

# Kirloskar Brothers International B.V.

## Consolidated Financial Statements

Year ended 31 March 2023

## 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, 2023, 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, 2023, its profit, 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 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

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



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 end date i.e. December 31. The management has extracted financial information of the period April 1, 2022 to December 31, 2022 from the audited Financial Statements for year ended December 31, 2022 of respective companies and added management drawn/limited reviewed financial information of respective companies of the period January 1, 2023 to March 31, 2023 in order to prepare Consolidated Ind AS Financial Statements for the twelve months period year ended March 31, 2023.

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.

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, 2023 to March 31, 2023 are management drawn. The Financial Statements of these fifteen companies and the Holding Company reflect total assets of Euro 5,79,12,585 as at March 31, 2023, total revenues of

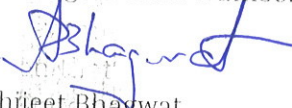


Euro 1,96,61,896 and net cash outflow amounting to Euro 5,32,304 for the period January 1, 2023 to March 31, 2023, as considered in the Consolidated Ind AS Financial Statements.

3. The Financial Statements of one subsidiary company included in these Consolidated Ind AS Financial Statements for the period starting from January 1, 2023 to March 31, 2023 is limited reviewed by another auditor. The Financial Statements of this company reflect total assets of Euro 3,37,51,784 as at March 31, 2023, total revenues of Euro 1,60,21,394 and net cash inflow amounting to Euro 14,43,858 for the period January 1, 2023 to March 31, 2023, 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, 2022. The financial information of nine months extracted from these Financial Statements of the subsidiaries reflect total assets of Euro 7,58,38,483 as at December 31, 2022, total revenues of Euro 10,31,03,204 and net cash outflow amounting to Euro (8,93,441) 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: 23136835BGXPNV8601



Pune  
April 27, 2023

Kirloskar Brothers International B.V.  
Consolidated Balance Sheet as at 31 March 2023  
(Amounts in Euro)

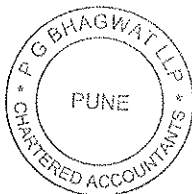
Particulars	Note No.	As at 31 March 2023	As at 31 March 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	3	1,09,25,915	1,23,08,351
Capital work-in-progress	4	1,58,684	7,331
Goodwill	3	2,36,852	1,99,766
Other Intangible assets	3	1,23,492	1,66,771
Right to use asset	5	23,96,103	25,63,337
Financial Assets			
Others	7	1,53,217	4,49,235
Deferred tax assets (net)	18	14,18,147	17,69,275
Other non-current assets	8	-	30,424
<b>Total non-current assets</b>		<b>1,54,12,410</b>	<b>1,74,94,490</b>
<b>Current assets</b>			
Inventories	9	2,58,02,954	2,02,64,697
Financial Assets			
Trade receivables	6	2,15,79,985	1,80,92,704
Cash and cash equivalents	10	52,07,422	50,51,416
Others	7	17,03,142	62,735
Current Tax Assets (net)	18	-	3,85,138
Other current assets	8	76,49,309	76,04,452
<b>Total current assets</b>		<b>6,19,42,812</b>	<b>5,14,61,142</b>
<b>TOTAL ASSETS</b>		<b>7,73,55,222</b>	<b>6,89,55,632</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	11	2,36,85,100	2,36,85,100
Other equity	12	12,44,432	(51,88,443)
<b>Total equity</b>		<b>2,49,29,532</b>	<b>1,84,96,657</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings	13	61,14,534	57,75,493
Other financial liabilities	15	3,00,620	13,49,692
Lease liabilities		10,53,001	-
Deferred tax liabilities (net)	18	97,935	87,810
Provisions	16	2,80,806	2,13,889
<b>Total non-current liabilities</b>		<b>78,46,896</b>	<b>74,26,884</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	13	75,82,529	88,85,358
Trade payables	14	2,41,05,245	1,91,89,013
Other financial liabilities	15	56,26,921	57,77,629
Lease liabilities		15,73,915	16,94,308
Current tax liabilities (Net)	18	6,80,918	-
Other current liabilities	17	38,86,475	60,18,159
Provisions	16	11,22,791	14,67,624
<b>Total current liabilities</b>		<b>4,45,78,794</b>	<b>4,30,32,091</b>
<b>Total liabilities</b>		<b>5,24,25,690</b>	<b>5,04,58,975</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,73,55,222</b>	<b>6,89,55,632</b>

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  
Firm's registration no. 10118W/W100682

*Abhijeet Bhagwat*

Abhijeet Bhagwat  
Partner  
Membership no. 136835  
27 April 2023



For and on behalf of the Board of Directors

*Sanjay Kirloskar*

Sanjay Kirloskar  
Director

*Alok Kirloskar*  
Alok Kirloskar  
Director

*Amit Nandani*  
Amit Nandani  
Group CFO



Kirloskar Brothers International B.V.  
Consolidated statement of profit and loss for the year ended 31 March 2023  
(Amounts in Euro)

