

Kirloskar Brothers International B.V.
Consolidated Balance Sheet as at 31 March 2020
(Amounts in Euro)

Particulars	Note	31 March 2020	31 March 2019
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	11,910,866	13,707,991
Capital work-in-progress	4	231,423	7,621
Goodwill	3	236,309	237,994
Other Intangible assets	3	363,433	439,084
Right to use asset	37	3,892,817	-
Financial Assets			
Investments	5	5,223	6,392
Loans	7	152,042	181,677
Deferred tax assets (net)	19	1,776,347	2,013,607
Other non-current assets	9	120,235	172,178
Total non-current assets		18,688,695	16,766,544
Current assets			
Inventories	10	19,868,837	28,002,247
Financial Assets			
Trade receivables	6	27,666,786	31,150,891
Cash and cash equivalents	11 a	10,447,089	3,089,281
Other bank balances	11 b	159,911	111,446
Loans	7	26,207	43,156
Others	8	34,397	47,819
Current Tax Assets (net)	19	36,578	-
Other current assets	9	6,996,851	12,266,181
Total current assets		65,236,656	74,711,021
TOTAL ASSETS		83,925,351	91,477,565
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	19,807,600	19,807,600
Other equity	13	(8,160,021)	(6,135,031)
Total equity		11,647,579	13,672,569
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings	14	6,785,355	4,634,928
Other financial liabilities	16	1,576,638	424,923
Provisions	17	118,593	93,894
Total non-current liabilities		8,480,586	5,153,745
Current liabilities			
Financial liabilities			
Borrowings	14	24,608,378	21,629,017
Trade payables	15	24,372,983	37,305,528
Other financial liabilities	16	9,298,945	5,963,295
Current tax liabilities (Net)	19	-	177,852
Other current liabilities	18	4,089,840	5,647,931
Provisions	17	1,427,040	1,927,628
Total current liabilities		63,797,186	72,651,251
Total liabilities		72,277,772	77,804,996
TOTAL EQUITY AND LIABILITIES		83,925,351	91,477,565

Corporate information

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Summary of significant accounting policies

2

See accompanying notes to financial statements

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For and on behalf of the Board of Directors

For M/s P.G.Bhagwat

Chartered Accountants

Firm's registration no. 101118W

Sanjay Kirloskar

Chairman

DIN : 00007885

Pune : 3 June 2020

Alok Kirloskar

Managing Director

DIN : 05324745

Pune : 3 June 2020

Abhijeet Bhagwat

Partner

Membership no. 136835

Pune : 3 June 2020

Sandeep Phadnis

Company Secretary

Pune : 3 June 2020

C.M. Mate

Group CFO

Pune : 3 June 2020

Particulars	Notes	Year ended	Fifteen months ended
		31 March 2020	31 March 2019
Revenue from contracts with customers	20 21	131,329,402	149,271,796
Other Income		2,050,171	577,922
Total Income		133,379,573	149,849,718
Expenses			
Cost of materials consumed	22	68,147,317	91,204,143
Purchases of Stock-in-Trade		1,308,984	670,553
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	22	5,709,677	(6,012,065)
Employee benefits expense	23	30,231,655	38,678,525
Finance costs	24	2,975,576	2,376,310
Depreciation and amortization expense	25	2,905,660	2,438,694
Other expenses	26	23,858,409	32,753,769
Total expenses		135,137,278	162,109,929
Profit/(loss)before exceptional items and tax			
Exceptional items		(1,757,705)	(12,260,211)
Profit / (loss) before tax		(1,757,705)	(12,260,211)
Tax expenses	19		
(1) Current tax		249,570	211,364
(2) Deferred tax		91,513	(182,297)
(3) Short provision of earlier years		(168,503)	-
Total Tax expenses		172,580	29,067
Profit after tax but before share in profit of joint venture company for the year		(1,930,285)	(12,289,278)
Share in profit of joint venture company		(91)	6,631
Profit for the year		(1,930,376)	(12,282,647)
Other Comprehensive Income	27		
Items that will not be reclassified to profit or loss			
Remeasurements gains and losses on post employments benefits		44,401	-
Items that will be reclassified to profit or loss			
Foreign currency translation reserve		(139,016)	515,223
Other comprehensive income		(94,615)	515,223
Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)		(2,024,991)	(11,767,424)
Earnings per equity share	32		
(1) Basic		(9.75)	(62.01)
(2) Diluted		(9.75)	(62.01)

Corporate information

Summary of significant accounting policies

See accompanying notes to financial statements

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

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For and on behalf of the Board of Directors

Sanjay Kirloskar

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Managing Director

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C.M. Mate

Group CFO

Pune : 3 June 2020

Kirloskar Brothers International B.V.
Consolidated Statement of Cash Flow for the year ended 31 March 2020
(Amounts in Euro)

