at Workplace
- Use of PPE
- Group Personal Accident Insurance Policy
- Group Term Insurance Policy
- Workmen Compensation Insurance Policy
- ESIC

Safety data for KBL

Safety Parameters	Gender	2016-17	2017-18	2018-19
No. of Fatalities	Male	0	1	0
	Female	0	0	0
No. of Lost Time Incidence Cases (LTI)	Male	3	0	3
	Female	0	0	1
First Aid Cases	Male	69	104	154
	Female	8	53	22
Frequency rate	Male	1.49	14.20	0.33
	Female	0	126.63	1.98
Severity rate	Male	44.6	732	44.97
	Female	0	0	321.3
Man Days Lost	Male	358.5	7017	427
	Female	0	10	162
Occupational disease (No.)	Male	0	0	0
	Female	0	0	0

Safety data for Subsidiary and Associate Companies

Locations/Sector		TKSL	KCPL	KEPL	KPML
No. of Fatalities	Male	0	0	0	0
	Female	0	0	0	0
No. of Lost Time Incidence Cases (LTI)	Male	0	0	0	1
	Female	0	0	0	0
First Aid Cases	Male	5	3	7	116
	Female	0	0	0	0
No. of man days lost (reported)	Male	0	0	0	10
	Female	0	0	0	0
No. of man days lost (reported, exc. fatal)	Male	0	0	0	0
	Female	0	0	0	0
Cumulative FR (Reported)	Male	0	0	0	0.64
	Female	0	0	0	0
Cumulative SR (Reportable)	Male	0	0	0	0
	Female	0	0	0	0

Collective bargaining agreements

Permanent, on roll bargainable workmen are covered by collective bargaining agreements

Intellectual Capital

Having entered our 100th year of incorporation, we are proud to state that innovation continues to be the biggest driver for the Company's sustained leadership position in the global pump market for all these years. A testimony to this fact is that just in the pumps business, KBL has many first to its credit such as:

- The first centrifugal pump manufacturing Company in India in 1926
- The first concrete volute pump manufacturer in India in 1994
- The first canned-motor pump manufacturer in India in 1986
- The first pump manufacturing Company to be certified for ISO 9001 (in the year 1991) in India
- India's first solar-powered pump in 1986

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

We have 20 patents for innovative technology, including 2 US patents. Numerous research papers presented at International Conferences including American Society of Mechanical Engineers (ASME)

Our expertise stretches out to

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

Technology absorption

The efforts made towards technology absorption	The benefits derived like product improvement, cost reduction, product development or import substitution
• Developed 9 models of 6" submersible pumps for range extension. • Developed Inline vertical multistage pump. (KVM RO series pumps) • Developed IE4 efficiency motors upto10 HP. • Released 33 model of submersible pumps- 4 inch water filled and 6-inch oil filled. • Released 6 models of JOS with copper rotor series pump. • Developed BHA 2400 pump having bidirectional dewatering operation with Auto Priming for Suriname project • Developed Trailer Mounted Auto-Prime set with MF 60/65 HDE for Ministry of Suriname. • Developed largest size sewage pump. • Completion of FM/UL series of pumps for fire application for SPP Inc. • Completed development of GKW pump series and closed coupled RMK C pumps (Magnetic drive pumps).	• Enhancement of Product range to meet the application. • Capability enhancement to meet customer requirements. • Fulfil product gaps • Competitive edge over other pump manufacturers • Reduction in product development time and cost

The efforts made towards technology absorption	The benefits derived like product improvement, cost reduction, product development or import substitution
• Development of Shut Down Cooling Pump (SDCP) for Nuclear power plant application to handle high pressure and high temperature liquid. • Completed new Product Design of Multi Door Non-Return Valve, Non-Rising Sluice Valve, High Performance BFV as per API 609. • Completed various CFD analysis, structural analysis to verify and optimise pumps and pump intakes.	

We have collabourations with external agencies institutes for Research & Development

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

Digitalization

At Kirloskar Brothers Limited (KBL), it is our constant endeavor to introduce innovative products with supreme quality that impart a sense of reliability and credibility among our customers. For us, our customers are at the centre of everything we do. We continue to strive towards bringing improvements in our product strategies and our complete process cycle on a regular basis to deliver unmatched customer experience.

In keeping with this belief, KBL recently embarked on an IT transformational journey by successfully upgrading from its existing SAP ECC system comprising multiple backend environment entities to a new Industry Standard SAP solution - S/4HANA.

S/4 HANA is a single ERP platform designed for seamless transactions across all business locations. It will enable single view into end-to-end operations from one system. It is aimed at bringing all domestic and international entities of KBL onto a single platform in order to introduce consistency in business processes globally. It will act as a single system for financial and sales reporting.

This new ERP system would improve the order visibility and tracking performance related to complex and time driven business activities such as real-time planning, execution, reporting and analytics based on live data, and improved forecasting. This will help us serve our customers in a faster and effective way, thereby ensuring complete customer satisfaction.

The implementation of S/4HANA will not only help in adding value to our existing business processes, it will also introduce us to a whole new area of potential opportunities such as predictive analysis, machine learning, Internet of Things (IoT), etc., which will pave way for a digital transformation of the organisation. For KBL, this is a giant stride forward towards the achievement of our Vision. Thus, the launch of S4HANA is a major revolutionary step taken towards the integration of our core business processes across the globe.

Real Time Dashboards were developed to meet the demands of our key stakeholders. With an ability to pull in real time data from all sources, business users can always have the most up to date information, so they can analyse data without IT support.

We have adopted advanced analytics as a key tool to take operating efficiencies to the next level. Advanced Analytic-based predictive models are now powering critical plant functions with advances in automation we can make our core businesses more effective for our stakeholders. KBL is navigating step-by-step towards software automations to boost our productivity, delivery and service. Built vendor registration portal which helped in filling online details by vendor and approval by concerned agencies thus eliminating manual interventions.

Various steps towards software automation are undertaken to boost productivity, delivery, service and performance like

- Material and Bill of Material creation for Customized Pump
- Auto Purchase Order generation for bill of material components based on MRP generated requirements.
- Tracking of Patterns, Gauges and machine maintenance

We have adopted High Performance Computing (HPC) technology for R&D for Computational Fluid Dynamics (CFD) analysis and faster processing.

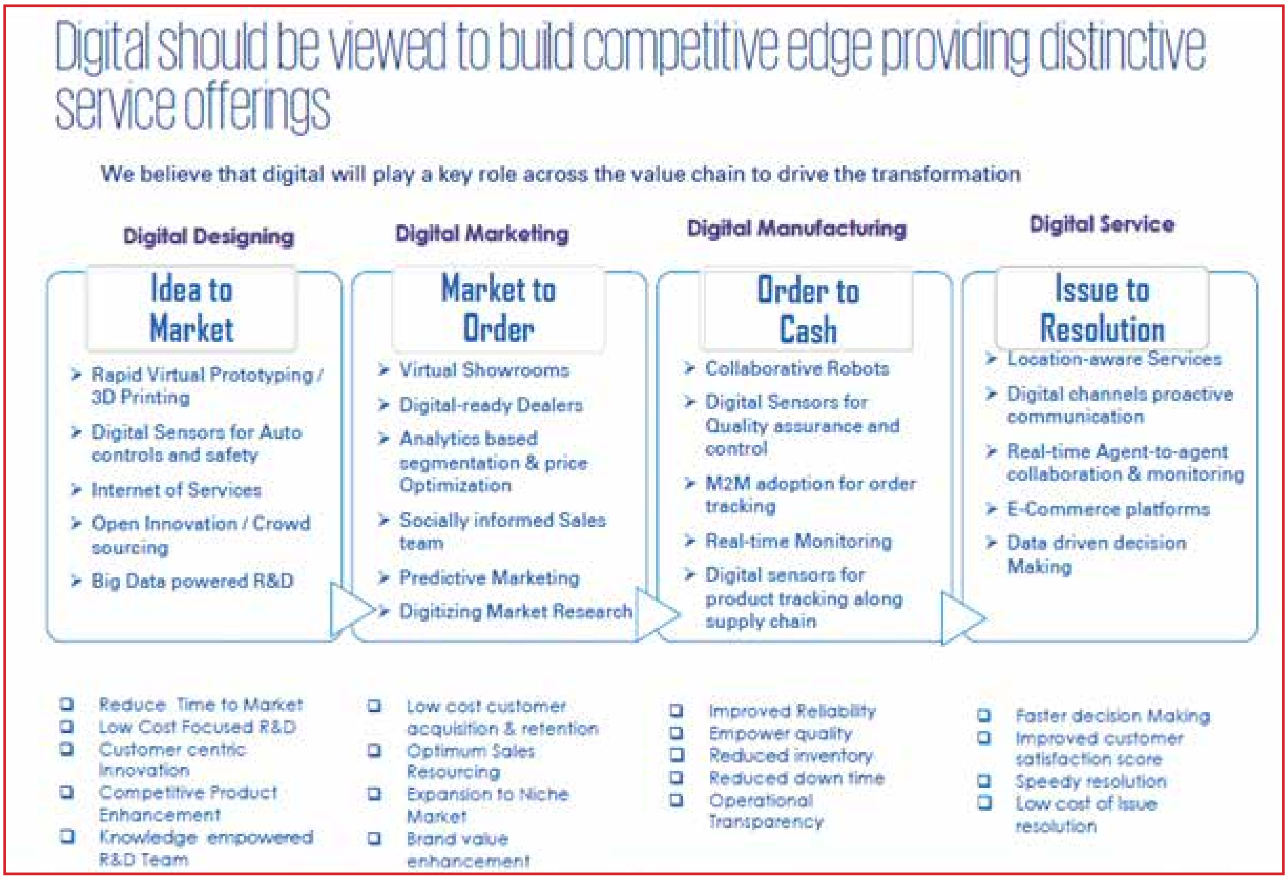
Virtual platforms like Citrix and cloud proxy have been implemented for Business Continuity. This helps in data availability and security, centralised and effective management of workstations with controlled internet access through proxy.

Mobility Solutions, with a rapid increase in smart phone users this is the next new normal. At KBL, we saw this as an exciting opportunity and developed solutions like:

KBL One4ALL mobile app - One app for Dealers, Retailers, Traders, Customers and Authorised Service Centres (ASC) with following features:

- E-warranty through scanning of serial number.
- Dealer performance, Inventory, Schemes, Product catalogue and Policies.
- Retailer loyalty points & growth.
- ASC can view scan copy of customer invoice uploaded at the time of e-warranty
- Quiz mobile app for Small and Medium Pump dealers and their sales team to groom them for KBL pumps product features and technical superiority. Knowing the End Users

As we look ahead in fiscal 2020, we plan to deploy a robust knowledge management system in KBL with getting people involved in the digital agenda.



Social and Relationship Capital

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

Customer Health, Safety and Privacy

Customer's Health & safety is a key criterion that we follow with our products and services. Safety aspects are considered at every step of the product and project, from design to commissioning. To minimise the health and safety aspects of our products, KBL provides operation and maintenance manuals and conducts training program for customer's employees. Products are provided with adequate labelling, including product information. No incidents of non-compliance were reported with respect to regulatory and voluntary codes concerning the health, safety and labelling aspects related to any of our products during the year. There were no complaints regarding breach of customer data or privacy in the FY 2018-19.

Supplier Social Assessment

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

For KBL suppliers, labour practices assessment is part of our new evaluation system and is to be done while appointing new suppliers. Those suppliers who fail to comply with labour practices requirement are asked to implement the same. A supplier re-evaluation process is done for existing suppliers for monitoring of labour practices through assessments and the potential impacts within our supply chain. We continue to ensure that suppliers are adhering to human rights and labour practices compliances. SA8000 certification reinforces our commitment towards human rights.

Society

KBL conducts society perception survey to identify the needs of society and to judge the effectiveness of work done in nearby villages actions are initiated and implemented based on survey findings. The initiatives are implemented by our employees or by agencies in the KBL fold like Vikas Charitable trust, Sou. Radhabai Maternity hospital trust and external NGO's.

Following activities were carried out:

- Tree plantation
- Financial help for developing infrastructure to nearby schools.
- Water sanitation and hygiene (WaSH) awareness Programme to school children by KBL employees.
- Free Medical checkup camps

Support for Rescue Missions

Rescue Operation Support in Thailand Cave

We are proud to be involved in the Thailand cave rescue mission as the Indian Embassy extended technical help to the Government of Thailand in the evacuation of 12 young soccer players & their coach stuck in a cave in Thailand through KBL, which has a subsidiary in Bangkok.

Accordingly, KBL had sent a multi-national team of experts from KBL's global offices comprising of KBL (India), KBTL (Thailand) and SPP Pumps (UK) who offered technical advice on dewatering and pumps used in the rescue operation.

KBL Stands with Kerala

During the recent flood crisis in Kerala, Kirloskar Brothers Limited (KBL), India's leading manufacturer of centrifugal pump came forward and undertook a series of contributory efforts towards facilitating the post-flood recovery operations in the state.

- Handed over eight high-capacity Autoprime pump sets to Kerala Government Authority/KPWDs) for immediate dewatering post-floods
- Five of the eight high-capacity Autoprime pump sets were specially airlifted on priority from the company's overseas subsidiary in UK
- Offered 28 small diesel pumps to help relieve small flooded areas across the state
- Distributed 12,000 drinking water bottles across various flood-affected areas in the state
- Conducted free pump servicing camps and door-to-door visit for pumps repair in 9 districts in Kerala, including cleaning of various wells in these areas
- Donated 52 free pump sets to various people in Ernakulam district
- Committed workforce to work on-ground with local authorities

KBL WaSH Project

KBL WaSH (Water, Sanitation & Hygiene) Project is a part of KBL CSR Program that covers, 'Health, Hygiene and Cleanliness', WaSH in schools aim to improve the health by reducing water and sanitation related diseases.

Project Location: Pune, Kondhapuri in Tal. Shirur, Kirloskarvadi in Sangli District.

Project Outreach

Total Number of schools	17
Total strength of students	3641
Total number of volunteers	45
Total Man hours spent	875

As a part of our CSR initiative, KBL-KOV, KEPL and KCPL jointly sponsored the Kundal Kusthi Competition at Kundal – near Kirloskarvadi, which attracted more than 3 lakh people.

Environmental Conservation Awareness Initiative

Students of Ganpatrao Andhalakar school students (WaSH network school) and our volunteers organized various activities to create and spread awareness about Environmental Conservation and related ideas on Independence Day.

Skit on Plastic Ban at Andhali Near Kirloskarvadi

The students visited door to door and collected plastic bags to create awareness

Employee Engagement

Enthusiastic group of 54 runners from KBL participated in FLO Marathon. Every year, FLO organizes this marathon to raise funds to support women entrepreneurs and raises awareness about women empowerment.

Dealer/Retailer Engagement activities

Mega Retailer Meet at Gorakhpur

Associate Dealer conference at Bathinda

A Mega Plumber Meet cum Technical Workshop was organised by Patna RO Team in association with Authorised Dealer M/s Krishi Auzar Bhandar, Buxar

Natural Capital

KBL incorporates environmental performance parameters into key decision-making processes.

This ensures that we continue to grow while having minimum impact on the environment. The key components of natural capital for KBL are raw material used for production, water consumption, energy consumption and waste generated throughout the production process. We try to reduce and reuse the waste generated and dispose the same through proper disposal method by segregating it in hazardous and non-hazardous category.

Energy Consumption

We acknowledge the global concern on climate change and hence recognize energy as one of the most important resources used.

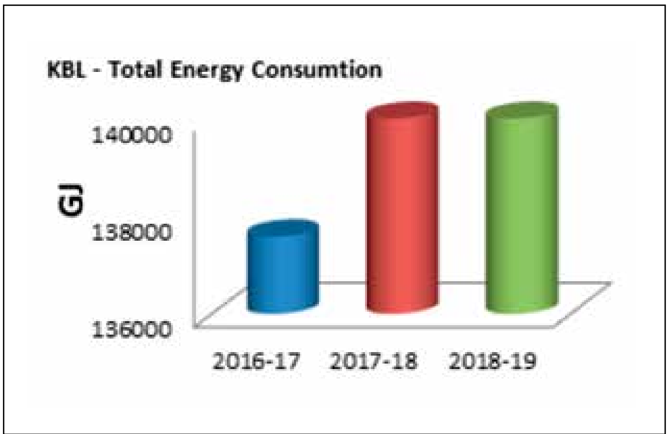
Managing and reducing energy consumption not only saves money but also helps in mitigating climate change.

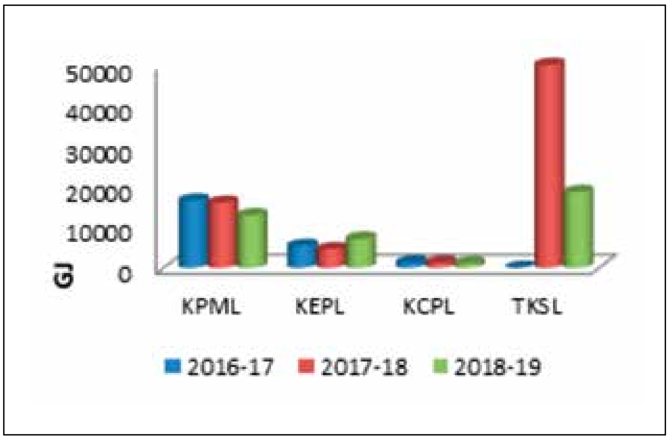
KBL plants are ISO 50001:2018 (Energy Management System) certified.

Our Goals

- Optimizing energy consumption, conserving natural resources and maximizing use of non-conventional forms of energy.
- Supporting the procurement of energy-efficient products & services that impact energy performance and designing the activities that consider its improvement.
- Maximum usage of renewable energy - Installed Roof top solar at plants and subsidiaries with capacity of 4300 kW

Total Energy Consumption

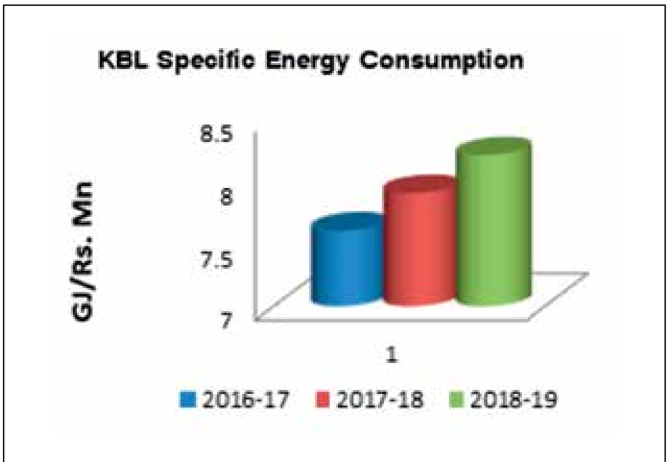


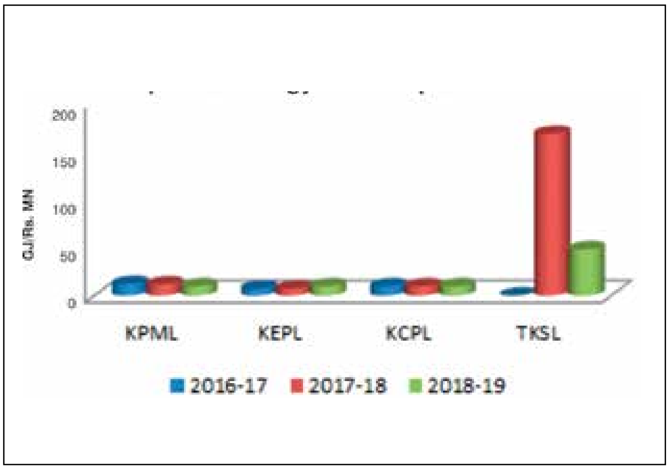


Energy consumption outside of the organisation

KBL is not monitoring energy consumption outside the organisation.

Energy Intensity





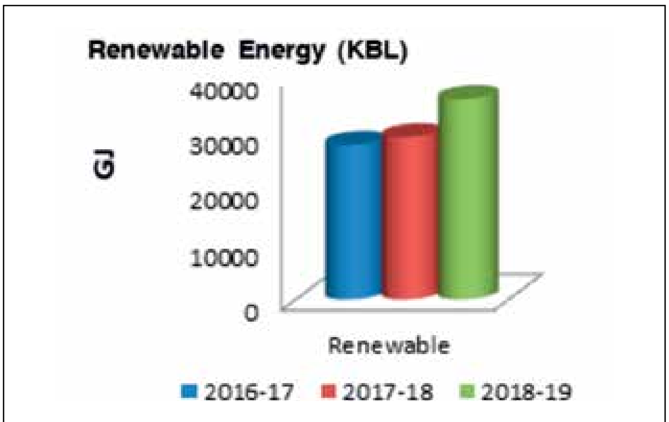
Reduction of energy consumption

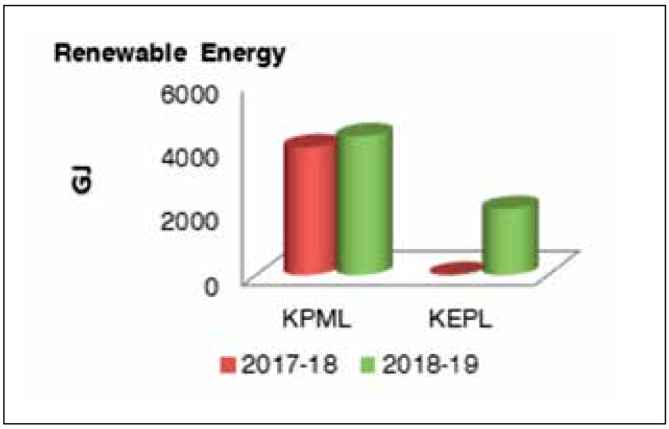
As part of our commitment towards conserving fossil fuels and depending more on renewable energy sources, we have installed and made operational roof top solar power panels at manufacturing locations and corporate office for an overall capacity of 4.5 MW which are yielding green power with good efficiency. This is in addition to the generation of 4 MW wind power by Kirloskarvadi plant and purchasing of 2 MW wind power at Dewas plant.

We are complying to Environment Management System (ISO 14001: 2015) and Energy Management System (ISO 50001: 2011) at Kirloskarvadi, Kondhapuri, Dewas, Sanand, Kaniyur which are certified under matrix certification.

For the purpose of optimum utilisation of resources and continual improvement, we monitor and review the important parameters impacting the environment such as Carbon footprint, Energy consumption, Water consumption, Material consumption and Waste generation. In order to encourage our manufacturing plants to implement more and more energy conservation projects, we have KBL group level energy conservation competition (ENCON) and award scheme.

Renewable energy generation by KBL and Associate companies





Reductions in energy requirements of products and services

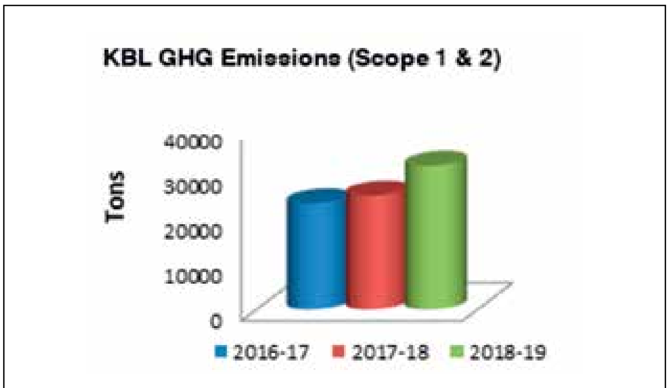
Energy consumption is a major contributor to climate change since non-renewable energy resources generate greenhouse gases (GHGs) and cause other environmental impacts. Hence use of energy more effectively is essential to combating climate change.

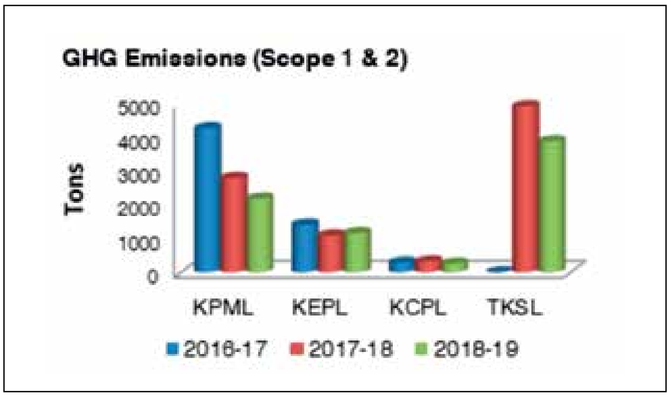
Star label is the label given for energy efficient products. Sanand Plant has received star labelling for 45 Pump models and Dewas plant for 34 Pump Models. 22674 star labelled pumps from Sanand plant and 92504 star labelled pumps from Dewas were sold in the Financial Year 2018-19.

Kirloskarvadi plant has developed the Low life cycle cost (LLC) series with 3 energy efficient pump models in 2018-19.

In KPML, IE3 & IE4 rating products are declared as energy efficient. KPML has also received In-House R&D Recognition, which is a prestigious accreditation for any unit for its continuous research and development of new technologies, products, process, design, quality, ranges, etc.

Greenhouse Gas Emissions - Scope1 and 2





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

NOx, SOx and other significant air emissions

The air emission stacks are monitored regularly as prescribed in the consent.

Emissions Type	Stack Emissions in tons (Tons/year)				
	KBL	KCPL	TKSL	KPML	KEPL
SPM	49.82	1.02	0.46	2.98	0.0010
SOx	1.36	0.003	0.17	1.34	0.0008
NOx	4.14	0	0.19	0.03	0.0006

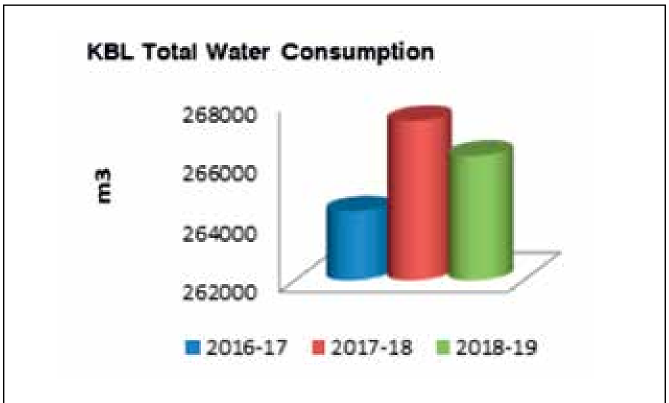
Water Consumption

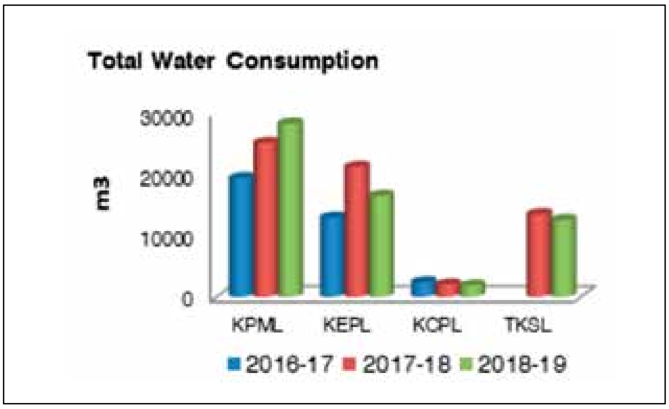
Water is requisite resource for our business. We as an organisation takes ownership for its responsible usage and implement an integrated water stewardship approach that will create value for all stakeholders. Being responsible organisation, we are trying to manage water issues by identifying the risks and means to save the water.

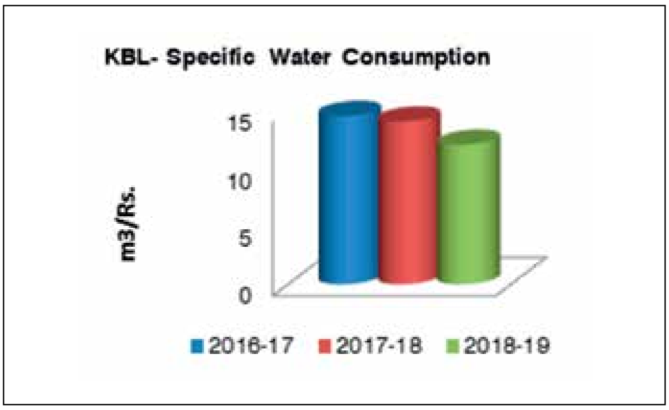
Water withdrawal by source (in m³)

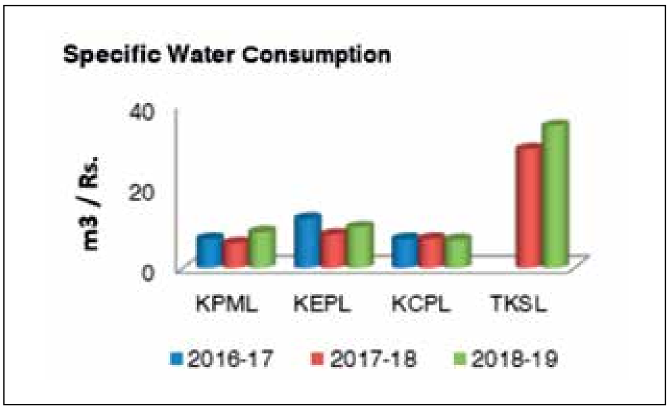
	Open well	Bore Well	Tankers	Bottle	Total
KBL	212082	50441	3048	580.38	266151
KCPL	1879	0	0	0	1879
TKSL	12201	269	0	0	12470
KPML	27550	514	0	0	28064
KEPL	0	16381	0	0.078	16381.08

Total Water consumption

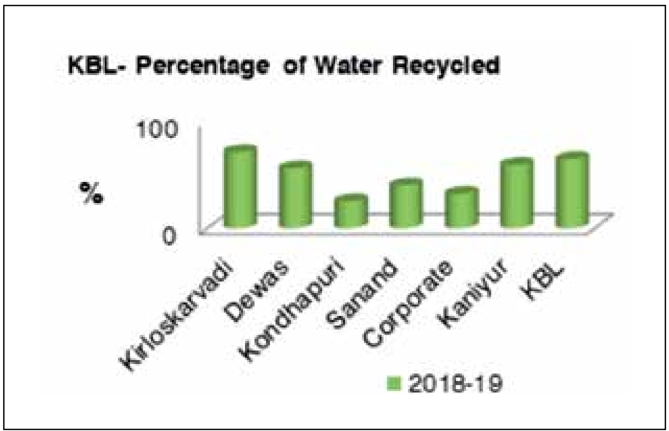


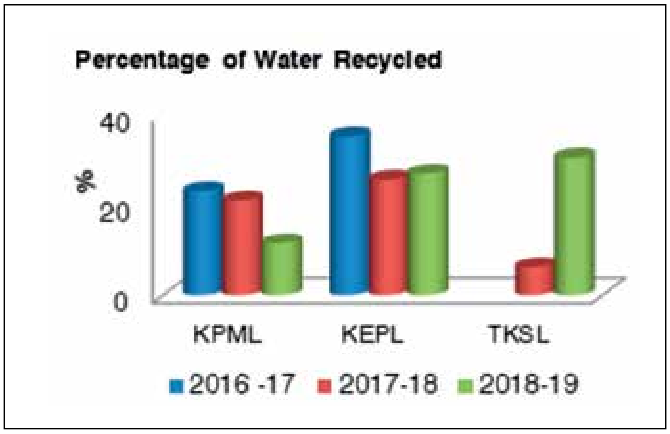






Recycle water graph





Waste data

Waste						
Hazardous Waste						
	Unit	**KBL**	**KCPL**	**TKSL**	**KPML**	**KEPL**
Paint sludge	MT	59.05	-	-	0.27	2.65
Used Oil	KL	3.15	0.195	0.187	0	7.4
Oil Soaked Cotton waste	MT	10.98	-	0.035	3.46	11
Used Batteries	Nos	2	-	5	0	-
E-Waste	MT	0	-	-	0	-
Discarded Containers	MT	5.3	26.7	3.53	-	-
Processed Waste	MT	-	20.7	-	-	-
Non-Hazardous Waste						
Food waste	MT	15.23	0	0.57	0	0.72
Metal Waste	MT	640.77	-	-	340	57
Paper & Carton waste	MT	149	1.15	1.09	22.57	-
Plastic	MT	1.9	-	-	-	-
Burnt Sand & Ash	MT	2968	-	5.27	-	0.48
Wood waste	MT	328	4.35	0.57	55.25	65
Plastic paper waste	MT	39	-	-	-	-
Rubber waste	MT	2.94	-	-	-	-
Discarded Containers	MT	30.09	-	-	5.03	-

Supplier Environmental Assessment

KBL supplier evaluation process involves assessment of suppliers for environmental performance. This criterion is a part of evaluation format. Currently 100% suppliers are assessed based on the environmental criteria. This process of assessment of environmental performance will be extended for the subsidiaries from current year.

We create awareness on energy conservation at supplier end. We share our knowledge and ENCON experience with them motivating them for energy conservation. As mentioned in other sections we have supplier screening mechanism where Environment conservation is one of the aspects. Only suppliers having proper processes in place are considered and continued as supplier for KBL. We have extended this process to our subsidiaries from current year.

Cautionary Statement : Statements in the Integrated Report describing Company's projections and estimates are forward looking statements and progressive within the meaning of applicable security laws and regulations. Actual results may vary from those expressed and incidental factors.

GRI Content Index

Foundation

GRI Standard	Disclosure Number /Title	Page No.	Status/ Omission	External Assurance
GRI 102-1	Name of the organisation.	4	Fully	Yes
GRI 102-2	Activities, brands, products, and services.	12-19	Fully	Yes
GRI 102-3	Location of the organisation's headquarters	10	Fully	Yes
GRI 102-4	Location of operations	10	Fully	Yes
GRI 102-5	Ownership and legal form.	12	Fully	Yes
GRI 102-6	Markets served	12	Fully	Yes
GRI 102-7	Scale of the organisation	17-19	Fully	Yes
GRI 102-8	Information on employees and other workers	36-38	Fully	Yes
GRI 102-9	Supply chain	18	Fully	Yes
GRI 102-10	Significant changes to the organisation and its supply chain	18	Fully	Yes
GRI 102-11	Precautionary approach or principle	18	Fully	Yes
GRI 102-12	External initiatives	19	Fully	Yes
GRI 102-13	Memberships of associations	19	Fully	Yes
GRI 102-14	Statement from senior decision-maker	5	Fully	Yes
GRI 102-15	Key impacts, risks, and opportunities	24-25	Fully	Yes
GRI 102-16	Values, principles, standards, and norms of behavior	9	Fully	Yes
GRI 102-17	Mechanisms for advice and concerns about ethics	21-22	Fully	Yes
GRI 102-18	Governance structure	20	Fully	Yes

GRI Standard	Disclosure Number /Title	Page No.	Status/ Omission	External Assurance
GRI 102-19	Delegating authority.	20	Fully	Yes
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	20	Fully	Yes
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	20	Fully	Yes
GRI 102-22	Composition of the highest governance body and its committees	*CGR	Fully	Yes
GRI 102-23	Chair of the highest governance body	*CGR	Fully	Yes
GRI 102-24	Nominating and selecting the highest governance body	*CGR	Fully	Yes
GRI 102-25	Conflicts of interest	*CGR	Fully	Yes
GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	20-21	Fully	Yes
GRI 102-27	Collective knowledge of highest governance body	21	Fully	Yes
GRI 102-28	Evaluating the highest governance body's performance	*CGR	Fully	Yes
GRI 102-29	Identifying and managing economic, environmental, and social impacts	21	Fully	Yes

*Corporate Governance Report (CGR)

GRI Standard	Disclosure Number /Title	Page No.	Status/ Omission	External Assurance
GRI 102-30	Effectiveness of risk management processes	*CGR	Fully	Yes
GRI 102-31	Review of economic, environmental, and social topics	21	Fully	Yes
GRI 102-32	Highest governance body's role in sustainability reporting	21	Fully	Yes
GRI 102-33	Communicating critical concerns	*CGR	Fully	Yes
GRI 102-34	Nature and total number of critical concerns	21	Fully	Yes

GRI Standard	Disclosure Number /Title	Page No.	Status/ Omission	External Assurance
GRI 102-35	Remuneration policies	*CGR	Fully	Yes
GRI 102-36	Process for determining remuneration	*CGR	Fully	Yes
GRI 102-37	Stakeholders' involvement in remuneration	21	Fully	Yes
GRI 102-38	Annual total compensation ratio	*CGR	Fully	Yes
GRI 102-39	Percentage increase in annual total compensation ratio	*CGR	Fully	Yes
GRI 102-40	List of stakeholder groups	26-27	Fully	Yes
GRI 102-41	Collective bargaining agreements	42	Fully	Yes
GRI 102-42	Identifying and selecting stakeholders	26-27	Fully	Yes
GRI 102-43	Approach to stakeholder engagement	26-27	Fully	Yes
GRI 102-44	Key topics and concerns raised	26-27	Fully	Yes
GRI 102-45	Entities included in the consolidated financial statements	4	Fully	Yes
GRI 102-46	Defining report content and topic Boundaries	4	Fully	Yes
GRI 102-47	List of material topics	28-29	Fully	Yes
GRI 102-48	Restatements of information	22	Fully	Yes
GRI 102-49	Changes in reporting	4	Fully	Yes
GRI 102-50	Reporting period	4	Fully	Yes
GRI 102-51	Date of most recent report	4	Fully	Yes
GRI 102-52	Reporting cycle	4	Fully	Yes
GRI 102-53	Contact point for questions regarding the report	22	Fully	Yes
GRI 102-54	Claims of reporting in accordance with the GRI Standards	4	Fully	Yes
GRI 102-55	GRI content index	55	Fully	Yes
GRI 102-56	External assurance	4	Fully	Yes
GRI 103-1	Explanation of the material topic and its Boundary	28-29	Fully	Yes
GRI 103-2	The management approach and its components	28-29	Fully	Yes
GRI 103-3	Evaluation of the management approach	28-29	Fully	Yes

Economic Performance

GRI Standard	Disclosure Number /Title	Page No.	Status/ Omission	External Assurance
Generic Disclosures on Management Approach				
GRI-201-1	Direct economic value generated and distributed	31-32	Fully	No
GRI-201-2	Financial implications and other risks and opportunities due to climate change	24-25	Fully	No
GRI-201-3	Defined benefit plan obligations and other retirement plans	32	Fully	No
GRI-201-4	Financial assistance received from government	32	Fully	No
GRI-202-1	Ratios of standard entry level wage by gender compared to local minimum wage	32	Fully	No
GRI-202-2	Proportion of senior management hired from the local community	32	Fully	No
GRI-204-1	Proportion of spending on local suppliers	32	Fully	No
GRI 205 -1	Operations assesses for Risk related to Corruption	22	Fully	No
GRI 205 -2	Communication and training about anti-corruption policies Procedures	22	Fully	No
GRI 205 -3	Confirmed incidents of correction and action taken	22	Fully	No

Environmental Performance

GRI Standard	Disclosure Number /Title	Page No.	Status/ Omission	External Assurance
GRI 301-1	Materials used by weight or volume	34	Fully	Yes
GRI 301-2	Recycled input materials used	34	Fully	Yes
GRI 301-3	Reclaimed products and their packaging materials	35	Fully	Yes
GRI 302-1	Energy consumption within the organisation	51	Fully	Yes
GRI 302-2	Energy consumption outside of the organisation	51	Partially	Yes
GRI 302-3	Energy intensity	51	Fully	Yes
GRI 302-4	Reduction of energy consumption	52	Fully	Yes
GRI 302-5	Reductions in energy requirements of products and services	52	Fully	Yes
GRI 303-1	Water withdrawal by source	53	Fully	Yes
GRI 303-2	Water sources significantly affected by withdrawal of water	53	Fully	Yes
GRI 303-3	Water recycled and reused	54	Fully	Yes
GRI 305-7	Nitrogen Oxides and Sulfur Oxides and other significant air emissions	53	Fully	Yes
GRI 308-1	New suppliers that were screened using environmental criteria	54	Fully	Yes
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	54	Fully	Yes

Social Performance

GRI Standard	Disclosure Number /Title	Page No.	Status/ Omission	External Assurance
GRI 403-1	Workers representation in formal joint management–worker health and safety committees	41-42	Fully	Yes
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	41-42	Fully	Yes
GRI 403-3	Workers with high incidence or high risk of diseases related to their occupation	41-42	Fully	Yes
GRI 403-4	Health and safety topics covered in formal agreements with trade unions	41-42	Fully	Yes
GRI 404-1	Average hours of training per year per employee	41	Fully	Yes
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	39-40	Fully	Yes
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	41	Fully	Yes
GRI 414-1	New suppliers that were screened using social criteria	46	Fully	Yes
GRI 414-2	Negative social impacts in the supply chain and actions taken	46	Fully	Yes
GRI 416-1	Assessment of the health and safety impacts of product and service categories	46	Fully	Yes
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	46	Fully	Yes
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	46	Fully	Yes

National Voluntary Guidelines alignment with Integrated Report

Principle	Core Element	Integrated Report Parameter	Page No
Principle 1 : Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	Businesses should develop governance structures, procedures and practices that ensure ethical conduct at all levels; and promote the adoption of this principle across its value chain	Governance Structure, Social and Relationship Capital, Human Capital	20, 46, 36
	Businesses should communicate transparently and assure access to information about their decisions that impact relevant stakeholders	Stakeholder Engagement	26-27
	Businesses should not engage in practices that are abusive, corrupt, or anti-competition	Prevention of corruption, Whistle Blower Policy, Code of Ethics	21-22
	Businesses should truthfully discharge their responsibility on financial and other mandatory disclosures.	Integrated Report	
	Businesses should report on the status of their adoption of these Guidelines as suggested in the reporting framework in this document.	Mission statement, company values and codes of conduct	9
	Businesses should avoid complicity with the actions of any third party that violates any of the principles contained in these Guidelines	Social and Relationship Capital Human Capital	46, 36-42
Principle 2 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	Businesses should assure safety and optimal resource use over the life-cycle of the product – from design to disposal – and ensure that everyone connected with it-designers, producers, value chain members, customers and recyclers are aware of their responsibilities.	Social and Relationship Capital	46
	Businesses should raise the consumer's awareness of their rights through education, product labeling, appropriate and helpful marketing communication, full details of contents and composition and promotion of safe usage and disposal of their products and services.	Social and Relationship Capital	46
	In designing the product, businesses should ensure that the manufacturing processes and technologies required to produce it are resource efficient and sustainable.	Intellectual Capital Social and Relationship Capital	43 46
	Businesses should regularly review and improve upon the process of new technology development, deployment and commercialization, incorporating social, ethical, and environmental considerations.	Intellectual Capital Social and Relationship Capital	43 46

Principle	Core Element	Integrated Report Parameter	Page No
Principle 2 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	Businesses should recognize and respect the rights of people who may be owners of traditional knowledge, and other forms of intellectual property.	Social and Relationship Capital Human Capital Intellectual Capital	46 36-42 43
	Businesses should recognize that over-consumption results in unsustainable exploitation of our planet's resources, and should therefore promote sustainable consumption, including recycling of resources.	Natural Capital	51-54
Principle 3 : Businesses should promote the wellbeing of all employees	Businesses should respect the right to freedom of association, participation, collective bargaining, and provide access to appropriate grievance redressal mechanisms.	Human Capital	36-42
	Businesses should provide and maintain equal opportunities at the time of recruitment as well as during the course of employment irrespective of caste, creed, gender, race, religion, disability or sexual orientation.	Human Capital	36-42
	Businesses should not use child Labour, forced labour or any form of involuntary labour, paid or unpaid.	Human Capital	36-42
	Businesses should take cognizance of the work-life balance of its employees, especially that of women.	Human Capital	36-42
	Businesses should provide facilities for the wellbeing of its employees including those with special needs. They should ensure timely payment of fair living wages to meet basic needs and economic security of the employees.	Human Capital	36-42
	Businesses should provide a workplace environment that is safe, hygienic humane, and which upholds the dignity of the employees. Business should communicate this provision to their employees and train them on a regular basis.	Human Capital	36-42
	Businesses should ensure continuous skill and competence upgrading of all employees by providing access to necessary learning opportunities, on an equal and non-discriminatory basis. They should promote employee morale and career development through enlightened human resource interventions.	Human Capital	36-42
	Businesses should create systems and practices to ensure a harassment free workplace where employees feel safe and secure in discharging their responsibilities.	Ethics and Integrity	21-22

Principle	Core Element	Integrated Report Parameter	Page No
Principle 4 : Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized	Businesses should systematically identify their stakeholders, understand their concerns, define purpose and scope of engagement, and commit to engaging with them	Stakeholder Engagement	26
	Businesses should acknowledge, assume responsibility and be transparent about the impact of their policies, decisions, product & services and associated operations on the stakeholders	Stakeholder Engagement	26
	Businesses should give special attention to stakeholders in areas that are under developed.	Stakeholder Engagement Social and Relationship Capital	26 46
	Businesses should resolve differences with stakeholders in a just, fair and equitable manner	Stakeholder Engagement	26
Principle 5 : Businesses should respect and promote human rights	Businesses should understand the human rights content of the Constitution of India, national laws and policies and the content of International Bill of Human Rights. Businesses should appreciate that human rights are inherent, universal, indivisible and interdependent in nature	Human Capital	36-42
	Businesses should integrate respect for human rights in management systems, in particular through assessing and managing human rights impacts of operations, and ensuring all individuals impacted by the business have access to grievance mechanisms.	Human Capital	36-42
	Businesses should recognize and respect the human rights of all relevant stakeholders and groups within and beyond the workplace, including that of communities, consumers and vulnerable and marginalized groups.	Human Capital	36-42
	Businesses should, within their sphere of influence, promote the awareness and realization of human rights across their value chain.	Human Capital	36-42
	Businesses should not be complicit with human rights abuses by a third party.	Human Capital	36-42
Principle 6 : Business should respect, protect, and make efforts to restore the environment	Businesses should utilize natural and manmade resources in an optimal and responsible manner and ensure the sustainability of resources by reducing, reusing, recycling and managing waste.	Natural Capital	51-54
	Businesses should take measures to check and prevent pollution. They should assess the environmental damage and bear the cost of pollution abatement with due regard to public interest.	Natural Capital	51-54

Principle	Core Element	Integrated Report Parameter	Page No
Principle 6 : Business should respect, protect, and make efforts to restore the environment	Businesses should ensure that benefits arising out of access and commercialization of biological and other natural resources and associated traditional knowledge are shared equitably.	Natural Capital	51-54
	Businesses should continuously seek to improve their environmental performance by adopting cleaner production methods, promoting use of energy efficient and environment friendly technologies and use of renewable energy	Natural Capital	51-54
	Businesses should develop Environment Management Systems (EMS) and contingency plans and processes that help them in preventing, mitigating and controlling environmental damages and disasters, which may be caused due to their operations or that of a member of its value chain	Natural Capital	51-54
	Businesses should report their environmental performance, including the assessment of potential environmental risks associated with their operations, to the stakeholders in a fair and transparent manner.	Natural Capital	51-54
	Businesses should proactively persuade and support its value chain to adopt this principle	Stakeholder Engagement	26
Principle 7 : Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	Businesses, while pursuing policy advocacy, must ensure that their advocacy positions are consistent with the Principles and Core Elements contained in these Guidelines.	Memberships with associations and/or national/international advocacy organisations	19
	To the extent possible, businesses should utilize the trade and industry chambers and associations and other such collective platforms to undertake such policy advocacy.	Memberships with associations and/or national/international advocacy organisations	19
Principle 8 : Businesses should support inclusive growth and equitable development	Businesses should understand their impact on social and economic development and respond through appropriate action to minimise the negative impacts.	Social and Relationship Capital	46
	Businesses should innovate and invest in products, technologies and processes that promote the wellbeing of society.	Natural Capital	51-54
	Businesses should make efforts to complement and support the development priorities at local and national levels, and assure appropriate resettlement and rehabilitation of communities who have been displaced owing to their business operations.	Not applicable (All our operation are in Government approved industrial area, hence no communities have been displaced)	---
	Businesses operating in regions that are underdeveloped should be especially sensitive to local concerns.	Social and Relationship Capital	46

Principle	Core Element	Integrated Report Parameter	Page No
Principle 9 : Businesses should engage with and provide value to their customers and consumers in a responsible manner	Businesses, while serving the needs of their customers, should consider the overall well-being of the customers and that of society.	Social and Relationship Capital	46
	Businesses should ensure that they do not restrict the freedom of choice and free competition in any manner while designing, promoting and selling their products.	Social and Relationship Capital	46
	Businesses should disclose all information truthfully and factually, through labelling and other means, including the risks to the individual, to society and to the planet from the use of the products, so that the customers can exercise their freedom to consume in a responsible manner. Where required, businesses should also educate their customers on the safe and responsible usage of their products and services.	Social and Relationship Capital	46
	Businesses should promote and advertise their products in ways that do not mislead or confuse the consumers or violate any of the principles in these Guidelines.	Social and Relationship Capital	46
	Businesses should exercise due care and caution while providing goods and services that result in over exploitation of natural resources or lead to excessive conspicuous consumption.	Natural Capital	51-54
	Businesses should provide adequate grievance handling mechanisms to address customer concerns and feedback.	Stakeholder Engagement	26

EY
Building a better working world

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Independent Assurance Statement

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

Ernst & Young Associates LLP (EY) was engaged by Kirloskar Brothers Limited (the 'Company') to provide independent assurance to its Integrated Report 2018-19 (the 'Report') covering salient features of business as well as sustainability, including performance during the period 1st April 2018 to 31st March 2019.

