

KIRLOSKAR BROTHERS INTERNATIONAL B.V

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended 31 March 2022

13th May 2022

INDEPENDENT AUDITORS' REPORT

To the Directors of
Kirloskar Brothers International BV (KBI BV)

Report on the Audit of the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of Kirloskar Brothers International BV, (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at March 31, 2022, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity, the statement of cash flows and a summary of significant accounting policies; hereinafter referred to as, 'the Consolidated Ind AS Financial Statements'.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Group as at March 31, 2022, its loss, its changes in equity and its cash flows.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) applicable in India. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Group 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 Ind AS Financial Statements 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.

Responsibility of Management for Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records for

Offices at: Mumbai | Kolhapur | Belagavi | Hubballi | Dharwad | Bengaluru



safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 Consolidated Ind AS Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Ind AS Financial Statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

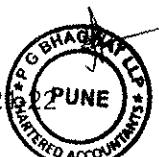
The Board of Directors is also responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Ind AS 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 Ind AS Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 Consolidated Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Ind AS Financial Statements and whether the Consolidated Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Ind AS 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 Ind AS Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Ind AS Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We 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.

Other Matters

1. These Consolidated Ind AS Financial Statements include financial information of sixteen subsidiary companies and the Holding Company. These companies follow a different reporting date i.e. December 31. The management has extracted financial information of the period April 1, 2021 to December 31, 2021 from the audited Financial Statements for year ended December 31, 2021 of respective companies and added management drawn/limited reviewed financial information of respective companies of the period January 1, 2022 to March 31, 2022 in order to prepare Consolidated Ind AS Financial Statements for the twelve months period year ended March 31, 2022.

These Consolidated Ind AS Financial Statements have been audited by us solely for the purpose of providing information to Kirloskar Brothers Limited (Ultimate Holding Company) to enable it to prepare the Consolidated Financial Statements of the Group. As a result, these Consolidated Ind AS Financial Statements of Kirloskar Brothers International BV are not a complete set of Financial Statements and do not include/contain all the mandatory disclosures in accordance with Ind AS and Schedule III of the Companies Act, 2013. The financial information shall, therefore, not be suitable for another purpose.



P G BHAGWAT LLP

Chartered Accountants

LLPIN: AAT-9949

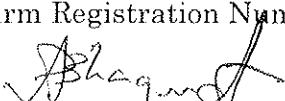
2. The Financial Statements of fifteen companies and the Holding Company included in these Consolidated Ind AS Financial Statements for the period starting from January 1, 2022 to March 31, 2022 are management drawn. The Financial Statements of these fifteen companies and the Holding Company reflect total assets of Euro 56,012,727 as at March 31, 2022, total revenues of Euro 12,328,243 and net cash outflow amounting to Euro 1,622,889 for the period January 1, 2022 to March 31, 2022, as considered in the Consolidated Ind AS Financial Statements.
3. The Financial Statements of one subsidiary company included in these Consolidated Ind AS Financial Statements for the period starting from January 1, 2022 to March 31, 2022 is limited reviewed by another auditor. The Financial Statements of this company reflect total assets of Euro 30,133,311 as at March 31, 2022, total revenues of Euro 10,617,040 and net cash inflow amounting to Euro 394,139 for the period January 1, 2022 to March 31, 2022, as considered in the Consolidated Ind AS Financial Statements.
4. We did not audit the Financial Statements of sixteen subsidiary companies for the year ended December 31, 2021. The financial information of nine months extracted from these Financial Statements of the subsidiaries reflect total assets of Euro 63,555,333 as at December 31, 2021, total revenues of Euro 84,144,975 and net cash outflow amounting to Euro (76,240) for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. These Financial Statements have been audited by other auditors; whose reports have been furnished to us by the management and our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these sixteen subsidiary companies is based solely on the reports of the other auditors.

Our opinion on the Consolidated Ind AS Financial Statements 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 / financial information certified by the Management.

For **P G BHAGWAT LLP**

Chartered Accountants

Firm Registration Number: 101118W/W100682


Abhijeet Bhagwat

Partner

Membership Number: 136835

UDIN: 22136835AJGTHY8249



Pune

May 13, 2022

Kirloskar Brothers International B.V.
 Consolidated Balance Sheet as at 31 March 2022
 (Amounts in Euro)

Particulars	Note No.	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	12,308,348	11,580,688
Capital work-in-progress	4	7,331	19,310
Goodwill	3	199,766	219,664
Other Intangible assets	3	166,771	220,585
Right to use asset	5	2,563,337	2,871,661
Financial Assets			
Others	7	449,235	169,569
Deferred tax assets (net)	18	1,769,275	1,509,710
Other non-current assets	8	30,424	61,634
Total non-current assets		17,494,487	16,630,821
Current assets			
Inventories	9	20,264,697	22,888,254
Financial Assets			
Trade receivables	6	18,092,704	19,770,310
Cash and cash equivalents	10	5,051,416	6,329,563
Others	7	62,735	61,560
Current Tax Assets (net)	18	385,138	57,785
Other current assets	8	7,604,453	7,359,663
Total current assets		51,461,143	56,469,125
TOTAL ASSETS		68,955,630	73,099,946
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	23,685,100	19,807,600
Other equity	12	(5,188,442)	161,577
Total equity		18,496,658	19,969,178
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings	13	5,775,493	5,736,934
Other financial liabilities	15	1,349,692	354,061
Lease liabilities		-	763,628
Deferred tax liabilities (net)	18	87,810	37,213
Provisions	16	213,889	185,370
Total non-current liabilities		7,426,884	7,077,201
Current liabilities			
Financial liabilities			
Borrowings	13	8,885,358	11,980,759
Trade payables	14	19,189,013	21,175,792
Other financial liabilities	15	5,777,629	5,402,953
Lease liabilities		1,694,308	2,329,208
Other current liabilities	17	6,018,157	3,869,368
Provisions	16	1,467,624	1,295,485
Total current liabilities		43,032,090	46,053,567
Total liabilities		50,458,972	53,130,768
TOTAL EQUITY AND LIABILITIES		68,955,630	73,099,946

Corporate information

1

Summary of significant accounting policies

2

See accompanying notes to financial statements

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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 P G BHAGWAT LLP

Chartered Accountants

Firm's registration no 101118W/W 100682



Sanjay Kirloskar
 Chairman
 DIN 00007885
 Pune 13 May 2022



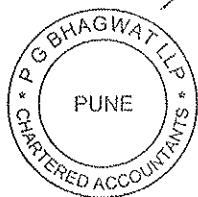
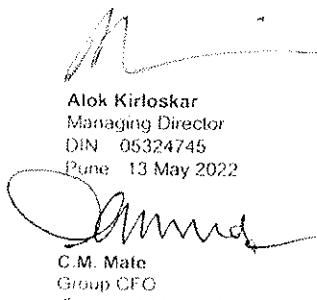
Alok Kirloskar
 Managing Director
 DIN 05324745
 Pune 13 May 2022