	Particulars	Year ended	Year ended
		31 March 2020	31 March 2019
A	Cashflows from Operating Activities		
	Net Profit before taxation and extraordinary items	(1,757,705)	(12,260,211)
	Adjustments for :-		
1	Depreciation / Amortization	2,905,660	2,438,694
2	Loss on sale of Fixed Assets	16,879	21,597
3	Bad debts written off	57,575	111,940
4	Provision for doubtful debts, advances and claims	74,163	134,485
5	Interest Income	(8,291)	(18,877)
6	Interest Expenses	2,975,576	2,376,310
7	Unrealised exchange (gain)/ Loss - Others	272,344	(29,500)
	Operating Profit Before Working capital changes	4,536,201	(7,225,561)
	Adjustments for :-		
1	(Increase)/ decrease in inventories	8,133,411	(5,670,953)
2	(Increase)/ decrease in trade receivables, other financial assets and other assets	8,720,388	(2,181,835)
3	Increase/ (decrease) in trade payable	(12,932,545)	7,345,277
4	Increase/ (decrease) in financial and non-financial liabilities	3,133,327	2,237,675
5	Increase/ (decrease) in provisions	(431,488)	555,791
	Cash Generated from Operations	11,159,294	(4,939,606)
6	Income Tax (Paid) / Refunded	(293,618)	317,785
	Net Cash from Operating Activities	10,865,675	(4,621,821)
B	Cashflows from Investing Activities		
1	Purchase of Fixed Assets and investment property	(6,266,421)	(972,010)
2	Sale of Fixed Assets and investment property	837,183	884,207
3	Interest Received	8,291	18,877
4	Loan to joint venture	11,378	(11,378)
	Net Cash from Investment Activities	(5,409,569)	(80,302)
C	Cash Flows from Financing Activities		
1	Proceeds from borrowing	24,608,379	21,629,017
2	Repayment of borrowings	(19,682,641)	(16,785,118)
3	Interest Paid	(2,975,576)	(2,376,310)
4	Proceeds from issuance of share capital		3,100,000
	Net Cash used in Financing Activities	1,950,162	5,567,590
	Net Increase in Cash and Cash Equivalents	7,406,269	865,466
1	Cash & Cash Equivalents and other bank balances at beginning of period	3,200,727	2,335,261
2	Cash & Cash Equivalents and other bank balances at end of period (refer note 11)	10,606,996	3,200,727

Note 1. Previous year's figures are regrouped wherever necessary to make them comparable with the Current year.
 2. Cash flow is prepared using indirecte method.

As per our report of even date attached

For and on behalf of the Board of Directors

For M/s P.G.Bhagwat
 Chartered Accountants
 Firm's registration no. 101118W

Sanjay Kirloskar
 Chairman
 DIN : 00007885
 Pune : 3 June 2020

Alok Kirloskar
 Managing Director
 DIN : 05324745
 Pune : 3 June 2020

Abhijeet Bhagwat
 Partner
 Membership no. 136835
 Pune : 3 June 2020

Sandeep Phadnis
 Company Secretary
 Pune : 3 June 2020

C.M. Mate
 Group CFO
 Pune : 3 June 2020

Kirloskar Brothers International B.V.

Consolidated statement of Changes in Equity for the period ended 31 March 2020

(Amounts in Euro)

A. Equity Share Capital

Balance as at 1 January 2018	Changes in equity share capital during the year	Balance as at 31 March 2019
19,807,600	-	19,807,600

Balance as at 31 March 2019	Changes in equity share capital during the year	Balance as at 31 March 2020
19,807,600	-	19,807,600

B. Other Equity

	Foreign currency translation reserve	Reserves and Surplus			Total
		Capital redemption reserve	Securities Premium Reserve	Retained Earnings	
Balance as at 1 January 2018	(21,770)	59,859	10,575,247	5,904,869	16,518,205
Additional shares issued during the year			(10,575,200)		(10,575,200)
Profit for the year				(12,282,647)	(12,282,647)
Other comprehensive income	515,223			-	515,223
Impact of transition to Ind AS 115				(310,613)	(310,613)
Balance as at 31 March 2019	493,453	59,859	47	(6,688,390)	(6,135,031)
Additional shares issued during the year			-		-
Profit for the year				(1,930,376)	(1,930,376)
Other comprehensive income	(139,016)			44,401	(94,615)
Impact of transition to Ind AS 115				-	-
Balance as at 31 March 2020	354,437	59,859	47	(8,574,365)	(8,160,022)