The development of the Report is based on the <IR> Integrated Reporting Framework by International Integrated Reporting Council (IIRC) and the Global Reporting Initiative (GRI) Standards, its content and presentation is the sole responsibility of the management of the Company. EY's responsibility, as agreed with the management of the Company, is to provide independent assurance on the report content as described in the scope of assurance. Our responsibility in performing our assurance activities is to the management of the Company only and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any dependence that any such third party may place on the Report is entirely at its own risk. The assurance report should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below.

Scope of Assurance
The scope of assurance covers the following aspects of the Report:

- Data and information related to the Company's environmental and social performance for the period 1st April 2018 to 31st March 2019;
- The Company's internal protocols, processes, and controls related to the collection and collation of specified environmental and social performance data;
- Verification of sample data and related information through consultations at the Company's Head Office in Pune and desktop reviews of the following manufacturing locations:
    - The Company's manufacturing locations at Dewas, Kaniyur, Kirloskarwadi, Kondhapuri and Sanand;
    - The Company's subsidiaries Kirloskar Corrocoat Private Limited, Karad Projects & Motors Limited and The Kolhapur Steel Limited, and the Company's joint venture Kirloskar Ebara Pumps Limited.

Limitations of our review
The assurance scope excludes:

- Operations of the Company other than those mentioned in the 'Scope of Assurance';
- Aspects of the Report and data/information other than those mentioned above;
- Data and information outside the reporting period *i.e.* 1st April 2018 to 31st March 2019;

Ernst & Young Associates LLP, a limited liability partnership with LLP identity No. AAB - 4321
Regd. Office : 6th Floor, Worldmark - 1, Asset Area 11, Hospitality District, Indira Gandhi International Airport, New Delhi - 110037, India.

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- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention provided by the Company;
- Review of the Company's compliance with regulations, acts, guidelines with respect to various regulatory agencies and other legal matters;
- Data and information on economic and financial performance of the Company.

Assurance criteria

The assurance engagement was planned and performed in accordance with the International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) and the second edition of AccountAbility's AA1000 Assurance Standard 2008 (AA1000 AS). Our evidence-gathering procedures were designed to obtain a 'limited' level of assurance (as set out in ISAE 3000) on reporting principles and a 'Type 1 Moderate' level of assurance (as per AA1000 AS), as well as conformance of the disclosures to the <IR> Integrated Reporting Framework and GRI Standards.

What we did to form our conclusions

In order to form our conclusions we undertook the following key steps:

- Interviews with select key personnel and the core team responsible for the preparation of the Report to understand the Company's sustainability vision, mechanism for management of relevant issues and engagement with key stakeholders;
- Interactions with the key personnel at the Company's manufacturing plants in order to understand and review the current processes in place for capturing sustainability performance data;
- Physical meetings at the Company's corporate office and desktop audits of manufacturing locations as mentioned in the 'Scope of Assurance' above;
- Review of relevant documents and systems for gathering, analyzing and aggregating environmental and social performance data in the reporting period;
- Review of the Integrated Report for detecting, on a test basis, any major anomalies between the data/information reported in the Integrated Report and the relevant source;
- Review the level of adherence to principles of Integrated Reporting framework.

Our Observations

The Company has developed the Report as per the Integrated Reporting framework and in-accordance 'comprehensive' criteria of GRI Standards. It includes a description of the Company's stakeholder engagement, materiality assessment, description of various capitals and relevant performance disclosures on the material topics.

Our Conclusions

On the basis of our review scope and methodology, our conclusions are as follows:

- **Inclusiveness:**
  The Company has described its key stakeholder groups, purpose of engagement as well as the mode and frequency of engagement in the Report. We are not aware of any matter that would lead us to conclude that the Company has not applied the principle of inclusivity in engaging with the key stakeholder groups identified in the Report.

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- **Materiality:**
The Company has identified key issues material to its ability to create value and has described the process for materiality analysis in the Report. Nothing has come to our attention that causes us to believe that material issues so identified have been excluded by the Company in the Report.

- **Responsiveness:**
We are not aware of any matter that would lead us to believe that the Company has not applied the responsiveness principle in its engagement with stakeholders identified in the Report on material aspects covering its environmental and social performance.

- **Reliability of performance information:**
We reviewed the accuracy and completeness of sustainability information in the Report. Nothing has come to our attention that causes us not to believe that the data has been presented fairly, in material respects, in keeping with the IR Framework, GRI Standards and the Company's reporting principles and criteria. Some data pertaining to key performance disclosures underwent change as part of our assurance process. The Company may consider strengthening its internal guidance on sustainability indicators to ensure uniform reporting across its plants.

Our assurance team and independence

Our assurance team, comprising of multidisciplinary professionals, has been drawn from our climate change and sustainability network and undertakes similar engagements with a number of significant Indian and international businesses. As an assurance provider, EY is required to comply with the independence requirements set out in International Federation of Accountants (IFAC) Code of Ethics[1] for Professional Accountants. EY's independence policies and procedures ensure compliance with the Code.

for Ernst & Young Associates LLP

Chaitanya Kalia
Partner
28 June 2019
Mumbai

AA1000
Licensed Assurance Provider
000-43

[1] International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. This *Code* establishes ethical requirements for professional accountants. The guidance related to network firms was updated in July 2006.

3

BOARD'S REPORT TO THE MEMBERS

Your Directors present the 99th Annual Report and the Audited Financial Statements of the Company for the year ended March 31, 2019 together with the reports of the Auditors and Board, thereon.

FINANCIAL RESULTS

The financial results of the Company for the Financial Year 2018-19 as compared with the previous Financial Year are as under:

	Year ended March 31, 2019 (Amt. in Million ₹)	**Year ended March 31, 2018 (Amt. in Million ₹)**
Revenue from Operations	**22,234.86**	19,345.63
Other income	**247.08**	188.65
Total	**22,481.94**	19,534.28
Profit before tax	**1,240.56**	923.32
Tax Expense	**368.35**	267.46
Profit for the period	**872.21**	655.86
Other Comprehensive Income	**(1.71)**	9.47
Surplus in Profit & Loss Account brought forward from previous year	**2,590.00**	2,015.13
Available surplus	**3,037.65**	2,590.00

DIVIDEND

The Board of Directors have recommended a Dividend of 125%, amounting to ₹ 2.50 per equity share for the Financial Year 2018-19 (₹ 2.50 per equity share for 2017-18)

OPERATIONS OF THE COMPANY

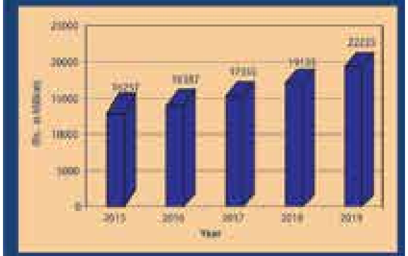
The revenue from operations for the year under review is ₹ 22,234.86 million, which is more by 11.49% compared to the previous year.

The product sectors continued with the growth trend which was largely contributed by the turnaround in Industry and Oil & Gas sectors. Alignment to various stakeholders and customer centric approach resulted in improvement in sales in the Product business. The Power sector managed to secure repeat orders from the Nuclear business, which is a testimony to the customers confidence in KBL and its capabilities. With focus on marketing efforts to tap the global nuclear opportunities, KBL bagged its first direct order in the nuclear power domain from ITER, France, world's largest nuclear fusion project.

RERA implementation and provisions for punitive actions against defaulters slowed down the launch of new projects, which had an impact on the Building and Construction sector.

To consolidate position in the retail business, your Company launched 14 variants in 4" submersible pump range and 10 variants in 6" and above range. In the surface pump range, total 4 models were launched including the Swimming Pool pump.

Net Sales



Net Worth

Import & Export

Earning per Share

Your Company further extended its reputation as India's leading provider of customised water-cleansing pumping solutions by launching the Kirloskar Vertical Multi-stage (KVM) pump, which has been predominantly developed for use in RO plants, and the K-Kleen 25 technology. In RO plants, the KVM pump would be used for pumping water at high pressure across the membranes to facilitate delivery of potable and safe drinking water. Meanwhile, the K-Kleen-25, which can be mounted on any mini range of pumps, is a unique chlorination technology designed exclusively for improving the quality of water delivered through the pump. For the Small Pumps Business channel partner fraternity, the KBLOne4All app was launched for retailers and traders. This application enabled bringing all stakeholders on the same platform.

On the export business front, Concrete Volute pumps supplied for BMA Thailand project and pumps for Cooling Water and Auxiliary Cooling Water application for EGAT and Marubeni projects were successfully commissioned. The Binh Bo Pumping Station project in Vietnam was also successfully commissioned and handed over during the year.

KBL was conferred with the “BHARATSEN - 2018” award by Embassy of India, Senegal, in recognition of its outstanding contribution in strengthening bilateral relations between India and Senegal in the year 2018. This award was conferred recognising the contribution of KBL in increasing rice production in the Republic of Senegal.

A book on Quality titled “Excellence through Quality Prism” was released by the Corporate Quality Assurance department, thereby reflecting the various efforts that, the Company continuously undertake to maintain supreme quality standards in all our endeavors.

The Kirloskarvadi and Dewas plants received GREENCO Gold award during the CII GREENCO Summit-2018 held in Chennai. KBL was recognised amongst the Top 100 Organisations with Innovative HR Practices during the Asia Pacific HRM Congress hosted by World HRD Congress. Your Company was also recognised among Pune's Best Employer Brands for the year 2018 by World HRD Congress.

To strengthen the maintenance processes and increase productivity, the Total Productive Maintenance (TPM) initiative was launched at Kirloskarvadi and Dewas plants. Your Company continues to increase its dependency on renewable energy. At Sanand Plant, a roof top solar power plant of 150 kW capacity was installed and its utilisation was started from June 2018 as part of the plant's energy conservation initiative.

KBL, which was incorporated in 1920, is celebrating the 100th year of its incorporation this year. In Financial Year 2019-20, the Company has planned various activities to commemorate this milestone year.

There were no material changes or commitments to report which affect the financial position of the Company that has occurred between the end of Financial Year and the date of this report.

STATUTORY DISCLOSURES

1. ANNUAL RETURN

The Annual Return of the Company for the year ended March 31, 2019 is placed on the website of the Company at http://www.kirloskarpumps.com/investors-financial-information-annual-reports.aspx Extract of Annual Return in Form MGT-9 as per provisions of Section 92(3) read with Section 134 of the Companies Act, 2013 (the Act) is given in **Annexure I** to this Report.

2. NUMBER OF MEETINGS OF THE BOARD

During the Financial Y0ear under review, 6 (six) Board meetings were held, the details of which are appearing in the Report on Corporate Governance.

3. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3) (c) of the Act, the Board of Directors to the best of its knowledge and ability confirm that:

(a) in preparation of the annual accounts, the applicable accounting standards have been followed;

(b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit and loss of the Company for that period;

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

(d) the directors have prepared the annual accounts on a going concern basis; and

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

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

4. INDEPENDENT DIRECTORS' DECLARATION

All Independent Directors of the Company have given declaration under Section 149 (7) of the Act, that he / she meets the criteria laid down in Section 149 (6) of the Act.

5. DISCLOSURE REQUIRED UNDER SECTION 134(3)(e)

The Board has adopted a Board Diversity Policy which sets the criterion for appointment as well as continuance of Directors, at the time of re-appointment of director in the Company. As per the policy, the Board has an optimum combination of members with appropriate balance of skill, experience, background, gender and other qualities of directors required by the directors for the effective functioning of the Board.

The Nomination and Remuneration Committee recommends remuneration of the Directors, subject to overall limits set under the Act, as outlined in the Remuneration Policy. As per the policy, the Executive Director is entitled to fixed salary, commission based on performance evaluation and other non-monetary benefits. In case of Non-Executive Directors, apart from receiving sitting fees, they are entitled to commission on the basis of criterion as per the policy.

The Remuneration Policy is available on the website of the Company at http://www.kirloskarpumps.com/pdf/investor-information/policies/Remuneration%20Policy.pdf. The salient features:

- Philosophy: The Company strongly believes that the system of Corporate Governance protects the interest of all the stakeholders by inculcating transparent business operations and accountability from management towards fulfilling the consistently high standard of Corporate Governance in all facets of the Company's operations.
- Objective: Transparent process of determining remuneration at the Board and Senior Management level and appropriate balance between the elements comprising the remuneration.
- Coverage: The policy covers remuneration to Executive, Non-Executive Directors, Key Managerial Personnel and Senior Managerial Personnel.

6. REPORT OF AUDITORS

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

M/s. Sharp & Tannan Associates, Chartered Accountants (Firm Registration No.109983W) have been appointed as Statutory Auditor of the Company for a period of 5 years, from the conclusion of 97th Annual General Meeting till the conclusion of 102nd Annual General Meeting by the shareholders of the Company. The Statutory Auditor have confirmed its eligibility and necessary certificates as required under the Act have been received.

Mr. Shyamprasad Limaye (CP No. 572), Practicing Company Secretary was appointed as a Secretarial Auditor of the Company as per Section 204 of the Companies Act, 2013 for the Financial Year 2018-19. Mr. Shyamprasad Limaye has been re-appointed as Secretarial Auditor of the Company for the Financial Year 2019-20.

M/s. Parkhi Limaye & Co. (Firm Registration No. 000191) have been appointed as Cost Auditor of the Company as per Section 148 of the Act, read with applicable rules made thereunder for the Financial Year 2019-20. Their remuneration is subject to the approval by the Members.

7. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The details of loans, guarantees or investments under Section 186 of the Act, are available under Note no. 5 and 35D of notes to accounts, attached to the Standalone Financial Statements.

The full particulars are available in the Register maintained under Section 186 of the Act, which is available for inspection during business hours on all working days (except Saturday and Sunday).

8. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements /transactions entered by the Company during the Financial Year 2018-19 with the related parties were in the ordinary course of business and at arm's length basis except a few transactions as disclosed in Form AOC-2 as per **Annexure VI**. During the year, the Company has not entered into contract/ arrangement/transactions with related parties which could be considered material in accordance with the Company's 'Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions'. The said policy is available on the website of the Company.

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

9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of energy conservation, technology absorption, research and development and foreign exchange earnings and outgo as required under Section 134(3)(m) of the Act read with the applicable rules are given in **Annexure II** to this Report.

10. RISK MANAGEMENT

The Risk Management Committee meets at regular intervals and identifies the top risks and prioritises those risks. The Audit and Finance Committee is updated about the same.

11. CORPORATE SOCIAL RESPONSIBILITY REPORT

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

The Corporate Social Responsibility Report in the required format is given in **Annexure III** to this report.

12. BOARD EVALUATION

The Board has formulated a Board Evaluation Policy for evaluation of individual Directors as well as the entire Board and Committees thereof. The evaluation framework is divided into parameters based on various performance criteria. The evaluation for the year ended March 31, 2019 has been completed.

In compliance with the requirements under Regulation 25(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a meeting of Independent Directors was held on December 17, 2018 primarily to discuss the matters mentioned under Schedule IV of the Companies Act, 2013. All the Independent Directors of the Company attended the same.

13. PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES, ASSOCIATE AND JOINT VENTURES

Following are the highlights of performance of subsidiaries, associates and joint venture companies and their contribution to the overall performance of the Company during the period under review.

i. Karad Projects and Motors Limited

The revenue for the year under review is ₹ 3,254 million which is 3.2% less as compared to the previous year. This constitutes 8.5% of consolidated revenue.

ii. The Kolhapur Steel Limited

The revenue for the year under review is ₹ 360 million which is 21.2% less as compared to the previous year. This constitutes 0.9% of consolidated revenue.

iii. Kirloskar Corrocoat Private Limited

The revenue for the year under review is ₹ 278 million which is 19.7% less as compared to the previous year. This constitutes 0.7% of consolidated revenue.

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

The revenue for the year under review is ₹12,032 million which is 45.3% more as compared to the previous year. This constitutes 31.5% of consolidated revenue.

v. Kirloskar Ebara Pumps Limited (Joint Venture)

The revenue for the year under review is ₹1,652 million which is 3.8% more as compared to the previous year.

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

14. OTHER STATUTORY DISCLOSURES AS REQUIRED UNDER RULE 8(5) OF THE COMPANIES (ACCOUNTS) RULES, 2014

(i) Financial summary/highlights are included elsewhere in the Report;

(ii) There was no change in the nature of business during the year under review;

(iii) **Directors and Key Managerial Personnel:**

- Mr. S. N. Inamdar (DIN 00025180) – Independent Director resigned from the Board, with effect from July 28, 2018.

- Mr. Rajeev Kher (DIN 01192524) – Additional Director, was appointed by the Board with effect from January 25, 2019. The Board recommends his appointment as an Independent Director at the ensuing Annual General Meeting.

- Mr. Tilak Dhar (DIN 00204912) – Additional Director, was appointed by the Board with effect from March 22, 2019. The Board recommends his appointment as a Non-Executive Director at the ensuing Annual General Meeting.

- Mr. Pratap Shirke (DIN 00104902) – Completed his term as an Independent Director of the Company. Mr. Pratap Shirke has expressed his willingness to continue the office of the Director in the capacity of Non-Executive Director with effect from April 1,2019. The Board of Directors have appointed Mr. Pratap Shirke as an Additional Director in the category of Non-Executive Director with effect from April 1, 2019. The Board recommends his appointment as Non-Executive Director at the ensuing Annual General Meeting.

- Ms. Rama Kirloskar (DIN 07474724) – Non-Executive Director of the Company is liable to retire by rotation and being eligible offers herself for re-appointment.

- Mr. P. S. Jawadekar (DIN 00155177) and Mrs. Lalita D. Gupte (DIN 00043559) completed their term as Independent Directors on March 31, 2019 and have ceased to be Directors of the Company.

- Mr. Pradyumna Vyas (DIN 02359564) – Additional Director, was appointed by the Board with effect from May 16, 2019. The Board recommends his appointment as an Independent Director at the ensuing Annual General Meeting.

- Ms. Shailaja Kher (DIN 08450568) – Additional Director, was appointed by the Board with effect from May 16, 2019. The Board recommends her appointment as an Independent Director at the ensuing Annual General Meeting.

- Mr. Sanjay C. Kirloskar – Chairman and Managing Director, Mr. Chittaranjan Mate – Chief Financial Officer and Mr. Sandeep Phadnis – Company Secretary are the Key Managerial Personnel of the Company.

The Board wish to place on record its appreciation for the outstanding contribution of Mr. S. N. Inamdar, Mr. P. S. Jawadekar and Mrs. Lalita D. Gupte as members of the Board. They have been an integral part of the success of the Company. The Company benefited from their immense knowledge and valuable guidance.

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

Name of 'Kirloskar Brothers International Pty Ltd.' (South Africa) was changed to 'SPP Pumps International Pty Ltd' in this year.

(v) **Details relating to Deposits:**

The Company neither accepts nor renews matured deposits since January 2003 and there were no deposits accepted by the Company as covered under Chapter V of the Act read with Rules made thereunder.

(vi) No Significant and material orders were passed by the regulators or court or tribunals impacting the going concern status and Company's operations in future.

(vii) **Details in respect of adequacy of internal financial controls with reference to the financial statements:**

The Company has adequate internal financial control systems in place. The control systems are regularly reviewed by the external auditors and their reports are presented to the Audit and Finance Committee.

The Company has an Internal Audit Charter specifying mission, scope of work, independence, accountability, responsibility and authority of Internal Audit Department. The internal audit reports are reported to Audit and Finance Committee along with management response.

(viii) **Other disclosures required under the Companies Act, 2013 as may be applicable:**

- Composition of the Audit and Finance Committee has been disclosed in Corporate Governance Report;
- Establishment of Vigil mechanism: The Company has already in place a 'Whistle Blower Policy' as a Vigil mechanism since 2008. The details of the same are reported in Corporate Governance Report;
- Disclosures as required under Section 197(12) of the Act read with the applicable rules and details as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in **Annexure IV & Annexure V**.
- Your Company is required to maintain the Cost records as required under Sec 148(1) of the Companies Act, 2013 and accordingly, such accounts and records are maintained by the Company for the year ended March 31, 2019.

(xi) **Other disclosures:**

The Company has filed a suit against Kirloskar Proprietary Limited (KPL). This relates to the use, assignment and ownership of the trademark "Kirloskar". The Company being the original owner of the said mark, had assigned the same to KPL for the purpose of making KPL a central repository of various trademarks and logos on behalf of the various entities forming part of the Kirloskar Group. Such assignments were made by the Company to KPL through various agreements, the first of which was entered into in 1967. The only consideration for such assignment was that KPL would licence the Trademark back to the Company. These licences were to be permanent. KPL had accordingly, from time to time, entered into various user agreements with the Company, granting it the licence/ right to use the Trademark with respect to certain products manufactured by the Company. These agreements were not for any fixed term.

During the year under review, KPL sent separate notices to terminate the prevailing user agreements and called upon the Company to enter into fresh user agreements in their place. KPL also stated that if the new user agreements were not executed then, upon the expiry of the time stated in the notices, the Company would not be entitled to use the "Kirloskar" trademarks. The suggestions of the Company to amend certain provisions of the new agreement in order to safeguard the rights of the Company were not accepted by KPL and therefore, no fresh user agreements were executed between KPL and the Company. Accordingly, the Company filed a commercial suit against KPL before the Commercial Court, Pune, for protecting and asserting the Company's permanent right to use the said trademark by seeking injunctive, declaratory and other reliefs. In the alternative, the Company has also sought that the assignment of the Trademark by the Company to KPL be declared as void. After the suit was filed, KPL has called upon the Company to stop using the word "Kirloskar" and any other brand using the said word in any of Company's business activities. Further, during the pendency of the suit, the Company has engaged in 'without prejudice' discussions with KPL to try and arrive at mutually agreeable resolution to the matter. However, as on date, the Company and KPL have been unable to reach an understanding.

15. CASH FLOW

Cash flow statement for the year ended March 31, 2019 is attached to the Balance Sheet.

SAFETY, HEALTH AND ENVIRONMENT

Safety and Health

- All our manufacturing plants have migrated to ISO 45001 from Occupational Health and Safety Assessment Series (OHSAS) 18001. Our plants are certified for Environment Management System (ISO 14001) and SA8000. Periodic internal audits of all our manufacturing units are being conducted to ensure legal compliance, ISO 45001, ISO 14001 and SA8000 requirements.
- Apart from compliance, external or internal audits, all the manufacturing units are audited by cross-plant safety team for verification of EHS compliances and standard industrial safety practices.
- BBS phase I is now established and now, we have initiated BBS phase II in Kirloskarvadi and Dewas plants. It is proposed to implement in all other plants.
- Almost 787 safety opportunities have been logged in the incident tracking system. It indicates there is increase in safety awareness. Also, the average compliance of CAPA is 76%. It helped reduction of unsafe acts and conditions at the workplace.
- Almost 1100 BBS checks have been carried out in the Financial Year 2018-19, it has helped to re-assure safety at workplace.
- We have used 12,263 man-hours exclusively for health and safety training in the year, which is almost 3.4 man-hours per employee/year.
- Overall safety performance of the plants has improved.

Environment and Energy

As a part of our commitment towards conserving fossil fuels and depending more on renewable energy sources, we have installed and made operational roof top solar power panels at manufacturing locations and Corporate Office for a capacity of 4.5 MW which is yielding green power with good efficiency. This is in addition to the generation of 4 MW wind power by Kirloskarvadi plant and purchasing of 2 MW wind power at Dewas plant.

Your Company is compliant with Environment Management System (ISO 14001: 2015) and Energy Management System (ISO 50001: 2011). Our Kirloskarvadi, Kondhapuri, Dewas, Sanand and Kaniyur plants are certified under matrix certification.

For the purpose of optimum utilisation of resources and continual improvement, we monitor and review the important parameters impacting the environment such as carbon footprint, energy consumption, water consumption, material consumption and waste generation.

In order to encourage our manufacturing plants to implement more and more energy conservation projects, we have KBL group level energy conservation competition (ENCON) and award scheme.

CORPORATE GOVERNANCE

Pursuant to Securities Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements), Regulations 2015, Management Discussion and Analysis Report, Report on Corporate Governance, Auditor's Certificate on Corporate Governance Certificate pusuant to Schedule V read with Regulation 34(3) and the declaration by the Chairman and Managing Director regarding affirmations for compliance with the Company's Code of Conduct are annexed to this report.

EMPLOYEE STOCK OPTION SCHEME (ESOS)

During the year 2007-08, the Company launched the Employees' "Share a Vision" Stock Option Scheme, 2007 (ESOS-2007).

The Management had formulated under ESOS – 2007, a proposal of providing stock options at ₹ 2/- per option to award employees for their outstanding, exemplary performance in getting sustainable results.

During the year, no allotments were made under ESOS -2007 scheme.

DISCLOSURE UNDER THE "SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and in terms of Section 22 of the this Act, read with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013, we report that for the year ended on March 31, 2019:

1	No. of complaints received in the year	Nil
2	No. of complaints disposed off in the year	Nil
3	Cases pending for more than 90 days	Nil
4	No. of workshops and awareness programmes conducted in the year	9
5	Nature of action by employer or District Officer, if any	NA

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation of the unstinted support and co-operation given by the banks and financial institutions. Your Directors would further like to record their appreciation of the efforts by the employees of the Company and wish to express their gratitude to the Members for their continued trust and support.

For and on behalf of the Board of Directors,

Sanjay C. Kirloskar
Chairman & Managing Director
DIN 00007885

Pune: May 16, 2019

Annexure I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	L29113PN1920PLC000670
ii)	Registration Date	January 15, 1920
iii)	Name of the Company	Kirloskar Brothers Limited
iv)	Category / Sub-Category of the Company	Company limited by shares
v)	Address of the Registered office and contact details	Udyog Bhavan, Tilak Road, Pune 411 002 Ph. No. 020-2444 0770
vi)	Whether listed company	Yes – Listed
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Bigshare Services Private Limited 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol Andheri (East), Mumbai 400 059 Tel: 022 – 6263 8200

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Pumps	2812	80.09%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares Held	Applicable Section
1	Karad Projects and Motors Limited Plot No. B-67/68, MIDC, Karad Industrial Area, Tasawade, Karad – 415 109	U45203PN2001PLC149623	Subsidiary	100	2(87)
2	The Kolhapur Steel Limited Pune - Bangalore Highway, Shiroli (Pulachi), Tal- Hatkanangale, Kolhapur – 416 122	U27106MH1965PLC013212	Subsidiary	99.74	2(87)
3	Kirloskar Corrocoat Private Limited Udyog Bhavan, Tilak Road, Pune - 411 002	U28920PN2006PTC022240	Subsidiary	65	2(87)

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares Held	Applicable Section
4	Kirloskar Brothers International B.V. Strawinskylaan 937 1077 XX Amsterdam,The Netherlands	Body Corporate	Subsidiary	100	2(87)
5	Kirloskar Pompen B.V. Rooswijkweg 7, 1951 MH Velsen-Noord, The Netherlands	Body Corporate	Subsidiary of Kirloskar Brothers International B.V.	100	2(87)
6	Rodelta Pumps International B.V. Twentepoort Oost 24, 7609 RG Almelo, The Netherlands	Body Corporate	Subsidiary of Kirloskar Pompen B.V.	100	2(87)
7	Rotaserve B.V. Rooswijkweg 7-9, 1951 MD Velsen-Noord, The Netherlands	Body Corporate	Subsidiary of Kirloskar Pompen B.V.	100	2(87)
8	SPP Pumps Limited 1420 Lakeview, Arlington Business Park,Theale, Reading, Berkshire, England RG7 4SA	Body Corporate	Subsidiary of Kirloskar Brothers International B.V.	100	2(87)
9	SPP France SAS 2, Rue Chateau d'Eau, 95450 US, France	Body Corporate	Subsidiary of SPP Pumps Limited	100	2(87)
10	SPP Pumps Inc. 2905 Pacific Dr, Norcross, GA 30071, USA	Body Corporate	Subsidiary of SPP Pumps Limited	100	2(87)
11	SPP Pumps Real Estate LLC 6716 Best Friend Road, Norcross, GA, USA 30071	Body Corporate	Subsidiary of SPP Pumps Inc.	100	2(87)
12	Syncroflo Inc. 2905 Pacific Drive, Norcross, GA, USA 30071	Body Corporate	Subsidiary of SPP Pumps Inc.	100	2(87)
13	Rotaserve Limited The Poynt, 45 Wollaton Street, Nottingham, Nottinghamshire,NG15FW, United Kingdom	Body Corporate	Subsidiary of Kirloskar Brothers International B.V.	100	2(87)
14	SPP Pumps MENA LLC Block 234, Road 36, Industrial Zone 3, Cairo, Egypt	Body Corporate	Subsidiary of Kirloskar Brothers International B.V.	100	2(87)
15	Kirloskar Brothers (Thailand) Limited 50, Sukhmvit, 21 (Asoke), GMM Grammy Place Office Building, 18th Fl. Unit 1805, Khlongkay Nua, Wattana, Bangkok - 10110, Thailand	Body Corporate	Subsidiary of Kirloskar Brothers International B.V.	100	2(87)
16	SPP Pumps (Asia) Co. Limited 50, Sukhmvit, 21 (Asoke), GMM Grammy Place Office Building, 18th Fl. Unit 1805, Khlongkay Nua, Wattana, Bangkok - 10110, Thailand	Body Corporate	Subsidiary of Kirloskar Brothers (Thailand) Limited	100	2(87)

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares Held	Applicable Section
17	SPP Pumps (Singapore) Pte. Limited 20 Maxwell Road, # 09-17, Maxwell House, Singapore (069113)	Body Corporate	Subsidiary of SPP Pumps (Asia) Co. Limited	100	2(87)
18	Micawber 784 (Proprietary) Limited Corner of Horn & Brine Street, Chloorkop – Kempton Park, Gauteng, 1620 South Africa	Body Corporate	Subsidiary of Kirloskar Brothers International B.V.	100	2(87)
19	SPP Pumps International Pty. Ltd. (Previously known as Kirloskar Brothers International (Pty) Limited) Cnr Horne & Brine Ave, Chloorkop Ext 1, Kempton Park, Gauteng, South Africa	Body Corporate	Subsidiary of Kirloskar Brothers International B.V.	100	2(87)
20	Braybar Pumps (Proprietary) Limited Corner of Horn & Brine Street, Chloorkop – Kempton Park, Gauteng,1620, South Africa	Body Corporate	Subsidiary of SPP Pumps International (Pty) Limited	100	2(87)
21	SPP Pumps (South Africa) (Pty) Limited P.O. Box 8483, Edleen, Corner of Horne & Brine Street, Chloorkop – Kempton Park, Gauteng, 1625 South Africa	Body Corporate	Subsidiary of SPP Pumps International (Pty) Limited	100	2(87)
22	Rotaserve Mozambique Cnr Horn and Brine Str, Chloorkop, Kempton Park, Gauteng, 1620, South Africa	Body Corporate	Subsidiary of SPP Pumps International (Pty) Limited	99.9	2(87)
23	SPP Neziv Pumps Solutions Pty Ltd. Crn Horn and Brine, Chloorkop Ext. 1, Kempton Park, Gauteng 1619	Body Corporate	Associate of SPP Pumps International (Pty) Ltd.	49%	2(6)
24	Kirloskar Ebara Pumps Limited Pride Kumar Senate Building, Senapati Bapat Road, Pune – 411 016	U29120MH1988PLC045865	Associate	45%	2(6)
25	KBL Synerge LLP Udyog Bhavan, Tilak Road, Pune - 411 002	AAH-2867 (LLPIN)	Associate	--	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	32,701,387	0	32,701,387	41.18	33,024,291	0	33,024,291	41.59	0.41
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0
c) State Govt (s)	0	0	0	0.00	0	0	0	0.00	0
d) Bodies Corp.	19,329,956	0	19,329,956	24.34	19,329,956	0	19,329,956	24.34	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0
f) Any Other….	0	0	0	0.00	0	0	0	0.00	0
Sub-total (A) (1):-	**52,031,343**	**0**	**52,031,343**	**65.52**	**52,354,247**	**0**	**52,354,247**	**65.93**	0.41
(2) Foreign									
a) NRIs – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other….	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2):-	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Total shareholding of Promoter (A) = (A) (1) + (A) (2)	**52,031,343**	**0**	**52,031,343**	**65.52**	**52,354,247**	**0**	**52,354,247**	**65.93**	**0.41**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	4,117,967	0	4,117,967	5.19	5,065,936	0	5,065,936	6.38	1.19
b) Banks / FI	7,335	85,228	92,563	0.12	34,287	83,868	118,155	0.15	0.03
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0
f) Insurance Companies	3,023,610	0	3,023,610	3.81	3,013,105	0	3,013,105	3.79	(0.01)
g) FIIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0
i) Others (specify)									
Foreign Portfolio Investor	1,848,830	0	1,848,830	2.33	1,551,630	0	1,551,630	1.95	(0.37)
Investor Education and Protection Fund	1,421,365	0	1,421,365	1.79	1,559,487	0	1,559,487	1.96	0.17
Alternate Investment Fund	0	0	0	0.00	39,532	0	39,532	0.05	0.05
Sub-total (B)(1):-	**10,419,107**	**85,228**	**10,504,335**	**13.23**	**11,263,977**	**83,868**	**11,347,845**	**14.29**	**1.06**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	3,260,494	10,275	3,270,769	4.12	1,677,345	0	1,677,345	2.11	(2.01)
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	7,730,479	2,465,888	10,196,367	12.84	8,004,103	2,152,756	10,156,859	12.79	(0.05)
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	2,321,357	159,468	2,480,825	3.12	2,731,409	70,875	2,802,284	3.53	0.40
c) Others (specify)									
- NRI	284,656	47,249	331,905	0.42	306,414	0	306,414	0.39	(0.03)
- Clearing members	62,853	0	62,853	0.08	253,915	0	253,915	0.32	0.24
HUF	508,637	0	508,637	0.64	502,302	6,615	508,917	0.64	0.00
Foreign nationals	4,792	0	4,792	0.01	0	0	0	0.00	(0.01)
Trusts	17,100	0	17,100	0.02	1,100	0	1,100	0.00	(0.02)
Sub-total (B)(2):-	**24,609,475**	**2,768,108**	**27,377,583**	**34.48**	**13,476,588**	**2,230,246**	**15,706,834**	**19.78**	**(1.47)**
Total Public Shareholding (B) = (B) (1) + (B)(2)	**24,609,475**	**2,768,108**	**27,377,583**	**34.48**	**24,740,565**	**2,314,114**	**27,054,679**	**34.07**	**(0.41)**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	**76,640,818**	**2,768,108**	**79,408,926**	**100.00**	**77,094,812**	**2,314,114**	**79,408,926**	**100.00**	**0.00**

Note: % figures are rounded off to two decimals

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in share-holding during the year
		No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Sanjay C. Kirloskar #	17,596,133	22.16	0.00	17,839,037	22.46	0.00	0.31
2	Rahul Chandrakant Kirloskar ##	404,501	0.51	0.00	404,501	0.51	0.00	0.00
3	Vikram Shreekant Kirloskar ###	70,236	0.09	0.00	70,236	0.09	0.00	0.00
4	Atul Chandrakant Kirloskar ####	398,888	0.50	0.00	398,888	0.50	0.00	0.00
5	Suman Chandrakant Kirloskar #####	9,168	0.01	0.00	9,168	0.01	0.00	0.00
6	Mrinalini Shreekant Kirloskar	13,781	0.02	0.00	13,781	0.02	0.00	0.00
7	Pratima Sanjay Kirloskar	13,760,488	17.33	0.00	13,840,488	17.43	0.00	0.10
8	Alpana Rahul Kirloskar	100	0.00	0.00	100	0.00	0.00	0.00
9	Jyotsna Gautam Kulkarni	441,805	0.56	0.00	441,805	0.56	0.00	0.00
10	Arti Atul Kirloskar	100	0.00	0.00	100	0.00	0.00	0.00
11	Alok Kirloskar	6,187	0.01	0.00	6,187	0.01	0.00	0.00
12	Kirloskar Industries Limited	18,988,038	23.91	0.00	18,988,038	23.91	0.00	0.00
13	Prakar Investments Private Limited	269,671	0.34	0.00	269,671	0.34	0.00	0.00
14	Achyut and Neeta Holdings and Finance Private Limited	72,247	0.09	0.00	72,247	0.09	0.00	0.00
	Total	**52,031,343**	**65.52**	**0.00**	**52,354,247**	**65.93**	**0.00**	**0.41**

Out of these, Sanjay C. Kirloskar holds 16,077,118 (15,857,118) equity shares in the individual capacity, 1,758,904 (1,736,000) equity shares as a Trustee of Kirloskar Brothers Limited Employees Welfare Trust Scheme and 3,015 equity shares as a trustee of C.S. Kirloskar Testamentary Trust.

Out of these, Rahul C. Kirloskar holds 393,263 equity shares in the individual capacity, 5,625 as a Karta of Rahul C. Kirloskar HUF and 5,613 as a Trustee of C.S. Kirloskar Testamentary Trust.

Out of these, Vikram S. Kirloskar holds 2,625 equity shares as a Karta of Vikram S. Kirloskar HUF and 67,611 equity shares as a Trustee of Rooplekha Life Interest Trust.

Out of these, Atul C. Kirloskar holds 393,263 equity shares in the individual capacity and 5,625 as a Karta of Atul C. Kirloskar HUF.

Out of these, Smt. Suman C. Kirloskar holds 2,947 equity shares in the individual capacity and 6,221 as a Trustee of C.S. Kirloskar Testamentary Trust.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	52,031,343	65.52	52,031,343	65.52
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer /bonus/ sweat equity etc.):				
August 30, 2018	300,000	0.38	52,331,343	65.90
August 31,2018	8,604	0.01	52,339,947	65.91
September 18,2018	11,300	0.01	52,351,247	65.93
December 7, 2018	3,000	0.00	52,354,247	65.93
At the end of the year			52,354,247	65.93

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Reliance Capital Trustee Co. Limited	3,413,739	4.30	3,976,103	5.01
2	ICICI Prudential Life Insurance Company Limited	1,957,630	2.47	582,135	0.73
3	Investor Education and Protection Fund Authority, Ministry of Corporate Affairs	1,421,365	1.79	1,559,487	1.96
4	General Insurance Corporation of India	1,406,725	1.77	1,406,725	1.77
5	The New India Assurance Company Limited	1,173,212	1.48	1,173,212	1.48
6	Warburg Value Fund	1,000,000	1.26	1,000,000	1.26
7	IDFC Infrastructure Fund	488,682	0.62	1,085,000	1.37
8	The Oriental Insurance Company Limited	409,240	0.52	409,240	0.52
9	Dhanesh S. Shah	343,003	0.43	343,003	0.43
10	Arun Nahar	284,000	0.36	284,000	0.36

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For each of the Directors and KMP				
1	Sanjay C. Kirloskar#				
	At the beginning of the year	17,596,133	22.16		
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):				
	August 30,2018	220,000	0.28	17,816,133	22.44
	August 31,2018	8,604	0.01	17,824,737	22.45
	September 18,2018	11,300	0.01	17,836,037	22.46
	December 7,2018	3,000	0.00	17,839,037	22.46
	At the End of the year			17,839,037	22.46
2	Shrikrishna N. Inamdar*				
	At the beginning of the year	32,816	0.04	32,816	0.04
	Increase/decrease during the year	0	0.00		
	At the end of the year			NA	NA
3	Padmakar S. Jawadekar				
	At the beginning of the year	6,000	0.01	6,000	0.01
	Increase/decrease during the year	0	0.00		
	At the end of the year			6,000	0.01
4	Lalita D. Gupte				
	At the beginning of the year	0	0.00	0	0.00
	Increase/decrease during the year	0	0.00		
	At the end of the year			0	0.00
5	Pratap B. Shirke				
	At the beginning of the year	20,000	0.02	20,000	0.02
	Increase/decrease during the year	0	0.00		
	At the end of the year			20,000	0.02
6	Alok S. Kirloskar				
	At the beginning of the year	6,187	0.01	6,187	0.01
	Increase/decrease during the year	0	0.00		
	At the end of the year			6,187	0.01
7	Kishor A. Chaukar				
	At the beginning of the year	0	0.00	0.00	0.00
	Increase/decrease during the year	0	0.00		
	At the end of the year			0.00	0.00
8.	Rakesh R. Mohan				
	At the beginning of the year	0	0.00	0	0.00
	Increase/decrease during the year	0	0.00		
	At the end of the year			0	0.00
9	Rama S. Kirloskar				
	At the beginning of the year	0	0.00	0	0.00
	Increase/decrease during the year	0	0.00		
	At the end of the year			0	0.00

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For each of the Directors and KMP				
10	Rajeev Kher*				
	At the beginning of the year	-	-	-	-
	Increase/decrease during the year	0	0.00		
	At the end of the year			0	0.00
11	Tilak Dhar*				
	At the beginning of the year	-	-	-	-
	Increase/decrease during the year	0	0.00		
	At the end of the year			0	0.00
12	Chittaranjan M. Mate				
	At the beginning of the year	0	0.00	0	0.00
	Increase/decrease during the year	0	0.00		
	At the end of the year			0	0.00
13	Sandeep A. Phadnis				
	At the beginning of the year	0	0.00	0	0.00
	Increase/decrease during the year	0	0.00		
	At the end of the year			0	0.00

Out of these, Sanjay C. Kirloskar holds 16,077,118 (15,857,118) equity shares in the individual capacity, 1,758,904 (1,736,000) equity shares as a Trustee of Kirloskar Brothers Limited Employees Welfare Trust Scheme and 3,015 equity shares as a trustee of C.S. Kirloskar Testamentary Trust.

* Mr. S.N. Inamdar resigned as an Independent Director with effect from July 28,2018, Mr. Rajeev Kher was appointed as Additional Director with effect from January 25,2019, Mr. Tilak Dhar was appointed as Additional Director with effect from March 22,2019.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amt in Million ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year				
i) Principal Amount	1,639.57	10.70	-	1,650.27
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,639.57	10.70	-	1,650.27
Change in Indebtedness during the Financial Year				
Addition	1,237.70	-	-	1,237.70
Reduction	1,286.63	5.17	-	1,291.80
Net Change	(48.93)	(5.17)	-	(54.10)
Indebtedness at the end of the Financial Year				
i) Principal Amount	1,590.64	5.53	-	1,596.17
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,590.64	5.53	-	1,596.17

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

(Amt in Million ₹)

Sl. No.	Particulars	Sanjay C. Kirloskar Managing Director	Total
A.	**Remuneration to Managing Director, Whole-Time Director(s) and/or Manager:**		
1	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	9.00	9.00
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	4.27	4.27
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	0.00	0.00
2	Stock Option	0.00	0.00
3	Sweat Equity	0.00	0.00
4	Commission		
	- as % of profit	34.00	34.00
	- others, specify	0.00	0.00
5	Others, please specify		
	Total (A)	**47.27**	**47.27**
	Ceiling as per the Act (5% of the Net Profit as on 31st March, 2019 is considered since there is no Executive Director other than Managing Director.)	**68.30**	**68.30**

B. Remuneration to other directors

(Amt in Million ₹)

Independent Directors									
Name of the Directors	**Shrikrishna N. Inamdar**	**Pratap B. Shirke**	**Padmakar S. Jawadekar**	**Lalita D. Gupte**	**Kishor A. Chaukar**	**Dr. Rakesh Mohan**	**Rajeev Kher**	**Tilak Dhar**	**Total (1)**
Fee for attending board / committee meetings	0.45	0.67	1.05	1.27	0.90	0.60	0.15	0.00	6.44
Commission	0.65	1.10	1.30	1.30	1.30	1.30	0.45	0.00	7.40
Others, please specify: Professional fees	0.50								0.50
Total (1)	**1.60**	**1.77**	**2.35**	**2.57**	**2.20**	**1.90**	**0.60**	**0.00**	**14.34**

Other Non- Executive Director				
Name of the Director	**Alok S. Kirloskar**	**Rama S. Kirloskar**	**Total (2)**	**Total (1 + 2)**
Fee for attending board / committee meetings	0.45	0.45	0.90	7.34
Commission	1.30	1.30	2.60	10.00
Others, please specify				0.50
Total (2)	1.75	1.75	3.50	17.84

Total Managerial Remuneration	**65.11**
Overall Ceiling as per the Act	**68.30**

C. **Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD:**

(Amt in Million ₹)

Sl. No.	Particulars	Name of Key Managerial Personnel		
		C.M. Mate (Chief Financial Officer)	Sandeep Phadnis (Company Secretary)	Total
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	6.10	3.78	9.88
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.12	0.02	0.64
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00
4	Commission			
	- as % of profit	0.00	0.00	0.00
	- others, specify	0.00	0.00	0.00
5	Others, please specify	0.00	0.00	0.00
	Total (C)	**6.22**	**3.80**	**10.52**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Sl. No.	Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A.	**COMPANY**					
	Penalty					
	Punishment					
	Compounding					
B.	**DIRECTORS**					
	Penalty					
	Punishment			Nil		
	Compounding					
C.	**OTHER OFFICERS IN DEFAULT**					
	Penalty					
	Punishment					
	Compounding					

Annexure II

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A) Conservation of energy:

(i) Steps taken or impact on conservation of energy

- LED light installation at Foundry Tunnel and manufacturing shop at Dewas plant (reduction in connected load 52.6 KW).
- Water Pump replaced by Energy Efficient Pump at Cooling Tower at Dewas plant (reduction in connected load 13 KW).
- Old Welding Machine (Oil cooled rectifier base) replaced by Thyristor base Air-cooled Welding machine at Dewas plant (reduction in connected load 2 KW).
- Transmission losses of transformer reduced by 1.25% through replacing two of the existing HT transformers (33/11kV) by energy efficient transformer 3 * 3150 kVA at Kirloskarvadi plant.
- Reduced compressed air power consumption from 9% to 6% of the total power consumption by phase wise replacement of the existing old reciprocating air compressors to create the pool of screw compressor of different capacity and interconnecting them through PLC based air management system to optimise the generation as per demand at Kirloskarvadi plant.