Abhijeet Bhagwat

Partner

Membership no 136835

Pune 13 May 2022

C.M. Mate
 Group CFO
 Pune 13 May 2022

Kirloskar Brothers International B.V.
 Consolidated statement of profit and loss for the year ended 31 March 2022
 (Amounts in Euro)

Particulars	Note No	Year ended 31 March 2022	Year ended 31 March 2021
Revenue from contracts with customers	10	103,981,523	106,635,510
Other income	20	2,347,933	2,441,315
Total income		106,329,457	109,076,824
Expenses			
Cost of materials consumed	21	54,131,144	55,876,105
Purchases of Stock-in-Trade		2,587,556	5,340,231
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	21	3,456,375	(2,892,769)
Employee benefits expense	22	25,664,522	26,412,463
Finance costs	23	1,899,929	2,106,355
Depreciation and amortization expense	24	2,534,815	2,525,091
Other expenses	25	17,615,736	14,712,542
Total expenses		107,890,076	104,080,019
Profit/(loss)before exceptional items and tax			
Exceptional items		(1,560,619)	4,996,805
Profit / (loss) before tax		(1,560,619)	4,996,805
Tax expenses	18		
(1) Current tax		100,432	304,532
(2) Deferred tax		119,909	277,329
(3) Short provision of earlier years		-	-
Total Tax expenses		220,341	581,861
Profit after tax but before share in profit of joint venture company for the year		(1,780,960)	4,414,944
Share in profit of joint venture company		-	-
Profit for the year		(1,780,960)	4,414,944
Other Comprehensive Income	26		
Items that will not be reclassified to profit or loss			
Remeasurements gains and losses on post employments benefits		-	-
Items that will be reclassified to profit or loss			
Foreign currency translation reserve		308,440	(93,346)
Other comprehensive income		308,440	(93,346)
Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)		(1,472,520)	4,321,599
Earnings per equity share	30		
(1) Basic		(7.52)	22.29
(2) Diluted		(7.52)	22.29

Corporate information

1

Summary of significant accounting policies

2

See accompanying notes to financial statements

3-36

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

As per our report of even date attached

For P G BHAGWAT LLP

Chartered Accountants

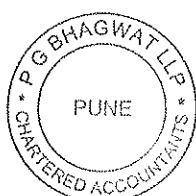
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Partner

Membership no 136835

Pune 13 May 2022



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Alok Kirloskar
 Managing Director
 DIN 05324745
 Pune 13 May 2022

C.M. Mate
 Group CFO
 Pune 13 May 2022

Kirloskar Brothers International B.V.
 Consolidated Statement of Cash Flow for the year ended 31 March 2022
 (Amounts in Euro)

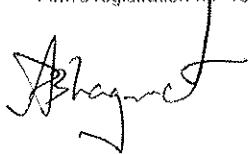
	Particulars	Year ended 31 March 2022	Year ended 31 March 2021
A	Cashflows from Operating Activities		
	Net Profit before taxation and extraordinary items	(1,560,619)	4,996,905
	Adjustments for -		
1	Depreciation / Amortization	2,534,815	2,525,091
2	Loss on sale of Fixed Assets	893	-
3	Bad debts written off	52,850	100,623
4	Provision for doubtful debts, advances and claims	175,334	(49,357)
5	Interest Income	(4,916)	(58,449)
6	Interest Expenses	1,899,929	2,106,356
7	Unrealised exchange (gain)/ Loss - Others	(1,359,634)	(1,046,840)
	Operating Profit Before Working capital changes	1,738,650	8,580,239
	Adjustments for -		
1	(Increase)/ decrease in inventories	2,623,557	(3,019,417)
2	(Increase)/ decrease in trade receivables, other financial assets, other bank balances and other assets	947,002	7,690,409
3	Increase/ (decrease) in trade payable	(1,986,779)	(3,197,191)
4	Increase/ (decrease) in financial and non-financial liabilities	2,120,568	(2,051,856)
5	Increase/ (decrease) in provisions	200,658	(64,778)
	Cash Generated from Operations	5,643,655	7,937,407
6	Income Tax (Paid) / Refunded	(427,786)	(325,738)
	Net Cash from Operating Activities	5,215,870	7,611,668
B	Cashflows from Investing Activities		
1	Purchase of Property, plant and equipment and investment property	(1,442,069)	(511,167)
2	Sale of Property, plant and equipment and investment property	(100,086)	700,261
3	Interest Received	4,916	58,449
	Net Cash from Investment Activities	(1,537,239)	247,543
C	Cash Flows from Financing Activities		
1	Proceeds/(Repayment) of borrowings	38,562	(1,053,090)
2	Repayment of/ proceeds from short term borrowings	(3,095,401)	(12,817,302)
3	Interest Paid	(1,899,929)	(2,106,356)
4	Proceeds from issuance of share capital	-	4,000,000
	Net Cash used in Financing Activities	(4,956,768)	(11,976,747)
	Net Increase in Cash and Cash Equivalents	(1,278,136)	(4,117,536)
1	Cash & Cash Equivalents at beginning of period	6,329,553	10,447,089
2	Cash & Cash Equivalents at end of period (refer note 10)	5,051,416	6,329,553

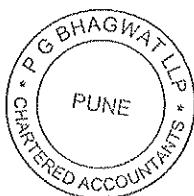
Note 1. Previous year's figures are regrouped wherever necessary to make them comparable with the Current year

2. Cash flow is prepared using indirect method

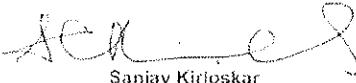
As per our report of even date attached

For P G BHAGWAT LLP
 Chartered Accountants
 Firm's registration no. 101118W/W100682

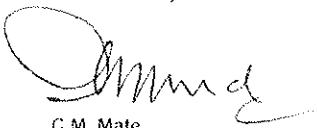

 Abhijeet Bhagwat
 Partner
 Membership no. 136835
 Pune 13 May 2022



For and on behalf of the Board of Directors


 Sanjay Kirloskar
 Chairman
 DIN 00007885
 Pune 13 May 2022


 Alok Kirloskar
 Managing Director
 DIN 05324745
 Pune 13 May 2022


 C.M. Mate
 Group CFO
 Pune 13 May 2022

Kirloskar Brothers International B.V.