	Tangible Assets						Intangible Assets			Goodwill
	Land Free hold	Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Total	Computer software	Trade marks, Patents, Intellectual property rights	Total	
Gross Block										
As at 1 January 2018	2,332,074	8,842,098	10,681,629	6,262,761	298,497	28,417,059				
Additions	12,778	24,363	510,261	417,523	7,085	972,010				
Disposals/ impairment		(25,633)	(144,137)	(5,476)		(175,246)				
Exchange difference	127,392	228,445	844,670	(243,128)	(14,297)	943,082				
As at 31 March 2019	2,472,244	9,069,273	11,892,423	6,431,680	291,285	30,156,905				
Additions	-	869,362	195,657	87,934	-	1,152,953				
Disposals / impairment		(840,450)	(15,106)	(60,281)	(7,937)	(9,358)				
Exchange difference	13,308	(248,163)	(330,849)	(109,257)	(31,080)	(706,041)				
As at 31 March 2020	1,645,102	9,675,366	11,696,950	6,402,420	250,847	29,670,684				
Depreciation/ Amortisation										
As at 1 January 2018	-	2,135,632	6,445,980	5,169,554	242,593	13,993,759				
Charge for the year	-	350,366	1,222,078	457,517	35,092	2,065,053				
Depreciation on disposal	-	(5,852)	(105,245)	(4,727)		(115,824)				
Exchange difference	-	103,878	655,900	(241,667)	(12,185)	505,926				
As at 31 March 2019	-	2,584,024	8,218,713	5,380,677	265,500	16,448,914				
Charge for the year	-	545,987	969,278	337,158	15,899	1,868,322				
Depreciation on disposal	-	(1,700)	(59,388)	(8,624)	(9,358)	(79,071)				
Exchange difference	-	(36,573)	(287,926)	(122,991)	(30,857)	(478,347)				
As at 31 March 2020	-	3,091,738	8,840,677	5,586,220	241,184	17,759,818				
Net block										
As at 1 January 2018	2,332,074	6,706,466	4,235,648	1,093,206	55,904	14,423,300				
As at 31 March 2019	2,472,244	6,485,249	3,673,710	1,051,003	25,785	13,707,991				
As at 31 March 2020	1,645,102	6,583,628	2,856,273	816,200	9,663	11,910,866				

1) Property, plant and equipment pledged as security

Refer note 14, for details of assets pledged as security.

Kirloskar Brothers International B.V.
Consolidated notes to accounts
(Amounts in Euro)

Note 4 : Capital work-in-progress

Particulars	31 March 2020	31 March 2019
Capital work-in-progress	231,423	7,621
	231,423	7,621

Note 5 : Financial Assets : Investments

Sr No	Particulars	Face Value	Partly Paid / Fully paid	Extent of holding (%)		Amount in Euros	
				31 March 2020	31 March 2019	31 March 2020	31 March 2019
Non-current investments							
I	Investment in equity shares (unquoted)						
a	Investment in Joint venture accounted using equity method						
1	SPP Neziv Pump Solution Proprietary Limited	Rand 100	Fully Paid	49%	-	5,223	6,392

Kirloskar Brothers International B.V.
Consolidated notes to accounts
(Amounts in Euro)

Note 6 : Financial Assets: Trade receivables

Particulars	31 March 2020	31 March 2019
Current		
Unsecured, considered good	27,666,786	31,150,891
Doubtful	1,168,676	892,198
Less: Provision for doubtful receivables	28,835,462	32,043,089
	1,168,676	892,198
Total trade receivables	27,666,786	31,150,891

Note 7 : Financial Assets: Loans

Particulars	31 March 2020	31 March 2019
Non-current		
(a) Security deposits		
Unsecured, considered good	152,042	170,299
Doubtful	-	-
Less: Provision for doubtful deposits	152,042	170,299
	152,042	170,299
(b) Advances to joint venture company		
	-	11,378
	152,042	181,677
Current		
(a) Security deposits		
Unsecured, considered good	26,207	43,156
Doubtful	-	-
Less: Provision for doubtful deposits	26,207	43,156
	26,207	43,156
Total loans	178,249	224,833

Note 8 : Financial Assets: Others

Particulars	31 March 2020	31 March 2019
Current		
(a) Miscellaneous claims	34,397	47,818
Total other financial asset	34,397	47,819

Note 9 : Other non-financial assets

Particulars	31 March 2020	31 March 2019
Non-current		
(a) Prepaid expenses	120,235	170,299
(b) Advance income tax	-	1,879
	120,235	172,178
Current		
(a) Advances to supplier and others Unsecured, considered good	874,674	966,849
(b) Prepaid expenses	1,439,289	1,481,553
(c) Gross amount due from customer(Refer note 30)	(0)	(0)
(d) Retentions	2,906,470	7,600,938
(e) Statutory claims receivable	1,776,418	2,216,841
	6,996,851	12,266,181
Total other assets	7,117,086	12,438,359

Note 10 : Inventories

Particulars	31 March 2020	31 March 2019
(a) Raw Materials *	10,421,994	12,845,727
(b) Work-in-progress	6,331,831	11,630,300
(c) Finished goods	902,982	512,619
(d) Stock-in-trade	2,212,030	3,013,601
(Mode of valuation refer note 2.5)		
	19,868,837	28,002,247

* Includes goods in transit of Euro 4,24,305 (PY - Euro 1,290,694)

Note 11 a : Cash and cash equivalents

Particulars	31 March 2020	31 March 2019
(a) Balances with bank	10,439,215	3,073,767
(b) Cash on hand	7,874	15,514
	10,447,089	3,089,281