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

- Roof top solar installed at manufacturing locations and Corporate Office for a capacity of 4.5 MW & which is yielding green power with good efficiency.
- Generation of 4 MW wind power by Kirloskarvadi plant and purchasing of 2 MW wind power at Dewas plant.
- Implementation of day light pipe (Sun tube) -12 nos at Kirloskarvadi plant.

(iii) Capital investment on energy conservation equipment

During the Financial Year 2018-19 following capital investment were made towards energy conservation projects for installation of the following:

- Energy Efficient motors ₹ 0.62 Mn - Dewas
- 5KL RO/DM Plant ₹ 1.47 Mn - Dewas
- Transformer – ₹ 16 Mn - Kirloskarvadi
- Day light pipe – ₹ 0.30 Mn - Kirloskarvadi

(B) Technology absorption:

(i) Efforts made towards technology absorption

- Developed 9 models of 6” submersible pumps for range extension.
- Developed Inline vertical multistage pump. (KVM RO series pumps)
- Developed IE4 efficiency motors upto10 HP.
- Released 33 models of submersible pumps - 4” waterfilled and 6” oil filled.
- Released 6 models of JOS with copper rotor series pump.
- Developed BHA 2400 pump having bidirectional dewatering operation with Auto Priming.

- Developed Trailer Mounted Auto-Prime set with MF 60/65 HDE.
- Developed largest size sewage pump.
- Completion of FM/UL series of pumps for fire application for SPP Inc.
- Completed development of GKW pump series and closed coupled RMK C pumps (Magnetic drive pumps).
- Development of Shut Down Cooling Pump (SDCP) for Nuclear power plant application to handle high pressure and high temperature liquid.
- Completed new Product Design of Multi Door Non-Return Valve, Non-Rising Sluice Valve, High Performance BFV as per API 609.
- Completed various CFD analysis, structural analysis to verify and optimise pumps and pump intakes.

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

- Enhancement of Product range to meet the application.
- Capability enhancement to meet customer requirements.
- Fulfil product gaps.
- Competitive edge over other pump manufacturers.
- Reduction in product development time and cost.

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

(a) The details of technology imported;

(b) The year of import;

(c) Whether the technology been fully absorbed;

(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof.

(iv) Expenditure incurred on Research and Development	**(Amt in Million ₹)**
Revenue expenditure	247.96
Capital Expenditure	44.47
Total	**292.43**

(C) Foreign Exchange earnings and outgo	**(Amt in Million ₹)**
Foreign Exchange earned in terms of actual inflows during the year	2,141.87
Foreign Exchange outgo during the year in terms of actual outflows	1,042.35

Annexure III

ANNUAL REPORT FOR CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITES FOR THE FINANCIAL YEAR 2018-19

(Amt in Million ₹)

1	A brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken.	The company is committed to uphold the interest of stakeholders by implementing the guidelines given in the Business Excellence Model working towards sustainability. For educational activities the implementing agency is Vikas Charitable Trust
	The web-link to the CSR Policy.	http://www.kirloskarpumps.com/pdf/investor-information/policies/CSR%20policy%20-%20Ammended%20upto%20May%202017.pdf
2	Composition of CSR Committee	Mr. Kishor A. Chaukar - Chairman Mr. Sanjay C Kirloskar - Member Mr. Rajeev Kher – Member Ms. Rama Kirloskar - Member
3	Average Net Profit of the company for last 3 financial years	₹ 678.16
4	Prescribed CSR Expenditure (2% of amount as in item 3 above)	₹ 13.56
5	Details of CSR spent during the financial year:	2018-19
	Total amount to be spent for the year:	₹ 13.56
	Total Spent in the year	₹ 14.55
	Amount unspent, if any	Nil
	Manner in which the amount spent during the financial year is detailed in as below:	The contribution by the Company is spent in the following manner on identified projects by it directly and through implementing agency;

1	2	3	4	5	6		7	8
S. No.	**CSR project or Activity identified**	**Sector in which project is covered**	**Projects or programs**	**Amount outlay (Budget) project or program wise**	**Amount spent on the projects or programs Sub - Heads**		**Cumulative expenditure upto to the reporting period**	**Amount spent**
			1. Local Area or Other 2. Specify the state and district where projects or programs were undertaken		**1. Direct expenditure on projects or program**	**2. Over-heads**		**Direct or through Implementing agency**
1	Education, Medical relief, Social upliftment by helping socially and economically backward groups	Education, social welfare	All over India	5.00	5.00	-	5.00	Donation to Registered Social welfare Trust through Implementing Agency
2	Education for Sustainable development in School and environment awareness	Education	Kirloskarvadi, Maharashtra	0.82	0.82	-	0.82	Implementing Agency
3	Development of Information Technology infrastructure at School in Kirloskarvadi	Education	Kirloskarvadi, Maharashtra	3.70	3.70	-	3.70	Implementing agency

1	2	3	4	5	6		7	8
S. No.	**CSR project or Activity identified**	**Sector in which project is covered**	**Projects or programs**	**Amount outlay (Budget) project or program wise**	**Amount spent on the projects or programs Sub - Heads**		**Cumulative expenditure upto to the reporting period**	**Amount spent**
			1. Local Area or Other 2. Specify the state and district where projects or programs were undertaken		**1. Direct expenditure on projects or program**	**2. Over-heads**		**Direct or through Implementing agency**
4.	Community Development, women empowerment, Project Annapurna, for addressing malnutrition among children and rural upliftment projects	Women empowerment, Rural development and social services	All over India	4.05	4.05	-	4.05	Direct and through implementing agency
5.	Donation to Grampanchyat Kundal and Ramanand Nagar	Rural development programme	Kirloskarvadi	0.97	0.97	-	0.97	Directly by the Company
			Total	**14.55**	**14.55**	**-**	**14.55**	

6	In case the Company has failed to spend two percent of Average Net Profit of last three financial years or any part thereof the Company shall provide the reasons for not spending the amount.
7.	The committee hereby affirms that the implementation and monitoring of Corporate Social Responsibility Policy, is in compliance with Corporate Social Responsibility objectives and Policy of the Company.

S/d
Sanjay C. Kirloskar
Chairman and Managing Director

S/d
Kishor Chaukar
Chairman CSR Committee

Date: May 16, 2019

Annexure IV

Disclosure as required under Section 197(12)

As per Rule 5 of The Companies (Appointment and Remuneration of the Managerial Personnel) Rules, 2014

(i)	the ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial Year	Managing Director – 58 : 1 *Non-Executive Directors – 12 : 1 (Median Remuneration is 8,49,236/-)
(ii)	the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year	Managing Director – (14%) **Non-Executive Directors – 0.31% Chief Financial Officer – 15% Company Secretary – 6%
(iii)	the percentage increase in the median remuneration of employees in the Financial Year	8.89%
(iv)	the number of permanent employees on the rolls of Company	Staff – 1458 Workmen – 1204
(v)	average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out, if there are any exceptional circumstances for increase in the managerial remuneration	Refer abovementioned point no.(ii) for comparison with the percentile increase in the managerial remuneration
(vi)	affirmation that the remuneration is as per the remuneration policy of the Company	Yes

* Except Mr. Tilak Dhar

** Mr. Rajeev Kher and Mr. Tilak Dhar were appointed during the Financial Year 2018-19

Annexure V

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

Sl. No.	Name of the employee	Designation of employee	Remuneration received (in ₹ Mln)	Nature of employment, whether contractual or otherwise	Qualifications and experience of the employee	Date of commencement of employment	Age of such employee	Last employment held by such employee before joining the Company	Percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub-rule (2) *	Whether any such employee is a relative of any Director or Manager of the Company	Name of such Director or Manager
1	Sanjay C. Kirloskar	Chairman and Managing Director	49.70	Contractual	Bachelor of Science (M.E.)	02-05-1983	62	Kirloskar Cummins Limited, Pune	22.46 (#17,839,037)	Yes	Mr. Alok Kirloskar; Ms. Rama Kirloskar
2	Anurag Vohra	Sr. VP and Head - India Business	11.97	Regular	B. Tech - Mech., PG Dip. Mgt.	30-11-2015	49	Volvo Eicher Commercial Vehicles Ltd.	Nil	No	NA
3	Ravi Bhushan Sinha	VP and Head - CHRMC	7.69	Regular	PG Dip. in HR; LLB, B.A.	24-04-2013	48	Praj Industries Limited	Nil	No	NA
4	Shreepad Prakash Khare	VP and Head - CQA	7.66	Regular	B.E. Industrial Engineering and MBA - International Business	12-08-2014	48	KSB Pumps Limited	Nil	No	NA
5	Amit Shukla	AVP and Head - CIC	6.57	Regular	B. Com, ICWA, PGD - Finance	08-08-2016	46	RSPL Ltd	Nil	No	NA
6	Shirish Suryakant More	VP and Head Procurement	6.42	Regular	B. Tech - Mech., MMS	01-08-1992	57	Indian Navy	Nil	No	NA

Sl. No.	Name of the employee	Designation of employee	Remuneration received (in ₹ Mln)	Nature of employment, whether contractual or otherwise	Qualifications and experience of the employee	Date of commencement of employment	Age of such employee	Last employment held by such employee before joining the Company	Percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub-rule (2) *	Whether any such employee is a relative of any Director or Manager of the Company	Name of such Director or Manager
7	Chittaranjan Madhukar Mate	CFO and Head - CFA	6.23	Regular	C.A. B.Com	03-06-2015	63	Kirloskar Ebara Pumps Limited	Nil	No	NA
8	Ravindra Sharanappa Birajdar	VP and Head - CRED	6.10	Regular	M. Tech, B.E. - Mech.	06-09-1988	55	NA	0.0% (1500)	No	NA
9	Nirmal Chandra Tiwari	VP and Head - Small Pump Operations	5.81	Regular	B.E. - Mech.	02-09-1986	57	NA	Nil	No	NA
10	Vikas Agarwal	VP and Head – Water & Irrigation	5.14	Regular	B.E.- Electrical & Electronics	01-03-1997	44	N.A.	0.0% (750)	No	NA

Out of these, Sanjay C. Kirloskar holds 16,077,118 (15,857,118) equity shares in the individual capacity, 1,758,904 (1,736,000) equity shares as a Trustee of Kirloskar Brothers Limited Employees Welfare Trust Scheme and 3,015 equity shares as a trustee of C.S. Kirloskar Testamentary Trust.

* Position as on March 31, 2019.

Annexure VI

Form No. AOC-2

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

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-ection (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
-NA-							

2. Details of material contracts or arrangement or transactions at arm's length basis;

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
Kirloskar Ebara Pumps Limited (KEPL)	Service Facility Management Agreement	01 April 2018 to 31 March 2020.	1. Execution of service facility Management Agreement for the year 2018-19 and 2019-20. 2. Consideration ₹ 1,000,000/- per month excluding taxes applicable for FY 18-19 and for FY 19-20 escalation, if any, mutually agreed between parties.	To allow KEPL to utilize certain facilities owned & controlled by the Company for the purpose of its employees located at i) Corporate Office at Yamuna', Survey No. 98/ (3-7), Baner, Pune 411 045 ii) Factory near to Kirloskarvadi and iii) Regional Offices at various locations.	January 25,2019	Nil	NA

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
Kirloskar Ebara Pumps Limited (KEPL)	Marketing Service Agreement	01 April 2018 to 31 March 2019	1. Consolidation of marketing team of KEPL and KBL in a single Oil and Gas sector for Process (API) Pumps and Non API solutions. 2. Consideration Fixed monthly charge of ₹ 2,200,000/- and other annual performance based entitlements.	To allow focused marketing, collaboration of activities, system improvements and the effective utilisation of the resources for providing composite solution to customers of both the companies.	January 25,2019	Nil	NA
Kirloskar Ebara Pumps Limited (KEPL)	Agreement to sell roof top solar systems	June 1, 2018	1. Sale of fixed assets in the form of Solar Panel; 2.Consideration of ₹ 2,20,95,758/- including GST	The Company has maintained its roof top solar systems on the roof top of a plant at KEPL at Kirloskarvadi. The Company was not in need of this system hence, it was proposed to sell the said system to KEPL which would propagate the concept of Green Energy by KBL, for all its group companies and benefit KEPL in saving its cost on energy in long run.	May 11, 2018	Nil	NA

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
Kirloskar Ebara Pumps Limited (KEPL)	Manufacturing and Technology Licence Agreement	--	1. Sale of Non-API Pumps, components, spares, parts thereof (the "Product") including packaging of the Product. 2. To avail technical services/designs and carry out modification and manufacturing of Product as per API Norms and use of Intellectual Property Rights on case to case basis under Licence agreement.	To capitalize the opportunity for Non-API Pumps.	May 11, 2018	Nil	NA

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

Annexure VII

Form No. MR-3

SECRETARIAL AUDIT REPORT

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For the financial year ended 31st March, 2019.

To,
The Members of,
Kirloskar Brothers Limited
(CIN: L29113PN1920PLC000670)
Udyog Bhavan,Tilak Road,
Pune- 411002

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kirloskar Brothers Limited (hereinafter called as "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, registers, documents, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place.

I have examined the books, registers, documents, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable: -

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

(i) Secretarial Standards pursuant to Section 118 (10) of the Act, issued by the Institute of Company Secretaries of India.

(ii) Listing Agreements entered into by the Company with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that, the Board of Directors of the Company is duly constituted with proper balance of executive, non-executive and independent directors along with women director. There is change in the composition of the Board of Directors during the year under review and the same is in compliance with the statutory requirements.

Adequate notice is given to all directors to schedule the Board Meetings, along with agenda and detailed notes on agenda at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting by the Directors. The decisions were carried unanimously.

I further report that, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there was no other event/action having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards.

I further report that during the financial year 2018-19, the Company has changed its Registrar and Transfer Agent (RTA) from Link Intime India Private Limited to Bigshare Services Private Limited with effect from the 06th March, 2019.

Shyamprasad D. Limaye
FCS No. 1587
C.P. No. 572

Place: Pune

Date: 16th Day of May, 2019

MANAGEMENT DISCUSSION & ANALYSIS 2018-19

1. OUTLOOK

1.1 Global Economic Outlook

The global economy is projected to grow at a subdued rate of 3.5% in 2019. This stagnant growth rate is attributed to lower global expansion in the second half of 2018 caused by U.S.-China trade tensions, macroeconomic stress in countries like Turkey and Argentina, tighter credit policies in China and financial tightening plus normalisation of monetary policy in advanced economies. Impending Brexit, i.e. withdrawal of the UK from European Union, is not only expected to significantly impact the UK economy but also the European and global economy. Crude oil price fluctuation in the international market caused mainly due to the US sanctions on Iran is likely to put more pressure on oil importing nations including India. However, as compared to other countries, India is expected to register an increase in its trading levels with other countries.

1.2 Indian Economic Outlook

Despite softer global growth, the Indian economy remains one of the fastest growing and possibly the least affected by global turmoil. As per a recent International Monetary Fund (IMF) survey, the Indian economy is projected to grow at a rate of 7.5% during 2019, expanding further at a rate of 7.7% during 2020. Also, now that the initial disruption caused due to the implementation of GST is over, its positive impact is expected to add further impetus on the Indian economy. In 2018, India surpassed France to become the sixth-largest economy and is expected to overtake the UK to become the fifth-largest economy in 2019. Today, India ranks 77th in the World Bank's 2019 Ease of Doing Business Ranking report, recording a jump of 23 positions as compared to its position in 2018 and an improvement of 65 points in the last three years.

According to the World Economic Forum's (WEF's) Global Competitiveness Report 2018, India is currently the 58th most competitive economy out of the 140 countries included under the report, bettering its 2017 ranking by five spots — the largest gain among all G20 economies.

This improvement can be attributed to the improving macroeconomic fundamentals that have been further supported by the implementation of various reform measures. Together, these augur a healthy growth path for the Indian economy this year.

2. INDUSTRY STRUCTURE AND DEVELOPMENTS

2.1 Global Pump Market Outlook

The global centrifugal pumps market size is expected to reach USD 27.85 billion by 2021. More importantly, the APAC region is projected to remain the largest regional market, accounting for 40% of the overall market share during the period. Higher prices and a positive outlook for global fixed investment indicates a strong growth for the global pumps market. The outlook in the United States is stronger than Western Europe as a result of robust expansion in fixed investment and continued expansion of the global oil and gas market for pumps.

The rise in number of initiatives to develop energy-efficient equipment is expected to be one of the key growth drivers for the global pump market, along with intelligent and Internet-enabled devices and sensors which represent the fastest growing product segment in the global pump industry.

2.2 Indian Pump Market Outlook

The pumps market in India is expected to grow steadily during the predicted period, expanding at a CAGR of almost 10% by 2020 as per a report by the market research firm - Technovia. The Indian water pumps market is projected to surpass USD 3.8 billion by 2022. This is mainly attributed to the sustained increase in demand for water pumps in the domestic market and increase in export to foreign countries, mainly across industries such as oil & gas, steel and mining. In India, a depleting ground water level, rapid urbanisation and rise in the number of infrastructure initiatives launched by the Government are some of the major driving factors responsible for the surge in demand for pumps.

The Agriculture segment is estimated to account for around 35% of the total share of the pumps market in India by 2020 due to the increase in domestic consumption, rise in agriculture exports, growth of the food processing industry and upsurge in organic farming. Additionally, the ongoing investments by state and central government towards irrigation projects are also expected to further drive growth of the market.

In the FY 2019-20 budget announced by the Government of India, there was an unprecedented 144% rise in the allocation of funds for agriculture – from INR 57,600 crore in the 2018-19 budget estimates to INR 1,40,764 crore in the interim budget. The Government has allocated INR 75,000 crore in the FY 2019-20 budget for the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN), aimed at providing an assured income support covering 120 million farmers who can spend part of the money towards buying farm equipment, including pumps. Besides, the government has committed union budgetary support of approximately INR 4.56 lakh crore for the Infrastructure sector for financial year 2019-20 which is expected to further boost the sale and demand for pumps from the building and construction industry.

3. STRATEGY

3.1 Company Strategy and Policy

KBL's focus on value added products as part of the company's strategy to move its business from Projects to Products worked well during the last fiscal year. Product accounted for 95% of the overall sales recorded in FY 18-19. This was a result of the increased focus on improving profitability and product competitiveness through product lifecycle monitoring, design benchmarking, feature augmentation, etc. Products like Autoprime pumps, LLC series and process pumps witnessed rise in sales. Continued focus on national projects like Smart City, river linking schemes, AMRUT projects and rural development programmes being implemented by central and state governments further helped improve demand for engineered products.

With shift in preference in terms of the source of energy used for generating power from thermal to nuclear energy, the KBL manufacturing facility has been upgraded to cater to the expected rise in upcoming opportunities. Also, there is more focus on further enhancing the range of our solar pumping solutions to leverage the anticipated rise in opportunities in the Renewable Energy segment. In the Building & Construction segment, the segment-wise focus to increase the market share by increasing the sales of HYPN and HVAC pumping solutions has yielded good growth.

To strengthen its position in the retail and SME segment, KBL introduced the exclusive KU6 submersible pump and KVM series for the RO industry. KBL constantly strives towards increasing its market reach through various initiatives like carrying out geographic potential mapping with the dealer network and identifying and establishing direct business with specific countries.

Utilising state-of-the-art technology in the manufacturing process is the cornerstone of KBL. Initiatives like machine connectivity with IoT box, live production dashboard, test digitisation, etc. are bound to help in improving the performance of products and their delivery, thereby leading to increased customer satisfaction. Besides, efforts were taken to further improve the customer service standards by expanding the service network and facilitating quick service delivery by introducing the Kirloskar App-mobility solution.

3.2 International Business

In FY 2018-19, KBL recorded a substantial revenue growth of 63% in its export sales over the last year. This included business in the Indian Sub-continent (ISC) region and LOC/buyers credit business in Suriname, Senegal and Vietnam.

Significant number of prestigious project orders were executed during the period, including the MEDEA Project in Algeria, Marubeni South Bangkok Power Plant project in Thailand and the commissioning of the Calik Energy Sump Pump and CW+ACW package in Uzbekistan. Besides, the company was also closely associated with El Sewedy Electric Co in Egypt for the supply of pumps for the South Helwan Power plant as well as with PT Indobharat Rayon, the largest producer of viscose staple fibre in Indonesia. During the last fiscal year, KBL continued to further expand its footprints in the South East Asian market for process pumps by procuring new orders from PT Indobharat Rayon. The company supplied its AT Pumps for the Indorama-AsiaPet Thailand. Furthermore, a series of efforts have been undertaken to penetrate the market for the company's FM/UL fire pumps, which are expected to show results in the coming years.

4. SBU/FUNCTION PERFORMANCE

4.1 Building & Construction Sector

As compared to the previous year, KBL witnessed a growth of 20% in sales revenue and 28% in order bookings. The growth is attributed to KBL's pre-defined strategy to promote valued added systems and widen its footprint in Tier-II cities. The company successfully commissioned its largest Hydropneumatic System (comprising 110kW X 4 pumps) at Noida. In FY 2018-19, KBL's hydropneumatic systems and FLD fire sprinkler pump system were awarded the prestigious India Design Mark by the India Design Council. During the period, the company launched "KFE," a new series of engine-driven firefighting pump sets that became very popular in a short time, thus witnessing a substantial increase in demand.

KBL's Largest HYPN System

4.2 Water

FY 2018-19 proved to be a second successful fiscal year for KBL's Water Resource Management (WRM) department. In the last fiscal year, both the Products and the Projects business witnessed appreciable surge in booking and sales revenue. During the period, there was a significant rise in demand for KBL products like Autoprime and LLC pump, clearly reflecting the customers' trust in the company. The department was also successful in procuring the Versova E&M project order from the Mumbai Metropolitan Region Development Authority (MMRDA).

KBL's Largest Autoprime Pumpset

4.3 Irrigation

In the last five decades, KBL has proved its product philosophy that focuses on providing high quality together with low maintenance and longer life cycle to the end-user. Both large contractors and end users are giving preference to KBL products. In FY 2018-19, the company focused on expanding its product business and witnessed 100% growth, procuring major product orders from Gujarat, Madhya Pradesh and Andhra Pradesh.

4.4 Valves

FY 2018-19 has been an important year for the Valves business, which witnessed appreciable growth in terms of sales revenue and recovery during the period. The Valves business expanded its customer base with addition of more than 50 new customers during the last fiscal year.

4.5 Marine & Defence

KBL is proud to be associated with the Indian Navy for the development of Ballast pump and Canned Motor (CM) pump for its upcoming projects. Currently, KBL's Marine & Defence vertical is also working with the Vehicle Research Development Establishment (VRDE) for the development of axial flow pump and high-head pump for the Indian Army. All these developmental programmes are being undertaken by the Ministry of Defence (MoD) under the "Make in India" initiative.

The Marine and Defence business witnessed significant growth in FY 2018-19. The department also received repeat orders for water mist-based firefighting systems from the Indian Navy during the period.

4.6 Power

The Indian Power industry is currently witnessing a major transformation in the generation mix. In the coming years, the power generation mix is expected to change drastically with focus on renewable energy resources, especially solar, wind, hydropower and nuclear.

With focus on nuclear energy, The Government of India, in June 2017, accorded administrative approval and financial sanction for the development of 10 indigenous 700MW Pressurised Heavy-Water Reactors (PHWRs) in fleet mode. KBL has now realigned its resources towards enhancing its product offerings for the Nuclear industry.

The company has also concentrated its focus on the Hydropower segment with initiatives in the neighbouring and South-East Asian countries.

4.7 Oil & Gas

Bookings and sales of the Oil & Gas (OAG) business grew significantly during the last fiscal year, with the division registering sales growth of 30% over FY 2017-18. This has been in line with its focused approach towards achieving the targeted projects. The BS VI projects related to the Refinery segment yielded good orders for the department.

In the coming fiscal year, the OAG business is expected to witness a steady growth. There are also series of potential opportunities in the Petrochemical and Fertiliser segments once the Government of India's Gas policy is finalised.

4.8 Industry

In FY 2018-19, growth of the Industry business of the company was driven by the Chemical, Pharma and Sugar industries apart from the focus segment, viz. the Steel industry. As a result, there was a significant rise in the number of bookings during the period as compared to the previous year, especially from the Sugar, Chemical and Pharma industries.

4.9 Small Pump Business (SPB)

FY 2018-19 has been promising for the Small Pumps Business. The SPB division registered a decent growth of over 25% in the Domestic, Agriculture and Industry segments. With the impact of demonetisation broadly over, cash flow from the secondary market has improved as compared to the last year, thereby reviving demand for pumps.

The overall economic momentum is expected to remain steady in FY 2019-20. Going forward, providing quality products at competitive prices along with prompt service will be a key factor responsible for driving growth of the SPB division. Strong government spending on the Agriculture and Infrastructure sector is expected to drive growth of the division further.

4.10 Engineered Service Division & Customer Service & Spares

Apart from Power business, KBL significantly improved its business presence in other industries like Water, Irrigation and process industries like Sugar and Steel in FY 2018-19. During the period, our focus on creating more customers and positioning KBL as a permanent solution provider worked well.

Our consistent motto is to work for customer delight by not only meeting but also exceeding their expectations. Key initiatives such as frequent interaction with customers and working more closely with them, understanding customer concerns and providing prompt service support accordingly, acting as a solution provider and boosting team spirit played a major role in the CSS division achieving its 100% AOP target.

4.11 Dewas Plant

Dewas Plant registered a 22% growth in pump production and 16% growth in casting production in FY 2018-19. During the period, the plant started the production of the newly developed Vertical Multistage Monobloc Pump (KVM Series) and the innovative Inline Chlorinator technology. Implementation of the Total Productive Maintenance (TPM) initiative was initiated at the plant to improve plant productivity through optimal utilisation of machinery and resources. During the period, various sustainability initiatives were undertaken within the plant which resulted in 13% reduction in specific energy consumption over the last year.

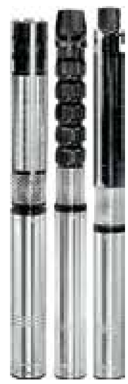
Kirloskar Vertical Multistage Monobloc Pump-KVM

The Dewas plant received the CII GreenCo 'Gold' Award in June 2018 for its environmental performance.

4.12 Sanand Plant

In FY 2018-19, the Sanand Plant registered 32% growth in pump production over previous year. Production of two new submersible pumps, the highly efficient and oil-filled 6-inch KU6 pump and the high stage KS4 pump series, was started at the plant to meet the high head requirements of the customer.

Culture of continuous improvement is nurtured within the plant by duly rewarding and recognising the best performing employees with Kaizen awards and implementing various other employee improvement initiatives.



India's first 6 inch Oil-filled Submersible Pump-KU6

4.13 Kaniyur Plant

The Kaniyur plant continued to maintain its robust pump production in FY 2018-19, registering its highest ever monthly production in March 2019. The first export order for new Mini series pump, Bokul, developed at the plant was recently dispatched to South Africa.

The Bodhi training programme was implemented for all associates. Also, the supplier end-inspection process was implemented for the casting vendors, resulting in a substantial reduction in the number of customer complaints. In FY 2018-19, the Kaniyur team participated in the regional level QCFI competition and bagged the Gold medal.

Bokul pump

4.14 Kondhapuri Plant

In FY 2018-19, the Kondhapuri plant focused on enhancing its manufacturing capabilities and optimal utilisation of resources for increasing its inhouse production. This approach helped the plant to change its inhouse production capacity significantly. During the period, the Kondhapuri plant secured third position in safety performance within KBL and its subsidiaries. One of the major developments during the fiscal year was the integration of EnMS, EMS & OHSAS into IMS (Integrated Management Systems).

4.15 Kirloskarvadi Plant

In FY 2018-19, the Kirloskarvadi plant achieved its highest production and dispatch, setting new benchmarks for itself. Besides, it successfully executed various prestigious orders related to the Large Pumps business, namely the order from Suriname.

The plant undertook the implementation of the Total Productive Maintenance (TPM) initiative across the factory to increase the operation efficiency of the equipment. The plant also undertook various other initiatives to conserve energy and ensure its optimum use. These efforts of the Kirloskarvadi plant were recognised by Maharashtra Energy Development Agency (MEDA) by conferring the facility with the State Level Award for Excellence in Energy Conservation and Management.

4.16 Global Marketing

With KBL's business focus shifting from Project to Products with more emphasis on the Retail segment, the role of 'Marketing' is becoming more and more crucial with each passing year. To tap growth opportunities in the key market segments as part of business strategy while focusing on key products and solutions, it is essential to not only reach the key customers but also to effectively communicate with them. Moving from feature to value-based communication through effective advertising and communication channels has yielded better results in terms of increased awareness and enquiry.

KBL has been driving its digital marketing presence with an all-round presence on social media, which was further strengthened in FY18-19. Today, these social media channels are not only used for reaching more number of customers and creating brand and product awareness but also for taking customer feedback and resolving customer queries, including complaints.

With KBL having entered into its 100 year, intended focus on highlighting the company's rich legacy and key value proposition is expected to further establish the company's reputation as a market leader in the fluid management business.

4.17 Information Systems

In FY 2018-19, we completed the first year of our SAP optimisation project journey related to S/4 HANA with strong results on multiple dimensions, including automation, real time dashboards, mobility solutions and new processes across the business. As we look ahead in fiscal 2020, we plan to deploy a robust knowledge management system in KBL.

To further leverage mobility solutions, KBL, during the last fiscal year, introduced the single universal 'One4ALL' mobile app for product warranty registration, dealer performance evaluation, inventory management, PPP, etc. Various steps towards software automation were undertaken to boost productivity, delivery, service and performance.

4.18 Human Resource

In our organisational effectiveness journey for 2018, the continuous focus had been on optimising and reviewing the organisational structure to create efficiencies. During the period, controlling the people cost was evident. Significant changes were made in project sectors, research & development division and engineering functions to seize opportunities, consolidate market positioning and regroup competencies in order to ensure future growth.

Pay-for-Performance philosophy backed by performance driven culture and effective sales compensation programmes proved pivotal in motivating employees to unleash their full potential for higher rewards and thereby propelled the business growth as well. As part of our community skill development initiatives and with an aim to build a competent workforce, KBL implemented the Government of India's NEEM (National Employability Enhancement Mission) scheme at Sanand, Dewas and Kaniyur plants. In order to continuously upgrade functionally and become future ready, the KBL HR team launched People Direct, an integrated internal HR technology tool based on SAP Success factors platform, for enhanced employee experience and effective HR processing. Going forward, we will continue to facilitate skill upgradation and career enhancement through various online courses.

4.19 Research Engineering and Development

To maintain KBL's position abreast on technological forefront in the fluid management business, the company's Research and Engineering Development wing was dedicatedly engaged in various innovation and product upgradation related activities in FY 2018-19.

During the period, we expanded our footprint in specialised nuclear applications by developing the Shut Down Cooling Pump (SDCP) for NPCIL. The India Design Council (IDC), an autonomous body of the Government of India, awarded its prestigious India Design Mark (IDM) to KBL's FLD fire sprinkler set. For an irrigation project in Suriname, KBL successfully developed and supplied three bi-directional pumps with variable frequency drive for a very high discharge and low head customised as per customer requirement.

To meet the demands of the U.S. market, KBL undertook a series of initiatives like range extension of FM/UL pumps. Some of the other significant new product developments during the period included the inline vertical multistage pump (KVM RO series pumps), IE4 efficiency motors up to 10 HP, complete range of 4-inch water-filled and popular models of 6-inch oil-filled submersible pumps, one of the world's largest trailer mounted Autoprime pump set for the Government of Suriname and an exclusive large sewage pump for Russia. The supply of series of specially designed split case and Vertical Turbine (VT) pumps for the prestigious International Thermonuclear Experimental Reactor (ITER) project in France was one of the most noteworthy project orders executed during the period.

India Design Mark for KBL's FLD fire sprinkler set

5. INTERNAL SYSTEMS

5.1 Internal Control Systems

KBL has businesses spread across various parts of the country as well as subsidiaries and projects sites outside India. The company deals in a large variety of pumps, valves and turbines. A large amount of revenue generated by the company comes from customised products. This requires engagement of large number of people from different disciplines and substantial delegation of powers to them. This calls for setting up and constant review of an effective and efficient internal control mechanism.

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

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

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

The senior management and the Audit Committee of the Board is periodically apprised on the internal processes of the company with respect to internal controls, statutory compliances and assurance.

5.2 Quality Assurance

As part of our continuous improvement strategy, the Quality function worked upon strengthening its documentation and processes at the supplier's end apart from in-house manufacturing and knowledge upgradation in the areas of fabrication, quality tools, non-destructive testing, foundry, quality systems, etc.

We have conceptualised a process to gather data from SAP, under the "Total Quality Review Mechanism", which will give us up-to-date information on all parameters on a real-time basis in order to deliver world-class products consistently. In FY 2018-19, the emphasis has been on building a strong talent pool that can contribute in the development of existing as well as new products in line with the customers' requirement. Under the "Bodhi" programme, a special focus is given on training associates who work on the job.

In order to help our engineers to arrive at a proper root cause of a specific problem, we compiled a set of data in our quality book titled "Excellence through Quality Prism". This book depicts content that can be used as reference to understand problem, tools that could be used to identify root cause and certain examples of implemented cases that were scientifically solved using these tools and added value in the overall process.

6. FINANCIAL PERFORMANCE

In FY 2018-19, the company registered growth in its order booking, production and sales. Its revenue from operations increased from INR 19,346 million to INR 22,235 million. The company managed its costs well and as a result, Profit Before Tax (PBT) increased from INR 923 million to INR 1,242 million

The company's Profit After Tax (PAT) increased from INR 655.864 million to INR 873.215 million, which is a significant growth of 33% over PY. This resulted in substantial increase in return on net worth ratio.

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

REPORT ON CORPORATE GOVERNANCE

1. **The Company's philosophy on Code of Corporate Governance:**

The Company strongly believes that the system of Corporate Governance protects the interest of all the stakeholders by inculcating transparent business operations and accountability from management towards fulfilling consistently the high standard of Corporate Governance in all facets of the Company's operations.

2. **Board of Directors:**

As on March 31, 2019, there were ten directors on the Board, comprising of a Managing Director and nine (90.00%) Non-Executive Directors of whom six (66.66%) were Independent Directors including a Woman Director.

The Board's composition is an optimal complement of independent professionals having an in-depth knowledge of business.

During the year under review, 6 (six) Board meetings were held on the following dates:

May 11, 2018, June 13, 2018, July 27, 2018, October 25, 2018, January 25, 2019 and March 22, 2019.

None of the Directors on the Board hold the office of director, including an alternate directorship if any, in more than 20 companies at the same time. None of the Directors are directors in more than 10 public companies or holding membership of committees of the Board in more than 10 committees or chairpersonship of more than 5 committees across all listed entities in which he/she is a Director. Necessary disclosures regarding committee positions in other public companies as on March 31, 2019 have been made by the Directors. None of the Directors except Mr. Sanjay C. Kirloskar, Mr. Alok Kirloskar, son of Mr. Sanjay C. Kirloskar and Ms. Rama Kirloskar daughter of Mr. Sanjay C. Kirloskar, are related to each other.

The above limits are determined as follows:

(a) the limit of the committees on which a director is serving in all public limited companies, whether listed or not, are included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 are excluded;

(b) for the purpose of determination of limit, chairpersonship and membership of only Audit and Stakeholders' Relationship Committees are considered.

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations, 2015') read with Section 149(6) of the Companies Act, 2013 ('the Act'). The maximum tenure of independent directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations, 2015 read with Section 149(6) of the Act.

None of the Independent Directors are Independent Directors in more than 7 (seven) listed companies. The Managing Director of the Company is serving as an Independent Director in two listed companies.

The details are explained in the Table below:

Name of Director	Designation / Category of Directorship @	Board Meetings attended	Attendance at last AGM	No. of other Directorships held*	No. of Committees of which Member / Chairperson in other Companies	Names of the listed Companies where the person is director	Category of directorship in other listed companies @
Mr. Sanjay C. Kirloskar	CMD (P)	6	Present	7	0/2	Kulkarni Power Tools Ltd. DCM Shriram Industries Ltd.	INED INED
Mr. Padmakar S. Jawadekar	INED	6	Present	0	0/0	--	--
Mrs. Lalita D. Gupte	INED	6	Present	6	4/2	Godrej Properties Ltd. Vedanta Ltd. Bharat Forge Ltd. India Infra debt Ltd. ICICI Lombard Insurance Company Ltd. TVS Motor Company Ltd.	INED INED INED INED INED INED
Mr. Pratap B. Shirke	INED	6	Present	15	0/0	--	--
Mr. Alok S. Kirloskar	NED (P)	6	Present	15	0/0	--	--
Mr. Kishor A. Chaukar	INED	6	Present	0	0/2	--	--
Ms. Rama S. Kirloskar	NED (P)	6	Present	3	0/0	--	--
Dr. Rakesh Mohan	INED	6	Present	2	1/0	Nestle India Ltd.	INED
Mr. Rajeev Kher	INED	2 ^	NA	0	0/0	--	--
Mr. Tilak Dhar	NED	0 ^ ^	NA	4	0/0	DCM Shriram Industries Ltd.	ED

@ CMD – Chairman and Managing Director, NED – Non-Executive Director, INED – Independent Non-Executive Director, P – Promoter and ED - Executive Director.

(1) * Directorships in private limited companies, foreign companies are included in the above table excluding Kirloskar Brothers Limited and Section 8 Companies.

(2) All the relevant information suggested under Schedule II of the SEBI Listing Regulations, 2015 is furnished to the Board from time to time.

(3) ^ Appointed as an Additional Director in the category of Independent Director of the Company with effect from January 25, 2019.

(4) ^ ^ Appointed as an Additional Director in the category of Non-Executive-Non-Independent Director of the Company with effect from March 22, 2019.

During the year under review, meeting of the Independent Directors was held on December 17, 2018. The Independent Directors, *inter-alia*, reviewed the performance of non-independent directors, Chairman of the Company and the Board as a whole.

Statement showing number of Equity Shares of ₹ 2/- each of the Company, held by the Non-Executive Directors as on March 31, 2019:

Non- Executive Directors	No. of Shares	% of Paid up Capital
Mr. Padmakar S. Jawadekar	6,000	0.01
Mr. Pratap B. Shirke	20,000	0.02
Mr. Alok S. Kirloskar	6,187	0.01
Mr. Kishor A. Chaukar	0	0.00
Mrs. Lalita D. Gupte	0	0.00
Ms. Rama S. Kirloskar	0	0.00
Dr. Rakesh Mohan	0	0.00
Mr. Rajeev Kher	0	0.00
Mr. Tilak Dhar	0	0.00

The details of familiarisation programme imparted to the Directors is available at http://www.kirloskarpumps.com/pdf/Familarisation.pdf

The List of core skills/expertise/competencies identified by the Board as required in the context of its business(es) and sector(s) for the Company to function effectively and those actually available with the Board:

The Board has formulated a Policy on Board Skill Matrix of the Company. In terms of the said policy, the Board of the Company comprising of skill-based Directors who collectively, have the skills, knowledge and experience to effectively govern and direct the organisation as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the Board. The List of core skills/expertise/competencies identified and collectively possessed by the Board are as under**:**

- Governance skills (that is, skills directly relevant in performing the Board's key functions);
- Industry skills (that is, skills relevant to the industry or section in which the organisation predominantly operates); and
- Personal attributes or qualities that are generally considered desirable to be an effective Director.

Confirmation from the Board on Independent Directors:

In the opinion of the Board, the Independent Directors fulfil the conditions specified in SEBI Listing Regulations, 2015 and are independent of the management.

Resignation of Independent Director:

Mr. Shrikrishna Inamdar was appointed in the category of Independent Director of the Company for a term of 5 years up to March 31, 2019. He has resigned from the directorship of the Company with effect from July 28, 2018 for his health reasons.

Audit and Finance Committee:

The Audit and Finance Committee is in compliance with the requirements under Regulation 18 of the SEBI Listing Regulations, 2015 read with Section 177 of the Act.

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

A)

- ➢ Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ➢ Recommending for appointment, remuneration and terms of appointment of auditors of the Company;
- ➢ Approving payment to statutory auditors for any other services rendered by the statutory auditors;
- ➢ Reviewing with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:
    - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Act;
    - b. Changes, if any, in the accounting policies & practices and reasons for the same;
    - c. Major accounting entries involving estimates based on exercise of judgement by management;
    - d. Significant adjustments made in the financial statements arising out of audit findings;
    - e. Compliance with listing and other legal requirements relating to financial statements;
    - f. Disclosure of any related party transactions;
    - g. Modified Opinion(s) in the draft audit report.

- Reviewing with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency, monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor the auditor's independence and performance and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing with management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with the internal auditors of any significant findings and follow up thereon;
- Reviewing the findings of any internal investigations by the internal auditor into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower mechanism;
- Approval for appointment of CFO (i.e. the Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Committee by the Board and to carry out investigation in relation to items specified above.
- Reviewing the utilisation of loans and / or advances from/investment by the holding Company in the subsidiary exceeding Rs.100 crores or 10% of the asset size of the subsidiary whichever is lower including existing loans/advances/investments existing.
- To review the following information:
    1. management discussion and analysis of financial condition and results of operations;
    2. statement of significant related party transactions (as defined by the audit committee), submitted by the management;
    3. management letters / letters of internal control weaknesses issued by the statutory auditors;
    4. internal audit reports relating to internal control weaknesses;
    5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the audit committee.

6. statement of deviations:

   (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s).

   (b) Annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice.

B)

- Power to investigate any activity within its terms of reference;
- Power to seek information from any employee;
- Power to obtain outside legal or other professional advice;
- Power to secure attendance of outsiders with relevant expertise, if considered necessary.

Subsequent to the resignation by Mr. S. N. Inamdar on July 28, 2018, Mr. Kishor Chaukar was appointed as Chairman of the Committee with effect from October 25, 2018. As on March 31, 2019 the Committee comprised of Mr. Kishor Chaukar-Chairman, Mr. Padmakar S. Jawadekar, Mr. Pratap B. Shirke and Mrs. Lalita D. Gupte. Mr. Kishor Chaukar was an Independent Non-Executive Director. Mr. Kishor Chaukar was present at the AGM of the Company held for the Financial Year 2017-18.

In view of the cessation of directorship of Mr. Padmakar S. Jawadekar and Mrs. Lalita D. Gupte, the Committee has been re-constituted w.e.f. April 1, 2019 and Dr. Rakesh Mohan has been co-opted as a member of the Committee.

During the year, 5 (five) Audit and Finance Committee meetings were held on May 11, 2018, July 27, 2018, October 25, 2018, January 25, 2019 and March 22, 2019.

Attendance at Audit and Finance Committee meetings:

Member's Name	No. of Meetings attended	Member's Name	No. of Meetings attended
Mr. Shrikrishna N. Inamdar	2*	Mrs. Lalita D. Gupte	5
Mr. Padmakar S. Jawadekar	5	Mr. Pratap B. Shirke	4
Mr. Kishor Chaukar	3**		

*Resigned as Director and Chairman of the Audit and Finance Committee of the Company with effect from July 28, 2018.

**Mr. Kishor Chaukar was inducted as member of the Committee and appointed as Chairman of the Committee with effect from October 25, 2018.

3. Nomination and Remuneration Committee:

The Nomination and Remuneration Committee is constituted in compliance with the requirements under Regulation 19 of the SEBI Listing Regulations, 2015 read with Section 178 of the Act.

The terms of reference of the Committee are as follows:

- Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;
- To identify and nominate for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- To evaluate the balance of skills, knowledge, experience and diversity of the person to be appointed on the Board, and in the light of this evaluation prepare a description of the role and capabilities for a particular appointment;
- To make recommendations to the Board concerning suitable candidates for the role of Senior Independent Director;
- To formulate policy relating to the remuneration of the Directors and Key Managerial Personnel;

- To exercise its powers to create, offer, issue and allot at any time to or to the benefit of such person(s) in terms of ESOS and regulations, the stock options under the ESOS, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant authority;
- To amend the terms of the scheme as may be directed by the Board for the implementation and administration of the scheme;
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, Key Managerial Personnel and other employees;
- Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- Devising a Policy on diversity of Board of Directors;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal;
- Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
- Recommend to the Board all remuneration in whatever form payable to senior management.

As on March 31, 2019 the Committee comprised of Mr. Padmakar S. Jawadekar – Chairman, Mrs. Lalita D. Gupte, Mr. Sanjay C. Kirloskar and Dr. Rakesh Mohan. Mr. Shrikrishna N. Inamdar resigned as Director and member of the Committee of the Company with effect from July 28, 2018. Dr. Rakesh Mohan has been inducted as a member of the Committee with effect from October 25, 2018.

Mr. Padmakar S. Jawadekar was an Independent Non-Executive Director. He was present at the AGM of the Company for the Financial Year 2017-18.

In view of the cessation of directorship of Mr. Padmakar S. Jawadekar and Mrs. Lalita D. Gupte, the Committee has been re-constituted w.e.f. April 1, 2019. Dr. Rakesh Mohan has been appointed as a Chairman and Mr. Kishor Chaukar, Mr. Rajeev Kher have been appointed as members of the Committee.

During the year, 3 (three) Nomination and Remuneration Committee meetings were held on May 11, 2018 and January 25, 2019, March 22, 2019.

Attendance at the meeting:

Member's Name	No. of Meetings attended	Member's Name	No. of Meetings attended
Mr. Padmakar S. Jawadekar	3	Mr. Shrikrishna N. Inamdar	1*
Mr. Sanjay C. Kirloskar	3	Mrs. Lalita D. Gupte	3
Dr. Rakesh Mohan	2		

*Resigned as Director of the Company and member of the Committee with effect from July 28,2018.

Criteria for performance evaluation of Independent Directors

As required under Regulation 19 (4) & Schedule II Part D of the SEBI Listing Regulations, 2015 and in terms of the Act, the criteria for performance evaluation of the Independent Directors and Board of Directors has been laid down in the 'Board Evaluation Policy' formulated by the Company. This policy evaluates the performance of the Board, including its committees and individual directors. Evaluation Criteria includes ethical conduct, objectivity, value addition, participation, attendance and various other qualitative as well as quantitative parameters which have had an impact on the Board process becoming more and more effective.

4. **Remuneration to Directors:**

Remuneration policy has been formulated for the Directors, Key Managerial Personnel (KMP) and Senior Managerial Personnel. The major objectives of the policies are transparent process of determining remuneration at Board and Senior Management level of the Company which would strengthen confidence of stakeholders in the Company and its management and help in creation of long term value for them and appropriate balance between the elements comprising the remuneration so as to attract potential high performing candidates for critical position in the Company for attaining continual growth in business. The revisions in the remunerations of the KMP and Senior Managerial Personnel will be made as per the terms of the policy.