Consolidated statement of Changes in Equity for the period ended 31 March 2022

(Amounts in Euro)

A. Equity Share Capital

Balance as at 1 April 2020	Changes in equity share capital during the year	Balance as at 31 March 2021
19,807,600		19,807,600

Balance as at 31 March 2021	Changes in equity share capital during the year	Balance as at 31 March 2022
19,807,600	3,877,500	23,685,100

B. Other Equity

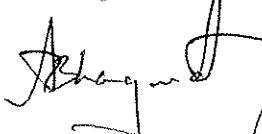
	Foreign currency translation reserve	Capital redemption reserve	Reserves and Surplus	Total
			Securities Premium Reserve	Retained Earnings
Balance as at 1 April 2020	354,437	59,859	47	(8,574,364) (8,160,021)
Additional shares issued during the year			4,000,000	4,000,000
Profit for the year			4,414,944	4,414,944
Other comprehensive income	(93,346)		-	(93,346)
Balance as at 31 March 2021	261,091	59,859	4,000,047	(4,159,421) 161,577
Additional shares issued during the year			(3,877,500)	(3,877,500)
Profit for the year			(1,780,960)	(1,780,960)
Other comprehensive income	308,440		-	308,440
Balance as at 31 March 2022	569,531	59,859	122,547	(5,940,382) (5,188,442)

As per our report of even date attached

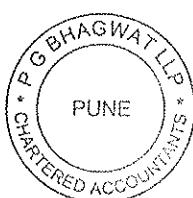
For P G BHAGWAT LLP

Chartered Accountants

Firm's registration no. 011118W/W/100682



Abhijeet Bhagwat
Partner
Membership no. 136835
Pune - 13 May 2022

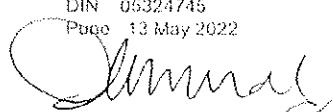


For and on behalf of the Board of Directors



Sanjay Kirloskar
Chairman
DIN 00007885
Pune - 13 May 2022

Alok Kirloskar
Managing Director
DIN 05324745
Pune - 13 May 2022



C.M. Mato
Group CFO
Pune - 13 May 2022

Kirloskar Brothers International B.V.

Notes to accounts

Significant accounting policies

Notes to the consolidated financial statements for the year ended 31 March 2022 (All amounts are in Euros, unless otherwise stated)

1. Corporate information

Kirloskar Brothers International B.V. (KBIBV) is company formed in Netherlands and owned by Kirloskar Brothers Limited, India (KBL). KBIBV owns 100% share of all foreign subsidiary component of KBL group which are engaged in providing global fluid management solutions. The core products of the group are engineered pumps, firefighting pumps, Industrial pumps, agriculture and domestic pump, 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 were authorised for issue by the Board of Directors on May 13, 2022.

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 International B.V. 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 unrealised 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 and joint venture companies, country of incorporation, proportion of ownership interest and reporting dates considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest of KBIBV	Reporting Date (*)
SPP Pumps Limited	United Kingdom	100%	31 March 2022
Kirloskar Brothers(Thailand) Limited	Thailand	100%	31 March 2022
SPP Pumps (MENA) L.L.C.	Egypt	100%	31 March 2022
Kirloskar Pompen B.V.	The Netherlands	100%	31 March 2022
Micawber 784 Proprietary Limited	South Africa	100%	31 March 2022
SPP Pumps International Proprietary Limited (Erstwhile Kirloskar Brothers International PTY Limited)	South Africa	100%	31 March 2022
SPP France S A S	France	100%	31 March 2022
SPP Pumps Inc.	USA	100%	31 March 2022
SPP Pumps South Africa Proprietary Limited	South Africa	100%	31 March 2022
Braybar Pumps Limited	South Africa	100%	31 March 2022
Rodelta Pumps International BV	The Netherlands	100%	31 March 2022
Rotaserve Overhaul B.V.	The Netherlands	100%	31 March 2022
SPP Pumps Real Estate LLC	USA	100%	31 March 2022

Kirloskar Brothers International B.V.

Notes to accounts

Significant accounting policies

SyncroFlo Inc.	U.S.A	100%	31 March 2022
SPP Pumps (Asia) Ltd	Thailand	100%	31 March 2022
SPP Pumps (Singapore) Ltd	Singapore	100%	31 March 2022

Statutory reporting date for all companies above is 31 December 2021, however in order to have uniform reporting date for the purpose of consolidation with that of holding company, Kirloskar Brothers Limited, 12 months financials for foreign subsidiaries for period April 2021 – March 2022 are prepared using their audited financials for year ended December 2021 and management drawn financials for 3 months ended March 2022

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 derecognises 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 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.

Investment in joint venture has been accounted under the equity method as per Ind AS 28 'Investments in Associates and Joint Ventures', 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 Joint Venture.

The excess of cost to the Company of its investment in the Joint Venture entity is set off against the adjusted carrying amount of the investment. Distributions received from the Joint Venture 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.

Unrealised profits and losses resulting from transactions between the Joint Venture and the Company are eliminated to the extent of Company's interest in the joint venture.

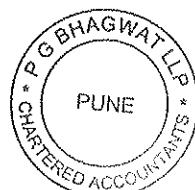
v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised 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
Non-derivative financial instruments at fair value through profit or loss	Fair value



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Defined benefit plan - plan assets	Fair value
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2.4 Functional and presentation currency

These financial statements are presented in Euro which is the Group's functional currency. All financial information is presented in euro, except share and per share data, unless otherwise stated.

2.5 Use of judgements, estimates and assumptions

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

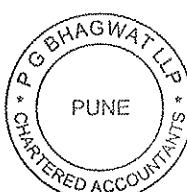
1. Estimation of defined benefit obligation – The cost of the defined benefit pension plan, and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates.
2. 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.
3. Impairment of receivables - The impairment provisions for financial receivables disclosed are based on assumptions about risk of default and expected loss rates.
4. Estimation of provision for warranty claims – key assumptions about likelihood and magnitude of an outflow of resources.

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, labor 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.
- 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.



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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:

- (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, unrealised 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.

2.9 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 up to 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.

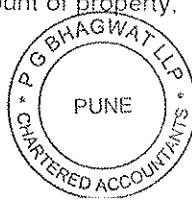
Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date are disclosed under "Other non-current assets".

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 derecognised. 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 derecognised 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,



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plant and equipment, and are recognised net 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. 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 Group 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.

2.10 Goodwill and intangible assets

Recognition and measurement

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised 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 amortisation and any accumulated impairment losses.

Intangible assets with indefinite useful lives 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

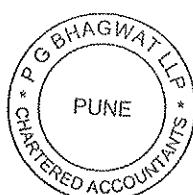
Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

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



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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.

2.11 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.

2.12 Revenue recognition

Group recognises 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 control 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.

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

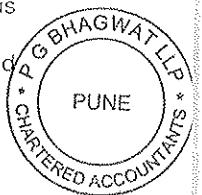
Contract revenue includes initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably.

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. 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



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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.

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 and is reclassified as trade receivables when it becomes due for payment.

2.13 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 in the form of Duty Draw Back claims 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 realisation.

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.

2.14 Foreign currencies transactions

i) 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 period are recognised in the statement of profit and loss of the period.

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.

ii) 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. 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.

2.15 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.