Note 11 b : Other bank balances

Particulars	31 March 2020	31 March 2019
(a) Margin money with the bank (against the bank guarantees issued- not free for disposal)	159,911	111,446
	159,911	111,446

Kirloskar Brothers International B.V.
Consolidated notes to accounts
(Amounts in Euro)

Note 12: Equity share capital

Particulars	31 March 2020	31 March 2019
<u>Issued & subscribed</u>		
Issued Share Capital 198,076 (61724) equity shares of EUR 100 each (EUR 100 each)*	19,807,600	19,807,600
Fully Paid up Share Capital 198,076 (61724) equity shares of EUR 100 each (EUR 100 each)*	19,807,600	19,807,600
	19,807,600	19,807,600

a) Terms/rights attached to equity shares

The company has only one class of equity shares, having par value of EUR 100 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.

b) Reconciliation of share capital

	31 March 2020		31 March 2019	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	198,076	19,807,600	61,324	6,132,400
Shares Issued during the year			31,000	3,100,000
Shares Issued during the year for share premium			105,752	10,575,200
Shares outstanding at the end of the year	198,076	19,807,600	198,076	19,807,600

c) Details of shareholder holding more than 5% shares

	31 March 2020		31 March 2019	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Kirloskar Brothers Limited	198,076	100	198,076	100

* During the preceding five years no shares were bought back or allocated as fully paid up pursuant to contract without payment being received in cash or as bonus shares.

Kirloskar Brothers International B.V.
Consolidated notes to accounts
(Amounts in Euro)

Note 13: Other equity

Particulars	31 March 2020	31 March 2019
(a) Capital redemption reserve	59,859	59,859
(b) Securities premium reserve Opening balance	47	10,575,247
Add: Securities premium credited on shares issue		
Less: Utilised for issue of shares during the year	-	10,575,200
	47	47
(c) Foreign currency translation reserve (FCTR) Opening balance	493,453	(21,770)
Add: Current year transfer	(139,016)	515,223
	354,437	493,453
(d) Retained Earnings Opening balance	(6,688,390)	5,904,869
Add: Total comprehensive income for the year (Excluding FCTR)	(1,885,974)	(12,282,647)
Less: Impact of transition to Ind AS 115	-	(310,612)
Closing balance	(8,574,364)	(6,688,390)
	(8,160,021)	(6,135,031)

Note 14 : Financial Liabilities: Borrowings

Particulars	31 March 2020	31 March 2019
Non-current Secured		
(a) Term loan from ABSA bank (Terms of loan : Loan is issued against security of building @ 9% p.a. and is repayable over 10 years)	498,826	710,139
(c) Term loan from ICICI bank (Terms of loan : Loan is issued against corporate guarantee issued by holding company, Kirloskar Brothers Limited. It carries interest rate as Euribor + 2.5% and repayable over 66 months from August 2015.)	600,000	1,087,760
(d) Term loan from other banks (Terms of loan : Loan is issued against security of Land, building, equipments @ LIBOR+2.5%. The loan is repayable in equated installments spread over the period till June 2023)	5,880,879	3,078,887
(e) Finance lease obligations (Terms of loan: Loan is secured against the assets purchased under lease obligation. Installments are repayable till December 2020 and carries market rate of interest)	-	156,544
	6,979,705	5,033,329
Less- Current maturities of non current borrowings disclosed under the head 'Other Current financial Liabilities (refer note 16)	194,349	398,401
Total non-current borrowings	6,785,356	4,634,928

Current Secured		
1) Loans repayable on demand from bank		
(i) Cash / export credit facilities and bank overdrafts Terms of loan: Group has short term facilities carrying variable interest rate (2% to 6% p.a. based on prime lending rates) from various banks. Loans are secured primarily against the trade receivables/ inventory.	3,787,438	9,472,583
(ii) Working capital demand loans Terms of loan: Group has working capital demand loans from CITI, ICICI, Barclays and ABSA bank carrying interest @ 2% to 4.65% per annum. Loans are secured primarily against the trade receivables/ inventory and corporate guarantee issued by Holding company, Kirloskar Brothers India.	17,063,112	8,225,412
(iii) Finance lease obligations (Terms of loan: Loan is secured against the motor vehicles purchased under lease obligation and carries market rate of interest)	-	1,970
Total secured loan - Current	20,850,550	17,699,965
Unsecured		
(a) Short term loans and advances from banks (Terms of loan: Subsidiary company Kirloskar Brothers Thailand has unsecured repayable on demand loan carrying interest rate between 2.77% to 3.55%)	3,757,829	3,929,052
Total unsecured loan - Current	3,757,829	3,929,052
Total current borrowings	24,608,379	21,629,017
Total borrowings	31,393,735	26,263,945

Note 15 : Financial Liabilities: Trade payables

Particulars	31 March 2020	31 March 2019
Current Total outstanding dues of creditors other than micro enterprises & small enterprises	24,372,983	37,305,528
Total trade payable	24,372,983	37,305,528

Terms and conditions of the above financial liabilities:

- 1) Trade payables are non-interest bearing and are normally settled on 60 to 90 days terms

Note 16: Other financial liabilities

Particulars	31 March 2020	31 March 2019
Non-current		
(a) Financial guarantee contracts and other liabilities	431,989	424,923
(b) Lease liability	1,144,649	-
	1,576,638	424,923
Current		
(a) Current maturities of long term loan (refer note 14)	194,349	398,401
(b) Others		
Salary & Reimbursements	1,299,272	1,692,843
Provision for expenses	3,457,663	2,996,012
Financial guarantee contracts	553,700	543,117
Forward contract liabilities	890,874	332,922
Lease liability	2,903,087	-
	9,104,596	5,564,894
	9,298,945	5,963,295
Total other financial liabilities	10,875,583	6,388,218

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 36)

Note 17: Provisions

Particulars	31 March 2020	31 March 2019
Non-current		
Provision for employee benefits		
Pension scheme (refer note 33)	118,593	93,894
	118,593	93,894
Current		
Other provision (refer note 32)		
Provision for product warranty	1,040,169	951,470
Provision for loss on long term contracts	386,871	976,158
	1,427,040	1,927,628
Total provisions	1,545,633	2,021,523

Note 18: Other current liabilities

Particulars	31 March 2020	31 March 2019
Current		
(a) Advance from customer	3,269,737	4,756,175
(b) Contribution towards social security plans	743,478	607,894
(c) Statutory dues	76,625	283,862
	4,089,840	5,647,931
Total other non-financial liabilities	4,089,840	5,647,931

(1) The major components of income tax expense for the period ended 31 March 2020 and 31 March 2019 are:

(a) Profit or loss

Particulars	31 March 2020	31 March 2019
Current income tax:		
Current income tax charge	249,570	211,364
Adjustments in respect of current income tax of previous year	(168,503)	
Deferred tax:		
Relating to origination and reversal of temporary differences	91,513	(182,297)
Income tax expense reported in the statement of profit or loss	172,580	29,067

(b) Balance sheet

Deferred tax

Reflected in balance sheet as	31 March 2020	31 March 2019
Deferred tax asset	1,776,347	2,013,607
Deferred tax liability		
Net Deferred tax asset	1,776,347	2,013,607

(c) Current tax

Reflected in balance sheet as	31 March 2020	31 March 2019
Current tax Asset/(liability)	36,578	(177,852)
	36,578	(177,852)

Kirloskar Brothers International B.V.
Consolidated notes to accounts
(Amounts in Euro)

Note 20: Revenue from contracts with customers

Particulars	Year ended 31 March 2020	Fifteen months ended 31 March 2019
(a) Sale of products	129,528,939	148,965,180
(b) Sale of services	635,173	155,655
(c) Other operating revenues	130,164,112 1,165,290	149,120,835 150,961
	131,329,402	149,271,796

Note 21: Other Income

Particulars	Year ended 31 March 2020	Fifteen months ended 31 March 2019
(a) Interest Income on financial assets at amortised cost From customers and others (at effective rate of interest)	8,291	18,877
(b) Other non-operating income	2,041,880	559,045
	2,050,171	577,922

Note 22: Cost of materials consumed , Changes in inventories of finished goods, Stock-in -Trade and work-in-progress

Particulars	Year ended 31 March 2020	Fifteen months ended 31 March 2019
(a) Raw materials including packaging materials consumed	68,147,317	91,204,143
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening Stock		
Finished goods	512,619	1,674,799
Work-in- progress	11,630,300	5,686,179
Stock in trade	3,013,601	1,783,477
	15,156,520	9,144,455
Closing Stock		
Finished goods	902,982	512,619
Work-in- progress	6,331,831	11,630,300
Stock in trade	2,212,030	3,013,601
	9,446,843	15,156,520
	5,709,677	(6,012,065)

Note 23: Employee benefits expense

Particulars	Year ended 31 March 2020	Fifteen months ended 31 March 2019
(a) Salaries, wages and bonus	27,789,922	35,543,438
(b) Defined contribution plans/ social security expenses	2,001,596	2,544,294
(c) Defined benefit plans (Refer note 33)	40,077	52,068
(d) Welfare expenses	400,060	538,725
	30,231,655	38,678,525

Note 24: Finance costs

Particulars	Year ended 31 March 2020	Fifteen months ended 31 March 2019
(a) Interest expense	1,713,887	1,626,361
(c) Other borrowing costs (includes bank guarantee commission, LC charges, loan processing charges)	1,261,689	749,949
	2,975,576	2,376,310

Note 25: Depreciation and amortization expense

Particulars	Year ended 31 March 2020	Fifteen months ended 31 March 2019
(a) Depreciation on property, plant and equipment	1,868,322	2,065,053
(b) Amortization of intangible assets	78,687	373,641
(c) Depreciation on right to use	958,651	-
	2,905,660	2,438,694