- ➢ There are no pecuniary relationships or transactions of the Non-Executive Directors vis-a-vis the Company except a payment of professional fees to Mr. Shrikrishna N. Inamdar, Non-Executive Independent Director who resigned as Director of the Company with effect from July 28, 2018. The shareholders at the 97th Annual General Meeting had approved the said fees;
- ➢ The payment made to the Executive Director have been reviewed by the Nomination and Remuneration Committee from time to time and confirmed by the Board of Directors;
- ➢ The sitting fees paid to the Non-Executive Directors for attending the Board and Committee meetings is **(₹)** 75,000/- for every meeting of the Board and Committee;
- ➢ All elements of remuneration package for all Directors have been provided in the statement hereinafter;
- ➢ The salient features and a link on the website of the Company regarding the remuneration policy of the Directors, KMP and Senior Management has been included elsewhere, in the Annual Report;
- ➢ Except whatever is stated in the statement, there is no other fixed component or performance linked incentives to any director;

Criteria of making payment to Non-Executive Directors

Non-Executive Directors have been paid sitting fees for attending Board / Committee meetings. On recommendation of Nomination and Remuneration Committee, the Board has also recommended a payment of commission to Non-Executive Directors. There has been no payment apart from this to any Non-Executive Director except to Mr. Shrikrishna N. Inamdar, purely on account of professional services.

Details of remuneration paid to Directors for the Financial Year 2018-19 are as follows:

(Amount in ₹ Million)

Name of Director	Sitting Fees	Commission/ Bonus on Profits	Salary	Contribution to Statutory Funds	Perquisites	Others	Total
Executive Director							
Mr. Sanjay Kirloskar	-	34.00	9.0	3.96	2.74	-	49.70
Non-Executive Directors							
*Mr. S. N. Inamdar	0.45	0.65	-	-	-	0.50	1.60
Mr. P. S. Jawadekar	1.05	1.30	-	-	-	-	2.35
Mrs. Lalita D. Gupte	1.27	1.30	-	-	-	-	2.57
Mr. Pratap B. Shirke	0.67	1.10	-	-	-	-	1.77
Mr. Alok S. Kirloskar	0.45	1.30	-	-	-	-	1.75
Mr. Kishor A. Chaukar	0.90	1.30	-	-	-	-	2.20
Dr. Rakesh Mohan	0.60	1.30	-	-	-	-	1.90
Ms. Rama Kirloskar	0.45	1.30	-	-	-	-	1.75
Mr. Rajeev Kher	0.15	0.45	-	-	-	-	0.60
**Mr. Tilak Dhar	-	-	-	-	-	-	-

*Resigned as a Director with effect from July 28, 2018.

** Not attended any Board meeting during the Financial Year.

The Board of Directors of the Company shall decide the remuneration of Directors on the basis of recommendation from Nomination and Remuneration Committee (N&RC) subject to the overall limits provided under the Act and rules made thereunder, including any amendments, modifications and re-enactments thereto and compliance of related provisions provided therein.

Director' Service Contract Details:

Executive Director	Service Contract and Period	Severance Fees
Mr. Sanjay C. Kirloskar	Agreement dt.16.11.15 Period: 19.11.15 to 18.11.20	**

** Three years or unexpired period, whichever is less.

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

➢ Ms. Rama S. Kirloskar (DIN 07474724) is proposed to be re-appointed as a Non-Executive Director liable to retire by rotation;

➢ Mr. Rajeev Kher (DIN 01192524) is proposed to be appointed as an Independent Director of the Company for a term up to January 24, 2022;

➢ Mr. Tilak Dhar (DIN 00204912) is proposed to be appointed as a Non-Executive Director, liable to retire by rotation;

➢ Mr. Pradyumna Vyas (DIN 02359564) is proposed to be appointed as an Independent Director of the Company for a term up to May 15, 2022.

➢ Ms. Shailaja Kher (DIN 0008450568) is proposed to be appointed as an Independent Director of the Company for a term up to May 15, 2022.

Their brief profile, shareholdings and their other directorship details are included in the Notice for the 99th Annual General Meeting, attached to this report.

Stakeholders Relationship Committee:

The Stakeholders Relationship Committee is in compliance with the requirements under Regulation 20 of the SEBI Listing Regulations, 2015 read with Section 178 of the Act.

The terms of reference of the Committee are as follows:

➢ Specifically looks into the mechanism of redressal of grievances of shareholders.

➢ Looks into the redressal of investors' complaints relating to transfer / transmission of shares, non-receipt of Annual Reports, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc;

➢ Considers and resolves the grievances of security holders of the Company;

➢ Approves transmission of shares held in physical mode beyond threshold limit of 1500 shares of **(₹)** 2/- each without the succession certificate, probate, letter of administration or Court Decree, subject to the fulfilment of other conditions as may be deemed necessary;

➢ Approves transfer of more than 10,000 shares held under a single folio in physical mode;

➢ Considers the issue of duplicate share certificates under the Common Seal of the Company in terms of the requirements of the Companies (Share Capital and Debenture) Rules, 2014.

➢ Review of measures taken for effective exercise of voting rights by the shareholders.

➢ Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the R&T agent.

➢ Review of various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual report/statutory notices by the shareholders of the Company.

As on March 31, 2019 the Committee comprised of Mr. Kishor A. Chaukar- Chairman, Mrs. Lalita D. Gupte and Mr. Sanjay C. Kirloskar.

Mr. Kishor A. Chaukar is a Non-Executive Independent Director. Mr. Kishor A. Chaukar was present at the AGM of the Company held for the Financial Year 2017-18.

In view of the cessation of directorship of Mrs. Lalita D. Gupte, the Committee has been re-constituted w.e.f. April 1, 2019. Mr. Kishor A. Chaukar has been appointed as a Chairman and Mr. Alok Kriloskar has been co-opted as a member of the Committee.

During the year, Stakeholders' Relationship Committee meeting was held on October 25, 2018. All members attended the same.

The Company Secretary is designated as a "Compliance Officer" who oversees the redressal of the investors' grievances.

Name and designation of Compliance Officer:

Mr. Sandeep A. Phadnis, Company Secretary,

Associate Vice President and Head – Secretarial

The Company has always valued its relationship with its stakeholders. This philosophy has been extended to investors' relationship. The Company's Secretarial department is continuously monitoring the complaints / grievances of the investors and is always taking efforts to reduce the response time in resolving the complaints / grievances.

Details of Shareholders' complaints received:

There were 7 (seven) complaints received during the year of which 1 (one) was pending unresolved as on March 31, 2019.

With reference to Regulation 13 of the SEBI Listing Regulations, 2015, the Company is registered on the SCORES platform which enables handling of Investor Complaints electronically.

The Company has also designated an exclusive e-mail Id grievance.redressal@kbl.co.in for investors to register their grievances, if any. This helps the Company to resolve investors' grievances, immediately. The Company has displayed the said e-mail Id on its website.

The 'Frequently Asked Questions' by the shareholders along with the requisite formats are placed under the Investor Section of the website of the Company at http://www.kirloskarpumps.com/pdf/information-for-shareholders/Infotoshare.pdf

The shareholders are requested to give their feedback through the 'feedback form' which is available in the FAQs to Shareholders on the website of the Company.

5. General Meetings:

Details of last three Annual General Meetings held:

i) 96th Annual General Meeting	July 21, 2016: 11.00 A. M. Yamuna, Survey No. 98 (3-7), Baner, Pune - 411 045
Special resolution passed: For approval of the shareholders for payment and distribution of a sum not exceeding 1% of the net profits of the Company by way of Commission to and amongst the Directors (other than Managing/Executive Directors).	

ii) 97th Annual General Meeting	July 27, 2017: 11.00 A. M. Yamuna, Survey No. 98 (3-7), Baner, Pune - 411 045
No special resolution was passed at this meeting.	

iii) 98th Annual General Meeting	July 27, 2018: 11.00 A. M. Yamuna, Survey No. 98 (3-7), Baner, Pune - 411 045
No special resolution was passed at this meeting.	

Means of Communication:

- Quarterly results are displayed on the Company's website 'www.kirloskarpumps.com' immediately after its submission to the Stock Exchanges. The Company's website also displays official news releases.
- The quarterly results are published in the newspapers viz. Financial Express and Loksatta.
- Presentations for analysts are uploaded on the Company's website.

General Shareholders information:

99th Annual General Meeting

Day & Date	:	Monday, August 12, 2019
Time	:	11.00 A.M.
Venue	:	"Yamuna" Survey No.98 (3-7) Baner, Pune – 411 045
Financial Year	:	1st April to 31st March
Record Date for dividend	:	August 02, 2019
Dividend payment date	:	August 16, 2019
Listing on Stock Exchanges	:	Company's equity shares are listed on BSE Limited and National Stock Exchange of India Limited, Mumbai.
Corporate Identification No. (CIN)	:	L29113PN1920PLC000670
Stock codes / Symbol	:	BSE Limited – 500241 National Stock Exchange of India Limited – KIRLOSBROS –EQ
ISIN	:	INE732A01036

Addresses of stock exchanges:

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001
Tel. No. (022) 2272 1233/34
Fax No. (022) 2272 1919

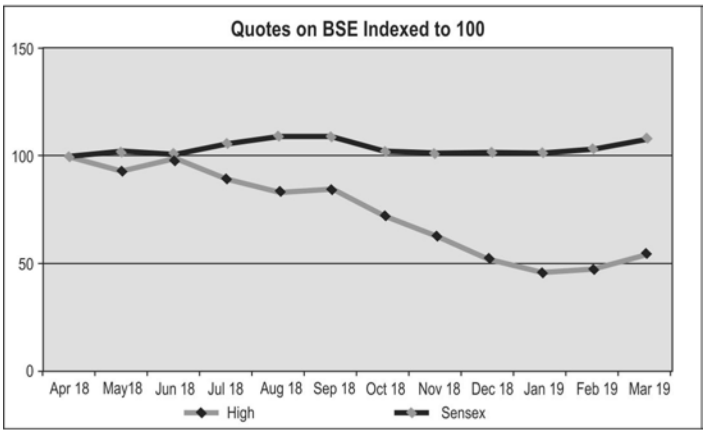
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1,G Block
Bandra-Kurla Complex,Bandra (East)
Mumbai – 400 051
Tel. No. (022) 2659 8100/8114
Fax No. (022) 2659 8120

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

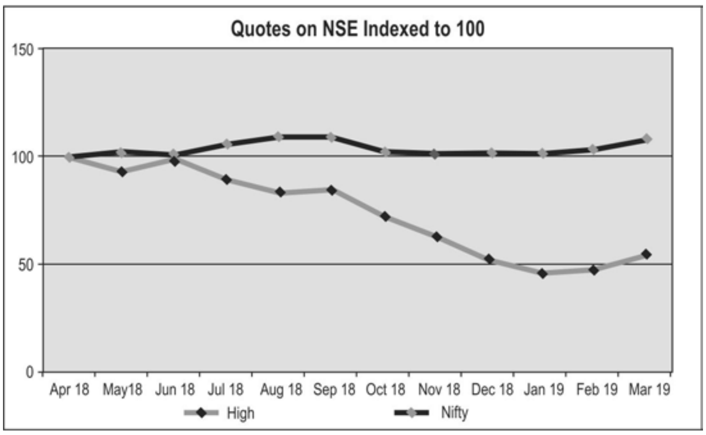
Market Price data:

Month	Quotations on BSE		Quotations on NSE	
	High (₹)	**Low (₹)**	**High (₹)**	**Low (₹)**
April 2018	334.15	268.90	337.50	268.00
May 2018	313.60	278.00	314.90	261.90
June 2018	331.45	254.00	332.30	252.55
July 2018	300.00	257.00	300.10	256.00
August 2018	284.90	245.20	284.40	246.20
September 2018	286.00	219.30	287.40	218.10
October 2018	244.95	195.00	244.00	194.75
November 2018	214.10	158.00	215.40	171.15
December 2018	175.00	141.00	175.15	144.00
January 2019	160.50	135.25	155.00	134.15
February 2019	160.35	132.00	160.50	134.25
March 2019	184.00	156.80	185.00	157.95

Performance in comparison to broad based indices - BSE sensex:



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



Registrar and Transfer Agent:

M/s. Link Intime India Private Limited ceased to be Company's Registrar and Transfer Agent (R&T Agent) with effect from March 5, 2019 and M/s. Big Share Services Private Limited has been appointed as R&T Agent of the Company with effect from March 6, 2019.

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

M/s. Big Share Services Private Limited
(Unit: Kirloskar Brothers Limited),
1st Floor, Bharat Tin Works Building,
Opp. Vasant Oasis, Makwana Road,
Andheri (East), Mumbai-400 059
Tel: 022-6283 8200
Fax: 022-6263 8299

Share transfer system:

The authority to approve transfer of shares upto 10,000 shares has been delegated to the Company Secretary. The proposals for transfer of shares above 10,000 shares are placed before the Stakeholders Relationship Committee/Board. The share transfers received are processed within 15 days from the date of receipt subject to the transfer instrument being valid and complete in all respects. In compliance with the SEBI Listing Regulations, 2015, every six months, a Practising Company Secretary audits the system of transfer and a certificate to that effect is issued.

Out of total paid-up share capital, 97.05% share capital is held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited as on March 31, 2019.

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

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

Distribution of Shareholding as on March 31, 2019:

Nominal value of shares (In ₹)		Number of holders	% to total holders	Total face value (In ₹)	% to total face value
From	To				
1	5000	16715	94.40	9,936,358	6.26
5001	10000	520	2.94	3,665,536	2.31
10001	20000	254	1.43	3,580,304	2.25
20001	30000	57	0.33	1,406,896	0.89
30001	40000	40	0.22	1,434,020	0.90
40001	50000	28	0.15	1,290,034	0.81
50001	100000	41	0.23	3,040,848	1.91
100001	Above	52	0.30	134,463,856	84.67
	TOTAL		100.00	**158,817,852**	**100.00**

Outstanding GDRs/ ADRs / warrants or any convertible instruments etc.:

As of date, the Company has not issued these types of Securities.

Foreign Exchange Risk

During the Financial Year 2018-19, the Company has managed the foreign exchange risk and hedged to the extent considered necessary. The details of foreign currency exposure are disclosed in Note No. 40 B to the Financial Statements.

Plant locations:

1.	Kirloskarvadi Dist. Sangli, – 416 308 Maharashtra Tel No. (02346) 222301 – 05, 222361 – 222365	2.	Dewas Station Road, Dewas – 455 001 Madhya Pradesh Tel No. (07272) 227397,227401/405/409
3.	Shirwal Gat No. 117, Shindevadi, Tal. Khandala, Dist. Satara – 412 801 Maharashtra Tel No. (02169) 244360 / 244370 / 244322	4.	Kondhapuri Gat No. 252/2 + 254/2, Kondhapuri, Tal. Shirur, Dist. Pune – 412 208 Maharashtra Tel No. (02137) 240041,240025,240047
5.	Kaniyur Village S.F.No. 324/1, Moperipalayam Road Thattampudur, Kaniyur Village Karumathampatti – PO, Coimbatore – 641 659 Tamil Nadu Tel No. (0421) 2904699	6	Sanand Sr. No. 254/1, Ahmedabad-Viramgam Highway, Village Chharodi, Tal. Sanand, Dist. Ahmedabad – 382 170 Tel No. (02717) 273310

Investor contacts:

Company Address	Registrar and Transfer Agent
Secretarial Department, Kirloskar Brothers Limited, "Yamuna", Survey No. 98 (3-7) Baner, Pune – 411 045 Tel. No. (020) 2721 1030 Fax No. (020) 2721 1136 E-mail : secretarial@kbl.co.in	Big Share Services Private Limited, (Unit: Kirloskar Brothers Limited), 1st Floor, Bharat Tin Works Building, Opp.Vasant Oasis, Makwana Road, Andheri (East), Mumbai-400 059 Tel: (022) 6283 8200 Fax: (022) 6263 8299 E-mail: KBL@bigshareonline.com

Depositories for equity shares	
National Securities Depository Limited Trade World – A Wing, 4th & 5th Floor, Kamala Mills Compound, Lower Parel, Mumbai – 400 013 Tel. No. (022) 2499 4200 Fax No. (022) 2497 6351	Central Depository Services (India) Ltd. Marathon Futurex, A-Wing, 25th floor, NM Joshi Marg, Lower Parel, Mumbai 400 013 Tel. No. (022) 2305 8640

Credit Rating obtained by the entity along with revisions thereto during the relevant Financial Year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilisation of funds whether in India or abroad:

The Company received Credit rating of "CRISIL A1+(CRISIL A one plus rating) on ₹ 100 Crore Commercial Paper programme.

6. **Disclosures:**

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

ii. There is no non-compliance by the Company, no penalties and strictures imposed on the Company by the Stock Exchange(s) or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

iii. a. Whistle Blower Policy:

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

The Policy has been communicated to all the employees of the Company and other persons dealing with the Company, through circular/display on the Notice Board/ display on the Intranet and through training programmes from time to time. The Policy has also been uploaded on the Company's website.

b. Policy for prevention of sexual harassment at work:

The Company has also in place and implemented a policy for prevention of sexual harassment at work. This provides a mechanism to prevent or deter the commission of acts of sexual harassment or inappropriate behaviour at work and to ensure that all employees are treated with respect and dignity. Under the said policy, the procedures for the resolution, settlement or prosecution of acts or instances of sexual harassment have also been provided for.

Disclosure under the 'Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013':

In terms of Section 22 of the above-mentioned Act, read with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013, during the year ended on March 31, 2018, we report as follows:

1. No. of Complaints received in the year: Nil
2. No. of Complaints disposed off in the year: Nil
3. Cases pending for more than 90 days: Nil
4. No. of workshops and awareness programmes conduced in the year:09
5. Nature of action by employer or District Officer, if any: NA

c. Code of Ethics:

The Company released its 'Code of Ethics' on March 10,2019. This is one of the most important documents of the Company and a guide to ethical behaviour for personnel with the Company.

iv. All mandatory requirements of the SEBI Listing Regulations, 2015 have been complied with by the Company and the extent of adoption of non-mandatory requirements is given hereunder:

Discretionary requirements as per Schedule II Part E:

1. The Board:

The Company has an Executive Chairman and the office with required facilities is provided and maintained at the Company's expenses for use by the Chairman.

2. Shareholders' Rights:

   The half-yearly financial results are published in the English and Vernacular newspapers and are also displayed on the Company's website. No separate circulation of the financial performance was sent to the shareholders for the year under consideration.

3. Modified Opinion in Audit Report:

   The Company is already in the regime of financial statements with unmodified audit opinion.

4. Separate posts of Chairman and CEO:

   There is no separate post for CEO. The Chairman of the Company is also Managing Director of the Company.

5. Reporting of Internal Auditor:

   The Internal Auditor's reports are presented to the Audit and Finance Committee.

   In order to achieve excellence in the Corporate Governance, certain additional disclosures have been given elsewhere in the Annual Report viz. Top ten shareholders, Change in equity capital during the Financial Year. Further, the Board has adopted certain policies viz. Code of Corporate Governance, Corporate Disclosure Policy, Dividend Policy and placing Action Taken Report / Implementation Report at the Board Meeting.

6. Web links for following on www.kirloskarpumps.com:

   Familiarisation programme of Independent Directors : http://www.kirloskarpumps.com/pdf/information-for-shareholders/Infotoshare.pdf

   Policy for determining 'material' subsidiaries : http://www.kirloskarpumps.com/investors-investor-information-policies.aspx

   Policy on dealing with related party transactions : http://www.kirloskarpumps.com/investors-investor-information-policies.aspx

7. Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

   The Company has not raised funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

8. Separate meeting of Independent Directors:

   Independent Directors of the Company met on December 17, 2018 to review and discuss on the matters required under SEBI Listing Regulations, 2015.

9. Payment of consolidated fees to the Statutory Auditor:

   The Company has paid fees of ₹ 5.65 Million on consolidated basis to Statutory Auditor M/s. Sharp and Tannan Associates (Firm Registration No.109983W)-Chartered Accountants, Mumbai during the Financial Year ended on March 31, 2019.

DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT

To the members of **KIRLOSKAR BROTHERS LIMITED**

Pursuant to Regulation 34 (3) read with Schedule V Para D of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations, 2015), I hereby declare that all Board members and Senior Management Personnel are aware of the provisions of the Code of Conduct laid down by the Board. All Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct.

For **Kirloskar Brothers Limited**

Sanjay C. Kirloskar
Chairman and Managing Director

Pune: May 16, 2019

Practicing Company Secretary's Certificate on Corporate Governance

[Pursuant to Clause E of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The members of
KIRLOSKAR BROTHERS LIMITED
(CIN: L29113PN1920PLC000670)
Udyog Bhavan,Tilak Road, Pune- 411002.

I have examined the compliance of Corporate Governance by **Kirloskar Brothers Limited** ('the Company'), for the year ended 31st March, 2019, as stipulated in Regulations 17, 18, 19, 20, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as SEBI Listing Regulations, 2015).

The compliance of Corporate Governance is the responsibility of the Company's Management. The Examination of compliance was carried out and was limited to the methods, processes, procedures and implementation thereof, adopted by the company for ensuring the compliance of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to us, I certify that the company has complied with the Corporate Governance as stipulated in the above mentioned applicable Listing Regulations.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Place: Pune

Date: 16th May, 2019

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

Certificate

[Pursuant to Schedule V read with Regulation 34(3) of the SEBI Listing Regulations (as amended)]

In the matter of Kirloskar Brothers Limited (CIN: L29113PN1920PLC000670) having its Registered Office at Udyog Bhavan, Tilak Road, Pune- 411002.

On the basis of examination of the books, minute books, forms and returns filed and other records maintained by the Company and declarations made by the directors and explanations given by the Company, I certify that the following persons are Directors of the Company (during 01/04/2018 to 31/03/2019) and none of them have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

Sr. No.	Name of Director	DIN	Designation
1	Sanjay Chandrakant Kirloskar	00007885	Managing Director
2	P. S. Jawadekar	00155177	Director
3	Lalita D. Gupte	00043559	Director
4	Pratap Baburao Shirke	00104902	Director
5	Alok Sanjay Kirloskar	05324745	Director
6	Kishor Anant Chaukar	00033830	Director
7	Rama Sanjay Kirloskar	07474724	Director
8	Rakesh Mohan	02790744	Director
9	Rajeev Kher	01192524	Additional Director
10	Tilak Dhar	00204912	Additional Director

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

Place: Pune

Date: 16th May, 2019

INDEPENDENT AUDITOR'S REPORT

To the members of KIRLOSKAR BROTHERS LIMITED

Report on the audit of the standalone financial statements

Opinion

We have audited the accompanying standalone financial statements of **Kirloskar Brothers Limited** (hereinafter referred as "the Company"), which comprise the balance sheet as at 31st March 2019, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (hereinafter referred as "the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended (hereinafter referred as "Ind AS") and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31st March 2019, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing (hereinafter referred as "SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's responsibilities for the audit of the standalone financial statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements taken as a whole, in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the key audit matters as described below:

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

B. Carrying value of investments in subsidiaries and joint ventures

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

Description of key audit matter:

Revenue amounting to ₹ 1,013 Million reported in the company's standalone financial statements pertains to customer specific long-term contracts and the same are required to satisfy the recognition and measurement criteria as enunciated in IND AS 115, 'Revenue from Contracts with Customers'. In case of these contracts the revenue is recognised over time and is based on a percentage completion method (POC) for each of such contracts. The stage of project completion is determined based on a ratio of project costs actually incurred till the period / year end to the planned / estimated total cost to complete the said project. This necessarily involves estimations and certain assumptions to be made by the management in determining the total planned costs and an appropriate allocation of costs actually incurred on each project. This inherently creates certain uncertainties and results in complexities in accounting treatment wherein incorrect assumptions and estimates can lead to revenue being recognised in incorrect accounting periods thereby impacting the results. In addition, in POC method revenue recognition and respective collections do not follow a linear trend irrespective of stage completion determined by the company. Collections do depend on satisfaction of certain other performance obligations as laid down in the respective project agreements. Consequently, those amounts that remain as receivables whose due dates for payments depend on other conditions give rise to certain receivables that are due and others not due for payment, requiring the company to adopt a differential accounting classification and treatment. While assessing the contractual obligations as at any period close, change orders and / or cancellations are required to be considered by the company to adopt an appropriate accounting treatment for revenues already recognised, valuation of work in progress and respective receivables. Considering these factors, in the context of our audit this matter was of significance and hence a key audit matter.

Description of Auditor's response:

With a view to verify the alignment of the company's project accounting system with the actual progress of the project and its status at any period close, we designed our audit procedures related to this area to obtain an understanding of project acceptance and execution process and the related accounting controls including verification of compliance with IND AS 115 – 'Revenue from contracts with customers'. These included inter-alia, reading through the material contracts and formation of a standard checklist to note the terms and conditions and considerations required to be taken note of for appropriate financial accounting till a project is finally executed and closed. We discussed with the management the risks associated with the project execution to understand requirement of any specific recognition of financial accounting considerations and developed requisite key controls requiring audit attention and review. The company has automated through its accounting software the method of calculating the percentage of completion method which we have verified on test basis. We reviewed planned costs, their latest estimates, rationale for revision in estimates based on information shared by the management in our discussions, approvals to such revisions in the estimates and compared them with latest costs to complete, related mathematical accuracy and, on a sample basis validated resulting recognition of revenue. We discussed with management the status of amount receivable and have verified the evidence supporting the recoverability in sample cases. We verified the calculations of expected credit loss provisions and corroborated with specific management discussions on major projects.

B. Carrying value of investments in subsidiaries and joint ventures

Description of key audit matter:

The company has invested an amount of ₹ 2,979 Million in subsidiaries and joint ventures. These investments are stated at cost in the financial statement. One of the foreign subsidiaries has further invested in step-down foreign companies including certain acquisitions made in the past with a view to become one of the global leaders in the area of company's operations. These foreign subsidiaries have their individual gestation periods and have been incurring losses in past few years. Given the multi layered investment structure and being subjected to international business dynamics, the company is required to evaluate their individual financial status and value propositions to determine carrying value of these investments in light of group's overall stated business plans and its vision, both in domestic and international markets, and hence requires a close monitoring by the management of these situations. Against this background, this matter was of significance in the context of our audit.

Description of Auditor's response:

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

Information other than the standalone financial statements and auditor's report thereon (hereinafter referred as "other information")

The Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the Board's report and management discussion and analysis included in the annual report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and Those Charged with Governance for the standalone financial statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Company's Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

A. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls

C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

E. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the central government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143 (3) of the Act and based on our audit, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. The balance sheet, the statement of profit and loss (including other comprehensive income), statement of changes in equity and the statement of cash flows dealt with by this report are in agreement with the books of account;

   d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;

   e. On the basis of the written representations received from the directors as on 31st March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2019 from being appointed as a director in terms of section 164 (2) of the Act;

   f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**"; our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;

g. With respect to the other matters to be included in the auditor's report in accordance with the requirements of section 197(16) of the Act, as amended, we report that in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and

h. With respect to the other matters to be included in the auditor's report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations as at 31st March 2019 on its financial position in its standalone financial statements - refer note 28 to the standalone financial statements.

   ii. The Company has made provision, as required under the applicable law or Ind AS, for material foreseeable loses, if any, on long term contracts including derivative contracts - refer note 38 to the standalone financial statements.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Sharp & Tannan Associates
Chartered Accountants
Firm's Registration No.: 109983W

Tirtharaj Khot
Partner
Membership No.: (F) 037457
Pune : 16th May 2019

Annexure A to the Independent Auditor's Report

Referred to in paragraph 1 under the heading, "Report on Other Legal and Regulatory Requirements" of our report on even date:

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets (i.e. property, plant and equipment, investment property and other intangible assets of the Company).

(b) The fixed assets are being physically verified by the management at regular intervals based on the programme of verification which in our opinion is reasonable. No material discrepancies were identified during such physical verification conducted by the Company during the year.

(c) According to the information and explanation provided to us, all title deeds of immovable properties are held in the name of the Company.

(ii) Physical verification of inventory has been conducted at reasonable intervals by the management. Discrepancies noticed on physical verification were not material and the same have been properly dealt with in the books of account.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act, except to a subsidiary company and an associate in earlier years as mentioned below:

Name of party	Opening balance Rs. Million	Year-end balance Rs. Million	Maximum balance Rs. Million
The Kolhapur Steel Limited (TKSL) - subsidiary company	12.214	11.214	12.214
KBL Synergy LLP – associate (including interest)	1.639	1.774	1.774

(a) According to the information and explanations provided to us, the unsecured loan given to TKSL in earlier years was under an Order from Board for Industrial and Financial Reconstruction (BIFR) and advance given to KBL Synergy LLP, both without any specific agreed terms for charge of interest and repayment. Considering the above-mentioned facts and materiality of the amounts, in our opinion the terms and conditions of loan / advance are not prejudicial to the Company's interest.

(b) According to the information and explanations provided to us, there is no agreed schedule of repayment of principal and payment of interest stipulated for the above-mentioned loan / advances. Accordingly, reporting on para 3(iii)(b) and 3(iii)(c) is not applicable.

(iv) According to information and explanation provided to us, the Company has complied with provisions of section 185 and section 186 of the Act.

(v) According to information and explanation provided to us, the Company has not accepted deposits, hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 of the Act and the rules framed there under, are not applicable to it. According to information and explanation provided to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in the current year. Accordingly, reporting on para 3(v) is not applicable.

(vi) The Central Government has specified maintenance of cost records under section 148(1) of the Act. We have broadly reviewed these records relating to materials, labour and other items of cost maintained by the Company and are of the opinion that, prima facie; the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of records with a view to determine whether they are accurate and complete.

(vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable, with the appropriate authorities. According to the information and explanation provided to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31st March 2019, for a period of more than six months from the date they became payable.

(b) According to the information and explanation provided to us, dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax or cess which have not been deposited on account of dispute are as follows

Name of statute	Nature of dues	Amount involved Rs. Million	Amount unpaid Rs. Million	Period to which amount Relates	Forum where Dispute is Pending
Central Sales Tax Act, 1956	CST (including interest, penalty, etc, if any)	0.41	0.31	1993-94	High Court
		2.75	2.20	2007-08	Commissioner
		4.10	4.10	2008-09, 2009-10, 2010-11, 2013-14	Commercial Tax Officer
		1.17	0.15	2011-12, 2012-13	Deputy Commissioner
		0.66	0.66	2016-17, 2017-18	Sr Joint Commissioner
		1.61	1.61	2011-12, 2012-13	Appeal Authority
		3.36	1.70	2011-12	MP Commercial Tax Appellate Board
		1.07	0.75	2010-11	Dy Commissioner of Commercial Taxes
		35.51	31.96	2015-16	Additional Commissioner of Commercial Tax (Appeals)
Local Sales Tax of Various States	LST, GST, Sales Tax, WCT, VAT (including interest, penalty, etc, if any)	7.25	7.25	2008-09, 2009-10	Appellate Dy. Commissioner-CT
		115.96	115.96	2008-09, 2009-10, 2011-12	Commissioner-CT/High Court of TS & AP
		10.55	10.55	2011-12, 2012-13	Appeal Authority
		1.10	0.88	2011-12	MP Commercial Tax Appellate Board
		14.66	12.91	2012-13, 2013-14, 2014-15, 2015-16	Additional Commissioner of Commercial Tax (Appeals)
		4.79	4.79	1992-93	Deputy Commissioner (Appeals)
		0.05	0.03	2000-01	Commercial Tax Officer
		22.21	14.98	2003-04, 2004-05, 2005-06	Sales Tax Appellate Tribunal
		123.63	86.54	2010-11	Dy Commissioner
		7.46	5.21	1989-90, 1990-91, 1991-92, 1992-93, 1994-95, 1995-96	High Court
Chapter V of Finance Act, 1994	Service Tax (including interest, penalty, etc, if any)	95.73	95.73	2004-05 to 2007-08	Commissioner (Appeals)
		898.66	898.66	2006-07 to 2011-12	Commissioner
		7.52	7.52	2008-09 to 2012-13	CESTAT

Name of statute	Nature of dues	Amount involved Rs. Million	Amount unpaid Rs. Million	Period to which amount Relates	Forum where Dispute is Pending
Central Excise Act, 1944	Excise Duty (including interest, penalty, etc, if any)	0.14	0.14	1990-91	Deputy Commissioner
		21.24	21.24	2007-08	High Court
		2.72	2.72	2003-04, 2005-06 to 2009-10	CESTAT
The Income Tax Act, 1961	Income Tax (including interest, penalty, etc, if any)	34.28	20.56	2001-02	High Court
		928.24	120.52	2008-09, 2009-10	CIT (Appeals)

(viii) Based on our audit procedures and according to the information and explanation provided to us, the Company has not defaulted in repayment of dues to a financial institution, bank or government. The Company does not have any debenture holders.

(ix) According to information and explanation provided to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). According to the information and explanations provided to us, term loans availed by the Company were, prima facie; applied for the purposes for which the loans were obtained.

(x) Based upon the audit procedures performed by us and according to the information and explanations provided to us, no material fraud by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanation provided to us, the managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company. Accordingly, reporting on para 3(xii) is not applicable.

(xiii) According to the information and explanation provided to us, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, wherever applicable, and the details have been disclosed in the standalone financial statements as required by the applicable Ind AS.

(xiv) According to the information and explanation provided to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, reporting on para 3(xiv) is not applicable.

(xv) According to the information and explanation provided to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, reporting on para 3(xv) is not applicable.

(xvi) According to the information and explanation provided to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting on para 3(xv) is not applicable.

For Sharp & Tannan Associates
Chartered Accountants
Firm's Registration No.: 109983W

Tirtharaj Khot
Partner
Membership No.: (F) 037457
Pune : 16th May 2019

Annexure B to the Independent Auditor's Report

Referred to in paragraph 2 (F) under the heading, "Report on other legal and regulatory requirements" of our report on even date:

Report on the Internal Financial Controls

[under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")]

Opinion

We have audited the internal financial controls over financial reporting of **Kirloskar Brothers Limited** (hereinafter referred as "the Company") as of 31st March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, based on the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (hereinafter referred as "the guidance note") issued by the Institute of Chartered Accountants of India (hereinafter referred as "ICAI").

Management's responsibility for internal financial controls

The Company's Management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note and the Standards on Auditing issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For Sharp & Tannan Associates
Chartered Accountants
Firm's Registration No.: 109983W

Tirtharaj Khot
Partner
Membership No.: (F) 037457
Pune : 16th May 2019

BALANCE SHEET AS AT 31 MARCH 2019

(Amounts in Million ₹)

Particulars	Notes	31 March 2019	31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	**2,765.810**	2,754.622
Capital work-in-progress		**237.538**	117.654
Investment property	4	**5.020**	5.020
Other intangible assets	3	**30.153**	53.750
Financial assets			
Investments	5	**2,979.211**	2,731.128
Trade receivables	6	**70.070**	159.255
Loans	7	**102.240**	131.748
Others	8	**37.667**	61.542
Deferred tax assets (net)	19	**340.833**	230.400
Other non-current assets	9	**1,078.417**	1,353.979
Total non-current assets		**7,646.959**	7,599.098
Current assets			
Inventories	10	**3,670.251**	3,126.530
Financial assets			
Trade receivables	6	**4,712.743**	3,817.850
Cash and cash equivalents	11 A	**333.002**	582.763
Other bank balances	11 B	**21.064**	24.619
Loans	7	**950.007**	975.737
Others	8	**19.459**	20.306
Other current assets	9	**4,379.222**	4,494.099
Total current assets		**14,085.748**	13,041.904
TOTAL ASSETS		**21,732.707**	20,641.002
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	**158.818**	158.818
Other equity	13	**9,243.838**	8,796.185
Total equity		**9,402.656**	8,955.003
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	14	**237.200**	358.469
Trade payables	15	**155.381**	185.826
Other financial liabilities	16	**11.319**	30.052
Provisions	17	**206.718**	179.316
Other non-current liabilities	18	**257.246**	322.922
Total non-current liabilities		**867.864**	1,076.585
Current liabilities			
Financial liabilities			
Borrowings	14	**1,237.703**	1,168.980
Trade payables			
- Micro, small and medium enterprises	15	**1,042.931**	654.408
- Others	15	**4,326.889**	3,765.555
Other financial liabilities	16	**771.839**	826.116
Other current liabilities	18	**3,666.831**	3,810.573
Provisions	17	**415.994**	383.782
Total current liabilities		**11,462.187**	10,609.414
Total liabilities		**12,330.051**	11,685.999
TOTAL EQUITY AND LIABILITIES		**21,732.707**	20,641.002
Corporate information	**1**		
Significant accounting policies	**2**		
See accompanying notes to financial statements	**3-47**		
The notes referred to above form an integral part of the financial statements			

As per our report of even date attached

For SHARP & TANNAN ASSOCIATES
Chartered Accountants
(Firm Regn. No. 109983W)

Tirtharaj Khot
Partner
Membership No: (F) - 037457

Pune : 16 May 2019

For and on behalf of the Board of Directors

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Kishor Chaukar
Director
DIN: 00033830

Sandeep Phadnis
Company Secretary

Chittaranjan Mate
CFO & Vice President (Finance)

Pune : 16 May 2019

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Million ₹)

Particulars	Notes	Year ended 31 March 2019	Year ended 31 March 2018
Revenue from operations	20	**22,234.860**	19,345.627
Other income	21	**247.080**	188.650
Total income		**22,481.940**	19,534.277
Expenses			
Cost of materials consumed	22	**10,814.449**	8,774.200
Purchases of stock-in-trade		**2,872.761**	2,845.094
Changes in inventories of finished goods, stock -in- trade and work-in-progress	22	**(481.835)**	(331.414)
Employee benefits expense	23	**2,407.469**	2,273.119
Finance costs	24	**262.381**	252.788
Depreciation and amortization expense	25	**365.854**	351.827
Other expenses	26	**4,999.300**	4,445.341
Total expenses		**21,240.379**	18,610.955
Profit before exceptional items and tax		**1,241.561**	923.322
Exceptional items		**-**	-
Profit before tax		**1,241.561**	923.322
Tax expenses	19		
(1) Current tax		**432.905**	365.990
(2) Deferred tax		**(64.559)**	(98.532)
Total Tax expenses		**368.346**	267.458
Profit after tax for the year		**873.215**	655.864
Profit/(loss) from discontinued operations		**-**	-
Tax expenses of discontinued operations		**-**	-
Profit/(loss) from discontinued operations (after tax)		**-**	-
Profit/(loss) for the period		**873.215**	655.864
Other comprehensive income	27		
Items that will not be reclassified to profit or loss		**(2.616)**	14.477
Income tax relating to items that will not be reclassified to profit or loss		**0.905**	(5.010)
Items that will be reclassified to profit or loss		**-**	**-**
Income tax relating to items that will be reclassified to profit or loss		**-**	**-**
Other comprehensive income		**(1.711)**	9.467
Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year)		**871.504**	665.331
Earnings per equity share	32		
(1) Basic		**11.00**	8.26
(2) Diluted		**11.00**	8.26
Corporate information	**1**		
Significant accounting policies	**2**		
See accompanying notes to financial statements	**3-47**		
The notes referred to above form an integral part of the financial statements			

As per our report of even date attached

For SHARP & TANNAN ASSOCIATES
Chartered Accountants
(Firm Regn. No. 109983W)

Tirtharaj Khot
Partner
Membership No: (F) - 037457

Pune : 16 May 2019

For and on behalf of the Board of Directors

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Kishor Chaukar
Director
DIN: 00033830

Sandeep Phadnis
Company Secretary

Chittaranjan Mate
CFO & Vice President (Finance)

Pune : 16 May 2019

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Million ₹)

	Particulars	Year ended 31 March 2019	Year ended 31 March 2018
A	**Cash flows from Operating Activities**		
	Net Profit before taxation and extraordinary items	**1,241.561**	923.322
	Adjustments for :-		
1	Depreciation / amortization	**365.854**	351.827
2	(Profit) / loss on sale of fixed assets	**-**	7.205
3	Bad debts written off	**220.074**	1.205
4	Advances, deposits and claims written off	**9.025**	4.273
5	Liquidated damages	**88.466**	60.649
6	Provision for loss on long term contracts	**(14.581)**	(2.857)
7	Provision slow-non moving inventory	**(4.325)**	50.489
8	Provision for doubtful debts, advances and claims	**110.833**	215.940
9	Interest income	**(68.152)**	(39.917)
10	Dividend income	**(40.381)**	(26.239)
11	Interest expenses	**195.417**	180.020
12	Unrealized exchange (gain)/ Loss	**(0.770)**	(33.526)
13	Profit on sale of mutual funds	**(4.144)**	(12.777)
	Operating profit before working capital changes	**2,098.877**	1,679.614
	Adjustments for :-		
1	(Increase)/ decrease in inventories	**(539.396)**	(581.907)
2	(Increase)/ decrease in trade receivables	**(1,381.470)**	(708.490)
3	(Increase)/ decrease in financial assets	**111.305**	(8.261)
4	(Increase)/ decrease in non-financial assets	**(25.680)**	322.227
5	Increase/ (decrease) in trade payable	**928.492**	149.218
6	Increase/ (decrease) in financial liabilities	**(83.211)**	(100.357)
7	Increase/ (decrease) in non-financial liabilities	**(209.418)**	789.281
8	Increase/ (decrease) in provisions	**78.262**	46.009
	Cash generated from operations	**977.761**	1,587.334
9	Income tax (paid) / refunded	**(148.427)**	(105.610)
	Net cash from operating activities	**829.334**	1,481.724
B	**Cash flows from investing activities**		
1	Purchase of fixed assets	**(495.417)**	(341.529)
2	Sale of fixed assets	**22.096**	1.505
3	Investment in subsidiary company	**(248.083)**	(343.170)
4	Purchase of mutual funds	**(2,980.000)**	(4,130.347)
5	Sale of mutual funds	**2,984.144**	4,143.124
6	Interest received	**67.412**	39.917
7	Dividend received	**40.381**	26.239
8	Repayment of loans from subsidiaries	**0.865**	1.487
	Net cash from / (used in) investment activities	**(608.602)**	(602.774)
C	**Cash flows from financing activities**		
1	Proceeds from borrowing	**1,237.703**	1,668.980
2	Repayment of borrowings	**(1,291.795)**	(1,913.608)
3	Interest paid	**(179.749)**	(177.305)
4	Dividend and tax on dividend paid	**(235.412)**	(97.579)
	Net cash used in financing activities	**(469.253)**	(519.512)
	Unrealized exchange gain / (loss) in cash and cash equivalents	**(1.240)**	(0.428)
	Net increase in cash and cash equivalents	**(248.521)**	359.438
1	Cash & cash equivalents at beginning of year	**582.763**	223.753
2	Cash & cash equivalents at end of year (refer note 11a)	**333.002**	582.763

Note :-
1. Previous year's figures are regrouped wherever necessary to make them comparable with the Current Year.
2. Cash flow is prepared using the indirect method.
3. There are no reconciliation items in relation to financing activities for which disclosure is required as per Ind AS 7.
4. Refer note 43 for cash outflow on account of corporate social responsibility.

As per our report of even date attached

For SHARP & TANNAN ASSOCIATES
Chartered Accountants
(Firm Regn. No. 109983W)

Tirtharaj Khot
Partner
Membership No: (F) - 037457

Pune : 16 May 2019

For and on behalf of the Board of Directors

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Kishor Chaukar
Director
DIN: 00033830

Sandeep Phadnis
Company Secretary

Chittaranjan Mate
CFO & Vice President (Finance)

Pune : 16 May 2019

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Million ₹)

A. Equity Share Capital

Balance as at 1 April 2017	Changes in equity share capital during the year	Balance as at 31 March 2018
158.818	-	158.818

Balance as at 31 March 2018	Changes in equity share capital during the year	Balance as at 31 March 2019
158.818	-	158.818

B. Other Equity

Particulars	Reserves and Surplus					Total
	Capital Reserve	Capital redemption reserve	Securities Premium	General reserve	Retained Earnings	
Balance as at 1 April 2017	0.172	4.000	414.604	5,787.407	2,015.133	8,221.316
Profit for the year					655.864	655.864
Other comprehensive income					9.467	9.467
Dividends and tax thereof					(90.462)	(90.462)
Balance as at 31 March 2018	0.172	4.000	414.604	5,787.407	2,590.002	8,796.185
Profit for the year					873.215	873.215
Other comprehensive income					(1.711)	(1.711)
Dividends and tax thereof					(231.491)	(231.491)
Any other change - Transition to Ind AS 115 (Refer note 46)					(192.360)	(192.360)
Balance as at 31 March 2019	**0.172**	**4.000**	**414.604**	**5,787.407**	**3,037.655**	**9,243.838**

As per our report of even date attached

For SHARP & TANNAN ASSOCIATES
Chartered Accountants
(Firm Regn. No. 109983W)

Tirtharaj Khot
Partner
Membership No: (F) - 037457

Pune : 16 May 2019

For and on behalf of the Board of Directors

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Kishor Chaukar
Director
DIN: 00033830

Sandeep Phadnis
Company Secretary

Chittaranjan Mate
CFO & Vice President (Finance)

Pune : 16 May 2019

NOTES TO ACCOUNTS :

Significant accounting policies

Notes to the financial statements for the year ended 31 March 2019

(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 global fluid management solutions. The core products of the company are Engineered Pumps, Industrial Pumps, Agriculture and Domestic Pumps, Valves, and Hydro turbines.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ("the Act"), other relevant provisions of the Act and amendments thereof issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 of the Companies Act, 2013.

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.

The financial statements have been prepared on accrual and going concern basis.

The financial statements were authorized for issue by the Board of Directors on 16th May 2019.

2.2 Basis of measurement

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

Items	Measurement basis
Share based payment transactions	Fair value
Defined benefit plan – plan assets	Fair value

2.3 Current or non-current classification

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

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

2.4 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information is presented in INR rounded to the nearest Millions, except share and per share data, unless otherwise stated.

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

2.5 Use of judgments, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, 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 the estimates.

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

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

Critical estimates and judgements

The areas involving critical estimates or judgements are:

- **Estimation of defined benefit obligation –** The cost of the defined benefit gratuity and pension plan, and the present value of the gratuity/pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. (Refer note – 34)
- **Estimation of leave encashment provision -** The cost of the leave encashment and the present value of the leave encashment obligation are determined using actuarial valuations. (Refer note 38)
- **Impairment of receivables -** The impairment provisions for financial receivables disclosed are based on assumptions about risk of default and expected loss rates. (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 11. (Refer note 38)

2.6 Inventories

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

- **Raw materials**: cost includes cost of purchase excluding taxes subsequently recoverable from tax authorities and other costs incurred in bringing the inventories to their present location and condition. However, these items are considered to be realizable at cost if the finished products in which they will be used, are expected to be sold at or above cost.
- **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 finished goods based on the normal operating capacity.
- **Traded goods:** Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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 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.

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

2.8 Statement of Cash Flows

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

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

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

2.9 Property, plant and equipment

Measurement

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

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

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

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

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

Property, plant and equipment under construction are disclosed as capital work-in-progress.

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

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment 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 property, plant and equipment are recognised in the statement of profit and loss as incurred.

Disposal

An item of property, plant and equipment 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 property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, 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 property, plant and equipment 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 property, plant and equipment 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 1-5 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

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

2.10 Investment properties

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 profit and loss in the period of derecognition.

2.11 Intangible assets

Recognition and measurement

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

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

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

Subsequent measurement

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

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.

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.

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

Research and development costs

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

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

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

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

2.12 Interest in joint operations

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

2.13 Borrowing costs

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

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 when it transfers control over a good or service to a customer i.e. when it has fulfilled all 5 steps as given by Ind AS 115.

Revenue is measured at transaction price i.e. Consideration to which an 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.

For contracts with multiple performance obligations, transaction price is allocated to different obligations based on their standalone selling price. In such case, revenue recognition criteria are applied for each 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.