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Post-employment benefits

Defined contribution plans

The Group has no further payment obligations once the contributions have been paid to various social security plans. The contributions are recognised as employee benefit expenses when they are due.

Defined Benefit Plans

The pension scheme for Kirloskar Brothers (Thailand) Limited are the Group's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

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

In case of funded plans, the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to 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 Group recognises gains/ losses on settlement of a defined plan when the settlement occurs.

2.16 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 are 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.

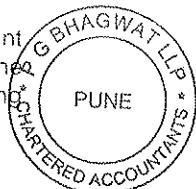
Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting



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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.

2.17 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

Provisions 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.

Contingent liability

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.

2.18 Leases

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

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

• Group as a Lessee

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

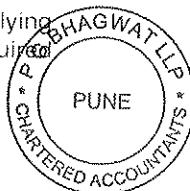
Initial Measurement

Right to use asset

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

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

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required



by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Lease liability

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

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

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

Subsequent measurement

Right to use assets

Subsequently the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses.

Lease Liability

Subsequently the Company measures the lease liability by:

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

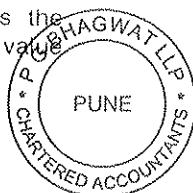
Group as a Lessor

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

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

2.19 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 and its value in use.



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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 amortisation, if no impairment loss had been recognised.

2.20 Fair value measurement

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

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

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

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

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

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

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

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.

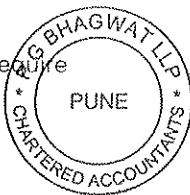
2.21 Financial instruments

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



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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:

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

Derecognition

The Group 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 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:

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

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

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

The application of simplified approach does not require the group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

Financial liabilities

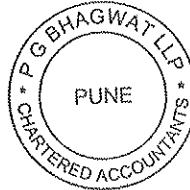
Initial recognition and measurement

The Group 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 Group becomes a party to the contractual provisions of the instrument.

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

Offsetting of financial instruments

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

Derivative financial instruments

Initial recognition and subsequent measurement

The 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.

2.22 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).

2.23 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 group 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'

2.24 Recent accounting pronouncement

Standards issued but not effective

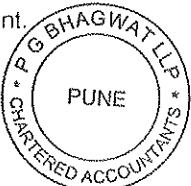
The Ministry of Corporate Affairs (MCA) on 5 April 2022, vide Notification dated 23 March 2022 has issued Companies (Indian Accounting Standard) Amendment Rules, 2022 in consultation with the National Financial Reporting Authority (NFRA)

The notification states that these rules shall be applicable from 1 April 2022 and would thus be applicable for the financial year ending 31 March 2023.

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

1. Amendments to Ind AS 16, "Property, Plant and Equipment"

The amendments to Ind AS 16 issued by the Ministry of Corporate Affairs amends provisions regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.



2. Amendments to Ind AS 37, "Provisions, Contingent Liabilities and Contingent Assets"

The amendments to Ind AS 37 issued by the Ministry of Corporate Affairs amends provisions regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

3. Amendments to 41, "Agriculture"

The amendments to Ind AS 41 issued by the Ministry of Corporate Affairs amends provisions to remove a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in Ind AS 41 with those in other Ind AS's.

4. Amendments to 101, "First-time Adoption of Indian Accounting Standards"

The amendments to Ind AS 101 issued by the Ministry of Corporate Affairs amends provisions to simplify the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

5. Ind AS 103, "Business Combination"

The amendments to Ind AS 103 issued by the Ministry of Corporate Affairs amends provisions to:

- substitute the word 'Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework)' with the words 'Conceptual Framework of Financial Reporting in Ind AS'.
- add to Ind AS 103 a requirement that, for transactions and other events within the scope of Ind AS 37, an acquirer applies Ind AS 37 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination
- add to Ind AS 103 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

6. Ind AS 109, "Financial Instruments"

The amendments to Ind AS 109 issued by the Ministry of Corporate Affairs amends provisions to prescribe the treatment of fees involved during exchange between an existing borrower and lender of debt instruments with substantially different terms. The amendment clarifies that if an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Following exposure drafts have been issued by the Institute of Chartered Accountants of India:

1. Amendments to Ind AS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" - Definition of Accounting Estimates

The exposure draft on amendments to Ind AS 8 issued by the Institute of Chartered Accountants of India proposes amendments to introduce a new definition of 'accounting estimates'. The amendments are designed to clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.

2. Amendments to Ind AS 12, "Income Taxes" - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The exposure draft on amendments to Ind AS 12 issued by the Institute of Chartered Accountants of India proposes amendments to introduce an exception to the initial recognition exemption in Ind AS 12 whereby an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. The amendments would apply to transactions that occur on or after the beginning of the earliest comparative period presented.

3. Amendments to:

Ind AS 1, "Presentation of Financial Statements", Ind AS 34, "Interim Financial Reporting" and Ind AS 107, "Financial Instruments: Disclosures" - Disclosures of Accounting Policies

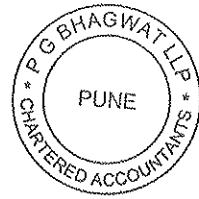
The exposure draft on amendments to Ind AS 1 issued by the Institute of Chartered Accountants of India proposes amendments whereby an entity will be required to disclose only its material accounting policy information instead of its significant accounting policies. The amendment explain how an entity can identify material accounting policy information. Consequential amendments are proposed for Ind AS 107, Financial Instruments: Disclosures, and Ind AS 34, Interim Financial Reporting.



4. New Indian Accounting Standard (Ind AS) 117, Insurance Contracts

The exposure draft of Ind AS 117 is issued by the Institute of Chartered Accountants of India as replacement for Ind AS 104 Insurance Contracts. Further, amendments have also been proposed to the exposure draft to add a transition option relating to comparative information about financial assets presented on initial application of Ind AS 117

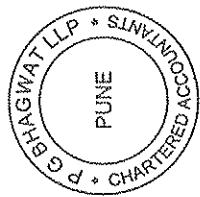
The above exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from 1 April, 2022 as at the date of approval of these financial statements. On issue of the amendment by MCA, the Company would evaluate the impact of the change in the standalone financial statements.