Note 26: Other expenses

Particulars	Year ended 31 March 2020	Fifteen months ended 31 March 2019
Stores and spares consumed	1,716,095	2,035,572
Processing charges	547,603	1,178,952
Power & fuel	888,465	1,218,724
Repairs and maintenance		
Plant and machinery	375,193	340,911
Buildings	577,983	387,630
Other	221,024	326,465
Rent expenses for short term or low value leases	371,538	1,816,938
Rates and taxes	572,812	581,151
Travel and conveyance	2,321,001	3,510,143
Communication expenses	436,047	643,279
Insurance	1,489,913	1,807,042
Royalties and fees	113,277	149,691
Freight and forwarding charges	3,117,185	4,019,319
Brokerage and commission	2,532,623	2,984,652
Advertisements and publicity	392,708	987,033
Provision for product warranty	509,640	355,451
Loss on sale/disposal of fixed assets	16,879	21,597
Provision for doubtful debts	74,163	134,485
Bad debts written off	57,575	111,940
Auditor's remuneration (refer note 30)	460,836	508,839
Professional, consultancy and legal expenses	1,707,486	1,760,541
Security services	40,993	54,410
Computer services	931,744	1,295,885
Stationery & Printing	197,202	246,225
Training course expenses	178,490	190,087
Outside labour charges	973,218	1,311,129
Foreign exchange loss (net)	315,027	1,054,554
Other miscellaneous expenses	2,721,689	3,721,124
	23,858,409	32,753,769

Note 27: Other Comprehensive Income

Particulars	Year ended 31 March 2020	Fifteen months ended 31 March 2019
Items that will not be reclassified to profit or loss		
Remeasurement gains and losses	44,401	-
Items that will be reclassified to profit or loss		
Foreign currency translation reserve	(139,016)	515,223
	(94,615)	515,223

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Note 28: Contingent liabilities

Particulars	31 March 2020	31 March 2019
Other money for which the company is contingently liable for		
Value Added Tax / Sales Tax / Withholding tax / Salary tax (Matter Subjudice)	27,831	24,513
	27,831	24,513

Note 29: Commitments

Particulars	31 March 2020	31 March 2019
Letter of credit outstandings	1,422,375	775,265
Lease and rent commitment due in-		
Less than 1 year	698,118	946,424
1 to 5 years	1,049,431	1,440,582
More than 5 years		-
	1,747,549	2,387,006
	3,169,924	3,162,271

Note 30: Remuneration to auditors

Particulars	Year ended	Fifteen months ended
	31 March 2020	31 March 2019
a) Audit Fees	369,275	465,556
b) Tax Audit Fees	37,230	7,757
c) VAT audit fees	3,998	730
d) Other services	48,293	30,530
e) Expenses reimbursed	2,040	4,266
Total audit fees	460,836	508,839

Note 31: Earnings per share (Basic and diluted)

Particulars	Year ended	Fifteen months ended
	31 March 2020	31 March 2019
a) Profit for the year before tax	(1,757,705)	(12,260,211)
Less : Attributable Tax thereto	172,580	29,067
Add- Share in profit/(loss) of joint venture	(91)	6,631
Profit after Tax	(1,930,376)	(12,282,647)
b) Weighted average number of equity shares used as denominator	198,076	198,076
c) Basic and diluted earning per share of nominal value of Euro 100- each	(9.75)	(62.01)

Note 32: Movement in provision

Particulars	Provision for product warranty	Provision for long term contracts	Total
Carrying amount as at 1 January 2018	722,237	655,916	1,378,153
Provision during the year 2018-19	503,833	381,326	885,159
Amount utilized during the year 2018-19	(259,106)	(61,084)	(320,190)
Amount reversed during the year 2018-19	(40,787)		(40,787)
Foreign exchange difference	25,293		25,293
Carrying amount as at 31 March 2019	951,470	976,158	1,927,628
Provision during the year 2019-20 (net of reversal)	509,640	(589,287)	(79,647)
Amount utilized during the year 2019-20	(420,941)		(420,941)
Carrying amount as at 31 March 2020	1,040,169	386,871	1,427,040

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Note 33: Employee benefits

i. Defined Contribution Plans:

Amount of Euro 20,01,596 & (Euro 25,44,294) is recognised as an expense and included in Employees benefits expense (Note-23 in the Profit and Loss Statement.)

ii. Defined Benefit Plans:

Subsidiary company, Kirloskar Brothers (Thailand) Limited operates Legal Severance Pay Plan as provided in accordance with the Labor Protection Act in Thailand. Details of the plan are as-

The scheme is applicable to all employees immediately upon hire. Company has obligations to pay the legal severance pay towards its employees when they reach a retirement age. It is determined based on the employee's age, length of employment services and salary increase rate, among etc as -

Years of service	Amount of LSP
≥ 120 days but <1 year	30 days of plan wages
1 year to <3 years	90 days of plan wages
3 years to <6 years	180 days of plan wages
6 years to <10 years	240 days of plan wages
10 years to <20 years	300 days of plan wages
20 years or more	400 days of plan wages