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed 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 time as the services are provided. The stage of completion for determining the amount of revenue to recognize is assessed based on surveys of work performed.

If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated based on their relative stand-alone selling prices. The stand-alone selling price is determined based on the list prices at which the Company sells the services in separate transactions.

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 by using “output method”. Until such time (25% of Project Cost) 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.

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

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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, Kainiyur, 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.

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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

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

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

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

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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

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

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

2.19 Share-based payments

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

Equity-settled transactions

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

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

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

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

2.20 Provisions

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

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

Warranty provisions

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

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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.

2.21 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

- **Company as a lessee**

  A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the company is classified as a finance lease.

  Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

  A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

  Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the period of the lease, unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

- **Company as 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

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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.

2.22 Impairment of non-financial assets

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

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

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

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

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

2.23 Fair value measurement

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

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

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

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

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

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

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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

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

2.24 Financial instruments

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

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

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

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

Financial assets are subsequently measured at amortised cost if,

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

Derecognition

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

Impairment of financial asset

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

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Financial assets that are debt instruments and are measured as at FVTOCI

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

- Lease receivables
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
- Loan commitments which are not measured as at FVTPL
- Financial guarantee contracts which are not measured as at FVTPL

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

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

Financial liabilities

Initial recognition and measurement

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

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

Financial guarantee contracts

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

Derecognition

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

Offsetting of financial instruments

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

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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.

2.25 Earnings per share (EPS)

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

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

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

2.26 Segment reporting

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

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

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

2.27 Recent accounting pronouncement

Standards issued but not yet effective

Ind AS 116 was notified by Ministry of Corporate Affairs in March 2019 and Ind AS 116 will come in force from financial year beginning from 1 April 2019. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed.

Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The Company is currently evaluating the requirements of Ind AS 116 and its impact on the financial statements.

NOTES TO ACCOUNTS : (CONTD.)

Note 3: Property, Plant and Equipment & Other Intangibal Assets

(Amounts in Million ₹)

Particulars	Property, plant and equipment									Intangible Assets		
	Land free hold	Land lease hold	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Railway siding	Total	Computer software	Sales tax deferral rights	Total
Gross Block												
As at 1 April 2017	420.084	75.157	1,629.893	4,038.589	133.099	19.403	76.525	1.528	6,394.278	208.694	31.730	240.424
Additions	-	-	0.798	223.878	4.436	2.292	-	-	231.404	25.091	-	25.091
Disposals	-	-	3.275	47.012	0.026	-	-	-	50.313	-	-	-
As at 31 March 2018	420.084	75.157	1,627.416	4,215.455	137.509	21.695	76.525	1.528	6,575.369	233.785	31.730	265.515
Additions	4.965	-	5.273	318.626	5.310	15.940	16.078	-	366.192	9.349	-	9.349
Disposals	-	-	-	37.746	0.109	0.015	-	-	37.870	-	-	-
As at 31 March 2019	**425.049**	**75.157**	**1,632.689**	**4,496.335**	**142.710**	**37.620**	**92.603**	**1.528**	**6,903.691**	**243.134**	**31.730**	**274.864**
Depreciation/ Amortisation												
As at 1 April 2017	-	2.509	330.881	3,067.048	92.939	7.506	40.283	1.511	3,542.677	151.166	28.445	179.611
Charge for the year	-	1.003	38.814	258.690	10.798	3.559	6.806	0.003	319.673	30.552	1.602	32.154
Depreciation on disposal	-	-	0.323	41.254	0.026	-	-	-	41.603	-	-	-
As at 31 March 2018	-	3.512	369.372	3,284.484	103.711	11.065	47.089	1.514	3,820.747	181.718	30.047	211.765
Charge for the year	-	1.119	38.826	271.759	9.799	5.217	6.185	0.003	332.908	31.953	0.993	32.946
Depreciation on disposal	-	-	-	15.650	0.109	0.015	-	-	15.774	-	-	-
As at 31 March 2019	-	**4.631**	**408.198**	**3,540.593**	**113.401**	**16.267**	**53.274**	**1.517**	**4,137.881**	**213.671**	**31.040**	**244.711**
Net block												
As at 1 April 2017	420.084	72.648	1,299.012	971.541	40.160	11.897	36.242	0.017	2,851.601	57.528	3.285	60.813
As at 31 March 2018	420.084	71.645	1,258.044	930.971	33.798	10.630	29.436	0.014	2,754.622	52.067	1.683	53.750
As at 31 March 2019	**425.049**	**70.526**	**1,224.491**	**955.742**	**29.309**	**21.353**	**39.329**	0.011	**2,765.810**	**29.463**	**0.690**	**30.153**

Notes:

1) Plants and machines acquired out of proceeds of term loan, are pledged as security against the loan.

2) No additional provision made for impairment loss during the year.

3) Refer note no 29 for estimated amount of contract remaining to be executed on capital account.

NOTES TO ACCOUNTS : (CONTD.)

Note 4 : Investment property

(Amounts in Million ₹)

Particulars	Land
Gross Block	
As at 1 April 2017	5.020
Additions	
Disposals	-
As at 31 March 2018	5.020
Additions	-
Disposals	-
As at 31 March 2019	**5.020**
Depreciation and Impairment	
As at 1 April 2017	-
Charge for the year	-
Depreciation on disposals	-
As at 31 March 2018	-
Charge for the year	-
Depreciation on disposals	
As at 31 March 2019	-
Net block	
As at 1 April 2017	**5.020**
As at 31 March 2018	5.020
As at 31 March 2019	**5.020**

Fair Value

The company obtains independent valuations for its investments properties. The valuation model considers current prices in active market, discounted cash-flow projections based on reliable estimates of future cash-flows.

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

Fair value as at 31 March 2017 was Rs 58.303 Mn. and there is no significant movement in fair value over last 2 years.

NOTES TO ACCOUNTS : (CONTD.)

Note 5 : Financial assets: Investments

(Amounts in Million ₹)

	Particulars	31 March 2019	31 March 2018
I	**Long term investments - at cost**		
	Trade Investments		
	(a) Investment in Equity instruments	2,979.206	2,731.123
	(b) Capital contribution in partnership firm	0.005	0.005
	Total	**2,979.211**	2,731.128

	Particulars	31 March 2019	31 March 2018
	Aggregate amount of quoted investments	**-**	-
	Aggregate amount of unquoted investments	**2,979.211**	**2,731.128**

Sr No	Particulars	Face Value	Partly Paid / Fully paid	Extent of holding (%)		No. of Shares / Units		Amount in Million Rupees	
				31 March 2019	31 March 2018	**31 March 2019**	31 March 2018	**31 March 2019**	31 March 2018
	Non-current investments								
(1)	**Investments at fair value through other comprehensive income**								
	Investment in Structured Entities								
	Kirloskar Proprietary Limited *	INR 100	Fully Paid		-	2	2	**-**	**-**
(2)	**Investment in equity shares (unquoted) accounted at cost**								
a	**Investment in Joint venture**								
1	Kirloskar Ebara Pumps Limited	INR 10	Fully Paid	**45%**	45%	**225,000**	**225,000**	2.747	2.747
b	**Investment in Subsidiaries**								
1	The Kolhapur Steel Limited	INR 1	Fully Paid	**99%**	99%	**266,315,115**	**266,314,315**	343.884	343.876
2	Kirloskar Corrocoat Private Limited	INR 10	Fully Paid	**65%**	65%	**3,250,000**	**3,250,000**	94.000	94.000
3	Kirloskar Brothers International B V	Euro 100	Fully Paid	**100%**	100%	**198,076**	**59,724**	1,057.932	799.849
4	Kirloskar Brothers International B V	Euro 100	Partly Paid	**100%**	100%	**-**	**2,000**	0.000	10.008
5	Karad Projects & Motors Limited	INR 10	Fully Paid	**100%**	100%	**13,952,450**	**13,952,450**	1,480.643	1,480.643
	Investment in Partnership Firm								
1	KBL Synerge LLP**	N A	N A	**50%**	50%	**N A**	N A	**0.005**	**0.005**
	Total investment in equity shares of subsidiaries and joint venture							**2,979.211**	**2,731.128**

* The investment in unquoted equity shares is Rs.200/- and therefore not seen in the above table.
All subsidiaries, joint venture and associate companies are incorporated and have place of business in India except, the Kirloskar Brothers International B.V. is incorporated and has place of business in Netherland.

** KBL Synerge LLP. a limited liability partnership was formed in year 2017 between Kirloskar Brothers Ltd, Mrs. Sneha Phatak and Synerge Overseas PTE. Ltd. This LLP has been created for a short term project. Following are the details of total capital and share of each partner in it.

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

NOTES TO ACCOUNTS : (CONTD.)

Note 6 : Financial assets: Trade receivables

(Amounts in Million ₹)

Particulars	31 March 2019	31 March 2018
Non-current		
Unsecured, considered good	**70.070**	159.255
Doubtful	**832.823**	737.205
	902.893	896.460
Less: Provision for significant increase in credit risk and credit impaired receivables	**832.823**	737.205
	70.070	159.255
Current		
Unsecured, considered good		
From related parties	**999.334**	823.495
Others	**3,713.409**	2,994.355
	4,712.743	3,817.850
Total trade receivables	**4,782.813**	3,977.105

Trade receivables are non-interest bearing and are generally on terms of 1 to 90 days.

Note 7 : Financial assets: Loans

Particulars	31 March 2019	31 March 2018
Non-current		
(a) **Security deposits**		
Unsecured, considered good	**102.240**	131.748
Doubtful	**29.529**	66.530
	131.769	198.278
Less: Provision for significant increase in credit risk and credit impaired deposits	**29.529**	66.530
	102.240	131.748
Current		
(a) **Security deposits**		
Unsecured, considered good	**937.019**	961.884
(b) **Advances to related parties**		
Unsecured, considered good	**12.988**	13.853
	950.007	975.737
Total loans	**1,052.247**	1,107.485

Note 8 : Financial assets: Others

Particulars	31 March 2019	31 March 2018
Non-current		
(a) **Claims receivable**		
Unsecured, considered good		
Other miscellaneous claim	**5.975**	30.550
Doubtful	**3.845**	3.845
	9.820	34.395
Less: Provision for significant increase in credit risk and credit impaired claims	**3.845**	3.845
	5.975	30.550
(b) **Fixed deposits with the original maturity of more than 12 months**	**31.692**	30.992
	37.667	61.542
Current		
(a) **Claims receivable**		
Unsecured, considered good	**18.686**	20.273
(b) **Interest accrued**	**0.773**	0.033
	19.459	20.306
Total other financial assets	**57.126**	81.848

NOTES TO ACCOUNTS : (CONTD.)

Note 9 : Other assets

(Amounts in Million ₹)

Particulars	31 March 2019	31 March 2018
Non-current		
(a) **Capital advances**	**50.204**	9.123
(b) **Advances to supplier and others**		
Unsecured, considered good	**318.804**	57.200
Doubtful	**68.603**	68.687
	387.407	125.887
Less: Provision for significant increase in credit risk and credit impaired advances	**68.603**	68.687
	318.804	57.200
(c) **Prepaid expenses**	**2.691**	3.511
(d) **Gross amount due from customers for project related contract work**	**9.504**	35.934
(e) **Retentions**	**218.318**	485.742
(f) **Advance income tax (net of provision)**	**478.896**	762.469
	1,078.417	1,353.979
Current		
(a) **Advances to suppliers and others**		
Unsecured, considered good		
Advances to related parties	**136.581**	51.430
Others	**27.001**	291.141
	163.582	342.571
(b) **Prepaid expenses**	**137.560**	159.255
(c) **Gross amount due from customers for project related contract work**	**204.513**	263.347
(d) **Retentions**	**2,327.063**	2,462.540
(e) **Balances with government authorities**	**1,546.504**	1,266.386
	4,379.222	4,494.099
Total other assets	**5,457.639**	5,848.078

Note 10 : Inventories

Particulars	31 March 2019	31 March 2018
(a) Raw Materials *	**839.336**	785.283
(b) Work-in-progress	**1,413.973**	1,023.630
(c) Finished goods	**1,014.251**	1,006.220
(d) Stock-in-trade	**318.886**	235.425
(e) Stores and spares	**83.805**	75.972
(For mode of valuation Refer note 2.6)		
	3,670.251	3,126.530

* Include goods in transit - Rs 34.150 MN (2018 : Rs.34.190 MN)

Amounts recognised in statement of profit and loss

Write-down/(back) of inventories to net realizable value / any loss due to it's obsolete nature (net of reversal) amounted to (Rs.9.210 MN) (31 March 2018: Rs.51.904 MN). These were recognised as expenses during the year.

NOTES TO ACCOUNTS : (CONTD.)

Note 11 A : Cash and cash equivalents

(Amounts in Million ₹)

Particulars	31 March 2019	31 March 2018
(a) **Balances with banks**		
In current accounts	**122.876**	226.010
In EEFC accounts	**92.111**	30.024
Fixed deposits with maturity less than 3 months	**5.948**	325.650
(b) **Cash on hand**	**1.001**	1.079
(c) **Cheques on hand**	**111.066**	-
	333.002	582.763

Note 11 B : Other bank balances

Particulars	31 March 2019	31 March 2018
(a) **Earmarked balances with banks**		
Unpaid dividend accounts	**19.875**	23.796
(b) **Margin money**	**1.189**	0.823
	21.064	24.619

Note 12: Equity share capital

Particulars	31 March 2019	31 March 2018
Authorised		
250,000,000 (250,000,000) equity shares of Rs.2/- each (Rs.2/- each)	**500.000**	500.000
Issued, subscribed & fully paid up		
79,408,926 (79,408,926) equity shares of Rs.2/- each (Rs.2/- each)	**158.818**	158.818
	158.818	158.818

(a) Terms/rights attached to equity shares

The company has only one class of equity shares, having par value of Rs. 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 2019 the board of directors have proposed dividend of Rs 2.50 (2018: Rs 2.50) per share subject to shareholders' approval.

The board of directors have not declared any interim dividend in the year ended 31-03-2019 and 31-03-2018.

(b) Reconciliation of share capital

Particulars	31 March 2019		31 March 2018	
	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

NOTES TO ACCOUNTS : (CONTD.)

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

Particulars	31 March 2019		31 March 2018	
	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 *	**17,839,037**	**22.46%**	17,596,133	22.16%
Mrs. Pratima Sanjay Kirloskar	**13,840,488**	**17.43%**	13,760,488	17.33%
Reliance Capital Trustee Co. Ltd	**3,976,103**	**5.01%**	3,413,739	4.30%

* includes 1,761,919 (1,739,015), 2% (2%) shares held in the capacity of a trustee.

(d) Shares reserved for Employee Stock Option Scheme (ESOS)

Particulars	31 March 2019		31 March 2018	
	No. of Shares	Amount (Million ₹)	No. of Shares	Amount (Million ₹)
Shares reserved for ESOS scheme	**5,161,840**	**10.324**	5,161,840	10.324

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

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

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

iii. bought back.

Note 13: Other equity

(Amounts in Million ₹)

Particulars	31 March 2019	31 March 2018
(a) **Capital reserve**	**0.172**	0.172
(b) **Capital redemption reserve**	**4.000**	4.000
(c) **Securities premium**	**414.604**	414.604
(d) **General reserve**	**5,787.407**	5,787.407
(e) **Retained Earnings**		
Opening balance	**2,590.002**	2,015.133
Add: Total comprehensive income for the year	**871.504**	665.331
Less: Impact of implementation of Ind AS 115	**192.360**	-
Balance available for appropriation	**3,269.146**	2,680.464
Less: Appropriations :		
Final dividend paid including tax	**231.491**	90.462
Sub total	**231.491**	90.462
Closing balance	**3,037.655**	2,590.002
	9,243.838	8,796.185

NOTES TO ACCOUNTS : (CONTD.)

Note 13: Other equity (Contd.)

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 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. 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 and any other adjustments.

NOTES TO ACCOUNTS : (CONTD.)

Note 14 : Financial liabilities: Borrowings

(Amounts in Million ₹)

Particulars	31 March 2019	31 March 2018
Non-current		
Secured		
(a) Term loan from ICICI bank	**352.941**	470.588
(Terms of loan: Term loan is repayable in 17 quarterly installments starting from 31 March 2018. The loan carries interest as MCLR+ 3 months spread. The loan is secured against fixed asset purchased out of this borrowing.)		
Less- Current maturities of non-current borrowings disclosed under the head Other current financial liabilities (refer note 16)	**117.647**	117.647
	235.294	352.941
Unsecured		
(a) Deferral payment liabilities under sales tax deferral scheme	**5.529**	10.697
(Terms of loans: Rs. 52.883 MN to be repaid in 9 yearly installments starting from April 2013.)		
Less- Current maturities of non-current borrowings disclosed under the head Other current financial liabilities (refer note 16)	**3.623**	5.169
	1.906	5.528
	237.200	358.469
Current		
Secured		
1) Loans repayable on demand from bank		
(i) Cash / export credit facilities	**337.703**	118.980
(ii) Working capital demand loans/ short term loans	**900.000**	1,050.000
(Terms of loans: Loan carries interest @ 7.85% to 8.05% per annum and secured against the inventory and receivables)		
	1,237.703	1,168.980
	1,237.703	1,168.980
Total borrowings	**1,474.903**	1,527.449

NOTES TO ACCOUNTS : (CONTD.)

Note 15 : Financial liabilities: Trade payables

(Amounts in Million ₹)

Particulars	31 March 2019	31 March 2018
Non-current		
(a) Total outstanding dues of creditors other than micro, small and medium enterprises	**155.381**	185.826
	155.381	185.826
Current		
(a) Total outstanding dues of micro, small and medium enterprises (refer note 42)	**1,042.931**	654.408
(b) Total outstanding dues of creditors other than micro, small and medium enterprises	**4,326.889**	3,765.555
	5,369.820	4,419.963
Total trade payable	**5,525.201**	4,605.789

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 terms which ever is earlier.

Note 16: Other financial liabilities

Particulars	31 March 2019	31 March 2018
Non-current		
(a) **Financial guarantees for subsidiary companies**	**11.319**	30.052
	11.319	30.052
Current		
(a) **Current maturities of long term loan (refer note 14)**	**121.270**	122.816
(b) **Investor Education & Protection fund (will be credited as and when due).**		
Unclaimed dividends	**19.875**	23.796
(c) **Others**		
Trade deposits	**74.977**	65.267
Interest accrued	**18.383**	2.715
Salary and reimbursements	**371.968**	332.489
Payables on account of purchases of fixed assets	**28.703**	79.987
Provision for expenses	**131.602**	192.567
Financial guarantees for subsidiary companies	**5.061**	6.479
	630.694	679.504
	771.839	826.116
Total other financial liabilities	**783.158**	856.168

Terms and conditions of the above financial liabilities:

1) Other payables are non-interest bearing.

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

NOTES TO ACCOUNTS : (CONTD.)

Note 17: Provisions

(Amounts in Million ₹)

Particulars	31 March 2019	31 March 2018
Non-current		
Provision for employee benefits		
(a) Compensated absences (refer note 38)	**136.781**	124.071
(b) Pension scheme (refer note 34)	**26.371**	21.258
	163.152	145.329
Other provisions (refer note 38)		
(a) Provision for product warranty	**36.548**	27.500
(b) Provision for decommissioning and restoration costs	**7.018**	6.487
	43.566	33.987
	206.718	179.316
Current		
Provision for employee benefits		
(a) Compensated absences (refer note 38)	**144.377**	131.436
(b) Gratuity (refer note 34)	**25.807**	23.077
	170.184	154.513
Other provisions (refer note 38)		
(a) Provision for product warranty	**205.551**	175.419
(b) Provision for loss on long term contracts	**40.259**	53.850
	245.810	229.269
	415.994	383.782
Total provisions	**622.712**	563.098

Note 18: Other liabilities

Particulars	31 March 2019	31 March 2018
Non-current		
(a) Gross amount due to customers for project related contract work	**91.987**	148.046
(b) Advance from customers	**165.049**	174.059
(c) Deferred revenue	**0.210**	0.817
	257.246	322.922
Current		
(a) Gross amount due to customers for project related contract work	**1,551.851**	1,539.290
(b) Advance from customers	**1,794.424**	2,008.660
(c) Contribution to PF and superannuation	**18.578**	17.284
(d) Statutory dues	**33.249**	42.045
(e) Deferred revenue	**268.729**	203.294
	3,666.831	3,810.573
Total other non-financial liabilities	**3,924.077**	4,133.495

NOTES TO ACCOUNTS : (CONTD.)

Note 19 : Income tax

(Amounts in Million ₹)

(1) The major components of income tax expense for the period ended 31 March 2019 and 31 March 2018 are:

(a) Statement of profit and loss

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Current income tax:		
Current income tax charge	**432.905**	365.990
Adjustments in respect of current income tax of previous year	**-**	-
Deferred tax:		
Relating to origination and reversal of temporary differences	**(64.559)**	(98.532)
Income tax expense reported in the statement of profit and loss	**368.346**	267.458

(b) Statement of other comprehensive income (OCI)

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Income tax charged to OCI	**(0.905)**	5.010

(2) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31 March 2019 and 31 March 2018:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Accounting profit before tax	**1,241.561**	923.322
At India's statutory income tax rate of 34.944% (PY-34.608%) (a)	**433.851**	319.543
Adjustments		
Add: Exempt income		
Dividend	**40.381**	26.239
Subtotal (b)	**40.381**	26.239
Add: Accelerated deduction		
Research and development expenses	**105.698**	78.487
80 IA	**35.597**	32.537
Subtotal (c)	**141.295**	111.024
Less : Non deductible expenses		
Provision for deposits	**(36.940)**	-
Advances written off	**9.025**	(2.790)
Interest payable to MSMED vendors	**13.000**	-
Fines and penalties	**1.035**	-
Donation	**15.086**	2.077
Subtotal (d)	**1.206**	(0.713)
Sub total (e) = (b+c-d)	**180.470**	137.976
Tax impact of above adjustments	**63.063**	47.751
Rate difference on opening DTA/ DTL	**(2.237)**	-
Other items	**4.679**	4.334
Total (f)	**65.505**	52.085
Tax expenses at effective rate (a-f)	**368.346**	267.458
Tax expenses recorded in books	**368.346**	267.458

NOTES TO ACCOUNTS : (CONTD.)

Note 19 : Income tax (Contd.)

(3) Movement in deferred tax

(Amounts in Million ₹)

(a) Balance sheet

Deferred tax relates to the following: DTL/ (DTA)	**31 March 2019**	31 March 2018
Property, plant and equipment (Depreciation)	**122.228**	119.544
Employee benefits	**(107.463)**	(95.785)
Provision for doubtful debts and advances	**(356.950)**	(256.470)
Others - DTA/DTL	**1.352**	2.311
	(340.833)	(230.400)
MAT credit availed (net of credit utlised during the year)	**-**	-
Net deferred tax liabilities/(assets)	**(340.833)**	(230.400)
Deferred tax asset	**464.413**	352.255
Deferred tax liability	**123.580**	121.855
Reflected in balance sheet as	**-**	-
Net deferred tax asset	**340.833**	230.400

(b) Statement of profit and loss

Particulars	**Year ended 31 March 2019**	Year ended 31 March 2018
Property, plant and equipment (Depreciation)	**2.684**	(12.077)
Employee benefits - compensated absences	**(11.678)**	(8.606)
Provision for doubtful debts and advances	**(100.480)**	(77.179)
Others	**(0.959)**	(0.670)
Deferred tax expenses /(Income recognised in profit and loss)	**(110.433)**	(98.532)
Provision for gross amount due from customer directly recognised in reserves on transition to Ind AS 115	**45.874**	-
Deferred tax expense/(income)	**(64.559)**	(98.532)

(4) Movement in Current tax

(a) Balance sheet

Reflected in balance sheet as	**31 March 2019**	31 March 2018
Non- current advance tax	**478.896**	762.469
	478.896	762.469

NOTES TO ACCOUNTS : (CONTD.)

Note 19 : Income tax (Contd.)

(Amounts in Million ₹)

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

Movement in current tax	**Year ended 31 March 2019**	Year ended 31 March 2018
Current tax (asset)/ liability as at beginning of year	**(762.469)**	(968.029)
Add: Additional provision during the year - Statement of Profit and loss account	**432.905**	365.990
Add: Additional provision during the year - Other comprehensive income	**(0.905)**	5.010
Less: Current tax paid during the year (Net of refund received for previous year and adjustment for TDS receivable for previous years)	**(148.430)**	(105.611)
Less: Utilisation MAT credit	**-**	(59.829)
Non Current tax (asset)/ liability as at end of year	**(478.899)**	(762.469)

(c) Tax on dividend

Company has declared dividend @125% per share i.e. Rs 2.50 per share. The tax payable on dividend declared is Rs. 32.645 MN.

Note 20: Revenue from operations

Particulars	**Year ended 31 March 2019**	Year ended 31 March 2018
(a) **Sale of products** (including excise duty) (Refer note 30 for the construction contract revenue)	**21,459.917**	18,821.020
(b) **Sale of services**	**540.994**	359.523
	22,000.911	19,180.543
(c) **Other operating revenues** (mainly scrap sales and exports benefits)	**233.949**	165.084
	22,234.860	19,345.627

Note 21: Other income

Particulars	**Year ended 31 March 2019**	Year ended 31 March 2018
(a) **Interest Income**		
From customers and others	**68.152**	39.917
On income tax and sales tax refund	**86.300**	49.340
(b) **Release of deferred income**	**3.860**	1.899
(c) **Profit on sale of mutual fund investment**	**4.144**	12.777
(d) **Dividend income from subsidiary companies**	**40.381**	26.239
(e) **Foreign exchange difference (net)**	**12.901**	2.285
(f) **Other non-operating income**	**31.342**	56.193
	247.080	188.650

NOTES TO ACCOUNTS : (CONTD.)

Note 22: Cost of materials consumed , Changes in inventories of finished goods, stock -in- trade and work-in-progress

(Amounts in Million ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(a) **Raw material consumed** (Including packing material)	**10,814.449**	8,774.200
(b) **Changes in inventories of finished goods, work-in-progress and stock-in-trade**		
Opening Stock		
Finished goods	**1,006.220**	777.897
Work-in- progress	**1,023.630**	925.033
Stock in trade	**235.425**	230.931
	2,265.275	1,933.861
Closing Stock		
Finished goods	**1,014.251**	1,006.220
Work-in- progress	**1,413.973**	1,023.630
Stock in trade	**318.886**	235.425
	2,747.110	2,265.275
	(481.835)	(331.414)

Note 23: Employee benefits expense

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(a) **Salaries, wages and bonus**	**2,098.934**	1,979.570
(b) **Defined contribution plans**		
Contribution to provident fund, superannuation fund and ESIC	**45.480**	44.661
(c) **Defined benefit plans**		
Gratuity, Provident fund and Pension	**96.594**	96.809
(d) **Welfare expenses**	**166.461**	152.079
	2,407.469	2,273.119

Note 24: Finance costs

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(a) **Interest expense** (At effective interest rate/ market rate of interest)	**195.417**	180.020
(b) **Other borrowing costs** (Includes bank guarantee commission, LC charges, loan processing charges)	**66.964**	72.768
	262.381	252.788

Note 25: Depreciation and amortization expense

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(a) Depreciation on property, plant and equipment	**332.908**	319.673
(b) Amortization of intangible assets	**32.946**	32.154
	365.854	351.827

NOTES TO ACCOUNTS : (CONTD.)

Note 26: Other expenses

(Amounts in Million ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Other Manufacturing Expenses		
Stores and spares consumed	**862.815**	678.173
Processing charges	**340.472**	318.848
Power & fuel	**305.899**	261.133
Repairs and maintenance		
Plant and machinery	**150.281**	113.821
Buildings	**47.964**	28.380
Other	**52.642**	51.890
Excise duty	**-**	220.641
Other expenses		
Rent	**68.961**	70.769
Rates and taxes	**28.179**	82.083
Travel and conveyance	**286.326**	270.649
Communication expenses	**74.507**	68.219
Insurance	**62.695**	86.776
Directors' sitting fees	**6.000**	4.350
Royalties and fees *	**53.094**	47.101
Freight and forwarding charges	**594.065**	482.871
Brokerage and commission	**29.406**	52.644
Advertisements and publicity	**368.430**	214.398
Provision for product warranty	**211.593**	187.398
Loss on sale/disposal of fixed assets	**-**	8.710
Provision for doubtful debts, advances and claims	**110.832**	215.939
Bad debts written off	**220.074**	1.205
Advances, deposits and claims written off	**9.025**	4.273
Auditor's remuneration (refer note 31)	**6.407**	6.253
Professional, consultancy and legal expenses	**411.661**	318.688
Security services	**51.143**	52.778
Computer services	**157.056**	189.782
Non-executive directors remuneration	**10.000**	9.700
Stationery & Printing	**11.241**	11.402
Training course expenses	**10.119**	4.040
Outside labour charges	**289.449**	183.116
Corporate social responsibility expenses (refer note 43)	**14.550**	7.500
Other miscellaneous expenses	**154.414**	191.811
	4,999.300	4,445.341

* Company has agreement with Kirloskar Proprietary Limited (KPL) for use of trade mark. To keep the Company's business interest protected and establish its bonafide to continue to honor terms of earlier agreement, the Company has made a provision of Royalty for the balance period and sought to make the payment to KPL. Matter is sub-judiced.

NOTES TO ACCOUNTS : (CONTD.)

Note 27: Other comprehensive income

(Amounts in Million ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Items that will not be reclassified to profit or loss		
Remeasurements gains and losses on post employments benefits	**(2.616)**	14.477
Tax on remeasurements gains and losses	**0.905**	(5.010)
	(1.711)	9.467

Note 28 : Contingent liabilities

Particulars		31 March 2019	31 March 2018
(a)	**Other money for which the company is contingently liable for**		
i)	Central Excise and Service tax (Matter Subjudice)	**1,035.727**	1,015.462
ii)	Sales Tax (Matter Subjudice)	**377.528**	536.757
iii)	Income Tax (Matter Subjudice)	**573.706**	552.044
iv)	Labour Matters (Matter Subjudice)	**40.099**	37.235
v)	Other Legal Cases (Matter Subjudice)	**83.167**	329.840
		2,110.227	2,471.338

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

Note 29 : Commitments

Particulars		31 March 2019	31 March 2018
i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	**287.803**	234.655
ii)	Letters of credit outstanding	**1,164.796**	598.200

NOTES TO ACCOUNTS : (CONTD.)

Note 30 : Construction contracts

(Amounts in Million ₹)

Particulars		31 March 2019	31 March 2018
a)	Contract Revenue recognised as revenue for the year	**1,013.353**	1,098.948
b)	Advances received	**1,113.348**	777.485
c)	Amount of retentions	**2,545.381**	2,948.282
d)	**Gross amount due from customer**		
	Contract costs incurred	**9,954.230**	15,916.594
	Recognised Profits less recognised Losses	**2,349.234**	2,914.375
	Less: Progress Billing	**11,904.626**	18,531.688
	Less: Provision for gross amount due from customer	**184.821**	-
	Net	**214.017**	299.281
e)	**Gross amount due to customer**		
	Contract costs incurred	**30,220.997**	25,650.537
	Recognised Profits less recognised Losses	**5,858.128**	5,691.968
	Less: Progress Billing	**37,722.962**	33,029.841
	Net	**(1,643.837)**	(1,687.336)

Note 31: Remuneration to Auditors

Particulars		31 March 2019	31 March 2018 *
a)	Audit Fees	**4.100**	4.100
b)	Tax Audit Fees	**-**	0.300
c)	VAT Audit Fees	**-**	0.300
d)	Limited Review	**1.200**	1.050
e)	Certification services	**0.348**	0.030
f)	Expenses reimbursed	**0.759**	0.473
	Sub total	**6.407**	6.253

* includes fees paid to predecessor auditor.

Note 32 : Earning per Share (Basic and diluted)

Particulars		31 March 2019	31 March 2018
a)	Profit for the year before tax	**1,241.561**	923.322
	Less : Attributable Tax thereto	**368.346**	267.458
	Profit after Tax	**873.215**	655.864
b)	Weighted average number of equity shares used as denominator	**79,408,926**	79,408,926
c)	Basic & diluted earning per share of nominal value of Rs 2/- each	**11.00**	8.26

NOTES TO ACCOUNTS : (CONTD.)

Note 33 A : Research and Development expenditure incurred eligible for weighted average deduction under section 35(2AB) of the Income Tax Act, 1961

(Amounts in Million ₹)

Particulars			31 March 2019	31 March 2018
A	**Revenue expenditure**			
	Manufacturing expenses:			
		Raw Material , Store , Spares & Tools consumed	**24.212**	18.149
	Payments to and Provision for Employees:			
		Salaries, Wages, Bonus, Allowances etc.	**84.537**	96.856
	Other Expenses:			
		Membership Fees	**0.996**	2.346
		Computer Services	**15.393**	11.336
		Power charges	**1.110**	0.989
		Travelling & Conveyance Expenses	**7.613**	4.826
		Other Expenses	**15.487**	0.642
		Repairs & Maintenance	**18.298**	2.810
	Total		**167.646**	137.954
B	**Capital Expenditure**		**43.750**	7.044
	Total eligible research and development expenditure		**211.396**	144.998

Note 33 B : Other Research & Development expenditure

Particulars		31 March 2019	31 March 2018
A	**Revenue expenditure**	**80.322**	56.175
B	**Capital Expenditure**	**0.725**	1.895
	Total	**81.047**	58.070

NOTES TO ACCOUNTS : (CONTD.)

Note 34 : Employee benefits

(Amounts in Million ₹)

i. **Defined Contribution Plans:**

Amount of Rs.45.48 MN. (Rs 44.661 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		31 March 2019		31 March 2018	
		Gratuity Plan (Funded)	Provident Fund* (Funded)	Gratuity Plan (Funded)	Provident Fund* (Funded)
A.	Amount to be recognised in Balance Sheet				
	Present Value of Defined Benefit Obligation	**459.728**	**22.684**	428.866	9.357
	Less: Fair Value of Plan Assets	**433.921**	**52.362**	405.789	48.514
	Amount to be recognised as liability or (asset)	**25.807**	**(29.678)**	23.077	(39.157)
B.	Amounts reflected in the Balance Sheet				
	Liabilities	**25.807**	**16.737**	23.077	15.447
	Assets	**-**	**-**	-	-
	Net Liability/(Assets)	**25.807**	**-**	23.077	-

* Company has not recognised the Provident fund asset on conservative basis in the financials.

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

Particulars		31 March 2019		31 March 2018	
		Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund* (Funded)
1	Current Service Cost	**34.150**	**1.250**	33.935	4.525
2	Acquisition (gain)/ loss	**-**	**-**	-	-
3	Past Service Cost	**-**	**-**	-	-
4	Net Interest (income)/expenses	**(0.113)**	**(2.976)**	1.371	(1.430)
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)	**34.037**	**(1.726)**	35.306	3.095

NOTES TO ACCOUNTS : (CONTD.)

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

(Amounts in Million ₹)

	Particulars	2018-19		2017-18	
		Gratuity Plan (Funded)	**Provident Fund (Funded)**	Gratuity Plan (Funded)	Provident Fund (Funded)
1	Opening amount recognised in OCI outside profit and loss account	**-**	**-**	-	-
2	Remeasurements for the year - Obligation (Gain)/loss	**(1.391)**	**11.366**	(9.922)	(28.670)
3	Remeasurement for the year - Plan assets (Gain) / Loss	**(3.410)**	**(0.161)**	(4.834)	7.444
4	Total Remeasurements Cost / (Credit) for the year recognised in OCI	**(4.801)**	**11.205**	(14.756)	(21.226)
5	Less: Accumulated balances transferred to retained earnings	**(4.801)**	**11.205**	(14.756)	(21.226)
	Closing balances (remeasurement (gain)/ loss recognised OCI	-	-	**-**	**-**

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

	Particulars	31 March 2019		31 March 2018	
		Gratuity Plan (Funded)	**Provident Fund (Funded)**	Gratuity Plan (Funded)	Provident Fund (Funded)
1	Balance of the present value of Defined benefit Obligation at the beginning period	**428.866**	**9.357**	400.460	31.369
2	Acquisition adjustment	**-**	**-**	-	-
3	Transfer in/ (out)	**(3.175)**	**-**	-	-
4	Interest expenses	**31.215**	**0.711**	26.480	2.133
5	Past Service Cost	**-**	**-**	-	-
6	Current Service Cost	**34.150**	**1.250**	33.935	4.525
7	Curtailment Cost / (credit)	**-**	**-**	-	-
8	Settlement Cost/ (credit)	**-**	**-**	-	-
9	Benefits paid	**(29.937)**	**-**	(22.087)	-
10	Remeasurements on obligation - (Gain) / Loss	**(1.391)**	**11.366**	(9.922)	(28.670)
	Present value of obligation as at the end of the period	**459.728**	**22.684**	428.866	9.357

NOTES TO ACCOUNTS : (CONTD.)

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

(Amounts in Million ₹)

	Particulars	31 March 2019		31 March 2018	
		Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
1	Fair value of the plan assets as at beginning of the period	**405.789**	**48.514**	362.664	52.395
2	Acquition adjustment	**-**	**-**	-	-
3	Transfer in/(out)	**-**	**-**	-	-
4	Interest income	**31.328**	**3.687**	25.109	3.563
5	Contributions	**23.330**	**-**	35.268	-
6	Benefits paid	**(29.937)**	**-**	(22.086)	-
7	Amount paid on settlement	**-**	**-**	-	-
8	Return on plan assets, excluding amount recognised in Interest Income - Gain / (Loss)	**3.410**	**0.161**	4.834	(7.444)
9	Fair value of plan assets as at the end of the period	**433.920**	**52.362**	405.789	48.514

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

	Particulars	31 March 2019		31 March 2018	
		Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
1	Interest (Income) / Expense – Obligation	**31.215**	**0.711**	26.480	2.133
2	Interest (Income) / Expense – Plan assets	**(31.328)**	**(3.687)**	(25.109)	(3.563)
3	Net Interest (Income) / Expense for the year	**(0.113)**	**(2.976)**	1.371	(1.430)

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

	Particulars	Percentage 31 March 2019	Percentage 31 March 2018
1	Central Government Securities	31.42%	31.42%
2	State Government Securities	10.65%	10.65%
3	Other Approved Securities (Government Guaranteed Securities)	1.34%	1.34%
4	Bonds and Debentures etc.	42.85%	42.85%
5	Fixed Deposits	8.29%	8.29%
6	Equity Shares	5.23%	5.23%
7	Money Market Instrument	0.22%	0.22%
	Grand Total	**100%**	100%

NOTES TO ACCOUNTS : (CONTD.)

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

(Amounts in Million ₹)

Particulars	31 March 2019		31 March 2018	
	Gratuity Plan	Provident Fund	Gratuity Plan	Provident Fund
	(Funded)	(Funded)	(Funded)	(Funded)
Defined Benefit Obligation	459.728	22.684	428.866	9.357
Plan Assets	433.921	52.362	405.789	48.514
Surplus/(Deficit)	(25.807)	29.678	(23.077)	39.157

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

Particulars	31 March 2019	31 March 2018
	Pension Scheme	Pension Scheme
	(Non-Funded)	(Non-Funded)
A. Amount to be recognised in Balance Sheet		
Present Value of Defined Benefit Obligation	26.371	21.258
Less: Fair Value of Plan Assets	-	-
Amount to be recognised as liability or (asset)	26.371	21.258
B. Amounts reflected in the Balance Sheet		
Liabilities	26.371	21.258
Assets	-	-
Net Liability/(Assets)	26.371	21.258

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

Particulars	2018-19	2017-18
	Pension Scheme	Pension Scheme
	(Non-Funded)	(Non- Funded)
1 Current Service Cost	-	-
2 Acquisition (gain)/ loss	-	-
3 Past Service Cost	-	-
3 Net Interest (income)/expenses	1.509	1.548
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)	1.509	1.548

NOTES TO ACCOUNTS : (CONTD.)

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

(Amounts in Million ₹)

Particulars		2018-19	2017-18
		Pension Scheme	Pension Scheme
		(Non-Funded)	(Non-Funded)
1	Opening amount recognised in OCI outside profit and loss account	**-**	-
2	Remeasurements for the year - Obligation (Gain)/loss	**7.418**	0.280
3	Remeasurement for the year - Plan assets (Gain) / Loss	**-**	-
4	Total Remeasurements Cost / (Credit) for the year recognised in OCI	**7.418**	0.280
5	Less: Accumulated balances transferred to retained earnings	**7.418**	**0.280**
	Closing balances (remeasurement (gain)/loss recognised OCI	**-**	-

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

Particulars		2018-19	2017-18
		Pension Scheme	Pension Scheme
		(Non-Funded)	(Non-Funded)
1	Balance of the present value of		
	Defined Benefit Obligation as at beginning of the period	**21.258**	22.406
2	Acquisition adjustment	**-**	-
3	Transfer in/ (out)	**-**	-
4	Interest expenses	**1.509**	1.548
5	Past Service Cost	**-**	-
6	Current Service Cost	**-**	-
7	Curtailment Cost / (credit)	**-**	-
8	Settlement Cost/ (credit)	**-**	-
9	Benefits paid	**(3.813)**	(2.976)
10	Remeasurements on obligation - (Gain) / Loss	**7.418**	0.280
	Present value of obligation as at the end of the period	**26.372**	21.258

NOTES TO ACCOUNTS : (CONTD.)

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

(Amounts in Million ₹)

Particulars	Pension (Non Funded)	
	2018-19	2017-18
1 Interest (Income) / Expense – Obligation	**1.509**	1.548
2 Interest (Income) / Expense – Plan assets	**-**	-
3 Net Interest (Income) / Expense for the year	**1.509**	1.548

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

Particulars	Pension (Non Funded)	
	2018-19	2017-18
Defined Benefit Obligation	**26.371**	21.258
Plan Assets	**-**	-
Surplus/(Deficit)	**(26.371)**	(21.258)

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 7.60% (PY 7.6%) has been used for the valuation purpose.

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

1 Discount rate as at 31-03-2019- 7.50%

2 Expected return on plan assets as at 31-03-2019 - 7.6%

3 Salary growth rate : For Gratuity Scheme - 10%

4 Attrition rate: For gratuity scheme the attrition rate is taken at 7%

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

p) General descriptions of defined plans:

1 Gratuity Plan:

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

2 Company's Pension Plan:

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

q) The Company expects to fund Rs 25.80 Million (Rs 23.07 Million) towards its gratuity plan in the year 2019-20.

NOTES TO ACCOUNTS : (CONTD.)

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

(Amounts in Million ₹)

Change in assumption		Effect on Gratuity obligation	
		31 March 2019	31 March 2018
1	**Discount rate**		
	Increase by 1% to 8.5% (PY -8.6%)	**430.822**	401.479
	Decrease by 1% to 6.5% (PY- 6.6%)	**492.460**	459.896
2	**Salary increase rate**		
	Increase by 1% to 11% (PY- 11%)	**487.359**	455.122
	Decrease by 1% to 9% (PY- 9%)	**434.722**	405.119
3	**Withdrawal rate**		
	Increase by 1% to 8.0% (PY - 8%)	**455.804**	425.255
	Decrease by 1% to 6.0% (PY - 6%)	**464.081**	432.872

Change in assumption		Effect on Provident Fund obligation	
		31 March 2019	31 March 2018
1	**Discount rate**		
	Increase by 0.5% to 8% (PY- 8.10%)	**5.847**	-
	Decrease by 0.5% to 7% (PY- 7.10%)	**40.446**	25.369
2	**Interest rate**		
	Increase by 0.50% to 9.15% (PY- 9.05%)	**39.594**	24.748
	Decrease by 0.50% to 8.15% (PY -8.05%)	**5.772**	-

Change in assumption		Effect on Pension obligation	
		31 March 2019	**31 March 2018**
1	**Discount rate**		
	Increase by 1% to 8.8% (PY -8.6%)	**25.011**	20.152
	Decrease by 1% to 6.8% (PY- 6.6%)	**27.882**	22.487

NOTES TO ACCOUNTS : (CONTD.)

Note 35 :Related Party Disclosures

(A) Names of the related party and nature of relationship where control 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 B.V.	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) L.L.C.	Subsidiary of Kirloskar Brothers International B.V.
8	Kirloskar Pompen B.V.	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 (Erstwhile Kirloskar Brothers International PTY Limited)	Subsidiary of Kirloskar Brothers International B.V.
11	Rotaserve Limited	Subsidiary of Kirloskar Brothers International B.V.
12	SPP France S A S	Subsidiary of SPP Pumps Limited
13	SPP Pumps Inc.	Subsidiary of SPP Pumps Limited
14	SPP Pumps South Africa Proprietary Limited	Subsidiary of SPP Pumps International Proprietary Limited
15	Braybar Pumps Proprietary Limited	Subsidiary of SPP Pumps International Proprietary Limited
16	Rodelta Pumps International B.V.	Subsidiary of Kirloskar Pompen B.V.
17	Rotaserve Overhaul B.V.	Subsidiary of Kirloskar Pompen B.V.
18	SPP Pumps Real Estate LLC	Subsidiary of SPP Pumps Inc.
19	SyncroFlo Inc.	Subsidiary of SPP Pumps Inc.
20	SPP Pumps (Asia) Limited	Subsidiary of Kiroskar Brothers (Thailand) Limited
21	SPP Pumps (Singapore) Limited	Subsidiary of SPP Pumps (Asia) Ltd
22	Rotaserve Mozambique	Subsidiary of SPP Pumps International Proprietary Limited
23	SPP Neziv Pumps Solutions PTY Limited	Joint venture of SPP Pumps International Proprietary Limited
24	KBL Synerge LLP	Associate of Kirloskar Brothers Limited
25	Kirloskar Ebara Pumps Limited	Joint venture of Kirloskar Brothers Limited

NOTES TO ACCOUNTS : (CONTD.)

Note 35 : Related Party Disclosures

(B) Disclosure of related parties transactions

(Amounts in Million ₹)

Sr No	Nature of transaction/relationship/ major parties	2018-19		2017-18	
		Amount	Amount for Major parties *	Amount	Amount for Major parties *
1	**Purchase of goods & services**	**3,262.184**		3,419.686	
	Subsidiary/Fellow subsidiary Companies/Joint Venture				
	The Kolhapur Steel Limited		**269.749**		367.327
	Karad Projects and Motors Limited		**2,863.585**		2,825.970
2	**Sale of goods/contract revenue**	**1,191.889**		945.581	
	Subsidiary/Fellow subsidiary Companies/Joint Venture				
	SPP Pumps Limited		**320.606**		271.413
	Kirloskar Brothers (Thailand) Limited		**392.342**		207.996
	SPP Pumps, Inc.		**143.717**		190.573
	Kirloskar Pompen B.V.		**201.845**		98.157
3	**Rendering Services**	**129.145**		127.821	
	Subsidiary/Fellow subsidiary Companies/Joint venture				
	Kirloskar Corrocoat Private Limited		**13.069**		16.581
	Karad Projects and Motors Limited		**10.498**		10.369
	Kirloskar Ebara Pumps Limited		**39.935**		34.938
	Kirloskar Brothers (Thailand) Limited		**12.041**		18.195
	SPP Pumps Limited		**20.364**		23.174
4	**Receiving Services**	**206.309**		72.050	
	Subsidiary/Fellow subsidiary Companies/Joint venture				
	Kirloskar Brothers (Thailand) Limited		**51.948**		39.147
	Rodelta Pumps International B.V.		**-**		15.732
	Kirloskar Ebara Pumps Limited		**31.399**		0.036
	SPP Pumps Inc.		**108.935**		3.212
	Kirloskar Corrocoat Private Limited		**4.697**		1.038
5	**Sale of Fixed Assets**	**25.561**		-	
	Subsidiary/Fellow subsidiary Companies/Joint venture				
	Kirloskar Ebara Pumps Limited		**25.561**		-
6	**Purchase of fixed assets**	**3.180**		0.485	
	Subsidiary/Fellow subsidiary Companies/Joint venture				
	The Kolhapur Steel Limited		**2.089**		-
	Karad Projects and Motors Limited		**1.092**		-
	Kirloskar Ebara Pumps Limited		**-**		0.485

NOTES TO ACCOUNTS : (CONTD.)