	Tangible Assets					Intangible Assets		Goodwill	
	Land Free hold	Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Total	Computer software	Trade marks, Patents, Intellectual property rights	
Gross Block									
As at 1 April 2020	1,645,103	9,675,366	11,696,949	6,402,420	250,847	29,670,685	321,236	1,718,712	2,039,948
Additions	-	33,902	1,507,308	163,810	27,610	1,732,630	7,028	4,778	11,806
Disposals/ impairment	-	(538,219)	(538,219)	(64,807)	(41,429)	(644,455)	(156,175)	-	(156,175)
Exchange difference	(107,896)	68,693	319,974	70,907	17,947	369,625	9,104	(56,750)	(47,647)
As at 31 March 2021	1,537,208	9,777,961	12,986,912	6,572,330	254,976	31,128,483	18,193	1,666,739	1,847,932
Additions	-	393,326	87,470	1,028,382	193,676	39,447	1,742,300	20,074	-
Disposals / impairment	-	-	(36,300)	(19,571)	(24,250)	(80,121)	-	-	-
Exchange difference	98,655	325,995	192,093	110,673	10,477	737,894	(1,242)	45,448	44,205
As at As at 31 March 2022	2,029,189	10,191,425	14,170,187	6,857,108	28,650	33,558,556	200,024	1,712,188	1,912,211
Depreciation/ Amortisation									
As at 1 April 2020	-	3,091,738	8,840,675	5,586,220	241,184	17,759,816	252,392	1,424,122	1,676,515
Charge for the year	-	268,347	1,247,530	241,395	6,160	1,763,432	10,415	70,981	81,396
Depreciation on disposal	-	-	(8,604)	(61,838)	(29,926)	(100,368)	-	-	-
Exchange difference	-	22,264	(4,636)	128,684	(1,396)	(144,916)	(100,677)	(37,888)	(138,564)
As at 31 March 2021	-	3,382,349	10,074,964	5,894,460	216,022	19,567,795	162,150	1,457,217	1,619,347
Charge for the year	-	292,785	909,524	320,168	12,460	1,534,937	15,400	71,996	87,396
Depreciation on disposal	-	-	(76,740)	(77,109)	(25,465)	(179,313)	-	-	-
Exchange difference	-	19,584	463,240	(181,329)	(4,695)	296,791	2,532	36,164	38,696
As at As at 31 March 2022	-	3,694,718	11,370,989	5,956,190	198,323	21,220,208	180,062	1,365,377	1,745,439
Net block									
As at 31 March 2021	1,537,208	6,395,612	2,911,047	677,870	38,954	11,560,688	19,063	209,523	228,585
As at As at 31 March 2022	2,029,189	6,496,707	2,799,199	900,917	82,327	12,308,348	19,962	146,811	166,771

Notes:

- 1) Plants and machines acquired out of proceeds of term loan, are pledged as security against the loan.
- 2) During the year no provision envisaged for impairment loss.
- 3) Refer note no 28 for estimated amount of contract remaining to be executed on capital account.
- 4) Company has not revalued any property, plant and equipment during the FY 2021-22 and FY 2020-21
- 5) All title deeds of immovable properties are held in the name of company

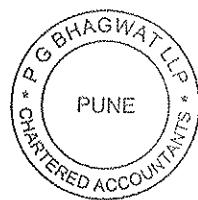


Note 4 : Capital work-in-progress

Particulars	As at 31 March 2022	As at 31 March 2021
Capital work-in-progress	7,331	19,310
	7,331	19,310

Note 5 : Right to use asset

Particulars	Amount
Opening balance as at 1 April 2020	3,892,817
Additions / (Disposals)	(340,893)
Depreciation	(680,263)
Balance as at 31 March 2021	2,871,661
Additions / (Disposals)	604,157
Depreciation	(912,481)
Balance as at 31 March 2022	2,563,337

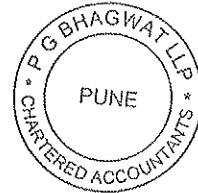


Note 6 : Financial Assets: Trade receivables

Particulars	As at 31 March 2022	As at 31 March 2021
Current		
Unsecured, considered good	18,092,704	19,776,310
Doubtful	646,959	807,727
Less: Provision for doubtful receivables	18,739,663	20,584,037
	646,959	807,727
Total trade receivables	18,092,704	19,776,310

Note 7 : Financial Assets: Others

Particulars	As at 31 March 2022	As at 31 March 2021
Non-current		
(a) Security deposits		
Unsecured, considered good	449,235	159,569
Doubtful	-	-
Less: Provision for doubtful deposits	449,235	159,569
	-	-
	449,235	159,569
Current		
(a) Miscellaneous claims		
	34,199	13,331
(b) Security deposits		
Unsecured, considered good	28,537	48,229
Doubtful	-	-
Less: Provision for doubtful deposits	28,537	48,229
	-	-
	28,537	48,229
Total other financial asset	62,735	61,560



Note 8 : Other non-financial assets

Particulars	As at 31 March 2022	As at 31 March 2021
Non-current		
(a) Prepaid expenses	30,424	61,634
	30,424	61,634
Current		
(a) Advances to supplier and others Unsecured, considered good	784,077	906,800
(b) Prepaid expenses	1,641,278	1,686,282
(c) Gross amount due from customer(Refer note 31)	-	-
(d) Retentions	2,696,512	2,546,747
(e) Statutory claims receivable	2,482,585	2,215,823
	7,604,453	7,355,663
Total other assets	7,634,877	7,417,297

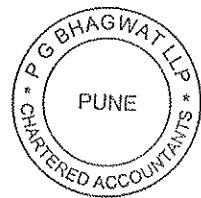
Note 9 : Inventories

Particulars	As at 31 March 2022	As at 31 March 2021
(a) Raw Materials *	11,420,184	10,548,642
(b) Work-in-progress	4,858,845	8,981,839
(c) Finished goods	1,564,366	1,014,794
(d) Stock-in-trade	2,421,303	2,342,980
(Mode of valuation refer note 2.5)	20,264,697	22,888,254

* Includes goods in transit of Euro 7,84,951 (PY - Euro 5,02,451)

Note 10 : Cash and cash equivalents

Particulars	As at 31 March 2022	As at 31 March 2021
(a) Balances with bank	5,044,526	6,319,513
(b) Cash on hand	6,890	10,040
	5,051,416	6,329,553



Note 11: Equity share capital

Particulars	As at 31 March 2022	As at 31 March 2021
Issued & subscribed		
Issued Share Capital 236,851 (198,076) equity shares of EUR 100 each (EUR 100 each)*	23,685,100	19,807,600
Fully Paid up Share Capital 236,851 (198,076) equity shares of EUR 100 each (EUR 100 each)*	23,685,100	19,807,600
	23,685,100	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.

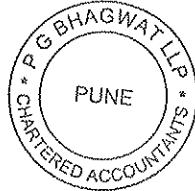
b) Reconciliation of share capital

	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	198,076	19,807,600	198,076	19,807,600
Shares Issued during the year	38,775	3,877,500	-	-
Shares Issued during the year for share premium	-	-	-	-
Shares outstanding at the end of the year	236,851	23,685,100	198,076	19,807,600

c) Details of shareholder holding more than 5% shares

	As at 31 March 2022		As at 31 March 2021	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Kirloskar Brothers Limited	236,851	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.