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

Particulars	Unfunded pension plan	Unfunded pension plan
	31 March 2020	31 March 2019
Present Value of Defined Benefit Obligation	118,593	93,894
	118,593	93,894

b) The amounts recognised in the statement of profit and Loss are as follows:

Particulars	Unfunded pension plan	Unfunded pension plan
	31 March 2020	31 March 2019
Current Service Cost	31,766	48,581
Past service cost	4,968	
Net Interest (income)/expenses	3,343	3,487
	40,077	52,068

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

Particulars	Unfunded pension plan	Unfunded pension plan
	31 March 2020	31 March 2019
Balance of the present value of Defined benefit Obligation at the beginning period	93,894	87,578
Interest expenses	3,343	3,487
Current Service Cost	31,766	48,581
Past service Cost	4,968	
Present value of obligation as at the end of the period		(54,482)
Benefits paid		(54,482)
Remeasurement gains and losses recognised in OCI	(44,401)	
Forex difference	29,023	8,730
	118,593	93,894

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

Discount rate as at 31 March 2020 : 1.25% to 2.35% (PY: 2.6625%)

Salary growth rate : 4.0% (PY - 4%)

Attrition rate: 15%-30% (PY:15%-30%)

e) 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

Change in assumption	As at 31 March 2020	As at 31 March 2019
Discount rate		
Increase by 1% to	(10,904)	(12,227)
Decrease by 1% to	12,507	13,804
Salary increase rate		
Increase by 1% to	12,092	14,910
Decrease by 1% to	(10,777)	(13,372)
Withdrawal rate		
Increase by 20% of base assumption	(10,911)	(12,534)
Decrease by 20% of base assumption	14,503	16,019

Note 34: Fair Value Measurements

As per assessments made by the management fair values of all financial instruments carried at amortised costs 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.

Sr.No	Particulars	Carrying value	
		31 March 2020	31 March 2019
	Levelled at Level 2 Financial asset		
a)	Carried at fair value through Profit and loss (FVTPL) Forward contract asset	-	-
b)	Carried at amortised cost Trade receivable Security deposits Other financial assets Cash and cash equivalent Other bank balances Advances to joint venture	27,666,786 178,249 34,397 10,447,089 159,911 -	31,150,891 213,455 47,819 3,089,281 111,446 11,378
		38,486,432	34,624,270
	Levelled at Level 2 Financial Liabilities		
a)	Carried at fair value through Profit and loss (FVTPL) Forward contract liability	890,874	332,922
b)	Carried at amortised cost Borrowings Trade payable Other current financial liabilities Financial guarantee contracts Lease liability	31,588,082 24,372,983 4,756,934 985,689 4,047,736	26,662,347 37,305,528 4,688,854 968,040 -
		66,642,298	69,957,691

Note 35: Financial risk management policy and objectives

Group's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance group's 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 minimise any adverse effects on the financial performance of the group, it has taken various measures. This note explains the source of risk which the entity is exposed to and how the entity manages the risk and impact of the same in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging analysis, External credit rating (wherever available)	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities and guarantees given by ultimate holding company, Kirloskar Brothers Limited, India'
Market risk- Foreign Currency Risk	Recognised financial assets and liabilities not denominated in functional currency of respective subsidiary	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.
Market risk- Interest rate risk	Long-term borrowings at variable rates	Sensitivity Analysis	Balanced loan portfolio of fixed and variable rate of interest loan

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 co-operation 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 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. The group categorises a receivable for provision for doubtful debts/write off when a debtor fails to make contractual payments on case to case basis. Where loans or receivables have been written off, the group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Provision for expected credit loss

Financial assets for which loss allowance is measured using Lifetime Expected Credit Losses (ECL)

Exposure to Risk	31 March 2020	31 March 2019
Security Deposits Less : Expected Loss	178,249	213,455
	-	-
	178,249	213,455
Other financial asset Less : Expected Loss	34,397	59,197
	-	-
	34,397	59,197

Trade receivable

	31 March 2020	31 March 2019
Trade Receivables		
Neither past due nor impaired	14,128,576	9,653,010
Past due but not impaired		
Less than 180 days	10,050,341	18,908,168
181 - 365 days	2,809,396	1,860,228
More than 365 days	678,473	729,485
Total	27,666,786	31,150,891

Reconciliation of loss provision

	Trade receivables
Loss allowance as at 1 January 2018	734,741
Changes in loss allowance	157,457
Loss allowance as at 31 March 2019	892,198
Changes in loss allowance	276,478
Loss allowance as at 31 March 2020	1,168,676

(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 2020	31 March 2019
Interest bearing borrowings		
On demand	24,608,379	21,629,017
Less than 365 days	194,349	398,401
More than 365 days	6,785,356	4,634,928
Total	31,588,084	26,662,346
Other financial liabilities		
On demand		
Less than 365 days	9,104,596	5,564,894
More than 365 days	1,576,638	424,923
Total	10,681,234	5,989,817
Trade payables		
On demand		
Less than 365 days	24,372,983	37,305,528
More than 365 days		
Total	24,372,983	37,305,528