Note 35 :Related Party Disclosures

(B) Disclosure of related parties transactions (Contd.)

(Amounts in Million ₹)

Sr No	Nature of transaction/relationship/ major parties	2018-19 Amount	2018-19 Amount for Major parties *	2017-18 Amount	2017-18 Amount for Major parties *
7	**Investment Made**	**248.083**		343.170	
	Subsidiary/Fellow subsidiary Companies/ Associates				
	Kirloskar Brothers International B.V.		**248.075**		343.170
	The Kolhapur Steel Limited		**0.008**		-
8	**Dividend Paid**	**74.222**		32.605	
	Key Management Personnel				
	Mr. Sanjay Kirloskar		**39.643**		17.549
	Relatives of Key Management Personnel				
	Mrs. Pratima Kirloskar		**34.401**		13.760
9	**Dividend Received**	**40.381**		26.239	
	Subsidiary/Fellow subsidiary Companies/Joint venture				
	Karad Projects & Motors Limited		**34.881**		25.114
	Kirloskar Ebara Pumps Limited		**2.250**		1.125
	Kirloskar Corrocoat Private Limited		**3.250**		-
10	**Remuneration Paid**	**67.520**		78.742	
	Key Management Personnel				
	Short Term Employee Benefit				
	Mr. Sanjay Kirloskar		**47.563**		60.853
	Commission on profits				
	Mr. Shrikrishna Inamdar		**0.650**		1.500
	Mr. Padmakar Jawadekar		**1.300**		1.500
	Ms. Lalita Gupte		**1.300**		1.500
	Mr. Pratap Shirke		**1.100**		1.500
	Mr. Alok Kirloskar		**1.300**		1.500
	Mr. Kishor Chaukar		**1.300**		1.500
	Dr. Rakesh Mohan		**1.300**		0.300
	Ms. Rama Kirloskar		**1.300**		0.400
	Mr. Rajeev Kher		**0.450**		-
	Sitting Fees				
	Mr. Shrikrishna Inamdar		**0.450**		0.825
	Mr. Padmakar Jawadekar		**1.050**		0.825
	Ms. Lalita Gupte		**1.275**		1.050
	Mr. Pratap Shirke		**0.675**		0.600
	Mr. Alok Kirloskar		**0.450**		0.300
	Mr. Kishor Chaukar		**0.900**		0.525
	Dr. Rakesh Mohan		**0.600**		0.075
	Ms. Rama Kirloskar		**0.450**		0.150
	Mr Rajeev Kher		**0.150**		-
	Post Emplyment Benefit				
	Mr. Sanjay Kirloskar		**3.957**		3.839

NOTES TO ACCOUNTS : (CONTD.)

Note 35 :Related Party Disclosures

(B) Disclosure of related parties transactions (Contd.)

(Amounts in Million ₹)

Sr No	Nature of transaction/relationship/ major parties	2018-19 Amount	2018-19 Amount for Major parties *	2017-18 Amount	2017-18 Amount for Major parties *
11	**Reimbursement Received**	**43.860**		22.223	
	Subsidiary / Fellow Subsidiary Company/Joint Venture				
	Kirloskar Ebara Pumps Limited		**4.519**		2.145
	SPP Pumps Limited		**12.219**		12.899
	Kirloskar Pompen .BV.		**2.524**		2.196
	Spp Pumps Inc.		**1.726**		2.854
	Kirloskar Corrocoat Private Limited		**14.190**		0.027
12	**Reimbursement Paid**	**77.560**		69.380	
	Subsidiary / Fellow Subsidiary Company/Joint Venture				
	Kirloskar Pompen B.V.		**0.839**		15.357
	Kirloskar Brothers (Thailand) Limited		**30.697**		27.230
	Rodelta Pumps International B.V.		**37.465**		-
	SPP Pumps Limited		**3.017**		16.559
13	**Advance Given**	**137.081**		-	
	Subsidiary / Fellow Subsidiary Company / Associate/Joint venture				
	Karad Projects and Motors Limited		**61.496**		-
	Kirloskar Ebara Pumps Limited		**3.007**		-
	The Kolhapur Steel Limited		**72.077**		-
14	**Advance/Loan Returned**	**1.000**		1.000	
	Subsidiary / Fellow Subsidiary Company				
	The Kolhapur Steel Limited		**1.000**		1.000
15	**Contribution Paid for Post Employment Benefit Plan**	**84.365**		**92.590**	
	Provident Fund		**37.951**		35.544
	Superannuation Trust		**21.337**		21.751
	Gratuity		**25.077**		35.295
16	**Corporate guarantee given**	**1,426.572**		-	
	SPP Pumps Limited		**1,426.572**		

* Major parties denote entities who account for 10% or more of the aggregate for that category of transaction.
The above transaction have been entered at arms length price.

NOTES TO ACCOUNTS : (CONTD.)

Note 35 :Related Party Disclosures

(C) Amount due to/from related parties

(Amounts in Million ₹)

Sr No	Nature of transaction/relationship/ major parties	31 March 2019		31 March 2018	
		Amount	Amount for Major parties	Amount	Amount for Major parties
1	**Accounts receivable**				
	Subsidiary / Fellow subsidiary Companies/ Associate / Joint venture				
	SPP Pumps Limited		405.016		219.687
	Kirloskar Brothers (Thailand) Limited		158.414		103.733
	SPP Pumps (MENA) L.L.C.		8.201		20.645
	Braybar Pumps Proprietary Limited		2.735		5.581
	SPP Pumps South Africa Proprietary Limited		1.547		3.141
	SPP Pumps Inc.		171.973		207.626
	Kirloskar Ebara Pumps Limited		-		46.128
	SyncroFlo Inc.		1.728		61.439
	Rodelta Pumps International B.V.		9.098		9.673
	The Kolhapur Steel Limited		39.788		12.214
	KBL Synerge LLP		1.775		1.640
	SPP Pumps International Proprietary Limited		115.792		85.381
	Kirloskar Pompen B.V.		261.079		60.511
	Rotaserve Overhaul B.V.		14.267		1.038
	SPP France S A S		0.100		-
	TOTAL	1,191.513		838.432	
2	**Amount Due**				
	Subsidiary/Fellow subsidiary Companies/ Associate/Joint venture				
	SPP Pumps Limited		16.493		7.234
	Kirloskar Brothers (Thailand) Limited		32.149		35.410
	SPP Pumps Inc.		43.354		8.984
	Karad Projects and Motors Limited		860.309		680.783
	Kirloskar Corrocoat Pvt Limited		4.832		8.987
	Rodelta Pumps International B.V.		33.185		21.791
	The Kolhapur Steel Limited		-		36.246
	Kirloskar Pompen B.V.		54.190		50.705
	Rotaserve Overhaul B.V.		0.996		0.631
	Kirloskar Ebara Pumps Limited		19.753		-
	Braybar Pumps Proprietary Limited		3.815		-
	TOTAL	1,069.076		850.771	

NOTES TO ACCOUNTS : (CONTD.)

Note 35 :Related Party Disclosures

(C) Amount due to/from related parties (Contd.)

(Amounts in Million ₹)

Sr No	Nature of transaction/relationship/ major parties	31 March 2019		31 March 2018	
		Amount	**Amount for Major parties**	Amount	Amount for Major parties
3	**Key Management Personnel**				
	Mr. Sanjay Kirloskar		**34.000**		47.500
	Mr. Shrikrishna Inamdar		**1.035**		1.950
	Mr. Padmakar Jawadekar		**1.170**		1.500
	Ms. Lalita Gupte		**1.170**		1.500
	Mr. Pratap Shirke		**0.990**		1.500
	Mr. Alok Kirloskar		**0.894**		1.500
	Mr. Kishor Chaukar		**1.170**		1.500
	Dr. Rakesh Mohan		**0.894**		0.300
	Ms. Rama Kirloskar		**1.170**		0.400
	Mr. Rajeev Kher		**0.405**		-
	TOTAL	**42.898**		57.650	

(D) Corporate Guarantees:

Below mentioned guarantees have been provided by the company to banks on behalf of subsidiary companies for availing financial facilities.

(Amounts in Million ₹)

Sr No	Particulars	31 March 2019	31 March 2018
		Amount	Amount
i)	By the company to ICICI Bank Ltd. on behalf of SPP Pumps Limited (GBP 12,600,000)	**1,141.258**	1,161.506
ii)	By the company to ICICI Bank Ltd. on behalf of Kirloskar Pompen B.V. (EURO 7,350,000)	**570.941**	593.623
iii)	By the company to Citi Bank on behalf of SPP Pumps Limited (USD 2,000,000)	**138.310**	130.340
iv)	By the company to Citi Bank on behalf of Kirloskar Brothers (Thailand) Limited (USD 5,750,000)	**397.641**	374.728
v)	By the company to Citi Bank on behalf of Kirloskar Pompen B.V. (USD 1,750,000)	**121.021**	114.048
vi)	By the company to Citi Bank on behalf of SPP Pumps International Propritary Limited (USD 2,500,000)	**172.888**	162.925
vii)	By the company to ICICI Bank Ltd. on behalf of The Kolhapur Steel Limited	**100.000**	50.000
viil)	By the company to ICICI Bank Ltd. on behalf of SPP Pumps Limited (GBP 15,750,000)	**1,426.572**	-

NOTES TO ACCOUNTS : (CONTD.)

Note 35 :Related Party Disclosures

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

1)	Subsidiary Companies	Karad Projects and Motors Limited The Kolhapur Steel Limited Kirloskar Corrocoat Private Limited SPP Pumps Limited SPP Pumps (South Africa Pty.) Limited SPP Pumps (MENA) LLC SPP Pumps, Inc. Kirloskar Pompen B.V Braybar Pumps (Proprietary) Limited Kirloskar Brothers (Thailand) Limited Rodelta Pumps International B.V. SPP Pumps International Proprietary Limited SyncroFlo INC Rotaserve B.V. Braybar Pumps Proprietary Limited SPP France S A S Kirloskar Brothers International B.V.	
2)	Joint Venture	Kirloskar Ebara Pumps Limited	
3)	Associate	KBL Synerge LLP	
4)	Key Management Personnel	Mr. Sanjay Kirloskar Mr. Shrikrishna Inamdar Mr. Padmakar Jawadekar Ms. Lalita Gupte Mr. Pratap Shirke Mr. Alok Kirloskar Mr. Kishor Chaukar Ms. Rama Kirloskar Dr. Rakesh Mohan Mr. Rajeev Kher	
5)	Relatives of Key Management Personnel	Mrs.Pratima Kirloskar Ms.Suman Kirloskar	Wife of Mr. Sanjay Kirloskar Mother of Mr. Sanjay Kirloskar
6)	Post Employee Benefit Plans	Kirloskar Brothers Limited Employees Prov. Fund for Engg. Factory Kirloskar Brothers Limited Staff Members Prov. Fund Kirloskar Brothers Limited,Kirloskarvadi Employee Gratuity Fund Kirloskar Brothers Executive Staff Superannuation Fund	

NOTES TO ACCOUNTS : (CONTD.)

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 :

(Amounts in Million ₹)

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

Name of the Company	Balance as at*		Maximum outstanding*	
	31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
To Subsidiary Companies				
The Kolhapur Steel Limited	**11.214**	12.214	**12.214**	13.214
To Associate				
KBL Synerge LLP	**1.775**	1.640	**1.775**	1.640

* Above figures include interest accrued.

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 including directors 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		
			31 March 2019	31 March 2018
1	Kirloskar Ebara Pumps Limited	Assets	**1,802.621**	1,704.586
		Liabilities	**528.288**	605.591
			2018-19	2017-18
		Income	**1,695.993**	1,628.251
		Expenses (including tax expenses)	**1,511.965**	1,550.757
		Profit after tax	**184.028**	77.492
		Other comprehensive income	**(2.662)**	11.114
		Total comprehensive income	**181.366**	88.606

c) Contingent liabilities, if any, incurred in relation to interest in Joint Ventures : ₹ 13.282 MN (₹ 13.282 MN)

d) Capital commitments, if any, in relation to interest in Joint Ventures : ₹ 27.707 MN (₹ 2.251 MN)

NOTES TO ACCOUNTS : (CONTD.)

Note 37 : Joint Venture and Jointly controlled operations (Contd.)

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	KIRLOSKAR - MEMWPL JV	Jointly controlled operations	N A	India
22	MAYTAS – MEIL – KBL JV	Jointly controlled operations	N A	India
23	Gondwana - KBL JV	Jointly controlled operations	N A	India
24	MEIL -PRASAD-KBL CONSORTIUM	Jointly controlled operations	N A	India
25	JCPL - MEIL - KBL CONSORTIUM	Jointly controlled operations	N A	India
26	KBL -PTIL UJV	Jointly controlled operations	N A	India
27	KBL - RATNA - JOINT VENTURE	Jointly controlled operations	N A	India
28	MEIL-KBL-WEG CONSORTIUM	Jointly controlled operations	N A	India
29	MEIL-KBL- (KDWSP) JV	Jointly controlled operations	N A	India
30	KBL and TCIPL JOINT VENTURE	Jointly controlled operations	N A	India
31	ACPL & KBL JV	Jointly controlled operations	N A	India
32	Kirloskar Brothers Ltd. JV	Jointly controlled operations	N A	India
33	ITD CEMENTATION INDIA LIMITED JV	Jointly controlled operations	N A	India
34	GSJ - KBL JV	Jointly controlled operations	N A	India
35	JBL-KBL-GSJ JV	Jointly controlled operations	N A	India

NOTES TO ACCOUNTS : (CONTD.)

Note 38 : Details of provisions and movements in each class of provisions

(Amounts in Million ₹)

Particulars	Provision for compensated absences	Provision for product warranty	Provision for decommissioning and restoration cost	Provision for loss on long term contracts
Carrying amount as at 1 April 2017	229.492	182.841	5.995	56.707
Add: Provision during the year 2017-18	43.828	210.563	-	4.455
Add: Unwinding of discounts	-	7.136	0.492	-
Less: Amount utilized during the year 2017-18	(17.813)	(197.621)	-	(7.312)
Carrying amount as at 31 March 2018	255.507	202.919	6.487	53.850
Add: Provision during the year 2018-19	**44.141**	**233.761**	**-**	**0.130**
Add: Unwinding of discounts	**-**	**13.528**	**0.531**	**-**
Less: Amount utilized during the year 2018-19	**(18.490)**	**(208.109)**	**-**	**(13.721)**
Carrying amount as at 31 March 2019	**281.158**	**242.099**	**7.018**	**40.259**
Non-current provision	**136.781**	**36.548**	**7.018**	**-**
Current provision	**144.377**	**205.551**	**-**	**40.259**

Compensated absences

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

Provision for warranty

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

Provision for decommissioning and restoration cost

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

Provision for long term contract

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

NOTES TO ACCOUNTS : (CONTD.)

Note 39 : Fair Value Measurements

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

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

(Amounts in Million ₹)

Sr. No	Particulars	Carrying value	
		31 March 2019	31 March 2018
	Level 2		
	Financial Asset		
a)	**Carried at amortized cost**		
	Trade receivable	**4,782.813**	3,977.105
	Security deposits	**1,039.259**	1,093.632
	Advances to subsidiaries and associates	**12.988**	13.853
	Other financial assets	**57.126**	81.848
	Cash and cash equivalent	**333.002**	582.763
	Other bank balances	**21.064**	24.619
	Level 3		
	Investments in unquoted equity shares (FVOCI) *	0.000	0.000
	Level 2		
	Financial Liabilities		
a)	**Carried at amortized cost**		
	Non-current borrowings	**237.200**	358.469
	Current borrowings at fixed rate of interest	**1,237.703**	1,168.980
	Trade payable	**5,525.201**	4,605.789
	Other current financial liabilities	**766.778**	819.637
	Financial guarantee contracts	**16.380**	36.531

* The investment in unquoted equity shares is Rs.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.

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.

NOTES TO ACCOUNTS : (CONTD.)

Note 40: Financial risk management policy and objectives (Contd.)

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

(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.

The company provides for expected credit loss in case of trade receivables, claims receivable and security deposits when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or

NOTES TO ACCOUNTS : (CONTD.)

Note 40: Financial risk management policy and objectives (Contd.)

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 and loss statement.

Provision for expected credit loss

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

(Amounts in Million ₹)

Exposure to Risk	31 March 2019	31 March 2018
Trade Receivables	5,615.636	4,714.310
Less : Expected Loss	832.823	737.205
	4,782.813	3,977.105
Security Deposits	1,068.788	1,160.162
Less : Expected Loss	29.529	66.530
	1,039.259	1,093.632
Claims Receivable	28.506	54.668
Less : Expected Loss	3.845	3.845
	24.661	50.823

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

	31 March 2019	31 March 2018
Trade Receivables		
Neither past due nor impaired	2,172.884	1,383.200
Past due but not impaired		
Less than 180 days	846.641	1,078.300
181 - 365 days	567.969	320.400
More than 365 days	1,195.325	1,195.205
Total	4,782.819	3,977.105

NOTES TO ACCOUNTS : (CONTD.)

Note 40: Financial risk management policy and objectives (Contd.)

(Amounts in Million ₹)

Reconciliation of loss provision

	Trade receivables	Others
Loss allowance as at 1 April 2017	514.202	77.707
Changes in loss allowance	223.003	(7.332)
Loss allowance as at 31 March 2018	737.205	70.375
Changes in loss allowance	95.618	(37.001)
Loss allowance as at 31 March 2019	**832.823**	**33.374**

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	**31 March 2019**	31 March 2018
Interest bearing borrowings		
On demand	**337.703**	118.980
Less than 180 days	**900.000**	1,050.000
181 - 365 days	**-**	-
More than 365 days	**237.200**	358.469
Total	**1,474.903**	1,527.449
Other liabilities		
On demand	**94.852**	89.070
Less than 180 days	**613.820**	669.864
181 - 365 days	**63.166**	67.184
More than 365 days	**11.320**	30.050
Total	**783.158**	856.168
Trade & other payables		
Not due	**3,139.783**	2,751.079
Less than 180 days	**1,100.335**	511.485
181 - 365 days	**77.583**	52.354
More than 365 days	**1,207.500**	1,290.871
Total	**5,525.201**	4,605.789

NOTES TO ACCOUNTS : (CONTD.)

Note 40: Financial risk management policy and objectives (Contd.)

(Amounts in Million ₹)

The company has access to following undrawn facilities at the end of the reporting year (Interest rates 6.8% - 10.1%)

	31 March 2019	31 March 2018
Expiring within one year	**7,986.300**	9,182.900
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 in 0.5%, in the base rates will have effect of INR 8 MN on the company's profitability.

(D) Foreign Currency Risk

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

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

Foreign currency exposure :

Financial Assets	**Currency**	**Amount in Foreign Currency (MN)**		**Amount in INR (MN)**	
		31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
Trade Receivables	EGP	-	0.017	-	0.063
	EUR	2.627	1.095	204.069	88.456
	GBP	1.591	0.838	144.114	77.256
	USD	16.701	12.911	1,154.932	841.427
Bank Accounts	EGP	0.070	0.409	0.277	1.506
	EUR	0.052	-	4.027	-
	GBP	0.023	-	2.050	-
	USD	1.251	0.471	86.524	30.710
	VND	0.017	0.281	-	0.001
	XOF	0.009	19.278	0.001	2.313
Other Deposits	EGP	-	-	-	-
	USD	-	0.025	-	1.629
	XOF	0.500	-	0.059	-
Amount Due from Employees	EGP	0.082	0.456	0.326	1.680
	EUR	-	0.010	0.008	0.806
	GBP	-	0.001	-	0.136
	USD	0.108	0.195	7.501	12.702

NOTES TO ACCOUNTS : (CONTD.)

Note 40: Financial risk management policy and objectives (Contd.)

Financial Liabilities	Currency	Amount in Foreign Currency (MN)		Amount in INR (MN)	
		31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
Trade Payables	EGP	**0.871**	4.063	**3.475**	14.952
	EUR	**1.617**	1.320	**125.643**	106.634
	GBP	**0.268**	0.082	**24.295**	7.542
	USD	**3.079**	3.103	**212.958**	202.209
	JPY	**-**	0.026	**-**	0.016
	VND	**29,569.458**	10,879.152	**88.117**	29.477
	XOF	**82.186**	91.334	**9.739**	10.960
	AED	**0.001**	-	**0.013**	-
Amount Due to Employees	EGP	**0.070**	0.111	**0.279**	0.408
	EUR	**-**	0.010	**-**	0.772
	XOF	**25.988**	-	**3.080**	-
	USD	**0.082**	-	**5.662**	-

Currency wise net exposure (assets - liabilities)

Particulars	Amount in Foreign Currency (MN)		Amount in INR (MN)	
	31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
EGP	(0.790)	(3.291)	(3.152)	(12.112)
EUR	1.062	(0.215)	82.461	(17.372)
GBP	1.345	0.758	121.869	69.850
USD	14.899	10.500	1,030.336	682.630
JPY	-	(0.026)	-	(0.016)
VND	(29,569.440)	(10,878.871)	(88.117)	(29.477)
XOF	(107.665)	(72.056)	(12.758)	(8.647)
AED	0.001	-	0.013	-

Sensitivity Analysis

Currency	Amount in INR (MN)		Sensitivity % (*)
	2018-19	**2017-18**	
EGP	(3.152)	(12.112)	12.25%
EUR	82.461	(17.372)	4.05%
GBP	121.869	69.850	0.00%
USD	1,030.336	682.630	2.59%
JPY	-	(0.016)	4.78%
VND	(88.117)	(29.477)	0.65%
XOF	(12.758)	(8.647)	0.01%
AED	0.013	-	4.06%
Total	1,130.652	684.856	

NOTES TO ACCOUNTS : (CONTD.)

Note 40: Financial risk management policy and objectives (Contd.)

(Amounts in Million ₹)

Currency	Impact on profit (Strengthen)		Impact on profit (Weakening)	
	2018-19	2017-18	**2018-19**	2017-18
EGP	**0.386**	1.484	**(0.386)**	(1.484)
EUR	**(3.340)**	0.704	**3.340**	(0.704)
GBP	**-**	-	**-**	-
USD	**(26.686)**	(17.680)	**26.686**	17.680
JPY	**-**	0.001	**-**	(0.001)
VND	**0.573**	0.192	**(0.573)**	(0.192)
XOF	**0.001**	0.001	**(0.001)**	(0.001)
AED	**(0.001)**	-	**0.001**	-
Total	**(29.066)**	(15.298)	**29.066**	15.298

(EGP- Egyptian Pound, GBP - Great Britain Pound, EUR- Euro, SEK- Swedish Krona, USD - US Dollar, VND- Vietnamese Dong, SGD- Singapore Dollar, JPY - Japanese Yen, AED-Arab emirates Dirham, XOF- CFA Franc)

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

Note 41: Capital management

a) Risk management

The company's objectives when managing capital are to

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

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, change debt. Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents) 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	31 March 2019	31 March 2018
Loans and borrowings (Including current maturities of long term debt)	**1,596.173**	1,650.265
Less: Cash and cash equivalents (Including other bank balances)	**354.066**	607.382
Net debt	**1,242.107**	1,042.883
Equity	**9,402.656**	8,955.003
Equity and net debt	**10,644.763**	9,997.886
Gearing ratio	**11.67%**	10.43%

b) Dividend

Particulars	31 March 2019	31 March 2018
Equity Shares		
(i) Interim dividend for the year	**Nil**	Nil
(ii) Dividends not recognised at the end of the reporting year	**198.522**	198.522

Since year end the directors have recommended the payment of a final dividend of INR 2.50 per fully paid equity share (31 March 2018 - INR 2.50). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

NOTES TO ACCOUNTS : (CONTD.)

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 2019. The disclosure pursuant to the said Act is as under:

(Amounts in Million ₹)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Total outstanding amount in respect of micro, small and medium enterprises	**1,042.931**	654.408
Other disclosures in respect of micro and small enterprises		
Principal amount due and remaining unpaid	**2.233**	-
Interest due on above and unpaid interest	**0.022**	-
Interest paid	**-**	-
Payment made beyond appointment day	**996.275**	-
Interest due and payable for the period of delay	**12.978**	-
Interest accrued and remaining unpaid	**12.978**	-
Amount of further interest remaining due and payable in succeeding years	**-**	-

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.

Note 43 : Corporate social responsibility expenditures

(a) Amount required to be spent by the Company during the current year is Rs. 13.563 MN (PY - Rs 7.034 MN

(b) Amount spent by the Company during the current year is Rs. 14.550 MN (PY - Rs. 7.500 MN)

The company as per its policy on Corporate Social Responsibility(CSR) and recommendation and approval of the CSR committee has contributed Rs. 13.575 MN towards education through its implementing agency Vikas Charitable Trust in the current financial year and balance amount to Grampanchyat of Kundal.The company has not spent any amount towards construction or acquisition of asset.

Note 44 : Investment in subsidiaries

During FY 2017-18, Board had approved additional investment of Rs 600 MN in its wholly owned subsidiary, Kirloskar Brothers International BV (KBIBV). Out of this, company has made investment of Rs. 343 MN (Euro 4.5 MN) in December 2017 and Rs 248 MN (Euro 3.1 MN) in May 2018.

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

NOTES TO ACCOUNTS : (CONTD.)

Note 46: Transition to Ind AS 115, 'Revenue from contracts with customer'

Ind AS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced Ind AS 18 Revenue, Ind AS 11 Construction Contracts and related interpretations. Under Ind AS 115, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The company has adopted Ind AS 115 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018). Accordingly, the information presented for 2017-18 has not been restated – i.e. it is presented, as previously reported, under Ind AS 18, Ind AS 11 and related interpretations.

Additionally, the disclosure requirements in Ind AS 115 have not generally been applied to comparative information.

The following table summarises the impact, net of tax, of transition to Ind AS 115 on retained earnings at 1 April 2018:

(Amounts in Million ₹)

Retained earnings	**Amount**
Adjustment for variable consideration (including liquidated damages)	105.683
Impairment testing for contract assets	86.676
	192.359

Disaggregation of Revenue	**Year ended 31 March 2019**	Year ended 31 March 2018
Within India	19,802.354	17,869.634
Outside India	2,198.557	1,310.909
Total Revenue	22,000.911	19,180.543

Reconciliation of Revenue from sale of products with the contracted price

Particulars	**Year ended 31 March 2019**	Year ended 31 March 2018
Contracted Price	22,301.72	19,392.39
Less: Trade discounts, volume rebates, late delivery charges etc.	300.810	211.843
Total Revenue	22,000.911	19,180.543

Note 47: Others

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

Kishor Chaukar
Director
DIN: 00033830

SANDEEP PHADNIS
Company Secretary

Pune : 16 May 2019

Chittaranjan Mate
CFO & Vice President (Finance)

Pune : 16 May 2019

PART "A": Subsidiaries

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Venture

(Amounts in Million ₹)

Sr. No	Name of the Subsidiary Company	Date of acquisition	Reporting period	Reporting Currency	Relevant Exchange Rate	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investment	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Country	% of Holding
1	Karad Projects & Motors Pvt. Ltd.	9-Sep-06	1-Apr-18 to 31-March-19	INR	1.00	139.525	950.540	2,115.166	1,025.101	0.005	3,254.214	244.115	56.647	187.467	-	India	100.00
2	The Kolhapur Steel Limited	2-Aug-08	1-Apr-18 to 31-March-19	INR	1.00	267.000	(370.173)	255.137	358.310	0.000	359.798	(77.169)	(0.919)	(76.249)	-	India	99.74
3	Kirloskar Corrocoat Pvt. Ltd.	12-Nov-09	1-Apr-18 to 31-March-19	INR	1.00	50.000	33.380	182.921	99.541	0.000	277.621	(13.310)	(2.509)	(10.800)	-	India	65.00
4	Kirloskar Brothers International B V	30-Aug-07	1-Jan -18 to 31-March-19	Euro	77.72	1,539.427	(290.426)	1,325.217	76.217	1,076.596	11.613	(470.883)	0.000	(470.883)	-	The Netherlands	100.00
5	SPP Pumps Ltd.	15-Feb-10	1-Jan -18 to 31-March-19	GBP	90.57	271.698	716.559	3,667.160	2,678.903	34.659	5,496.721	(512.737)	(64.039)	(448.698)	-	U K	100.00
6	Kirloskar Brothers (Thailand) Ltd.	1-Jan-11	1-Jan -18 to 31-March-19	Baht	2.18	138.668	(134.006)	717.724	713.062	2.179	1,296.322	(31.834)	(5.504)	(26.330)	-	Thailand	100.00
7	SPP Pumps (MENA) L.L.C.	13-Sep-11	1-Jan -18 to 31-March-19	EGP	3.98	79.497	(215.058)	23.834	159.395	0.000	29.589	(7.518)	(0.114)	(7.404)	-	Egypt	100.00
8	Kirloskar Pompen B.V.	10-Apr-08	1-Jan -18 to 31-March-19	Euro	77.72	77.719	155.220	854.758	621.819	374.189	402.875	(113.623)	0.000	(113.623)	-	The Netherlands	100.00
9	Micawber 784 (Proprietary Ltd.)	29-Oct-09	1-Jan -18 to 31-March-19	Rand	4.77	0.000	34.141	121.163	87.021	0.000	21.699	3.631	0.920	2.711	-	South Africa	100.00
10	Kirloskar Brothers International PTY Ltd.	3-Dec-13	1-Jan -18 to 31-March-19	Rand	4.77	0.001	3.950	321.658	317.708	0.001	327.869	(22.174)	(0.261)	(21.913)	-	South Africa	100.00
11	SPP France S A S	11-Jun-13	1-Jan -18 to 31-March-19	Euro	77.72	39.093	(95.988)	87.872	144.767	0.000	189.818	(11.041)	0.000	(11.041)	-	France	100.00
12	SPP Pumps Inc.	17-Jul-15	1-Jan -18 to 31-March-19	USD	69.15	267.843	110.306	1,218.207	840.059	257.704	2,374.939	59.051	20.880	38.171	-	U S A	100.00
13	SPP Pumps South Africa Proprietary Limited	24-Oct-14	1-Jan -18 to 31-March-19	Rand	4.77	0.000	(101.095)	132.779	233.873	0.000	285.135	(19.141)	(3.194)	(15.948)	-	South Africa	100.00
14	Braybar Pumps Limited	13-Oct-14	1-Jan -18 to 31-March-19	Rand	4.77	0.000	16.440	163.138	146.698	0.000	204.636	6.755	(2.766)	9.521	-	South Africa	100.00
15	Rodelta Pumps International B.V.	14-Jul-15	1-Jan -18 to 31-March-19	Euro	77.72	1.399	(157.880)	552.179	708.660	0.000	616.507	(209.381)	63.972	(273.353)	-	The Netherlands	100.00
16	Rotaserve Overhaul B.V.	4-Jan-16	1-Jan -18 to 31-March-19	Euro	77.72	1.943	18.203	67.927	47.781	0.000	116.118	14.468	3.852	10.616	-	The Netherlands	100.00
17	SPP Pumps Real Estate LLC	16-Aug-12	1-Jan -18 to 31-March-19	USD	69.15	88.516	23.702	364.238	252.020	0.000	89.461	9.297	0.000	9.297	-	U S A	100.00
18	SyncroFlo, Inc.	28-Feb-14	1-Jan -18 to 31-March-19	USD	69.15	85.980	48.652	492.698	358.066	0.000	1,554.413	(26.839)	(10.787)	(16.052)	-	U S A	100.00
19	SPP Pumps (Asia) Ltd	27-May-16	1-Jan -18 to 31-March-19	Baht	2.18	2.179	(1.253)	55.005	54.079	0.057	92.531	(3.854)	(0.463)	(3.390)	-	Thailand	100.00
20	SPP Pumps (Singapore) Ltd	29-Jun-16	1-Jan -18 to 31-March-19	SGD	51.04	0.051	(52.577)	78.390	130.915	0.000	271.582	(24.067)	(1.847)	(22.220)	-	Singapore	100.00

Details of Rotaserve Limited, and Rotaserve Mozambique are not provided as yet to commence operations

PART "B": ASSOCIATES AND JOINT VENTURES

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Venture

Name of Associates/Joint Ventures	**Kirloskar Ebara Pumps Limited (Rs in Million)**	**SPP Neziv Pumps Solutions Pty Limited (Rs in Million)**
1. Latest audited Balance Sheet Date	31st March 2019	31st March 2019
2. Shares of Associate/Joint Ventures held by the company on the year end		
No.	225,000	49
Amount of Investment in Associates/Joint Venture	2.75	0.00
Extend of Holding %	45%	49%
3. Date of acquisition of shares	27th January 1988	25th May 2017
4. Description of how there is significant influence	It is Jointly Controlled entity	It is Jointly Controlled entity
5. Reason why the associate/joint venture is not consolidated	consolidated to the extend of 45%	consolidated to the extend of 49%
6. Networth attributable to Shareholding as per latest audited Balance Sheet	573.450	0.496
7. Profit / Loss for the year		
(i) Considered in Consolidation	82.813	0.495
(ii) Not Considered in Consolidation	101.215	0.516
8. Total comprehensive income for the year		
(i) Considered in Consolidation	81.615	0.495
(ii) Not Considered in Consolidation	99.751	0.516

Details of associate KBL Synerge LPP are not provided as yet to commence operations.

INDEPENDENT AUDITOR'S REPORT

To the members of KIRLOSKAR BROTHERS LIMITED

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of **Kirloskar Brothers Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") which includes Group's share of profit/loss in its associates and its joint-ventures, which comprise the consolidated balance sheet as at 31st March 2019, the consolidated statement of profit and loss (including other comprehensive income), the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and notes to consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on financial statements (separate/consolidated) of subsidiaries including associates and joint-ventures as was audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (hereinafter referred to as "the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including and Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended, of consolidated state of affairs (financial position) of the Group including its associates and joint-ventures as at 31st March 2019, the consolidated profit/loss (financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year then ended.

Basis for opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group including associates and joint-ventures in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements taken as a whole, in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the key audit matters as described below:

from standalone financial statements which are also part of the consolidated financial statements:

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

B. Carrying value of investments in subsidiaries and joint ventures

relevant for consolidated financial statements only:

C. Audit Opinion by component auditor of one of the Groups' step-down subsidiary

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

Description of key audit matter:

Revenue amounting to Rs.1,013 Million reported in the company's standalone financial statements pertains to customer specific long-term contracts and the same are required to satisfy the recognition and measurement criteria as enunciated in IND AS 115, 'Revenue from Contracts with Customers'. In case of these contracts the revenue is recognised over time and is based on a percentage completion method (POC) for each of such contracts. The stage of project completion is determined based on a ratio of project costs actually incurred till the period / year end to the planned / estimated total cost to complete the said project. This necessarily involves estimations and certain assumptions to be made by the management in determining the total planned costs and an appropriate allocation of costs actually incurred on each project. This inherently creates certain uncertainties and results in complexities in accounting treatment wherein incorrect assumptions and estimates can lead to revenue being recognised in incorrect accounting periods thereby impacting the results. In addition, in POC method revenue recognition and respective collections do not follow a linear trend irrespective of stage completion determined by the company. Collections do depend on satisfaction of certain other performance obligations as laid down in the respective project agreements. Consequently, those amounts that remain as receivables whose due dates for payments depend on other conditions give rise to certain receivables that are due and others not due for payment, requiring the company to adopt a differential accounting classification and treatment. While assessing the contractual obligations as at any period close, change orders and / or cancellations are required to be considered by the company to adopt an appropriate accounting treatment for revenues already recognised, valuation of work in progress and respective receivables. Considering these factors, in the context of our audit this matter was of significance and hence a key audit matter.

Description of Auditor's response:

With a view to verify the alignment of the company's project accounting system with the actual progress of the project and its status at any period close, we designed our audit procedures related to this area to obtain an understanding of project acceptance and execution process and the related accounting controls including verification of compliance with IND AS 115 – 'Revenue from contracts with customers'. These included inter-alia, reading through the material contracts and formation of a standard checklist to note the terms and conditions and considerations required to be taken note of for appropriate financial accounting till a project is finally executed and closed. We discussed with the management the risks associated with the project execution to understand requirement of any specific recognition of financial accounting considerations and developed requisite key controls requiring audit attention and review. The company has automated through its accounting software the method of calculating the percentage of completion method which we have verified on test basis. We reviewed planned costs, their latest estimates, rationale for revision in estimates based on information shared by the management in our discussions, approvals to such revisions in the estimates and compared them with latest costs to complete, related mathematical accuracy and, on a sample basis validated resulting recognition of revenue. We discussed with management the status of amount receivable and have verified the evidence supporting the recoverability in sample cases. We verified the calculations of expected credit loss provisions and corroborated with specific management discussions on major projects.

B. Carrying value of investments in subsidiaries and joint ventures

Description of key audit matter:

The company has invested an amount of Rs.2,979 Million in subsidiaries and joint ventures. These investments are stated at cost in the financial statement. One of the foreign subsidiaries has further invested in step-down foreign companies including certain acquisitions made in the past with a view to become one of the global leaders in the area of company's operations. These foreign subsidiaries have their individual gestation periods and have been incurring losses in past few years. Given the multi layered investment structure and being subjected to international business dynamics, the company is required to evaluate their individual financial status and value propositions to determine carrying value of these investments in light of group's overall stated business plans and its vision, both in domestic and international markets, and hence requires a close monitoring by the management of these situations. Against this background, this matter was of significance in the context of our audit.

Description of Auditor's response:

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

C. Audit Opinion by component auditor of one of the Groups' step-down subsidiary

Description of Key Audit Matter:

Rodelta Pumps International B.V. (hereinafter referred as "Rodelta") is one of the second level stepdown subsidiaries of the Company (having turnover of ₹ 617 MN for 15 months period ended 31st March 2019) and is situated at Twentepoort Oost 24,7609, RG Almelo, The Netherlands. Its activities mainly consist of engineering, assembling and trading in specialized pumps. For the financial year ended 31st December 2018, the auditor of the subsidiary has expressed a disclaimer of opinion for the reasons as mentioned in his report and reproduced hereinbelow:

"As a result of the various staff changes and of the design of the automated system, we were unable to adequately test the administrative organization and the associated irreplaceable internal control measures for the year 2018. Despite the extensive additional substantive testing it was not possible to overcome the deficiencies in the administrative organization and internal controls. As a result of the aforementioned circumstances, we have not been able to obtain the required assurance about the recognized revenue, cost of sales, inventories, debtors and work in progress in 2018 and the same applies for the direct related items to this".

Description of Auditor response:

With a view to evaluate the impact of the afore-mentioned disclaimer on the audit opinion of the Consolidated Financial Statements of the ultimate parent Kirloskar Brothers Limited, a reference to Standard on Auditing - SA 705, "Modification to the opinion in the independent auditor's report" was made. This standard deals the manner in which an auditor modifies his opinion on the financial statements and in certain cases wherever required, disclaims his opinion, if in his professional judgement he is unable to obtain sufficient appropriate audit evidence and the possible effects of any undetected misstatements therefrom, would be both material and pervasive. We visited the location of the subsidiary and carried out following procedures also relying on the requirements of Standard on Auditing - SA 600, "Using the work of another auditor" to evaluate whether our additional procedures would lead us to similar conclusion also on the consolidated financial statements of the group including its associates and joint-ventures, taken as a whole.

i. Discussion with the local management of the Rodelta and their views on auditor opinion;

ii. Discussion with the local independent auditor of the Rodelta and review of his Draft Board Letter that summarized the matters that have led the auditor to disclaim his opinion;

iii. We carried out following additional procedures with respect to areas mentioned in the basis for disclaimer:

   - reviewed reply by the component auditor to group audit instructions;
   - verified sales invoices, bank payments and bank reconciliation on test basis;

- checked subsequent receipts for debtors outstanding as at 31 December 2018;
- carried out general purpose analytical procedures on financial statements;
- reviewed the automated process of inventory valuation/ consumption and carried out physical verification of inventory on test basis. Verified purchases on sample basis.

Based on the additional procedures performed by us, we have not come across any instance requiring material adjustment to the consolidated financial statement having pervasive impact in the context of an audit opinion on these financial statements.

Information other than the consolidated financial statements and auditor's report thereon (hereinafter referred as "other information")

The Holding Company's Management and Board of Directors are responsible for the preparation of other information. The other information comprises the Board's report and management discussion and analysis included in the Holding Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit reports of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and Those Charged with Governance for the consolidated financial statements

The Holding Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to preparation and presentation of these consolidated financial statements in term of the requirements of the Act, that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates and joint-ventures in accordance with the accounting principles generally accepted in India, including the Ind AS. The respective management and Board of Directors of the companies included in the consolidated financial statements are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of each Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements/consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group including its Associates and joint-ventures are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group including its associates and joint-ventures are responsible for overseeing the financial reporting process of each Company.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls

C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

D. Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statement and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group including its associates and joint-ventures to cease to continue as a going concern.

E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group including its associates and joint-ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

A. We did not audit the financial statements of three domestic subsidiaries included in the consolidated financial statements, whose financial statements for the year ended 31st March 2019 reflect total assets of Rs. 2,553 million and net assets of Rs. 1,070 million; as well as the total revenue of Rs. 3,892 million and net cash inflow amounting to Rs. 4 million for the year then ended. The consolidated financial statements also include the Group's share of profit of Rs.83 million for the year ended 31 March 2019, in respect of a joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose audit reports have been furnished to us, and our opinion on the accompanying consolidated financial statements, to the extent they have been derived from such financial statements is based solely on the report of such auditors.

B. An associate is non-operative and its financial information as at 31 March 2019 is unaudited. This financial information is provided by the management, in whose opinion, the results and total assets are not material to the Group.

C. We did not audit the financial statements (consolidated) of one foreign subsidiary, included in the consolidated financial statements, whose financial statements reflect total assets of Rs. 7,057 million and net assets of Rs. 1,101 million as at 31 December 2018; as well as the total revenue of Rs. 9,481 million and net cash inflow amounting to Rs. 72 million for the year then ended. These consolidated financial statements have been audited by another auditor whose special purpose audit report has been furnished to us, and our opinion on the accompanying consolidated financial statements, to the extent they have been derived from such financial statement is based solely on the report of such auditor.

D. Consolidated financial statements as mentioned in above paragraph contains eighteen step-down foreign subsidiaries and one joint venture ('JV'). These step-down subsidiaries and JV are located outside India and their financial statements (separate/ consolidated) have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by local auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of these step-down subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. These conversion adjustments made by the Company's management have been audited by another auditor and has issued audit report on which we have placed our reliance.

E. All foreign subsidiaries have different reporting date as ended 31 December, hence in terms of Ind-AS 110, "Consolidated Financial Statements", respective management of foreign subsidiaries has prepared additional financial information for the period from 1 January 2019 to 31 March 2019 only for the purposes of consolidation of the Ultimate Holding Company. Consolidated financial statements of one foreign subsidiary which includes these step-down subsidiaries reflect total assets of Rs. 7,111 million and net assets of Rs. 1,063 million as at 31 March 2019; as well as the total revenue of Rs. 2,709 million and net cash outflow amounting to Rs. 2 million for the three months period then ended. This additional financial information has neither been audited by us nor by other auditors. This additional information is certified by the respective management of foreign subsidiaries and has been furnished to us by the Ultimate Holding Company's management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these foreign subsidiaries is based solely on such unaudited financial information.

F. Out of the above eighteen step-down subsidiaries, two step-down subsidiaries are non-operative, and their financial information of total assets and net assets as at 31 December 2018 and 31 March 2019, total revenue and net cashflow for the year/period then ended are not material to the Group. This financial information is unaudited and the same is provided by the management in whose opinion these step-down subsidiaries are not material to the Group. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these step-down subsidiaries, is based solely on such unaudited financial statements/information.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in the other matter paragraph, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Our opinion on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the management.

Report on other legal and regulatory requirements

As required by section 143 (3) of the Act, based on our audit and on the consideration of report of other auditors on financial statements (separate/consolidated) of such companies as was audited by them and as mentioned in the 'Other Matters' paragraph, we report, to the extent applicable, that:

A. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

B. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of other auditors.

C. The consolidated balance sheet, the consolidated statement of profit and loss, the consolidated cash flow statement and consolidated statement of changes in equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

D. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.

E. On the basis of the written representations received from the directors of the Holding Company as on 31st March 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of subsidiary companies including associates and joint-ventures which are companies incorporated in India, none of the directors of the subsidiary companies, associates and joint-ventures which are companies incorporated in India, is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act;

F. With respect to the adequacy of internal financial controls over financial reporting of the Group including its associates and joint-ventures which are companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in "**Annexure A**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting.

G. With respect to the other matters to be included in the auditor's report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Group including associates and joint-ventures, which are companies incorporated in India, where applicable, to its directors during the year is in accordance with the provisions of section 197 of the Act.

H. With respect to the other matters to be included in the auditor's report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the consolidated financial statements disclose the impact of pending litigations as at 31st March 2019 on the consolidated financial position of the Group including its associates and joint-ventures (refer note 28 to the consolidated financial statements);

ii. the Group including associates and joint-ventures have made provision in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable loses, if any, on long term contracts including derivative contracts (refer note 38 to the consolidated financial statements);

iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group including its associates and joint-ventures, which are companies incorporated in India.

For Sharp & Tannan Associates,
Chartered Accountants
Firm's Registration No.: 109983W

Tirtharaj Khot
Partner
Membership No.: (F) 037457
Pune: 16th May 2019

Annexure A to the Independent Auditor's Report

Referred to in paragraph (F) under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date:

Report on the Internal Financial Controls
Under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

Opinion

We have audited the Internal Financial Controls over Financial Reporting of **Kirloskar Brothers Limited** (hereinafter referred as "the Holding Company"), its subsidiary companies (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and joint-ventures, which are companies incorporated in India, as of 31st March 2019 in conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended on that date.

In our opinion and to the best of our information and according to the explanations given to us and based on consideration of reports of other auditors referred to in other matters paragraph below, the Group including its associates and joint-ventures, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI').

Management's responsibility for internal financial controls

The respective Company's Management and Board of Directors of the of the Holding company and its subsidiary companies, associates and joint-ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' responsibility

Our responsibility is to express an opinion on the Group's including its associates and joint-ventures, which are companies incorporated in India, internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary companies, associates and joint-ventures, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group's including its associates and joint-ventures which are companies incorporated in India, internal financial controls system over financial reporting.