Note 12: Other equity

Particulars	As at 31 March 2022	As at 31 March 2021
(a) Capital redemption reserve	59,859	59,859
(b) Securities premium reserve		
Opening balance	4,000,047	47
Add: Securities premium credited on shares issue		4,000,000
Less: Utilised for issue of shares during the year	(3,877,500)	
	122,547	4,000,047
(c) Foreign currency translation reserve (FCTR)		
Opening balance	261,091	354,437
Add: Current year transfer	308,440	(93,346)
	569,531	261,091
(d) Retained Earnings		
Opening balance	(4,159,420)	(8,574,364)
Add: Total comprehensive income for the year (Excluding FCTR)	(1,780,960)	4,414,944
Closing balance	(5,940,380)	(4,159,420)
	(5,188,442)	161,577

Note 13 : Financial Liabilities: Borrowings

Particulars	As at 31 March 2022	As at 31 March 2021
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)	407,767	494,048
(b) 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)	5,659,916	5,432,567
Less- Current maturities of non current borrowings disclosed under the head 'Other Current financial Liabilities (refer note 15)	6,067,683 292,190	5,926,614 189,683
Total non-current borrowings	5,775,493	5,736,931
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.	1,763,930	1,385,265
(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.	4,304,625	7,863,774
Total secured loan - Current	6,068,555	9,249,038
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%)	2,524,613	2,542,038
Total unsecured loan - Current	2,524,613	2,542,038
(b) Current maturities of long term loan	292,190	189,683
Total current borrowings	8,885,358	11,980,759
Total borrowings	14,660,851	17,717,689



Note 14 : Financial Liabilities: Trade payables

Particulars	As at 31 March 2022	As at 31 March 2021
Current Total outstanding dues of creditors other than micro enterprises & small enterprises	19,189,013	21,175,792
Total trade payable	19,189,013	21,175,792

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 15: Other financial liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Non-current		
(a) Financial guarantee contracts and other liabilities	1,349,692	354,061
	1,349,692	354,061
Current		
(a) Others		
Salary & Reimbursements	1,297,154	1,282,876
Provision for expenses	3,534,186	3,371,160
Financial guarantee contracts	946,289	748,917
	5,777,629	5,402,953
Total other financial liabilities	7,127,321	5,757,014

Terms and conditions of the above financial liabilities:

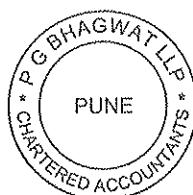
- 1) Other payables are non-interest bearing and have an average term of six months.
- 2) For explanations on the Group's credit risk management processes, (refer note 34)

Note 16: Provisions

Particulars	As at 31 March 2022	As at 31 March 2021
Non-current		
Pension scheme (refer note 32)	173,889	145,370
Provision for product warranty	40,000	40,000
	213,889	185,370
Current		
Other provision (refer note 31)		
Provision for product warranty	886,620	1,041,142
Provision for loss on long term contracts	581,004	254,344
	1,467,624	1,295,485
Total provisions	1,681,513	1,480,855

Note 17: Other current liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Current		
(a) Advance from customer	4,473,387	2,451,145
(b) Contribution towards social security plans	1,528,144	1,310,893
(c) Statutory dues	16,626	107,330
	6,018,157	3,869,368
Total other non-financial liabilities	6,018,157	3,869,368



(1) The major components of income tax expense for the period ended 31 March 2022 and 31 March 2021 are:

(a) Profit or loss

Particulars	As at 31 March 2022	As at 31 March 2021
Current income tax:		
Current income tax charge	100,432	304,530
Adjustments in respect of current income tax of previous year		
Deferred tax:		
Relating to origination and reversal of temporary differences	119,909	277,329
Income tax expense reported in the statement of profit or loss	220,340	581,858

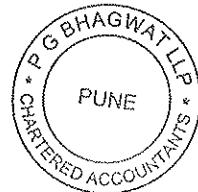
(b) Balance sheet

Deferred tax

Reflected in balance sheet as	As at 31 March 2022	As at 31 March 2021
Deferred tax asset	1,769,275	1,509,710
Deferred tax liability	87,810	37,213
Net Deferred tax asset	1,681,465	1,472,497

(c) Current tax

Reflected in balance sheet as	As at 31 March 2022	As at 31 March 2021
Current tax Asset/(liability)	385,138	57,785
	385,138	57,785



Note 19: Revenue from contracts with customers

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
(a) Sale of products	103,177,142	106,180,635
(b) Sale of services	391,865	295,695
(c) Other operating revenues	103,569,007 412,517	106,476,331 159,179
	103,981,523	106,635,510

Note 20: Other Income

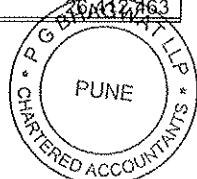
Particulars	Year ended 31 March 2022	Year ended 31 March 2021
(a) Interest Income on financial assets at amortised cost From customers and others (at effective rate of interest)	4,916	58,449
(b) Other non-operating income	2,343,016	2,382,864
	2,347,933	2,441,315

Note 21: Cost of materials consumed , Changes in inventories of finished goods, Stock-in -Trade and work-in-progress

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
(a) Raw materials including packaging materials consumed	54,131,144	55,876,105
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening Stock		
Finished goods	1,014,794	902,982
Work-in- progress	8,981,839	6,331,831
Stock in trade	2,342,980	2,212,030
	12,339,612	9,446,843
Closing Stock		
Finished goods	1,564,366	1,014,794
Work-in- progress	4,897,569	8,981,839
Stock in trade	2,421,303	2,342,980
	8,883,237	12,339,612
	3,456,375	(2,892,769)

Note 22: Employee benefits expense

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
(a) Salaries, wages and bonus	23,434,364	24,094,943
(b) Defined contribution plans/ social security expenses	1,851,263	1,892,295
(c) Defined benefit plans (Refer note 32)	29,383	29,278
(d) Welfare expenses	349,512	395,948
	25,664,522	



Note 23: Finance costs

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
(a) Interest expense	962,192	1,150,504
(c) Other borrowing costs (includes bank guarantee commission, LC charges, loan processing charges)	937,737	955,852
	1,899,929	2,106,355

Note 24: Depreciation and amortization expense

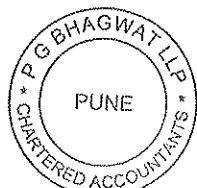
Particulars	Year ended 31 March 2022	Year ended 31 March 2021
(a) Depreciation on property, plant and equipment	1,534,937	1,763,432
(b) Amortization of intangible assets	87,396	81,396
(c) Depreciation on right to use	912,481	680,263
	2,534,815	2,525,091