Note 35: Financial risk management policy and objectives (continued)

(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 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		Amount in Euro	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
Trade Receivables	GBP	321,732	7,351	362,953	8,218
	USD	11,265,815	15,662,935	10,282,781	13,679,419
	SGD	450,189	598,234	294,607	394,834
	AED	502,437	282,868	124,162	67,888
	MYR	105,502		22,162	
	IDR	61,633,710		3,485	
Bank Accounts	GBP	29,559	551	33,346	616
	USD	2,787,706	1,507,530	2,544,456	1,316,620
	SGD	43,309	60,885	28,342	40,184
	VND	9,579,842	24,651,624	370	937
	AED	495,943	7,546	122,557	1,811
	CZK	1,655,878		60,588	
Amount Due from Employees	SGD	-	621	-	-

Financial Liabilities	Currency	Amount in Foreign Currency		Amount in Euro	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
Trade Payables	GBP	116,373		131,283	-
	USD	2,608,688	1,140,195	2,381,059	995,803
	SGD	7,150		4,679	-
	AED	-	80,860	-	19,406
	IDR	56,402,481		3,190	

Currency wise net exposure (assets - liabilities)

Particulars	Amount in Foreign Currency		Amount in Euro	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
GBP	234,918	7,902	265,016	8,834
USD	11,444,833	16,030,270	10,446,178	14,000,236
SGD	486,348	659,740	318,270	435,019
VND	9,579,842	24,651,624	370	937
CZK	1,655,878	-	60,588	-
AED	998,380	209,554	246,720	50,293
MYR	105,502	-	22,162	-
IDR	5,231,229	-	296	-

Sensitivity Analysis

Currency	Amount in Euro		Sensitivity %
	31 March 2020	31 March 2019	
GBP	265,016	8,834	0.20%
USD	10,446,178	14,000,236	3.34%
SGD	318,270	435,019	3.17%
VND	370	937	1.14%
CZK	60,588	-	5.89%
AED	246,720	50,293	1.92%
MYR	22,162	-	3.77%
IDR	296	-	9.70%
Total	11,359,600	14,495,318	

Currency	Impact on profit (strengthen)		Impact on profit (weakening)	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
GBP	(530)	(18)	530	18
USD	(348,902)	(467,608)	348,902	467,608
SGD	(10,094)	(13,796)	10,094	13,796
VND	(4)	(11)	4	11
CZK	(3,569)	-	3,569	-
AED	(4,737)	(966)	4,737	966
MYR	(836)	-	836	-
IDR	(29)	-	29	-

Note 36 : Capital management

a) Risk Management

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

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

In case of financial difficulties, the ultimate holding company, provides financial support through infusion of additional equity and issuing corporate guarantees to banks for facilitating additional borrowing facilities.

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' (as shown in the balance sheet).

The gearing ratios were as follows:

	31 December 2020	31 March 2019
Loans and borrowings	31,588,084	26,662,347
Less: Cash and cash equivalents and other bank balances	10,607,000	3,200,727
Net debt	20,981,084	23,461,620
Equity	11,647,579	13,672,569
Capital and net debt	32,628,663	37,134,189
Gearing ratio	64	63

Note 37 : Impact of transition to Ind AS 116

Effective 1 April 2019, the company has adopted Ind AS 116 "Leases". Company has adopted modified retrospective approach and has recognized right-to-use asset equal to lease liability which is the present value of the remaining lease payments, discounted using incremental borrowing rate at the date of initial application i.e. 1 April 2019.

The impact of change in accounting policy on account on adoption of Ind AS 116 over FY 2019-20 is as follows

	Amt
Increase in right-to-use asset	3,892,817
Increase in non-current lease liability	1,144,649
Increase in current lease liability	2,903,087
Increase in depreciation	958,651
Increase in finance cost	157,677
Decrease in rent expenses	979,157

Note 38 : Others

- a) In previous year company has made change in reporting period in order to match it's reporting period with that of holding company Kirloskar Brothers Limited.

Accordingly, previous period's figure include impact of 15 months ended 31 March 2019 and hence same are not comparable with yearly figures of 2020.

- b) Operations of all subsidiaries of KBIBV were affected due to lockdown announced by various governments across globe due to outbreak of Covid- 19.

Group has adopted work from home policy during the entire duration of lockdown and had taken several initiatives for cost reduction and optimization of the use of its financial resources which will help company break even and safeguard margins.

Group has taken various health and sanitation measure for starting its operation with utmost safety and efficiency. Group is mainly in the business of manufacture and sale of pumps and valves required to handle essential commodities like water, oil & gas etc. serving various segments of the customers. Management has been constantly reviewing changes in demand from each of these segments and its overall impact on company's business and suitably responding to the situation.

As various government has started easing lockdown, management expects to gradually come back to its original level of operations, in the coming months.

- c) Previous years figures have been regrouped, wherever necessary.