Other matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to three subsidiaries and a joint-venture, which are companies incorporated in India, is solely based on corresponding reports of the auditors of such Companies.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For Sharp & Tannan Associates,
Chartered Accountants
Firm's Registration No.: 109983W

Tirtharaj Khot
Partner
Membership No.: (F) 037457
Pune: 16th May 2019

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2019

(Amounts in Million ₹)

Particulars	Notes	31 March 2019	31 March 2018
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	**4,335.996**	4,264.188
Capital work-in-progress		**247.649**	130.693
Investment Property	4	**25.300**	25.406
Goodwill	3	**140.848**	176.202
Other Intangible assets	3	**64.371**	142.614
Investments accounted using equity method	5	**573.950**	494.553
Financial Assets			
Investments	5	**0.005**	0.005
Trade receivables	6	**171.352**	159.255
Loans	7	**132.898**	157.658
Others	8	**43.447**	67.643
Deferred tax assets (net)	19	**454.771**	347.834
Other non-current assets	9	**1,112.788**	1,402.455
Total non-current assets		**7,303.375**	7,368.506
Current assets			
Inventories	10	**6,166.668**	5,202.293
Financial Assets			
Trade receivables	6	**6,097.062**	5,427.170
Cash and cash equivalents	11 A	**583.862**	769.974
Other bank balances	11 B	**151.402**	145.020
Loans	7	**944.807**	972.356
Others	8	**23.551**	70.248
Current Tax Assets (net)	19	**33.043**	72.434
Other current assets	9	**5,355.064**	5,517.809
Total current assets		**19,355.459**	18,177.304
TOTAL ASSETS		**26,658.834**	25,545.810
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	**158.818**	158.818
Other equity	13	**8,934.254**	9,266.025
Equity attributable to owners of parents		**9,093.072**	9,424.843
Non-controlling interest		**28.918**	34.828
Total equity		**9,121.990**	9,459.671
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings	14	**622.422**	820.617
Trade payables	15	**156.842**	185.826
Other financial liabilities	16	**12.266**	-
Provisions	17	**271.032**	231.172
Other non-current liabilities	18	**257.246**	322.923
Total non-current liabilities		**1,319.808**	1,560.538
Current liabilities			
Financial liabilities			
Borrowings	14	**3,009.913**	2,482.655
Trade payables			
- Micro, small and medium enterprises	15	**1,055.857**	671.938
- Others	15	**5,695.629**	5,073.454
Other financial liabilities	16	**1,593.798**	1,614.512
Other current liabilities	18	**4,246.348**	4,159.983
Provisions	17	**615.491**	523.059
Total current liabilities		**16,217.036**	14,525.601
Total liabilities		**17,536.844**	16,086.139
TOTAL EQUITY AND LIABILITIES		**26,658.834**	25,545.810

Corporate information	**1**
Significant accounting policies	**2**
See accompanying notes to financial statements	**3-50**

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For SHARP & TANNAN ASSOCIATES
Chartered Accountants
(Firm Regn. No. 109983W)

Tirtharaj Khot
Partner
Membership No: (F) - 037457

Pune : 16 May 2019

For and on behalf of the Board of Directors

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Kishor Chaukar
Director
DIN: 00033830

Sandeep Phadnis
Company Secretary

Chittaranjan Mate
CFO & Vice President (Finance)

Pune : 16 May 2019

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Million ₹)

Particulars	Notes	Year ended* 31 March 2019	Year ended 31 March 2018
Revenue from operations	20	**33,489.827**	27,754.296
Other income	21	**236.672**	219.073
Total Income		**33,726.499**	27,973.369
Expenses			
Cost of materials consumed	22	**16,626.463**	13,299.451
Purchases of stock-in-trade		**2,646.023**	1,659.155
Changes in inventories of finished goods, stock-in -trade and work-in-progress	22	**(974.655)**	(390.466)
Employee benefits expense	23	**5,838.172**	4,777.847
Finance costs	24	**469.897**	399.202
Depreciation and amortization expense	25	**638.177**	585.879
Other expenses	26	**8,076.546**	6,909.377
Total expenses		**33,320.623**	27,240.445
Profit/(loss)before exceptional items and tax		**405.876**	732.924
Exceptional items		**-**	-
Profit before tax		**405.876**	732.924
Tax expenses	19		
(1) Current tax		**510.942**	439.694
(2) Deferred tax		**(53.503)**	(171.657)
(3) (Excess)/ Short provision of earlier years		**0.947**	(0.100)
Total Tax expenses		**458.386**	267.937
Profit after tax but before share in profit of joint venture company for the year		**(52.510)**	464.987
Share in profit of joint venture company		**83.347**	34.872
Profit for the year		**30.837**	499.859
Attributable to			
Non-controlling interest		**(3.975)**	5.672
Equity holder's of parent		**34.812**	494.187
Other Comprehensive Income	27		
Items that will not be reclassified to profit or loss		**(3.870)**	20.448
Income tax relating to items that will not be reclassified to profit or loss		**1.430**	(6.727)
Share in other comprehensive income of joint venture company		**(1.198)**	5.001
Items that will be reclassified to profit or loss			
Gains/ losses on currency translation for foreign subsidiaries		**95.630**	27.148
Other Comprehensive Income		**91.992**	45.870
Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year)		**122.829**	545.729
Attributable to			
Non-controlling interest		**(3.801)**	5.827
Equity holder's of parent		**126.630**	539.902
Earnings per equity share	32		
(1) Basic		**0.44**	6.22
(2) Diluted		**0.44**	6.22
*** Includes results of foreign subsidiaries for 15 months period. Refer note 47 for details**			

Corporate information	**1**
Significant accounting policies	**2**
See accompanying notes to financial statements	**3-50**

The notes referred to above form an integral part of the financial statements

As per our report of even date attached
For SHARP & TANNAN ASSOCIATES
Chartered Accountants
(Firm Regn. No. 109983W)

Tirtharaj Khot
Partner
Membership No: (F) - 037457
Pune : 16 May 2019

For and on behalf of the Board of Directors

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Kishor Chaukar
Director
DIN: 00033830

Sandeep Phadnis
Company Secretary

Chittaranjan Mate
CFO & Vice President (Finance)
Pune : 16 May 2019

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Million ₹)

	Particulars	Year ended 31 March 2019	Year ended 31 March 2018
A	**Cash flows from Operating Activities**		
	Net Profit before taxation and extraordinary items	**405.876**	732.924
	Adjustments for :-		
1	Depreciation / Amortization	**638.177**	585.879
2	(Profit)/ Loss on sale of Fixed Assets	**0.121**	5.398
3	Bad debts written off	**236.021**	10.274
4	Advances, deposits and claims written off	**9.025**	4.273
5	Provision for loss on long term contracts	**30.866**	50.490
6	Provision for doubtful debts, advances and claims	**41.992**	209.076
7	Interest Income	**(76.555)**	(45.030)
8	Interest Expenses	**337.850**	272.186
9	Excess provision written back	**(7.646)**	(3.026)
10	Unrealized exchange (gain)/ Loss	**29.157**	(189.669)
11	Profit on sale of mutual funds	**(4.144)**	(12.777)
	Operating Profit Before Working capital changes	**1,640.741**	1,619.998
	Adjustments for :-		
1	(Increase)/ decrease in inventories	**(964.375)**	(901.898)
2	(Increase)/ decrease in trade receivables	**(1,089.821)**	(1,587.602)
3	(Increase)/ decrease in financial assets	**109.554**	(77.398)
4	(Increase)/ decrease in non-financial assets	**28.405**	319.126
5	Increase/ (decrease) in trade payable	**977.110**	973.772
6	Increase/ (decrease) in financial liabilities	**(18.278)**	56.628
7	Increase/ (decrease) in non-financial liabilities	**20.688**	773.579
8	Increase/ (decrease) in provisions	**97.556**	55.845
	Cash Generated from Operations	**801.580**	1,232.049
9	Income Tax (Paid) / Refunded	**(181.945)**	(136.266)
	Net Cash from Operating Activities	**619.635**	1,095.783
B	**Cash flows from Investing Activities**		
1	Purchase of Fixed Assets	**(744.851)**	(518.836)
2	Sale of Fixed Assets	**94.292**	(1.013)
3	Investment in subsidiaries, associates and joint venture	**-**	1.354
4	Purchase of Mutual funds	**(2,980.000)**	(4,130.347)
5	Sale of Mutual funds	**2,984.144**	4,143.122
6	Interest Received	**75.816**	53.466
	Net Cash from Investment Activities	**(570.599)**	(452.256)
C	**Cash Flows from Financing Activities**		
1	Proceeds from borrowing	**3,009.913**	1,992.630
2	Repayment of borrowings	**(2,675.318)**	(2,133.043)
3	Interest Paid	**(321.759)**	(278.061)
4	Dividend and tax on dividend paid	**(246.049)**	(102.921)
5	Loans and advances to joint venture/ associate	**(1.019)**	-
	Net Cash used in Financing Activities	**(234.232)**	(521.395)
	Unrealized Exchange Gain / (Loss) in cash and cash equivalents	**(0.919)**	13.788
	Net Increase/ (decrease) in Cash and Cash Equivalents	**(185.197)**	122.132
1	Cash & Cash Equivalents at beginning of year	**769.974**	**634.054**
2	Cash & Cash Equivalents at end of year (refer note 9)	**583.858**	769.974

Note :-

1. Previous year's figures are regrouped wherever necessary to make them comparable with the Current Year.
2. Cash flow is prepared using the indirect method.
3. There are no reconciliation items in relation to financing activities for which disclosure is required as per Ind AS 7.
4. Refer note 43 for cash outflow on account of corporate social responsibility.

As per our report of even date attached

For SHARP & TANNAN ASSOCIATES
Chartered Accountants
(Firm Regn. No. 109983W)

Tirtharaj Khot
Partner
Membership No: (F) - 037457
Pune : 16 May 2019

For and on behalf of the Board of Directors

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Kishor Chaukar
Director
DIN: 00033830

Sandeep Phadnis
Company Secretary

Chittaranjan Mate
CFO & Vice President (Finance)
Pune : 16 May 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

(Amounts in Million ₹)

A. Equity Share Capital

Balance as at 1 April 2017	Changes in equity share capital during the year	Balance as at 31 March 2018
158.818	-	158.818

Balance as at 31 March 2018	Changes in equity share capital during the year	Balance as at 31 March 2019
158.818	-	**158.818**

B. Other Equity

Particulars	Reserves and Surplus						Total Reserves and Surplus	Non-Controlling interest	Total
	Capital Reserve	Capital redemption reserve	Securities Premium	General reserve	Foreign currency translation reserve	Retained Earnings			
Balance as at 1 April 2017	5.237	9.237	414.700	6,330.464	98.659	1,963.629	8,821.926	29.002	8,850.928
Profit for the year	-	-	-	-	-	494.187	494.187	5.672	499.859
Other comprehensive income	-	-	-	-	27.148	18.568	45.716	0.154	45.870
Dividends and tax thereof	-	-	-	-	-	(95.804)	(95.804)	-	(95.804)
Balance as at 31 March 2018	5.237	9.237	414.700	6,330.464	125.807	2,380.580	9,266.025	34.828	9,300.852
Profit for the year	-	-	-	-	-	34.812	34.812	(3.975)	30.838
Other comprehensive income					95.630	(3.812)	91.818	0.174	91.993
Dividends and tax thereof	-	-	-	-	-	(241.901)	(241.901)	(2.109)	(244.010)
Transfer to / from retained earnings	-	-	-	4.133	-	(4.133)	-	-	-
Impact of transition to Ind AS 115	-	-	-		-	(216.500)	(216.500)	-	(216.500)
Balance as at 31 March 2019	**5.237**	**9.237**	**414.700**	**6,334.597**	**221.437**	**1,949.046**	**8,934.254**	**28.918**	**8,963.172**

As per our report of even date attached

For SHARP & TANNAN ASSOCIATES
Chartered Accountants
(Firm Regn. No. 109983W)

Tirtharaj Khot
Partner
Membership No: (F) - 037457
Pune : 16 May 2019

For and on behalf of the Board of Directors

Sanjay Kirloskar
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DIN: 00033830

Sandeep Phadnis
Company Secretary

Chittaranjan Mate
CFO & Vice President (Finance)
Pune : 16 May 2019

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies

Notes to the consolidated financial statements for the year ended 31 March 2019 (All amounts are in Indian rupees rounded to the nearest millions, unless otherwise stated)

1. Corporate information

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

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the group have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act, other relevant provisions of the Act and amendments thereof issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 of the Companies Act, 2013.

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.

The financial statements have been prepared on accrual and going concern basis.

The financial statements were authorized for issue by the Board of Directors on 16 May 2019.

2.2 Basis of consolidation and equity accounting

i) Subsidiaries

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

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

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

Name of the Company	Country of Incorporation	Proportion of ownership Interest of KBL
Karad Projects and Motors Limited (KPML)	India	100.%
The Kolhapur Steel Limited (TKSL)	India	99.78%
Kirloskar Corrocoat Private Limited (KCPL)	India	65%
Kirloskar Brothers International B V	The Netherlands	100%
SPP Pumps Limited	United Kingdom	100%
Kirloskar Brothers (Thailand) Limited	Thailand	100%

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (Contd.)

Name of the Company	Country of Incorporation	Proportion of ownership Interest of KBL
SPP Pumps (MENA) L.L.C.	Egypt	100%
Kirloskar Pompen B.V.	The Netherlands	100%
Micawber 784 Proprietary Limited	South Africa	100%
SPP Pumps International PTY Ltd.	South Africa	100%
SPP France S A S	France	100%
SPP Pumps Inc.	USA	100%
SPP Pumps South Africa Proprietary Limited	South Africa	100%
Braybar Pumps Limited	South Africa	100%
Rodelta Pumps International B.V.	The Netherlands	100%
Rotaserve Overhaul B.V.	The Netherlands	100%
SPP Pumps Real Estate L.L.C.	U S A	100%
SyncroFlo Inc.	U S A	100%
SPP Pumps (Asia) Ltd	Thailand	100%
SPP Pumps (Singapore) Ltd	Singapore	100%
Rotaserve Limited	United Kingdom	100%
Rotaserve Mozambique	South Africa	100%

Reporting date for Indian subsidiaries and joint venture is 31 March and that to for foreign subsidiaries is 31 December, which is as per the local laws in the respective countries of incorporation. However, in order to have uniform accounting policies management drawn financials of 3 months ended 31 March 2019 are also consolidated. Accordingly, consolidated financials ended 31 March 2019, considers results for 15 months for all foreign subsidiaries.

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

ii) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

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

iii) Loss on control

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

iv) Equity accounted investees

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

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (Contd.)

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

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

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

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

v) Transactions eliminated on consolidation

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

2.3 Basis of measurement

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

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

2.4 Current or non-current classification

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

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

2.5 Functional and presentation currency

Functional currency of KBL, KPML, TKSL and KCPL is Indian currency. The functional currency of other foreign subsidiaries is their respective local currency. These financial statements are presented in Indian Rupees (INR); all financial information is presented in INR rounded to the nearest Millions, except share and per share data, unless otherwise stated.

2.6 Use of judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, current

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (Contd.)

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 the estimates.

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

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

Critical estimates and judgements

The areas involving critical estimates or judgements are:

- **Estimation of defined benefit obligation –** The cost of the defined benefit gratuity and pension plan, and the present value of the gratuity/pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. (Refer note – 34)
- **Estimation of leave encashment provision –** The cost of the leave encashment and the present value of the leave encashment obligation are determined using actuarial valuations. (Refer note 38)
- **Impairment of goodwill –** The group estimates the value in use of a cash generating unit (CGU) based on the future cash flows after considering the current economic conditions and trends, estimated future operating results and growth rate. The estimated cash flows are developed using internal forecasts. The discount rate used for the CGU's represent the weighted average cost of capital based on historical market returns of comparable companies.
- **Impairment of receivables –** The impairment provisions for financial receivables disclosed are based on assumptions about risk of default and expected loss rates. (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 11. (Refer note 38)

2.7 Inventories

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

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

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (Contd.)

- **Traded goods:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

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 and at change of events.

2.8 Cash and cash equivalents

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

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

2.9 Statement of Cash Flows

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

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

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

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

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

2.10 Property, plant and equipment

Measurement

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

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

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

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

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

Property, plant and equipment under construction are disclosed as capital work-in-progress.

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (Contd.)

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

Subsequent costs

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

Disposal

An item of property, plant and equipment 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 property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, 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 property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate. Depreciation on additions to/deductions from, owned assets is calculated pro rata to the period of use. Further, extra shift depreciation is provided wherever applicable. Depreciation charge for impaired assets if any is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

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

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

2.11 Investment properties

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

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

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

Investment property in the form of land is not depreciated. Investment properties in the form of building

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (Contd.)

are stated at cost less accumulated depreciation on straight line basis, calculated as per provisions of Schedule II to Companies Act, 2013.

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

2.12 Goodwill and intangible assets

Recognition and measurement

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

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

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

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

Subsequent measurement

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

Amortization

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

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

Research and development costs

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

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

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (Contd.)

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

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

2.13 Interest in joint operations

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

2.14 Borrowing costs

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

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

2.15 Revenue recognition

Group recognizes revenue when it transfers control over a good or service to a customer i.e. when it has fulfilled all 5 steps as given by Ind AS 115.

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

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

Sale of goods

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

Customer loyalty programs

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

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (Contd.)

Rendering of services

Revenue is recognized over time as the services are provided. The stage of completion for determining the amount of revenue to recognize is assessed based on surveys of work performed.

If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated based on their relative stand-alone selling prices. The stand-alone selling price is determined based on the list prices at which the Group sells the services in separate transactions.

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 by using "output method". Until such time (25% of Project Cost) where the outcome of the contract cannot be ascertained reliably, the Group recognizes revenue equal to actual cost.

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

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

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

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

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

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

2.16 Other income

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

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

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

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (Contd.)

2.17 Foreign currencies transactions

Transactions and balances

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

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

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

Group companies

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

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

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

2.18 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined Benefit Plans

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

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities of a maturity period equivalent to the weighted average

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (Contd.)

maturity profile of the defined benefit obligations as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

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

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

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

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

Other long term employee benefits

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

2.19 Income taxes

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

Current tax

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

Deferred tax

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

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

Deferred tax liabilities are recognized for all timing differences including temporary differences associated with investment in subsidiaries and associates and interest in joint venture. Deferred tax

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (Contd.)

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

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

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

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

2.20 Share-based payments

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

Equity-settled transactions

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

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

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

2.21 Provisions

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

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

Warranty provisions

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

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (Contd.)

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

Provision for decommissioning and site restoration

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

Contingent liability is disclosed when Group has:

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

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

2.22 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

- **Group as a lessee**

  A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

  Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.

  A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

  Operating lease payments are recognised as an expense in the statement of profit and loss.

- **Group as lessor**

  Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. 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

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (Contd.)

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 Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

2.23 Impairment of non-financial assets

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

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

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

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

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

2.24 Fair value measurement

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

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

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

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

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

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

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (Contd.)

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

2.25 Financial instruments

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

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

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

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

Financial assets are subsequently measured at amortized cost if,

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

Derecognition

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

Impairment of financial asset

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

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (Contd.)

- Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Financial assets that are debt instruments and are measured as at FVTOCI
- Lease receivables
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
- Loan commitments which are not measured as at FVTPL
- Financial guarantee contracts which are not measured as at FVTPL

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

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

Financial liabilities

Initial recognition and measurement

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

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

Financial guarantee contracts

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

Derecognition

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

Offsetting of financial instruments

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

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (Contd.)

is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Derivative financial instruments

Initial recognition and subsequent measurement

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

2.26 Earnings per share (EPS)

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

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

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

2.27 Segment reporting

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

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

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

2.28 Recent accounting pronouncement

Standards issued but not yet effective

Ind AS 116 was notified by Ministry of Corporate Affairs in March 2019 and Ind AS 116 will come in force from financial year beginning from 1 April 2019. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed.

Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The Company is currently evaluating the requirements of Ind AS 116 and its impact on the financial statements.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 3: Property, Plant and Equipment & Other Intangible Assets

(Amounts in Million ₹)

Particulars	Property, plant and equipment									Goodwill	Intangible Assets		
	Land free hold	Land lease hold	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Railway siding	Total		Computer software	Other intangible assets*	Total
Gross Block													
As at 1 April 2017	606.435	83.131	2,465.230	5,560.089	585.168	29.092	110.199	1.724	9,441.068	176.866	248.390	186.601	434.991
Additions	-	-	12.039	329.271	28.530	3.643	0.284	0.012	373.779		31.995	0.564	32.559
Disposals / Impairment	-	-	3.492	58.289	3.662	-	1.054	-	66.497		-	-	-
Exchange difference	10.252	-	(17.221)	4.080	19.505	(0.078)	0.859	-	17.397	(0.664)	0.792	2.709	3.501
As at 31 March 2018	616.687	83.131	2,456.556	5,835.151	629.541	32.657	110.288	1.736	9,765.747	176.202	281.177	189.874	471.051
Additions	5.958	0.558	45.657	488.425	43.387	17.931	16.629	-	618.545		9.349	-	9.349
Disposals / Impairment	-	-	2.000	63.566	0.809	2.987	1.519	0.022	70.903	36.296	0.834	30.225	31.059
Exchange difference	12.498	(0.014)	27.614	77.541	(11.922)	-	(0.779)	-	104.938	0.942	0.291	33.126	33.417
As at 31 March 2019	**635.143**	**83.675**	**2,527.827**	**6,337.551**	**660.197**	**47.601**	**124.619**	**1.714**	**10,418.327**	**140.848**	**289.983**	**192.775**	**482.758**
Depreciation/ Amortisation													
As at 1 April 2017	-	3.781	516.637	3,952.251	461.130	11.690	63.718	1.604	5,010.810	-	182.874	81.341	264.215
Charge for the year	-	1.087	65.092	417.695	24.657	4.222	10.945	0.013	523.711	-	36.622	25.439	62.061
Depreciation on disposal	-	-	0.540	50.420	3.564	-	0.662	-	55.186	-	0.071	-	0.071
Exchange difference	-	-	1.545	(5.869)	25.872	3.817	(3.141)	-	22.224	-	0.764	1.468	2.232
As at 31 March 2018	-	4.868	582.734	4,313.656	508.095	19.729	70.860	1.617	5,501.559	-	220.189	108.248	328.437
Charge for the year	-	1.298	72.713	437.988	47.484	5.400	9.938	0.013	574.834	-	35.429	27.808	63.237
Depreciation on disposal	-	-	0.463	37.975	0.657	3.284	0.620	0.013	43.012	-	0.834	-	0.834
Exchange difference	-	-	9.442	54.628	(14.341)	(0.001)	(0.778)	-	48.950	-	(0.421)	27.968	27.547
As at 31 March 2019	**-**	**6.166**	**664.426**	**4,768.297**	**540.581**	**21.844**	**79.400**	**1.617**	**6,082.331**	**-**	**254.363**	**164.024**	**418.387**
Net block													
As at 1 April 2017	606.435	79.350	1,948.593	1,607.839	124.038	17.402	46.481	0.120	4,430.258	176.866	65.516	105.260	170.776
As at 31 March 2018	616.687	78.263	1,873.822	1,521.495	121.446	12.928	39.428	0.119	4,264.188	176.202	60.988	81.626	142.614
As at 31 March 2019	**635.143**	**77.509**	**1,863.401**	**1,569.254**	**119.616**	**25.757**	**45.219**	**0.097**	**4,335.996**	**140.848**	**35.620**	**28.751**	**64.371**

Notes:

1) Plants and machines acquired out of proceeds of term loan, are pledged as security against the loan.

2) During the year goodwill arising on consolidation of step down subsidiary, Kirloskar Pompen B.V., of Rs. 36.296 Mn. and intellectual property rights in the books of second level step-down subsidiary of Rodelta Pumps International B.V of Rs 29.114 Mn. have been impaired.

3) Refer note no 29 for estimated amount of contract remaining to be executed on capital account.

* Other intangible assets includes sales tax deferral rights, trade marks, patents and licences.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 4 : Investment Property

(Amounts in Million ₹)

Particulars	Investment property
Gross Block	
As at 1 April 2017	25.724
Additions	-
Disposals	-
As at 31 March 2018	25.724
Additions	-
Disposals	-
As at 31 March 2019	**25.724**
Depreciation and Impairment	
As at 1 April 2017	0.212
Charge for the year	0.106
Depreciation on disposals	
As at 31 March 2018	0.318
Charge for the year	0.106
Depreciation on disposals	
As at 31 March 2019	**0.424**
Net block	
As at 1 April 2017	25.512
As at 31 March 2018	25.406
As at 31 March 2019	**25.300**

Information regarding income and expenditure of investment property

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Rental Income derived from investment property	**0.153**	0.171
Less: Direct operating expenses *	-	-
Profit arising from investment properties before depreciation and indirect expenses	**0.153**	0.171
Less - Depreciation	**0.106**	0.106
Profit arising from investment properties after depreciation and indirect expenses	**0.047**	0.065

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

Fair value

The group obtains independent valuations for its investments properties. The valuation model considers current prices in active market, discounted cash-flow projections based on reliable estimates of future cash-flows.

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

Fair value as at 31 March 2017 was Rs 187.681 Mn. and there is no significant movement in fair value over last 2 years.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 5 : Financial Assets: Investments

(Amounts in Million ₹)

	Particulars	31 March 2019	31 March 2018
I	**Long term investments - at cost**		
	(a) Investment in Equity instruments	573.950	494.553
	(b) Capital contribution in Partnership Firm	0.005	0.005
	Total	**573.955**	494.558

	Particulars	31 March 2019	31 March 2018
	Aggregate amount of quoted investments	-	-
	Aggregate amount of unquoted investments	**573.955**	494.558

Sr No.	Particulars	Face Value	Partly Paid / Fully paid	Extent of holding (%)		No. of Shares / Units		Amount in Rupees	
				31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
1	**Investments at fair value through other comprehensive income**								
a	Kirloskar Proprietary Limited	INR 100	Fully Paid	-	-	512	512	0.005	0.005
2	**Investment accounted using equity method**								
a	Kirloskar Ebara Pumps Limited	INR 10	Fully Paid	45%	45%	225,000	225,000	573.448	494.548
b	KBL Synerge LLP*	N A	N A	50%	50%		-	0.005	0.005
c	SPP Neziv Pump Solution Proprietary Limited	Rand 1	Fully Paid	49%	49%	49	49	0.497	-
	Total Investments accounted using equity method							573.950	494.553
	Total Investments							573.955	494.558

All joint ventures and associate companies are incorporated and have place of business as India except, the SPP Neziv Pump Solution Propritary Limited, which is joint venture of step down subsidiary Kirloskar Brothers International PTY Ltd, incorporated and has place of business in South Africa.

*KBL Synerge LLP a limited liability partnership was formed in year 2017 between Kirloskar Brothers Ltd, Mrs. Sneha Phatak and Synerge Overseas Pte. Ltd. This LLP has been created for a short term project. Following are the details of total capital and share of each partner in it.

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

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 6 : Financial Assets: Trade receivables

(Amounts in Million ₹)

Particulars	31 March 2019	31 March 2018
Non-current		
Unsecured, considered good	**171.352**	159.255
Doubtful	**731.579**	737.205
	902.931	896.460
Less: Provision for significant increase in credit risk and credit impaired receivables	**731.579**	737.205
	171.352	159.255
Current		
Unsecured, considered good	**6,097.062**	5,427.170
Doubtful	**195.012**	157.184
	6,292.074	5,584.354
Less: Provision for significant increase in credit risk and credit impaired receivables	**195.012**	157.184
	6,097.062	5,427.170
Total trade receivables	**6,268.414**	5,586.425

Trade receivables are non-interest bearing and are generally on terms of 1 to 90 days.

Note 7 : Financial Assets: Loans

Particulars	31 March 2019	31 March 2018
Non-current		
(a) **Security deposits**		
Unsecured, considered good	**132.014**	157.658
Doubtful	**29.530**	66.530
	161.544	224.188
Less: Provision for significant increase in credit risk and credit impaired deposits	**29.530**	66.530
	132.014	157.658
(b) **Advances to Joint venture**	**0.884**	-
	132.898	157.658
Current		
(a) **Security deposits**		
Unsecured, considered good	**943.032**	970.716
(b) **Advances to Joint venture & associates**	**1.775**	1.640
	944.807	972.356
Total loans	**1,077.705**	1,130.014

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 8 : Financial Assets: Others

(Amounts in Million ₹)

Particulars	31 March 2019	31 March 2018
Non-current		
(a) **Claims receivable**		
Unsecured, considered good	**7.249**	32.429
Doubtful	**3.845**	3.845
	11.094	36.274
Less: Provision for significant increase in credit risk and credit impaired claims	**3.845**	3.845
	7.249	32.429
(b) **Fixed deposits with the original maturity of more than 12 months**	**36.198**	35.214
	43.447	67.643
Current		
(a) **Claims receivable**		
Unsecured, considered good	**22.402**	20.273
(b) **Interest accrued**	**1.149**	0.410
(c) **Forward contract asset**	**-**	49.565
	23.551	70.248
Total other financial asset	**66.998**	137.891

Note 9 : Other assets

Particulars	31 March 2019	31 March 2018
Non-current		
(a) **Capital advances**	**55.206**	13.118
(b) **Advances to suppliers and others**		
Unsecured, considered good	**330.712**	75.575
Doubtful	**68.603**	68.687
	399.315	144.262
Less: Provision for doubtful advances significant increse in credit risk & credit imparised advances	**68.603**	68.687
	330.712	75.575
(c) **Prepaid expenses**	**3.025**	4.608
(d) **Gross amount due from customer for project related contract work**	**9.504**	35.934
(e) **Retentions**	**218.318**	485.742
(f) **Advance income tax (net of provision)**	**495.858**	787.316
(g) **Claims receivable**	**0.165**	0.162
	1,112.788	1,402.455
Current		
(a) **Advances to suppliers and others**		
Unsecured, considered good	**251.058**	465.052
(b) **Prepaid expenses**	**252.048**	308.192
(c) **Gross amount due from customer for project related contract work**	**204.513**	589.001
(d) **Retentions**	**2,917.800**	2,687.047
(e) **Claims receivable**	**1,729.645**	1,468.517
	5,355.064	5,517.809
Total other assets	**6,467.852**	6,920.264

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 10 : Inventories

(Amounts in Million ₹)

Particulars	31 March 2019	31 March 2018
(a) Raw Materials *	**1,864.344**	1,885.091
(b) Work-in-progress	**2,489.090**	1,636.251
(c) Finished goods	**1,353.153**	1,335.571
(d) Stock-in-trade **	**339.659**	235.425
(e) Stores and spares	**120.422**	109.955
(Mode of valuation refer note 2.7)		
	6,166.668	5,202.293

* Include goods in transit - Rs 84.270 Mn. (2018 : Rs 34.190 Mn.)

** Include goods in transit - Rs 16.020 MN (2018: Nil)

Amounts recognised in statement of profit and loss

Write-down of inventories to net realizable value/ any loss due to it's obsolete nature (net of reversal) amounted to Rs.1.110 Mn. (31 March 2018: Rs.58.789 Mn.) These were recognised as an expenses during the year.

Note 11 A : Cash and cash equivalents

Particulars	31 March 2019	31 March 2018
(a) **Balances with banks**		
In current and EEFC accounts (Including cheques on hand)	**575.410**	438.041
Other bank deposits (including fixed deposits with original maturity of less than 3 months)	**5.931**	325.633
(b) **Cash on hand**	**2.521**	6.300
	583.862	769.974

Note 11 B : Other bank balances

Particulars	31 March 2019	31 March 2018
(a) **Earmarked balances with bank**		
Unpaid dividend accounts	**20.031**	24.178
(b) **Other deposits**	**121.521**	112.305
(c) **Margin money**	**9.850**	8.537
	151.402	145.020

Note 12: Equity share capital

Particulars	31 March 2019	31 March 2018
Authorised		
250,000,000 (250,000,000) equity shares of Rs.2/- each (Rs.2/- each)	**500.000**	500.000
Issued, subscribed & fully paid up		
79,408,926 (79,408,926) equity shares of Rs.2/- each (Rs.2/- each)	**158.818**	158.818
	158.818	158.818

a) Terms/rights attached to equity shares

The company has only one class of equity shares, having par value of Rs. 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 2019 the board of directors have proposed dividend of Rs 2.50 (2018: Rs 2.50) per share subject to shareholders' approval.

The board of directors have declared interim dividend of Rs. Nil (2018: Nil) per share.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 12: Equity share capital (Contd.)

(Amounts in Million ₹)

b) Reconciliation of share capital

Particulars	31 March 2019		31 March 2018	
	Number	**Amount**	Number	Amount
Shares outstanding at the beginning of the year	**79,408,926**	**158.818**	79,408,926	158.818
Shares Issued during the year under ESOS	**-**	**-**	-	-
Shares outstanding at the end of the year	**79,408,926**	**158.818**	79,408,926	158.818

c) Details of shareholder holding more than 5% shares

Particulars	31 March 2019		31 March 2018	
	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 *	17,839,037	22.46%	17,596,133	22.16%
Mrs. Pratima Sanjay Kirloskar	13,840,488	17.43%	13,760,488	17.33%
Reliance Capital Trustee Co. Ltd	3,976,103	5.01%	3,413,739	4.30%

* includes 1,761,919 (1,739,015), 2% (2%) shares held in the capacity of a trustee.

d) Shares reserved for Employee Stock Option Scheme (ESOS)

Particulars	31 March 2019		31 March 2018	
	Number	**Amount**	Number	Amount
Shares reserved for ESOS scheme	**5,161,840**	**10.324**	5,161,840	10.324

For the period of five years immediately preceding the date as at which the Balance Sheet is prepared no shares are

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

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

iii. bought back.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 13: Other equity

(Amounts in Million ₹)

Particulars		31 March 2019	31 March 2018
(a)	**Capital reserve**	**5.237**	5.237
(b)	**Capital redemption reserve**	**9.237**	9.237
(c)	**Securities premium**	**414.700**	414.700
(d)	**General reserve**		
	Opening balance	**6,330.464**	6,330.464
	Add: Transfer from retained earnings	**4.133**	-
	Closing balance	**6,334.597**	6,330.464
(e)	**Foreign Currency Translation Reserve**		
	Opening balance	**125.807**	98.659
	Add: Current year transfer	**95.630**	27.148
	Closing balance	**221.437**	125.807
(f)	**Retained Earnings**		
	Opening balance	**2,380.580**	1,963.629
	Add: Net profit for the year	**34.812**	494.187
	Other comprehensive income for the year	**(3.812)**	18.568
	Balance available for appropriation	**2,411.580**	2,476.384
	Less: Appropriations :		
	Final dividend paid including tax	**241.901**	95.804
	Less: Impact of transition to Ind AS 115	**216.500**	-
	Less: Transfer to general reserve	**4.133**	
	Sub total	**462.534**	95.804
	Closing balance	**1,949.046**	2,380.580
		8,934.254	**9,266.025**

Capital reserve:

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

Capital Redemption Reserve:

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

Securities Premium :

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

General reserve:

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

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 13: Other equity (Contd.)

Retained Earnings:

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

Foreign currency translation reserve:

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

Note 14 : Financial Liabilities: Borrowings

(Amounts in Million ₹)

Particulars	31 March 2019	31 March 2018
Non-current		
Secured		
(a) Term loan from various banks	**781.626**	942.710
(Terms of loans: Term loans are availed by the group from various banks across the world. Loans are repayable over the period of 3 to 10 years and carry interest rates varing from 1% to 10.5%. Loans are secured against fixed assets purchased from proceeds of loan and corporate guarantees given by holding company)		
Less- Current maturities of non-current borrowings disclosed under the head 'Other Current Financial Liabilities' (refer note 16)	**161.110**	136.928
	620.516	805.782
Unsecured		
(a) Other unsecured borrowings	**5.529**	37.108
(Terms of loans: It includes deferral payment liabilities under sales tax deferral scheme and finance lease obligations. The sale tax deferral loan is to be repaid in 9 yearly installments starting from April 2013. Other loan carries market interest rate and are repayable till 2020.)		
Less- Current maturities of non-current borrowings disclosed under the head 'Other Current Financial Liabilities' (refer note 16)	**3.623**	22.273
	1.906	14.835
	622.422	820.617
Current		
Secured		
Loans repayable on demand from banks		
(i) Cash / export credit facilities	**1,165.127**	706.733
(ii) Working capital demand loans		
(Terms of loans: Loan carries interest @ 2% to 10.5% per annum and secured against the inventory, receivables and mortgage of plant & machinery in some cases)	**1,844.786**	1,775.922
	3,009.913	2,482.655
	3,009.913	2,482.655
Total borrowings	**3,632.335**	3,303.272

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 15 : Financial Liabilities: Trade payables

(Amounts in Million ₹)

Particulars	31 March 2019	31 March 2018
Non-current		
Total outstanding dues of creditors other than micro, small and medium enterprises	**156.842**	185.826
	156.842	185.826
Current		
Total outstanding dues of micro, small and medium enterprises (refer note 42)	**1,055.857**	671.938
Total outstanding dues of creditors other than micro, small and medium enterprises	**5,695.629**	5,073.454
	6,751.486	5,745.392
Total trade payable	**6,908.328**	5,931.218

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.

Note 16: Other financial liabilities

Particulars	31 March 2019	31 March 2018
Non-Current		
(a) **Other liabilities**	**12.266**	**-**
	12.266	**-**
Current		
(a) **Current maturities of long term loan and other borrowings (refer note 14)**	**164.733**	159.200
(b) **Forward contract liability**	**25.874**	-
(c) **Investor Education & Protection fund (will be credited as and when due).**		
Unclaimed dividends	**20.031**	24.178
(d) **Others**		
Trade deposits	**76.087**	66.025
Salary and reimbursements	**544.885**	485.609
Payables on account of purchases of fixed assets	**47.424**	90.961
Provision for expenses	**714.764**	788.539
	1,383.160	1,431.134
	1,593.798	1,614.512
Total other financial liabilities	**1,606.064**	1,614.512

Terms and conditions of the above financial liabilities:

1) Other payables are non-interest bearing and have an average term of six months

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

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 17: Provisions

(Amounts in Million ₹)

Particulars	31 March 2019	31 March 2018
Non-current		
Provision for employee benefits		
(a) Compensated absences (refer note 38)	**159.917**	139.778
(b) Pension scheme (refer note 34)	**33.669**	27.967
(c) Gratuity (refer note 34)	**29.553**	27.782
	223.139	195.527
Other provisions		
(a) Provision for product warranty (refer note 38)	**37.911**	28.483
(b) Provision for decommissioning and restoration costs (refer note 38)	**7.018**	6.487
(c) Other provisions (refer note 19)	**2.964**	0.675
	47.893	35.645
	271.032	231.172
Current		
Provision for employee benefits		
(a) Compensated absences (refer note 38)	**154.867**	148.241
(b) Gratuity (refer note 34)	**37.534**	31.919
	192.401	180.160
Other provision (refer note 38)		
(a) Provision for product warranty	**306.965**	238.802
(b) Provision for loss on long term contracts	**116.125**	104.097
	423.090	342.899
	615.491	523.059
Total provisions	**886.523**	754.231

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 18: Other liabilities

(Amounts in Million ₹)

Particulars		31 March 2019	31 March 2018
Non-current			
(a)	Gross amount due to customers for project related contract work	**91.987**	148.046
(b)	Advance from customers	**165.049**	174.059
(c)	Deferred revenue	**0.210**	0.818
		257.246	322.923
Current			
(a)	Gross amount due to customers for project related contract work	**1,551.851**	1,539.286
(b)	Advance from customer	**2,279.056**	2,317.515
(c)	Contribution to PF and superannuation	**69.546**	31.464
(d)	Statutory dues	**77.167**	68.424
(e)	Deferred revenue	**268.728**	203.294
		4,246.348	4,159.983
	Total other non-financial liabilities	**4,503.594**	4,482.906

Note 19 : Income tax

(1) The major components of income tax expense for the year ended 31 March 2019 and 31 March 2018 are:

(a) Statement of profit and loss

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Current income tax:		
Current income tax charge	**510.942**	439.694
Adjustments in respect of current income tax of previous year	**0.947**	(0.100)
Deferred tax:		
Relating to origination and reversal of temporary differences	**(53.503)**	(171.657)
Income tax expense reported in the statement of profit or loss	**458.386**	267.937

(b) Statement of other comprehensive income (OCI)

Tax related to items recognised in OCI during the year:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Related to remeasurement gains and losses		
Income tax charged to OCI	**(0.905)**	5.170
Deferred tax charged to OCI	**(0.525)**	1.557
	(1.430)	6.727

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 19 : Income tax (Contd.)

(2) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31 March 2019 and 31 March 2018:

(Amounts in Million ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Accounting profit before tax	**405.876**	732.924
At India's statutory income tax rate of 34.944%/ (34.608%) (a)	**141.829**	253.650
Adjustments		
Add: Accelerated deduction		
Research and development expenses	**105.698**	78.487
80 IA	**35.597**	32.537
Subtotal (b)	**141.295**	111.024
Less : Non deductible expenses (c) (Including provisions for advances, Interest on TDS, donation, penalties etc.)	**37.177**	62.588
Sub total (d) = (b-c)	104.118	48.436
Tax impact of above adjustments	**36.383**	16.763
MAT credit assets (not recorded) / Utilized	**27.397**	32.711
Rate difference on opening DTA/ DTL/ different tax rates from holding company	**(193.472)**	(40.105)
Tax impact of B/F losses (Tax losses on which DTA is not recognised)	**(114.824)**	(31.742)
Other items	**1.575**	0.168
Effect of overseas branch exemption	**(8.526)**	6.135
Earlier year short provision	**1.363**	1.784
Reversal of deferred tax recognised in earlier years	**(66.452)**	-
Total (e)	**(316.556)**	(14.287)
Tax expenses at effective rate (a-e)	**458.386**	267.937
Tax expenses recorded in books	**458.386**	267.937

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 19 : Income tax (Contd.)

(3) Movement in deferred tax

(a) Balance sheet

(Amounts in Million ₹)

Deferred tax relates to the following: DTL/ (DTA)	31 March 2019	31 March 2018
Property, plant and equipment (Depreciation)	**144.103**	139.568
Employee benefits	**(152.078)**	(142.515)
Provision for doubtful debts and advances	**(400.009)**	(290.743)
Others - (DTA) /DTL (Including deferred tax on undistributed profits of joint venture and carry forwarded losses)	**(46.787)**	(54.144)
	(454.771)	(347.834)
Reflected in balance sheet as		
Deferred tax asset	**454.771**	347.834

(b) Statement of Profit and loss

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Property, plant and equipment (Depreciation)	**4.536**	(4.792)
Employee benefits	**(9.562)**	(32.254)
Provision for doubtful debts and advances	**(109.266)**	(76.647)
Others - (DTA) /DTL (Including deferred tax on undistributed profits of joint venture and carry forwarded losses)	**15.442**	(59.521)
	(98.850)	(173.214)
Provision for gross amount due from customer directly recognised in reserves on transition to Ind AS 115	**45.874**	-
Deferred tax expense/(income)	**(52.976)**	(173.214)

(c) Unrecognized temporary differences

Subsidiaries of group have undistributed earnings of INR 603 MN, which will attract tax on distribution to parent company. However deferred tax on that is not recognised, since the parent company is either able to control timing of reversal of such distribution or is eligible to get the credit for tax of dividend so distributed.

(4) Movement in Current tax

(a) Balance sheet

Reflected in balance sheet as	31 March 2019	31 March 2018
Non-current advance tax	**495.858**	787.316
Current advance tax	**33.043**	72.434
	528.901	859.750

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 19 : Income tax (Contd.)

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

(Amounts in Million ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Current tax (asset)/ liability as at beginning of year	**(859.750)**	(1,084.772)
Add: Additional provision during the year - Statement of Profit and loss account	**511.889**	439.594
Add: Additional provision during the year - Other comprehensive income	**(0.905)**	5.170
Less: Current tax paid during the year (Net of refund received for previous years)	**(180.135)**	(219.742)
Current tax (asset)/ liability as at end of year	**(528.901)**	(859.750)

(c) Tax on dividend

Company has declared dividend @125% per share i.e Rs 2.50 per share. The tax payable on dividend declared is Rs 32.645 MN.

Note 20: Revenue from operations

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(a) **Sale of products** (including excise duty) (Refer note 30 for the construction contract revenue)	**32,320.392**	26,565.179
(b) **Sale of services**	**714.105**	638.937
	33,034.497	27,204.116
(c) **Other operating revenues** (majorly includes scrap sales and exports benefits)	**455.330**	550.180
	33,489.827	27,754.296

Note 21: Other income

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(a) **Interest Income**		
From customers and others	**76.555**	45.030
On income tax and sales tax refund	**88.454**	51.091
(b) **Release of deferred income**	**4.357**	1.914
(c) **Profit on sale of mutual fund investment**	**4.144**	12.777
(d) **Foreign exchange difference (net)**	**-**	44.450
(e) **Other non-operating income**	**63.162**	63.811
	236.672	219.073

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 22: Cost of materials consumed, Changes in inventories of finished goods, stock-in -trade and work-in-progress

(Amounts in Million ₹)

Particulars		Year ended 31 March 2019	Year ended 31 March 2018
(a)	**Raw material consumed** (Including packing material)	**16,626.463**	13,299.451
(b)	**Changes in inventories of finished goods, work-in-progress and stock-in-trade**		
	Opening Stock (Refer note 10)		
	Finished goods	**1,335.571**	981.049
	Work-in- progress	**1,636.251**	1,604.801
	Stock in trade	**235.425**	230.931
		3,207.247	2,816.781
	Closing Stock (Refer note 10)		
	Finished goods	**1,353.153**	1,335.571
	Work-in- progress	**2,489.090**	1,636.251
	Stock in trade	**339.659**	235.425
		4,181.902	3,207.247
		(974.655)	(390.466)

Note 23: Employee benefits expense

Particulars		Year ended 31 March 2019	Year ended 31 March 2018
(a)	**Salaries, wages and bonus**	**5,242.885**	4,250.986
(b)	**Defined contribution plans**	**268.688**	221.816
	Contribution to provident fund, superannuation fund and ESIC		
(c)	**Defined benefit plans**	**105.157**	105.963
	Gratuity, Provident fund and Pension		
(d)	**Welfare expenses**	**221.442**	199.082
		5,838.172	4,777.847

Note 24: Finance costs

Particulars		Year ended 31 March 2019	Year ended 31 March 2018
(a)	**Interest expense** (at effective interest rate/ market rate of interest)	**337.850**	272.186
(b)	**Other borrowing costs** (includes bank guarantee commission, LC charges, loan processing charges)	**132.047**	127.016
		469.897	399.202

Note 25: Depreciation and amortization expense

Particulars		Year ended 31 March 2019	Year ended 31 March 2018
(a)	Depreciation on property, plant and equipment and investment property	**574.940**	523.818
(b)	Amortization of intangible assets	**63.237**	62.061
		638.177	585.879

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 26: Other expenses

(Amounts in Million ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Other Manufacturing Expenses		
Stores and spares consumed	**1,168.860**	956.812
Processing charges	**714.754**	682.816
Power & fuel	**489.031**	420.652
Repairs and maintenance		
Plant and machinery	**201.375**	163.394
Buildings	**84.444**	36.536
Other	**79.886**	77.908
Excise duty	**-**	339.032
Other expenses		
Rent	**221.634**	200.794
Rates and taxes	**84.340**	120.140
Travel and conveyance	**590.661**	508.607
Communication expenses	**128.404**	112.387
Insurance	**211.817**	169.083
Directors' sitting fees	**6.248**	4.630
Royalties and fees *	**65.160**	53.409
Freight and forwarding charges	**958.091**	712.115
Brokerage and commission	**270.851**	186.853
Advertisements and publicity	**448.470**	288.065
Provision for product warranty	**262.328**	213.423
Loss on sale/disposal of fixed assets	**2.210**	9.014
Provision for doubtful debts, advances and claims	**41.992**	209.076
Bad debts written off	**236.021**	10.274
Advances, deposits and claims written off	**9.025**	4.273
Auditor's remuneration (refer note 31)	**50.477**	39.203
Professional, consultancy and legal expenses	**402.947**	472.175
Security services	**66.095**	66.685
Computer services	**264.755**	239.389
Non-executive directors remuneration	**10.000**	9.700
Stationery & Printing	**39.424**	42.893
Training course expenses	**26.479**	15.275
Outside labour charges	**402.264**	248.435
Foreign exchange difference (net)	**269.061**	-
Corporate social responsibility expenses (refer note 43)	**17.332**	10.197
Other miscellaneous expenses	**252.110**	286.132
	8,076.546	6,909.377

* Company has agreement with Kirloskar Propritary Limited (KPL) for use of trade mark. To keep the company's business interest protected and establish its bonafide to continue to honour terms of earlier agreement, the Company has made a provision of Royalty for the balance period and sought to make the payment to KPL. Matter is sub- judiced.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 27: Other Comprehensive Income

(Amounts in Million ₹)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Items that will not be reclassified to statement of profit and loss		
Remeasurements gains and losses on post-employments benefits	**(3.870)**	20.448
Tax on Remeasurements gains and losses	**1.430**	(6.727)
Share in other comprehensive income of joint venture company	**(1.198)**	5.001
Items that will be reclassified to statement of profit and loss		
Gains/ losses on currency translation for foreign subsidiaries	**95.630**	27.148
	91.992	45.868

Note 28 : Contingent liabilities

	Particulars	31 March 2019	31 March 2018
	Other money for which the company is contingently liable for		
i)	Central Excise and Service tax (Matter Subjudice)	**1,075.746**	1,018.454
ii)	Sales Tax (Matter Subjudice)	**391.684**	550.922
iii)	Income Tax (Matter Subjudice)	**589.418**	567.428
iv)	Labour Matters (Matter Subjudice)	**50.387**	47.773
v)	Other Legal Cases (Matter Subjudice)	**468.743**	798.518
		2,575.979	2,983.095

i. The company does not expect any reimbursement in respect of the above contingent liabilities.

ii. It is not practicable to estimate the timing of cash flow if any with respect to above matters.