Note 25: Other expenses

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Stores and spares consumed	780,604	1,247,657
Processing charges	913,715	812,043
Power & fuel	716,134	731,490
Repairs and maintenance		
Plant and machinery	303,152	327,489
Buildings	354,632	319,436
Other	291,008	169,135
Rent expenses for short term or low value leases	(3,786)	248,741
Rates and taxes	550,434	532,449
Travel and conveyance	704,987	740,091
Communication expenses	271,444	387,277
Insurance	1,468,571	1,372,712
Royalties and fees	84,889	91,181
Freight and forwarding charges	2,447,964	1,895,590
Brokerage and commission	1,352,544	1,501,744
Advertisements and publicity	330,234	217,477
Provision for product warranty	(13,802)	295,311
Loss on sale/disposal of fixed assets	893	-
Provision for doubtful debts	175,334	(49,357)
Bad debts written off	52,850	100,633
Auditor's remuneration (refer note 29)	427,696	349,904
Professional, consultancy and legal expenses	1,217,656	1,159,149
Security services	51,108	33,157
Computer services	950,926	924,859
Stationery & Printing	337,020	248,970
Training course expenses	224,625	178,898
Outside labour charges	727,245	737,579
Foreign exchange loss (net)	1,108,893	(2,055,053)
Other miscellaneous expenses	1,788,767	2,193,983
	17,615,736	14,712,542

Note 26: Other Comprehensive Income

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Items that will not be reclassified to profit or loss		
Remeasurement gains and losses	-	-
Items that will be reclassified to profit or loss		
Foreign currency translation reserve	308,440	(93,346)
	308,440	(93,346)

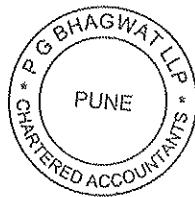


Note 27: Contingent liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Other money for which the company is contingently liable for		
Value Added Tax / Sales Tax / Withholding tax / Salary tax (Matter Subjudice)	21,420	35,342
	21,420	35,342

Note 28: Commitments

Particulars	As at 31 March 2022	As at 31 March 2021
Letter of credit outstandings	61,525	61,979
Lease and rent commitment due in-		
Less than 1 year	508,711	698,118
1 to 2 years	349,115	351,313
More than 2 years	934,918	-
	1,792,743	1,049,431
	1,854,268	1,111,410



Note 29: Remuneration to auditors

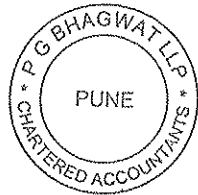
Particulars	Year ended 31 March 2022	Year ended 31 March 2021
a) Audit Fees	298,175	235,478
b) Tax Audit Fees	1,784	49,515
c) VAT audit fees	29,094	705
d) Limited review	14,945	17,356
d) Other services	83,698	46,850
e) Expenses reimbursed	-	-
Total audit fees	427,696	349,904

Note 30: Earnings per share (Basic and diluted)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
a) Profit for the year before tax	(1,560,619)	4,996,805
Less : Attributable Tax thereto	220,341	581,861
Add: Share in profit/(loss) of joint venture	-	-
Profit after Tax	(1,780,960)	4,414,944
b) Weighted average number of equity shares used as denominator	236,851	198,076
c) Basic and diluted earning per share of nominal value of Euro 100- each	(7.52)	22.29

Note 31: Movement in provision

Particulars	Provision for product warranty	Provision for long term contracts	Total
Carrying amount as at 1 April 2020	1,040,169	386,871	1,427,040
Provision during the year 2020-21	295,311	-	295,311
Amount utilized during the year 2020-21	(254,338)	(132,527)	(386,865)
Carrying amount as at 31 March 2021	1,081,142	254,344	1,335,487
Provision during the year 2021-22 (net of reversal)	(13,802)	326,660	312,859
Amount utilized during the year 2021-22	(140,720)	-	(140,720)
Carrying amount as at 31 March 2022	926,620	581,004	1,507,625



Note 32: Employee benefits

i. Defined Contribution Plans:

Amount of Euro 18,51,263 & (Euro 18,92,295) is recognised as an expense and included in Employees benefits expense (Note-22 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 2022	31 March 2021
Present Value of Defined Benefit Obligation	173,889	145,370
	173,889	145,370

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

Particulars	Unfunded pension plan	Unfunded pension plan
	31 March 2022	31 March 2021
Current Service Cost	27,159	27,037
Past service cost	-	465
Net interest (income)/expenses	2,225	1,776
	29,384	29,278

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 2022	31 March 2021
Balance of the present value of Defined benefit Obligation at the beginning period	145,370	118,593
Interest expenses	2,225	1,776
Current Service Cost	27,159	27,037
Past service Cost	-	465
Present value of obligation as at the end of the period		(54,482)
Benefits paid	-	(2,501)
Remeasurement gains and losses recognised in OCI		
Forex difference	(865)	
	173,889	145,370



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

Discount rate as at 31 March 2022 : 2.52% (PY: 1.73%)

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.

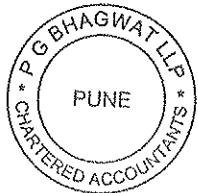
Change in assumption	As at 31 March 2022	As at 31 March
Discount rate		
Increase by 1% to	(13,214)	(12,202)
Decrease by 1% to	14,971	13,902
Salary increase rate		
Increase by 1% to	17,725	14,898
Decrease by 1% to	(15,751)	(13,271)
Withdrawal rate		
Increase by 20% of base assumption	(16,258)	(13,453)
Decrease by 20% of base assumption	21,707	17,934



Note 33: 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	
		As at 31 March 2022	As at 31 March 2021
	Levelled at Level 2 Financial asset		
a)	Carried at amortised cost		
	Trade receivable	18,092,704	19,776,310
	Other financial assets	511,971	221,129
	Cash and cash equivalent	5,051,416	6,329,553
		23,656,091	26,326,993
	Levelled at Level 2 Financial Liabilities		
a)	Carried at amortised cost		
	Borrowings	14,660,851	17,717,690
	Trade payable	19,189,013	21,175,792
	Other current financial liabilities	4,831,340	4,654,036
	Financial guarantee contracts	2,295,981	1,102,978
	Lease liability	1,694,308	3,092,836
		42,671,494	47,743,333



Note 34: 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.

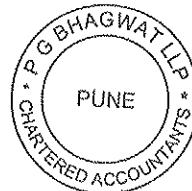
Credit risk management

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	As at 31 March 2022	As at 31 March 2021
Security Deposits	477,772	207,798
Less : Expected Loss	-	-
	477,772	207,798
Other financial asset	34,199	13,331
Less : Expected Loss	-	-
	34,199	13,331

Trade receivables

	As at 31 March 2022	As at 31 March 2021
Trade Receivables		
Neither past due nor impaired	5,832,019	7,832,462
Past due but not impaired		
Less than 180 days	9,265,364	9,309,243
181 - 365 days	721,573	519,950
More than 365 days	2,273,749	2,114,655
Total	18,092,704	19,776,310

Reconciliation of loss provision

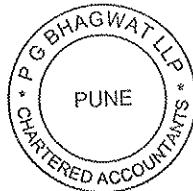
Trade receivables	Amounts
Loss allowance as at 1 April 2020	1,168,676
Changes in loss allowance	(360,949)
Loss allowance as at 31 March 2021	807,727
Changes in loss allowance	(160,768)
Loss allowance as at 31 March 2022	646,959

(B) Liquidity risk

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

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

Exposure to Risk	As at 31 March 2022	As at 31 March 2021
Interest bearing borrowings		
On demand	8,593,168	11,791,076
Less than 365 days	292,190	189,683
More than 365 days	5,775,493	5,736,931
Total	14,660,851	17,717,689
Other financial liabilities		
On demand		
Less than 365 days	5,777,629	5,402,953
More than 365 days	1,349,692	354,061
Total	7,127,321	5,757,014
Trade payables		
On demand		
Less than 365 days	16,975,949	17,550,152
More than 365 days	2,213,064	3,625,640
Total	19,189,013	21,175,792



Note 34: 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 2022	31 March 2021	31 March 2022	31 March 2021
Trade Receivables	GBP	81,967	131,072	96,893	153,824
	USD	4,631,190	8,752,579	4,171,867	7,464,886
	SGD	2,643	194,349	1,763	123,255
	AED	-	34,327	-	7,967
Bank Accounts	GBP	98,359	28,899	116,270	33,915
	USD	687,845	337,284	619,624	287,662
	SGD	13,698	3,922	9,136	2,487
	VND	-	12,254,442	-	474
	AED	19,307	8,950	4,487	2,077
	CZK	719,330	1,932,802	29,493	70,720
	IDR	142,567,484	107,528,667	8,973	6,314

Financial Liabilities	Currency	Amount in Foreign Currency		Amount in Euro	
		31 March 2022	31 March 2021	31 March 2022	31 March 2021
Trade Payables	GBP	1,599	2,242	1,890	2,631
	USD	204,414	186,560	184,140	159,113
	SGD	-	23,081	-	14,638
	AED	175,823	69,020	40,861	16,020
	IDR	11,435,000	-	720	-

Currency wise net exposure (assets - liabilities)

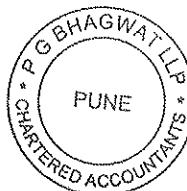
Particulars	Amount in Foreign Currency		Amount in Euro	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
GBP	178,727	157,729	211,274	185,108
USD	5,114,621	8,903,303	4,607,352	7,593,435
SGD	16,341	175,190	10,898	111,104
VND	-	12,254,442	-	474
CZK	719,330	1,932,802	29,493	70,720
AED	(156,516)	(25,743)	(36,374)	(5,976)
IDR	131,132,484	107,528,667	8,253	6,314

Sensitivity Analysis

Currency	Amount in Euro		Sensitivity %
	31 March 2022	31 March 2021	
GBP	211,274	185,108	4.33%
USD	4,607,352	7,593,435	3.25%
SGD	10,898	111,105	3.60%
VND	-	474	2.99%
CZK	29,493	70,720	5.89%
AED	(36,374)	(5,975)	1.92%
IDR	8,253	6,314	9.70%
Total	4,830,895	7,961,181	

Currency	Impact on profit (strengthen)		Impact on profit (weakening)	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
GBP	(9,148)	(8,015)	9,148	8,015
USD	(149,739)	(246,787)	149,739	246,787
SGD	(392)	(4,000)	392	4,000
VND	-	(14)	-	14
CZK	(1,737)	(4,166)	1,737	4,166
AED	698	115	(698)	(115)
IDR	(801)	(612)	801	612

(EGP- Egyptian Pound, GBP - Great Britain Pound, EUR- Euro, SEK- Swedish Krona, USD - US Dollar, VND- Vietnamese Dong, SGD- Singapore Dollar, JPY - Japanese Yen, OMR - Omani Rial, AED-Arab emirates Dirham)



Note 35 : 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 March 2022	31 March 2021
Loans and borrowings	14,660,851	17,717,689
Less: Cash and cash equivalents and other bank balances	5,051,416	6,329,553
Net debt	9,609,435	11,388,136
Equity	18,496,658	19,969,178
Capital and net debt	28,106,093	31,357,314
Gearing ratio	34%	36%



Note 36a - Trade receivables ageing

Trade receivables as at 31 March 2022

Particulars	Net due	Outstanding for following periods from due date of payment				Total
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years	
Undisputed trade receivable	3,832,019	9,265,364	721,573	532,041	920,993	1,467,624
Considered good Which have significant increase in credit risk	5,332,610	9,265,364	721,573	532,041	920,993	1,467,624
Credit impaired						
Total undisputed trade receivables (a)	5,332,610	9,265,364	721,573	532,041	920,993	1,467,624
Disputed trade receivables						
Considered good Which have significant increase in credit risk						
Credit impaired						
Total Disputed trade receivables (b)						
Total trade receivables (a+b)						18,739,663
Provision for increase in significant risk and credit impaired						646,959
Net trade receivables						18,092,704

Trade receivables as at 31 March 2021

Particulars	Net due	Outstanding for following periods from due date of payment				Total
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years	
Undisputed trade receivable						
Considered good Which have significant increase in credit risk	7,832,462	9,309,243	519,950	1,024,368	564,802	1,333,211
Credit impaired						
Total undisputed trade receivables (a)	7,832,462	9,309,243	519,950	1,024,368	564,802	1,333,211
Disputed trade receivables						
Considered good Which have significant increase in credit risk						
Credit impaired						
Total Disputed trade receivables (b)						
Total trade receivables (a+b)						20,584,037
Provision for increase in significant risk and credit impaired						807,721
Net trade receivables						19,776,316

Note 36b - Trade payable ageing

Particular	Year	Net due	Outstanding for following periods from due date of payment				Total
			Less than 6 months	6 months to 1 year	1-2 years	2-3 years	
1. Others - Non disputed	2022	9,524,929	5,077,298	2,373,722	114,594	621,604	1,476,867
	2021	9,764,496	4,333,304	3,462,390	1,943,319	1,501,371	186,950
2. Others - disputed	2022	-	-	-	-	-	-
	2021	-	-	-	-	-	-

Note 36c - Capital work-in-progress

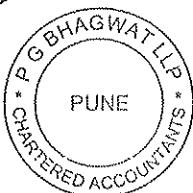
Particulars	Year	Net due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	2022	-	-	-	-	-	-
	2021	11,970	-	-	7,331	7,331	19,310

As per our report of even date attached

For P G BHAGWAT LLP
Chartered Accountants

Our's registration no. 1011383W100680

Abhijit Bhagat
Partner
Membership no. 136855
Pune - 13 May 2022



For and on behalf of the Board of Directors

Alok Kalotkar
Managing Director
DIN: 05324746
Date: 13 May 2022

Sanjay Kiroshan
Chairman
DIN: 00007885
Date: 13 May 2022

C. M. Mate
Group CFO
Date: 13 May 2022