Note 29 : Commitments

	Particulars	31 March 2019	31 March 2018
i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	**293.372**	301.347
ii)	Letters of credit outstanding	**1,225.049**	598.200
iii)	Rental commitments		
	Commitments for minimum lease payments in relation to non-cancellable operating leases are as		
	Less than 1 year	**73.555**	50.404
	1 to 5 years	**111.961**	117.240
	More than 5 years	**-**	0.169
		1,703.937	1,067.360

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 30 : Construction Contract

(Amounts in Million ₹)

Particulars		Year ended 31 March 2019	Year ended 31 March 2018
a)	Contract Revenue recognised as revenue for the year	**1,020.394**	1,747.663
b)	Advances received	**1,113.353**	813.991
c)	Amount of retentions	**2,564.333**	2,966.631
d)	**Gross amount due from customer**		
	Contract costs incurred	**10,102.994**	16,552.552
	Recognised Profits less recognised Losses	**2,335.543**	3,040.961
	Less: Progress Billing	**12,039.699**	18,968.577
	Less: Provision for gross amount due from customer	**184.821**	-
	Net	**214.017**	624.936
e)	**Gross amount due to customer**		
	Contract costs incurred	**30,220.997**	25,650.537
	Recognised Profits less recognised Losses	**5,858.128**	5,691.968
	Less: Progress Billing	**37,722.963**	33,029.838
	Net	**(1,643.838)**	(1,687.333)

Note 31: Remuneration to Auditors

Particulars		Year ended 31 March 2019	Year ended 31 March 2018 *
	Statutory Auditors :		
a)	Audit Fees	**43.975**	33.679
b)	Tax Audit Fees	**0.975**	1.489
c)	VAT Audit Fees	**0.075**	0.375
d)	Limited Review	**1.200**	1.050
e)	Certification services	**0.370**	0.044
f)	Other services	**2.740**	1.644
g)	Expenses reimbursed	**1.142**	0.922
	Sub total	**50.477**	39.203

* includes fess paid to predecessor auditor.

Note 32 : Earning per Share (Basic and diluted)

Particulars		Year ended 31 March 2019	Year ended 31 March 2018
a)	Profit for the year before tax	**405.876**	732.924
	Less : Attributable Tax thereto	**(458.386)**	(267.937)
	Add: Share of profit/ loss in joint venture company	**83.347**	34.872
		30.837	499.859
	Less: Attributable to Non-controlling interest	**(3.975)**	5.672
	Profit attributable to owners of equity	**34.812**	494.187
b)	Weighted average number of equity shares used as denominator	**79,408,926**	79,408,926
c)	Basic & diluted earning per share of nominal value of Rs 2/- each	**0.44**	6.22

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 33 A : Research and Development expenditure incurred eligible for weighted average deduction under section 35 (2AB) of the Income Tax Act, 1961

(Amounts in Million ₹)

	Particulars	Year ended 31 March 2019	Year ended 31 March 2018
A	**Revenue expenditure**		
	Manufacturing expenses:		
	Raw Material, Store, Spares & Tools consumed	**24.212**	18.149
	Payments to and Provision for Employees:		
	Salaries, Wages, Bonus, Allowances etc.	**84.537**	96.856
	Other Expenses:		
	Membership Fees	**0.996**	2.346
	Computer Services	**15.393**	11.336
	Power charges	**1.110**	0.989
	Travelling & Conveyance Expenses	**7.613**	4.826
	Other Expenses	**15.487**	0.643
	Repairs & Maintenance	**18.298**	2.810
	Total	**167.646**	137.955
B	**Capital Expenditure**	**43.750**	7.044
	Total Eligible Research & Dev. Expenditure (A + B)	**211.396**	144.999

Note 33 B : Other Research & Development expenditure

	Particulars	Year ended 31 March 2019	Year ended 31 March 2018
A	**Revenue expenditure**	**86.555**	56.175
B	**Capital Expenditure**	**59.956**	1.895
	Total	**146.511**	58.070

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 34 :Employee Benefits :

i. Defined Contribution Plans:

Amount of Rs.268.688 MN (Rs 221.886 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

(Amounts in Million ₹)

Particulars		31 March 2019		31 March 2018	
		Gratuity Plan (Funded)	Provident Fund* (Funded)	Gratuity Plan (Funded)	Provident Fund* (Funded)
A.	Amount to be recognised in Balance Sheet				
	Present Value of Defined Benefit Obligation	490.566	22.684	460.678	9.357
	Less: Fair Value of Plan Assets	460.623	52.362	435.730	48.514
	Amount to be recognised as liability or (asset)	29.943	(29.678)	24.948	(39.157)
B.	Amounts reflected in the Balance Sheet				
	Liabilities	29.943	18.698	24.948	17.314
	Assets	-	-	-	-
	Net Liability/(Assets)	29.943	-	24.948	-

* Company has not recognised the Provident fund asset on conservative basis in the financials.

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

Particulars		2018-19		2017-18	
		Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
1	Current Service Cost	36.883	1.250	36.352	4.525
2	Acquisition (gain)/ loss	-	-	-	-
3	Past Service Cost	-	-	-	-
3	Net Interest (income)/expenses	0.009	(2.976)	1.547	(1.430)
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)	36.892	(1.726)	37.899	3.095

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 34 :Employee Benefits : (Contd.)

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

(Amounts in Million ₹)

Particulars		**2018-19**		2017-18	
		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	**(1.403)**	**11.366**	(12.055)	(28.670)
3	Remeasurement for the year - Plan assets (Gain) / Loss	**(3.346)**	**(0.161)**	(5.023)	7.444
4	Total Remeasurements Cost / (Credit) for the year recognised in OCI	**(4.749)**	**11.205**	(17.078)	(21.226)
5	Less: Accumulated balances transferred to retained earnings	**(4.749)**	**11.205**	(17.078)	(21.226)
	Closing balances (remeasurement (gain)/ loss) recognised OCI	**-**	**-**	-	-

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

Particulars		**31 March 2019**		31 March 2018	
		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 of the year	**460.678**	**9.357**	433.523	31.369
2	Acquisition adjustment	**-**	**-**	-	-
3	Transfer in/ (out)	**(3.175)**	**-**	-	-
4	Interest expenses	**33.485**	**0.711**	28.641	2.133
5	Past Service Cost	**-**	**-**	-	-
6	Current Service Cost	**36.883**	**1.250**	36.352	4.525
7	Curtailment Cost / (credit)	**-**	**-**	-	-
8	Settlement Cost/ (credit)	**-**	**-**	-	-
9	Benefits paid	**(35.902)**	**-**	(25.783)	-
10	Remeasurements on obligation - (Gain) / Loss	**(1.403)**	**11.366**	(12.055)	(28.670)
	Present value of obligation as at the end of the year	**490.566**	**22.684**	460.678	9.357

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 34 :Employee Benefits : (Contd.)

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

(Amounts in Million ₹)

Particulars		31 March 2019		31 March 2018	
		Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
1	Fair value of the plan assets as at beginning of the year	**435.730**	**48.514**	392.205	52.395
2	Acquisition adjustment	**-**	**-**	-	-
3	Transfer in/(out)	**-**	**-**	-	-
4	Interest income	**33.476**	**3.687**	27.094	3.563
5	Contributions	**23.973**	**-**	37.136	-
6	Benefits paid	**(35.902)**	**-**	(25.728)	-
7	Amount paid on settlement	**-**	**-**	-	-
8	Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	**3.346**	**0.161**	5.023	(7.444)
	Fair value of plan assets as at the end of the year	**460.623**	**52.362**	435.730	48.514

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

Particulars		31 March 2019		31 March 2018	
		Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
1	Interest (Income) / Expense – Obligation	**33.485**	**0.711**	28.641	2.133
2	Interest (Income) / Expense – Plan assets	**(33.476)**	**(3.687)**	(27.094)	(3.563)
3	Net Interest (Income) / Expense for the year	**0.009**	**(2.976)**	1.547	(1.430)

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

Particulars		Percentage 31 March 2019	Percentage 31 March 2018
1	Central Government Securities	**31.42%**	31.42%
2	State Government Securities	**10.65%**	10.65%
3	Other Approved Securities (Government Guaranteed Securities)	**1.34%**	1.34%
4	Bonds and Debentures etc.	**42.85%**	42.85%
5	Fixed Deposits	**8.29%**	8.29%
6	Equity Shares	**5.23%**	5.23%
7	Money Market Instrument	**0.22%**	0.22%
	Grand Total	**100%**	100%

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 34 :Employee Benefits : (Contd.)

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

(Amounts in Million ₹)

Particulars	31 March 2019		31 March 2018	
	Gratuity Plan	Provident Fund	Gratuity Plan	Provident Fund
	(Funded)	(Funded)	(Funded)	(Funded)
Defined Benefit Obligation	490.566	22.684	460.678	9.357
Plan Assets	460.623	52.362	435.730	48.514
Surplus/(Deficit)	(29.943)	29.678	(24.948)	39.157

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

Particulars	31 March 2019		31 March 2018	
	Gratuity scheme	Pension Scheme	Gratuity scheme	Pension Scheme
	(Non Funded)	(Non Funded)	(Non Funded)	(Non Funded)
A. Amount to be recognised in Balance Sheet				
Present Value of Defined Benefit Obligation	37.144	33.669	34.704	27.967
Less: Fair Value of Plan Assets	-	-	-	-
Amount to be recognised as liability or (asset)	37.144	33.669	34.704	27.967
B. Amounts reflected in the Balance Sheet				
Liabilities	37.144	33.669	34.704	27.967
Assets	-	-	-	-
Net Liability/(Assets)	37.144	33.669	34.704	27.967

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

Particulars	2018-19		2017-18	
	Gratuity	Pension Scheme	Gratuity	Pension Scheme
	(Non Funded)	(Non Funded)	(Non Funded)	(Non Funded)
1 Current Service Cost	2.122	3.916	2.336	6.760
2 Acquisition (gain)/ loss	-	-	-	-
3 Past Service Cost	-	-	0.036	-
4 Net Interest (income)/expenses	2.548	1.790	2.515	1.675
5 Actuarial Losses/(Gains)	-	-	-	-
6 Curtailment (Gain)/ loss	-	-	-	-
7 Settlement (Gain)/loss	-	-	-	-
8 Others	-	-	-	-
Net periodic benefit cost recognised in the statement of profit & loss- (Employee benefit expenses - Note 23)	4.670	5.706	4.887	8.435

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 34 :Employee Benefits : (Contd.)

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

(Amounts in Million ₹)

Particulars		2018-19		2017-18	
		Gratuity	Pension Scheme	Gratuity	Pension Scheme
		(Non Funded)	(Non Funded)	(Non Funded)	(Non Funded)
1	Opening amount recognised in OCI outside profit and loss account	-	-	-	-
2	Remeasurements for the year - Obligation (Gain)/loss	1.006	7.418	(3.650)	0.280
3	Remeasurement for the year - Plan assets (Gain) / Loss	-	-	-	-
4	Total Remeasurements Cost / (Credit) for the year recognised in OCI	1.006	7.418	(3.650)	0.280
5	Less: Accumulated balances transferred to retained earnings	1.006	7.418	(3.650)	0.280
	Closing balances (remeasurement (gain)/ loss) recognised OCI	-	-	-	-

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

Particulars		2018-19		2017-18	
		Gratuity	Pension Scheme	Gratuity	Pension Scheme
		(Non Funded)	(Non Funded)	(Non Funded)	(Non Funded)
1	Balance of the present value of Defined benefit Obligation as at beginning of the year	34.704	27.967	35.435	22.406
2	Acquisition adjustment	-	-	-	-
3	Transfer in/ (out)	-	-	-	-
4	Interest expenses	2.548	1.790	2.515	1.675
5	Past Service Cost	-	-	0.036	-
6	Current Service Cost	2.122	3.916	2.336	6.760
7	Curtailment Cost / (credit)	-	-	-	-
8	Settlement Cost/ (credit)	-	-	-	-
9	Benefits paid	(3.236)	(4.391)	(1.968)	(2.976)
10	Remeasurements on obligation - (Gain) / Loss	1.006	(3.813)	(3.650)	0.280
11	Foreigne exchange difference	-	8.200	-	(0.178)
	Present value of obligation as at the end of the year	37.144	33.669	34.704	27.967

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 34 :Employee Benefits : (Contd.)

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

(Amounts in Million ₹)

Particulars	**2018-19**		2017-18	
	Gratuity	**Pension Scheme**	Gratuity	Pension Scheme
	(Non Funded)	**(Non Funded)**	(Non Funded)	(Non Funded)
1 Interest (Income) / Expense – Obligation	**2.548**	**1.790**	2.515	1.675
2 Interest (Income) / Expense – Plan assets	**-**	**-**	-	-
3 Net Interest (Income) / Expense for the year	**2.548**	**1.790**	2.515	1.675

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

Particulars	**2018-19**		2017-18	
	Gratuity	**Pension Scheme**	Gratuity	Pension Scheme
	(Non Funded)	**(Non Funded)**	(Non Funded)	(Non Funded)
Defined Benefit Obligation	**37.144**	**33.669**	34.704	27.967
Plan Assets	**-**	**-**	-	-
Surplus/(Deficit)	**(37.144)**	**(33.669)**	(34.704)	(27.967)

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 7.60% (PY 7.60%) has been used for the valuation purpose.

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

1 Discount rate as at 31-03-2019 - 7.50%

2 Expected return on plan assets as at 31-03-2019 - 7.6%

3 Salary growth rate : For Gratuity Scheme - 10%

4 Attrition rate: For gratuity scheme the attrition rate is taken at 7%

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

p) General descriptions of defined plans:

1 Gratuity Plan:

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

2 Company's Pension Plan:

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

q) The Company expects to fund Rs 29.943 Million (31 Mach 2018- Rs 23.070 Million) towards gratuity plan in the year 2019-20

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 35 : Related Party Disclosures

(A) Names of the related party and nature of relationship where control 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 B.V.	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) L.L.C.	Subsidiary of Kirloskar Brothers International B.V.
8	Kirloskar Pompen B.V.	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 (Erstwhile Kirloskar Brothers International PTY Limited)	Subsidiary of Kirloskar Brothers International B.V.
11	Rotaserve Limited	Subsidiary of Kirloskar Brothers International B.V.
12	SPP France S A S	Subsidiary of SPP Pumps Limited
13	SPP Pumps Inc.	Subsidiary of SPP Pumps Limited
14	SPP Pumps South Africa Proprietary Limited	Subsidiary of SPP Pumps International Proprietary Limited
15	Braybar Pumps Proprietary Limited	Subsidiary of SPP Pumps International Proprietary Limited
16	Rodelta Pumps International B.V.	Subsidiary of Kirloskar Pompen B.V.
17	Rotaserve Overhaul B.V.	Subsidiary of Kirloskar Pompen B.V.
18	SPP Pumps Real Estate L.L.C.	Subsidiary of SPP Pumps Inc.
19	SyncroFlo Inc.	Subsidiary of SPP Pumps Inc.
20	SPP Pumps (Asia) Limited	Subsidiary of Kiroskar Brothres (Thailand) Limited
21	SPP Pumps (Singapore) Limited	Subsidiary of SPP Pumps (Asia) Limited
22	Rotaserve Mozambique	Subsidiary of SPP Pumps International Proprietary Limited
23	SPP Neziv Pumps Solutions Pty Limited	Joint venture of SPP Pumps International Proprietary Limited
24	KBL Synerge LLP	Associate of Kirloskar Brothers Limited
25	Kirloskar Ebara Pumps Limited	Joint venture of Kirloskar Brothers Limited

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 35 :Related Party Disclosures

(B) **Disclosure of related parties transactions**

Sr. No.	Nature of transaction/relationship/ major parties	2018-19		2017-18	
		Amount	Amount for Major parties *	Amount	Amount for Major parties *
1	**Purchase of goods & services**	**210.061**		25.227	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		**203.285**		6.501
	Substantial Interest				
	Corrocoat Limited, UK		**6.776**		18.726
2	**Sale of goods/contract revenue & services**	**16.705**		36.577	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		**16.705**		36.577
3	**Rendering Services**	**41.392**		35.312	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		**41.392**		35.312
4	**Receiving Services**	**40.234**		5.912	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		**33.647**		0.363
	Substantial Interest				
	Corrocoat Limited, UK		**1.659**		0.376
	Key Management Personnel				
	Mr. Shrikrishna Inamdar		**0.500**		1.000
	Relatives of Key Management Personnel				
	Mrs. Pratima Kirloskar		**2.952**		2.782
	Entities controlled or jointly controlled by KMP or relatives of KMP:				
	Sanjay Kirloskar HUF		**1.476**		1.391
5	**Reimbursement of expenses by KBL**	**6.460**		2.310	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		**3.614**		0.656
	Substantial Interest				
	Corrocoat Limited, UK		**0.493**		0.501
	Key Management Personnel				
	Mr. Pratap Shirke		**1.215**		1.037

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 35 :Related Party Disclosures

(B) **Disclosure of related parties transactions**

Sr. No.	Nature of transaction/relationship/ major parties	2018-19		2017-18	
		Amount	**Amount for Major parties ***	Amount	Amount for Major parties *
6	**Dividend received**	**2.250**		1.125	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		**2.250**		1.125
7	**Dividend paid**	**74.369**		32.605	
	Key Management Personnel				
	Mr. Sanjay Kirloskar		**39.643**		17.621
	Relatives of Key Management Personnel				
	Mrs. Pratima Kirloskar		**34.401**		13.762
8	**Remuneration Paid**				
	Key Management Personnel				
	Short Term Employee Benefit	**167.719**		142.264	
	Mr. Sanjay Kirloskar		**47.563**		60.853
	Mr. Ravindra Samant		**5.787**		4.896
	Ms. Rama Kirloskar		**14.924**		4.511
	Mr. Alok Kirloskar		**25.775**		16.819
	Mr. Varindar Dhoot		**24.257**		16.866
	Mr. Shreekanth Ramaswami		**12.978**		12.754
	Mr. Remko Dubois		**20.434**		17.754
	Mr. Graham Cooper		**-**		7.811
	Mr. Ajeet Kulkarni		**8.030**		-
	Mr. Owen Shevlin		**7.971**		-
	Key Management Personnel				
	Commission on profits	**10.000**		9.700	
	Mr. Shrikrishna Inamdar		**0.650**		1.500
	Mr. Padmakar Jawadekar		**1.300**		1.500
	Ms. Lalita Gupte		**1.300**		1.500
	Mr. Pratap Shirke		**1.100**		1.500
	Mr. Alok Kirloskar		**1.300**		1.500
	Mr. Kishor Chaukar		**1.300**		1.500
	Ms. Rama Kirloskar		**1.300**		0.300
	Mr. Rakesh Mohan		**1.300**		0.400
	Mr. Rajeev Kher		**0.450**		-
	Key Management Personnel				
	Sitting Fees	**6.656**		4.989	
	Mr. Shrikrishna Inamdar		**0.450**		0.825
	Mr. Padmakar Jawadekar		**1.050**		0.825

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 35 : Related Party Disclosures

(B) **Disclosure of related parties transactions**

Sr. No.	Nature of transaction/relationship/ major parties	2018-19 Amount	2018-19 Amount for Major parties *	2017-18 Amount	2017-18 Amount for Major parties *
	Ms. Lalita Gupte		**1.275**		1.050
	Mr. Pratap Shirke		**0.675**		0.600
	Mr. Alok Kirloskar		**0.473**		0.330
	Mr. Kishor Chaukar		**0.900**		0.525
	Mr. Achyut Gokhale		**0.058**		0.060
	Mr. K.Taranath		**0.053**		0.145
	Mr. Clive Harper		**0.038**		0.015
	Mr. Graham Greenwood		**0.015**		0.015
	Mr. Chittranjan Mate		**0.030**		0.015
	Mr. S. G. Khare		**0.038**		0.043
	Mr. S. R.Yadwadkar		**0.038**		0.043
	Mr. Sanjay Kirloskar		**0.035**		0.043
	Ms. Rama Kirloskar		**0.450**		0.150
	Dr. Rakesh Mohan		**0.600**		0.075
	Mr. Rajeev Kher		**0.150**		-
	Mr. Yokporn Tantisawetrat		**0.230**		0.230
	Mr. Achyut Dhadphale		**0.035**		-
	Mr. Anant Sathe		**0.050**		-
	Ms. Prabha Kulkarni		**0.015**		-
	Post Emplyment Benefit	**6.739**		5.721	
	Mr. Sanjay Kirloskar		**3.956**		3.839
	Ms. Rama Kirloskar		**1.318**		0.659
	Mr. Ravindra Samant		**0.842**		1.073
	Mr. Alok Kirloskar		**0.623**		0.150
9	**Contribution paid to post Employment benefit**	**84.363**		92.590	
	Provident Fund		**37.951**		35.544
	Superannuation Fund		**21.336**		21.751
	Gratuity Trust		**25.076**		35.295
					-
10	**Reimbursement received**	**39.696**		2.145	-
	Joint Venture				-
	Kirloskar Ebara Pumps Limited		**39.696**		2.145
11	**Sale of asset**	**25.561**		-	
	Joint Venture		**25.561**		-
	Kirloskar Ebara Pumps Limited				
12	**Advance Given**	**3.007**		-	
	Joint Venture		**3.007**		-
	Kirloskar Ebara Pumps Limited				

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 35 : Related Party Disclosures

(C) Amount due to / from related parties

Sr. No.	Nature of transaction/relationship/ major parties	2018-19		2017-18	
		Amount	Amount for Major parties*	Amount	Amount for Major parties*
1	**Accounts receivable**				
	Joint Venture	**-**		46.128	
	Kirloskar Ebara Pumps Limited		**-**		46.128
2	**Amount Due**	**76.678**		1.489	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		**75.090**		-
	Substantial Interest				
	Corrocoat Limited, UK		**1.589**		1.489
	Key Management Personnel	**42.898**		57.650	
	Mr. Sanjay Kirloskar		**34.000**		47.500
	Mr. Shrikrishna Inamdar		**1.035**		1.950
	Mr. Padmakar Jawadekar		**1.170**		1.500
	Ms. Lalita Gupte		**1.170**		1.500
	Mr. Pratap Shirke		**0.990**		1.500
	Mr. Alok Kirloskar		**0.894**		1.500
	Mr. Kishor Chaukar		**1.170**		1.500
	Dr. Rakesh Mohan		**0.894**		0.300
	Ms. Rama Kirloskar		**1.170**		0.400
	Mr. Rajeev Kher		**0.405**		-
3	**Advance given**	**1.775**		1.640	
	Joint Venture				
	KBL Synerge LLP		**1.775**		1.640

* Major parties denote entity who account for 10% or more of the aggregate for that category of transactions. The above transactions have been entered at arm's length price.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 35 : Related Party Disclosures

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

1)	Joint Venture	Kirloskar Ebara Pumps Limited	
2)	Significant influence	Corrocoat Limited, UK	
3)	Key Management Personnel	Mr. Sanjay Kirloskar	
		Ms. Rama Kirloskar	
		Mr. Alok Kirloskar	
		Mr. Kishor Chaukar	
		Mr. Shrikrishna Inamdar	
		Mr. Padmakar Jawadekar	
		Ms. Lalita Gupte	
		Mr. Pratap Shirke	
		Dr. Rakesh Mohan	
		Mr. Rajeev Kher	
		Mr. Achyut Gokhale	
		Mr. K.Taranath	
		Mr. Clive Harper	
		Mr. Graham Greenwood	
		Mr. Chittranjan Mate	
		Mr. S. G. Khare	
		Mr. S. R. Yadwadkar	
		Mr. Yokporn Tantisawetrat	
		Mr. Varindar Dhoot	
		Mr. Shreekanth Ramaswami	
		Mr. Remko Dubois	
		Mr. Ajeet Kulkarni	
		Mr. Achyut Dhadphale	
		Mr. Anant Sathe	
		Ms. Prabha Kulkarni	
		Mr. Ravindra Samant	
4)	Relatives of Key Management Personnel	Mrs. Pratima Kirloskar	Wife of Mr. Sanjay Kirloskar
5)	Enterprises over which key managerial personnel or their relatives exercise significant influence	Prakar Investments Private Limited	
6)	Post Employment Benefit Plans	Kirloskar Brothers Limited Employees Provident Fund For Engineering Factory	
		Kirloskar Brothers Limited Staff Members Provident Fund	
		Kirloskar Brothers Limited, Kirloskarvadi Employee Gratuity Fund	
		Kirloskar Brothers Executive Staff Superannaution Fund	

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

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 :

(Amounts in Million ₹)

Name of the Company	Balance as at*		Maximum outstanding*	
	31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
To Subsidiary Companies				
The Kolhapur Steel Limited	**11.214**	12.214	**12.214**	13.214
To Associate				
KBL Synerge LLP	**1.775**	1.640	**1.775**	1.640

* Above figures include interest accrued.

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 including directors 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		
			31 March 2019	31 March 2018
1	Kirloskar Ebara Pumps Limited	Assets	**1,802.621**	1,704.586
		Liabilities	**528.288**	605.591
			2018-19	**2017-18**
		Income	**1,695.993**	1,628.251
		Expenses(including tax expenses)	**1,511.965**	1,550.757
		Profit after tax	**184.028**	77.493
		Other comprehensive income	**(2.662)**	11.114
		Total comprehensive income	**181.366**	88.607

c) Contingent liabilities, if any, incurred in relation to interest in Joint Ventures: For income tax - Rs. 13.282 MN (Rs. 13.282 MN)

d) Capital commitments, if any, in relation to interest in Joint Ventures : Rs 27.707 MN (Rs.2.251 MN)

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 37: Joint Venture and Jointly controlled operations (Contd.)

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	KIRLOSKAR - MEMWPL JV	Jointly controlled operations	N A	India
22	Maytas – MEIL – KBL JV	Jointly controlled operations	N A	India
23	Gondwana - KBL JV	Jointly controlled operations	N A	India
24	MEIL -PRASAD-KBL CONSORTIUM	Jointly controlled operations	N A	India
25	JCPL - MEIL - KBL CONSORTIUM	Jointly controlled operations	N A	India
26	KBL -PTIL UJV	Jointly controlled operations	N A	India
27	KBL - RATNA - JOINT VENTURE	Jointly controlled operations	N A	India
28	MEIL-KBL-WEG CONSORTIUM	Jointly controlled operations	N A	India
29	MEIL-KBL- (KDWSP) JV	Jointly controlled operations	N A	India
30	KBL and TCIPL JOINT VENTURE	Jointly controlled operations	N A	India
31	ACPL & KBL JV	Jointly controlled operations	N A	India
32	Kirloskar Brothers Ltd. JV	Jointly controlled operations	N A	India
33	ITD CEMENTATION INDIA LIMITED JV	Jointly controlled operations	N A	India
34	GSJ - KBL JV	Jointly controlled operations	N A	India
35	JBL-KBL-GSJ JV	Jointly controlled operations	N A	India

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 38: Details of provisions and movements in each class of provisions

(Amounts in Million ₹)

Particulars	Provision for compensated Absences	Provision for product Warranty	Provision for decommissioning and restoration cost	Provision for Loss on Long Term Contracts
Carrying amount as at 1 April 2017	262.927	268.262	5.996	56.707
			-	-
Add: Provision during the year 2017-18	44.708	238.909	-	54.701
Add: Unwinding of discounts	-	7.268	0.491	-
Less: Amount utilized during the year 2017-18	(19.086)	(247.547)	-	(7.311)
Less: Amount reversed during the year 2017-18	(0.530)	(1.797)	-	-
Add: Foreign exchange difference	-	2.190	-	-
Carrying amount as at 31 March 2018	288.019	267.285	6.487	104.097
Add: Provision during the year 2018-19	**47.491**	**296.456**	**-**	**30.866**
Add: Unwinding of discounts	**-**	**(7.211)**	**0.531**	**(4.924)**
Less: Amount utilized during the year 2018-19	**(20.448)**	**(213.837)**	**-**	**(13.721)**
Less: Amount reversed during the year 2018-19	**(0.278)**	**-**	**-**	**-**
Add: Foreign exchange difference	**-**	**2.183**	**-**	**(0.193)**
Carrying amount as at 31 March 2019	**314.784**	**344.876**	**7.018**	**116.125**
Non-current provision	**159.917**	**37.911**	**7.018**	**-**
Current provision	**154.867**	**306.965**	**-**	**116.125**

Compensated absences

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

Provision for warranty

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

Provision for decommissioning and restoration cost

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

Provision for long term contract

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

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 39: Fair Value Measurements

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

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

(Amounts in Million ₹)

Sr. No	Particulars	Carrying value	
		31 March 2019	31 March 2018
	Level 2		
(a)	**Carried at fair value through Profit and loss (FVTPL)**		
	Forward contract asset	**-**	49.565
(b)	**Carried at amortised cost**		
	Trade receivable	**6,268.414**	5,586.425
	Security deposits	**1,075.047**	1,128.374
	Other financial assets	**66.998**	88.326
	Cash and cash equivalent	**583.862**	769.974
	Other bank balances	**151.402**	145.020
	Advances to joint venture	**2.659**	1.640
	Level 3		
	Investments in unquoted equity shares (FVOCI)	**0.005**	0.005
	Level 2		
	Financial Liabilities		
(a)	**Carried at fair value through Profit and loss (FVTPL)**		
	Forward contract liability	**25.874**	-
(b)	**Carried at amortised cost**		
	Non-current borrowings	**622.422**	820.617
	Current borrowings at fixed rate of interest	**3,009.913**	2,482.655
	Trade payable	**6,908.328**	5,931.218
	Other current financial liabilities	**1,567.924**	1,614.512

Note 40: Financial risk management policy and objectives

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

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

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 40: Financial risk management policy and objectives (Contd.)

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

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

(A) Credit Risk

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

Credit risk management

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

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

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

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

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

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

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

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

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

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 40: Financial risk management policy and objectives (Contd.)

In respect of trade receivable, Group uses the simplified approach for the provision for expected loss. The lifetime expected loss provision is recognised based on the provision matrix as decided by the management, based on the historical experience of recoverability. The Group categorizes a receivable for provision for doubtful debts/write off when a debtor fails to make contractual payments greater than 1 year past due in case of product business and 4 years past due in case of project business. In addition to this Group also provides the expected loss based on the overdue number of days for receivables as per the provision matrix. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in statement of profit and 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	**31 March 2019**	31 March 2018
Trade Receivables	**7,195.004**	6,480.814
Less : Expected Loss	**926.591**	894.389
	6,268.413	5,586.425
Security Deposits	**1,104.576**	1,194.904
Less : Expected Loss	**29.529**	66.530
	1,075.047	1,128.374
Claims Receivable	**33.497**	56.547
Less : Expected Loss	**3.845**	3.845
	29.652	52.702

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

	31 March 2019	31 March 2018
Trade Receivables		
Neither past due nor impaired	**1,669.347**	1,223.348
Past due but not impaired		
Less than 180 days	**2,582.189**	2,534.882
181 - 365 days	**759.830**	611.592
More than 365 days	**1,257.048**	1,216.603
Total	**6,268.414**	5,586.425

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 40: Financial risk management policy and objectives (Contd.)

Reconciliation of loss provision

(Amounts in Million ₹)

	Trade receivables	Others
Loss allowance as at 1 April 2017	656.347	77.706
Changes in loss allowance	(238.042)	(7.330)
Loss allowance as at 31 March 2019	894.389	70.376
Changes in loss allowance	(32.202)	(37.002)
Loss allowance as at 31 March 2019	**926.591**	**33.374**

B) Liquidity risk

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

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

Exposure to Risk	**31 March 2019**	31 March 2018
Interest bearing borrowings		
On demand	**2,097.412**	2,470.444
Less than 180 days	**906.250**	6.250
181 - 365 days	**6.250**	6.250
More than 365 days	**622.423**	820.328
Total	**3,632.335**	3,303.272
Other liabilities		
On demand	**95.644**	89.812
Less than 180 days	**938.290**	1,019.709
181 - 365 days	**527.786**	494.000
More than 365 days	**44.344**	10.991
Total	**1,606.064**	1,614.512
Trade & other payables		
On demand	**3,139.783**	2,751.084
Less than 180 days	**1,810.352**	1,170.040
181 - 365 days	**747.968**	718.743
More than 365 days	**1,210.225**	1,291.351
Total	**6,908.328**	5,931.218

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 40: Financial risk management policy and objectives (Contd.)

The Group has access to following undrawn facilities at the end of the reporting year (Interest rates 6.8% - 10.1%)

(Amounts in Million ₹)

	31 March 2019	31 March 2018
Expiring within one year	**8,105.354**	10,109.157
Expiring beyond one year	**-**	-

(C) Foreign Currency Risk

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

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

Foreign currency exposure :

Financial Assets	Currency	Amount in Foreign Currency (MN)		Amount in INR (MN)	
		31 March 2019	31 March 2018	31 March 2019	31 March 2018
Trade Receivables	EUR	0.541	0.484	42.005	39.109
	GBP	0.008	(0.043)	0.730	(3.940)
	USD	20.588	21.658	1,423.745	1,411.437
	SGD	0.598	0.068	30.701	3.407
	CZK	-	0.041	-	0.130
	AED	0.283	1.689	5.335	30.735
Bank Accounts	EGP	0.070	0.409	0.277	1.506
	EUR	0.052	0.161	4.027	13.042
	GBP	0.023	0.202	2.100	18.642
	USD	2.759	4.056	190.777	264.353
	VND	24.669	50.371	0.074	0.144
	XOF	0.009	19.278	0.001	2.313
	SGD	0.061	0.026	3.125	1.298
	CNY	-	0.010	-	0.105
	AED	0.008	-	0.142	-
Other Deposits	USD	0.500	0.025	34.578	1.629
Amount Due from Employees	EGP	0.082	0.456	0.326	1.680
	EUR	0.000	0.011	0.008	0.884
	SGD	0.001		0.032	-
	GBP	-	0.001	-	0.136
	USD	0.108	0.195	7.501	12.702

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 40: Financial risk management policy and objectives (Contd.)

Financial Liabilities	Currency	Amount in Foreign Currency (MN)		Amount in INR (MN)	
		31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
Trade Payables	EGP	**0.871**	4.063	**3.475**	14.952
	EUR	**0.446**	0.488	**34.647**	39.386
	GBP	**0.086**	0.375	**7.779**	34.595
	USD	**2.839**	9.994	**196.341**	651.304
	JPY	**-**	0.026	**-**	0.016
	VND	**29,569.458**	10,879.152	**88.117**	31.062
	XOF	**82.186**	91.334	**9.739**	10.960
	SGD	**-**	0.008	**-**	0.417
	CZK	**-**	0.331	**-**	1.039
	AED	**0.082**	0.611	**1.538**	11.111
Amount Due to Employees	EGP	**0.070**	0.555	**0.279**	2.042
	EUR	**-**	0.010	**-**	0.772
	XOF	**25.988**		**3.080**	
	USD	**0.082**		**5.662**	

Currency wise net exposure (assets - liabilities)

Particulars	Amount in Foreign Currency (MN)		Amount in INR (MN)	
	31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
EGP	**(0.790)**	(3.752)	**(3.152)**	(13.808)
EUR	**0.147**	0.159	**11.393**	12.876
GBP	**(0.055)**	(0.214)	**(4.949)**	(19.757)
USD	**21.034**	15.940	**1,454.597**	1,038.817
JPY	**-**	(0.026)	**-**	(0.016)
VND	**(29,544.789)**	(10,828.781)	**(88.043)**	(30.918)
XOF	**(108.165)**	(72.056)	**(12.818)**	(8.647)
SGD	**0.660**	0.086	**33.858**	4.289
CNY	**-**	0.010	**-**	0.105
CZK	**-**	(0.290)	**-**	(0.909)
AED	**0.209**	1.079	**3.939**	19.625

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 40: Financial risk management policy and objectives (Contd.)

Sensitivity Analysis

Currency	Amount in INR (MN)		Sensitivity %*
	2018-19	2017-18	
EGP	**(3.152)**	(13.808)	12.25%
EUR	**11.393**	12.876	4.05%
GBP	**(4.949)**	(19.757)	0.00%
USD	**1,454.597**	1,038.817	2.59%
JPY	**-**	(0.016)	4.78%
VND	**(88.043)**	(30.918)	0.65%
XOF	**(12.818)**	(8.647)	0.01%
SGD	**33.858**	4.289	6.14%
CNY	**-**	0.105	2.38%
CZK	**-**	(0.909)	0.04%
AED	**3.939**	19.625	4.06%
Total	**1,394.825**	1,001.657	

Currency	Impact on profit (strengthen)		Impact on profit (weakening)	
	2018-19	2017-18	**2018-19**	2017-18
EGP	**0.386**	1.691	**(0.386)**	(1.691)
EUR	**(0.461)**	(0.521)	**0.461**	0.521
GBP	**-**	-	**-**	-
USD	**(37.674)**	(26.905)	**37.674**	26.905
JPY	**-**	0.001	**-**	(0.001)
VND	**0.572**	0.201	**(0.572)**	(0.201)
XOF	**0.001**	0.001	**(0.001)**	(0.001)
SGD	**(2.079)**	(0.263)	**2.079**	0.263
CNY	**-**	(0.003)	**-**	0.003
CZK	**-**	0.000	**-**	(0.000)
AED	**(0.160)**	(0.797)	**0.160**	0.797
Total	**(39.415)**	(26.595)	**39.415**	26.595

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

(EGP- Egyptian Pound, GBP - Great Britain Pound, EUR- Euro, SEK- Swedish Krona, USD - US Dollar, VND- Vietnamese Dong, SGD- Singapore Dollar, JPY - Japanese Yen, AED-Arab emirates Dirham, XOF- CFA Franc), CNY - Chinese Interim dividend, CZK - Czech Koruna)

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 41: Capital management

a) Risk management

The group's objectives when managing capital are to

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

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

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

(Amounts in Million ₹)

	31 March 2019	31 March 2018
Loans and borrowings (Including current maturities of long term debt)	**3,797.068**	3,462.472
Less: Cash and cash equivalents (Including other bank balances)	**735.264**	914.994
Net debt	**3,061.804**	2,547.478
Equity	**9,121.990**	9,459.671
Equity and net debt	**12,183.794**	12,007.149
Gearing ratio	**25.130%**	21.216%

b) Dividend

Particulars	**31 March 2019**	31 March 2018
Equity Shares		
a) Interim dividend		
(i) Interim dividend for the year	**Nil**	Nil
b) Final dividend		
(ii) Dividends not recognised at the end of the reporting year	**198.522**	198.522
(iii) Dividends not recognised at the end of the reporting year payable to non-controlling interest	**0.000**	1.750

Since year end the directors have recommended the payment of a final dividend of INR 2.5 per fully paid equity share (31 March 2018 - INR 2.5). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 42: Disclosure in respect of Micro, small and medium enterprises

Group has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at March 31, 2019. The disclosure pursuant to the said Act is as under:

(Amounts in Million ₹)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Total outstanding amount in respect of Micro, small and medium enterprises	**1,055.857**	671.938
Other disclosures in respect of micro and small enterprises		
Principal amount due and remaining unpaid	**14.864**	-
Interest due on above and unpaid interest	**5.868**	-
Interest paid	**0.568**	-
Payment made beyond appointment day	**996.275**	-
Interest due and payable for the period of delay	**12.984**	-
Interest accrued and remaining unpaid	**15.446**	1.706
Amount of further interest remaining due and payable in succeeding years	**-**	-

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

Note 43: Corporate social responsibility expenditures

(a) Amount required to be spent by the group during the current year is Rs. 16.161 MN (Rs 9.807 MN)

(b) Amount spent by the group during the current year is Rs. 17.332 MN (Rs. 10.197 MN)

The company and it's subsidiaries as per policy on Corporate Social Responsibility(CSR) and recommendation and approval of the CSR committee of board has contributed Rs. 14.550 MN towards education through its implementing agency Vikas Charitable Trust and Rs 0.183 MN towards health care through its implementing agency Radhabai Memorial Trust and Rs 2.599 towards other social activities in the current financial year. The group has not spent any amount towards construction or acquisition of asset.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 44: Investment in subsidiaries

During FY 2017-18, Board had approved additional investment of Rs 600 MN in its wholly owned subsidiary, Kirloskar Brothers International BV (KBIBV). Out of this, company has made investment of Rs. 343 MN (Euro 4.5 MN) in December 2017 and Rs 248 MN (Euro 3.1 MN) in May 2018.

KBI BV has made further participation by share capital / share premium contributions in its subsidiary companies namely

SPP Pumps Limited - 1.195 MN

SPP International Proprietary Limited - 0.200 MN

Note 45: Segment reporting

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

Other disclosures as required by IND AS 108 - Operating Segments

Geographic Segments by location of customer

(Amounts in Million ₹)

	Within India		Outside India		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
a) Segment Revenue	**20,559.190**	18,861.782	**12,930.635**	8,892.515	**33,489.825**	27,754.307
b) Carrying Amount of non-current assets other than deferred tax asset and financial assets	**4,808.225**	4,893.289	**1,118.732**	1,248.275	**5,926.957**	6,141.564

Note 46: Impact of transition to Ind AS 115

Ind AS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced Ind AS 18 Revenue, Ind AS 11 Construction Contracts and related interpretations. Under Ind AS 115, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control 'at a point in time or over time' requires judgement.

The company has adopted Ind AS 115 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018). Accordingly, the information presented for 2017-18 has not been restated – i.e. it is presented, as previously reported, under Ind AS 18, Ind AS 11 and related interpretations.

Additionally, the disclosure requirements in Ind AS 115 have not generally been applied to comparative information.

The following table summarises the impact, net of tax, of transition to Ind AS 115 on retained earnings at 1 April 2018.

(Amounts in Million ₹)

Retained earnings	**Amount**
Adjustment for variable consideration (including liquidated damages/ extended warranty)	129.824
Impairment testing for contract assets	86.676
	216.500

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 46: Impact of transition to Ind AS 115 (Contd.)

(Amounts in Million ₹)

Reconciliation of Revenue from sale of products with the contracted price

Particulars	**Year ended 31 March 2019**	Year ended 31 March 2018
Contracted Price	33,356.49	27,421.10
Less: Trade discounts, volume rebates, late delivery charges etc.	321.994	216.982
Total Revenue	33,034.497	27,204.116

Note 47: Change in reporting period for foreign subsidiaries

Current year results are not comprable with previous year's results, as current year's results include results of foreign subsidiaries for the period of 15 months ended March 2019 as against 12 months ended December 2017 in previous year.

Note 48: Rodelta Pumps International B.V.

Rodelta Pumps International B.V. is a second level step-down subsidiay of the Company with total revenues of INR 617 MN for the 15 months period ended on 31 March 2019 (1.68% of total consolidated gross turnover of KBL group).

For the financial year ended 31st December 2018, the Auditor of the subsidiary has expressed a disclaimer of opinion about recognized revenue, cost of sales, inventories, debtors and work in progress on account of inadequate internal controls.

Statutory auditors of KBL, had carried out certain additional audit procedures to ensure that there are no material misstatements in the financial statements of Rodelta being consolidated. Further, management has initiated necessary actions for strengthening internal controls systems.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 49: Additional information regarding subsidiaries as per Schedule III of The Companies Act, 2013

Name of the Entity	Net Assets		Share in Profits or Loss		Other comprehensive income (OCI)		Total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated P&L	Amount	As % of consolidated OCI	Amount	As % of consolidated Total comprehensive income	Amount
Parent								
Kirloskar Brothers Limited (including effect of consolidation elimination and adjustment effects)	104.488%	9531.362	2787.197%	859.494	101.906%	93.745	776.066%	953.240
Subsidiaries								
Indian								
1. Karad Projects and Motors Pvt Limited	(1.273%)	(116.086)	557.270%	171.846	(0.533%)	(0.490)	139.507%	171.356
2. The Kolhapur Steel Limited	(4.312%)	(393.321)	(276.229%)	(85.181)	(0.809%)	(0.745)	(69.955%)	(85.926)
3. Kirloskar Corrocoat Private Limited	(0.407%)	(37.124)	(22.765%)	(7.020)	0.550%	0.506	(5.304%)	(6.514)
Foreign								
1. Kirloskar Brothers International B.V. (Consolidated)	(5.099%)	(465.174)	(3201.133%)	(987.140)	0.000%	0.000	(803.665%)	(987.140)
Non-controlling interest in all Subsidiaries								
Indian	0.317%	28.918	(12.890%)	(3.975)	0.189%	0.174	(3.095%)	(3.801)
Foreign	-	-	-	-	-	-	-	-
Joint Ventures (investment as per the equity method)								
Indian								
Kirloskar Ebara Pumps Limited	6.286%	573.415	268.548%	82.813	(1.302%)	(1.198)	66.445%	81.615
TOTAL	100.000%	9121.990	100.000%	30.837	100.000%	91.992	100.000%	122.830

Note 50: Others

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

Kishor Chaukar
Director
DIN: 00033830

Sandeep Phadnis
Company Secretary

Pune : 16 May 2019

Chittaranjan Mate
CFO & Vice President (Finance)

Pune : 16 May 2019

NOTES

Mr. Ratan Tata unveiling KBL's 'Code of Ethics' during the Centenary Year Celebration

Supplied Cooling Water Pumps for ITER Project, the World's Largest Fusion Experiment

Providing Humanitarian Assistance during Thailand Cave Rescue and Kerala Flood Relief Operation

Launch of New Pumps: KU6, KVM and K-Kleen 25

KIRLOSKAR BROTHERS LIMITED
Established 1888
A Kirloskar Group Company

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KIRLOSKAR BROTHERS LTD.

Enriching Lives

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