Particulars	Note No.	Year ended 31 March 2023	Year ended 31 March 2022
Revenue from contracts with customers	19	13,34,63,605	10,39,81,523
Other income	20	4,48,990	23,47,934
<b>Total Income</b>		<b>13,39,12,595</b>	<b>10,63,29,457</b>
<b>Expenses</b>			
Cost of materials consumed	21	7,03,90,001	5,41,31,144
Purchases of Stock-in-Trade		39,47,633	25,87,556
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	21	(14,89,140)	34,56,375
Employee benefits expense	22	2,74,02,612	2,56,64,522
Finance costs	23	23,94,809	18,99,929
Depreciation and amortization expense	24	20,94,180	25,34,815
Other expenses	25	2,16,05,329	1,76,15,735
<b>Total expenses</b>		<b>12,63,45,424</b>	<b>10,78,90,076</b>
Profit/(loss) before exceptional items and tax		75,67,171	(15,60,619)
Exceptional items		-	-
<b>Profit / (loss) before tax</b>		<b>75,67,171</b>	<b>(15,60,619)</b>
<b>Tax expenses</b>	18		
(1) Current tax		15,14,860	1,00,432
(2) Deferred tax		4,69,908	1,19,909
(3) Short provision of earlier years		-	-
<b>Total Tax expenses</b>		<b>19,84,768</b>	<b>2,20,341</b>
<b>Profit after tax but before share in profit of joint venture company for the year</b>		<b>55,82,403</b>	<b>(17,80,960)</b>
<b>Share in profit of joint venture company</b>		<b>-</b>	<b>-</b>
<b>Profit for the year</b>		<b>55,82,403</b>	<b>(17,80,960)</b>
<b>Other Comprehensive Income</b>	26		
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements gains and losses on post employments benefits		-	-
<b>Items that will be reclassified to profit or loss</b>			
Cash flow hedge		4,86,463	-
Foreign currency translation reserve		3,64,009	3,08,440
<b>Other comprehensive income</b>		<b>8,50,472</b>	<b>3,08,440</b>
<b>Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>		<b>64,32,875</b>	<b>(14,72,520)</b>
<b>Earnings per equity share</b>	30		
(1) Basic		23.57	(7.52)
(2) Diluted		23.57	(7.52)

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 and on behalf of the Board of Directors

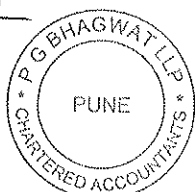
For P G BHAGWAT LLP

Chartered Accountants

Firm's registration no. 101118W/W100682

*Abhjeet Bhagwat*

Abhjeet Bhagwat  
Partner  
Membership no. 136835  
27 April 2023



*Sanjay Kirloskar*

Sanjay Kirloskar  
Director

*Alok Kirloskar*

Alok Kirloskar  
Director

*Amit Naniwadekar*  
Amit Naniwadekar  
Group CFO



Kirloskar Brothers International B.V.  
Consolidated Statement of Cash Flow for the year ended 31 March 2023  
(Amounts in Euro)

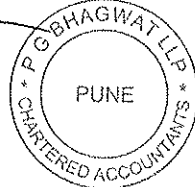
	Particulars	Year ended	Year ended
		31 March 2023	31 March 2022
<b>A</b>	<b>Cashflows from Operating Activities</b>		
	Net Profit before taxation and extraordinary items	75,67,171	(15,60,619)
	Adjustments for :-		
1	Depreciation / Amortization	20,94,180	25,34,815
2	Loss on sale of Fixed Assets	8,060	893
3	Bad debts written off	-	52,850
4	Provision for doubtful debts, advances and claims	(87,717)	1,75,334
5	Interest Income	(1,75,781)	(4,916)
6	Interest Expenses	23,94,809	18,99,929
7	Unrealised exchange ( gain)/ Loss - Others	3,77,370	(13,59,636)
	<b>Operating Profit Before Working capital changes</b>	<b>1,21,78,092</b>	<b>17,38,650</b>
	Adjustments for :-		
1	(Increase)/ decrease in inventories	(55,38,258)	26,23,557
2	(Increase)/ decrease in trade receivables, other financial assets, other bank balances and other assets	(47,58,385)	9,47,002
3	Increase/ (decrease) in trade payable	49,16,232	(19,86,779)
4	Increase/ (decrease) in financial and non-financial liabilities	(23,98,855)	21,20,568
5	Increase/ (decrease) in provisions	(2,77,917)	2,00,658
	<b>Cash Generated from Operations</b>	<b>41,20,909</b>	<b>56,43,656</b>
6	Income Tax (Paid ) / Refunded	(4,48,803)	(4,27,786)
	<b>Net Cash from Operating Activities</b>	<b>36,72,106</b>	<b>52,15,870</b>
<b>B</b>	<b>Cashflows from Investing Activities</b>		
1	Purchase of Property, plant and equipment and investment property	(14,86,370)	(14,42,069)
2	Sale of Property, plant and equipment and investment property	11,53,086	(1,00,086)
3	Interest Received	1,75,781	4,916
	<b>Net Cash from Investment Activities</b>	<b>(1,57,503)</b>	<b>(15,37,239)</b>
<b>C</b>	<b>Cash Flows from Financing Activities</b>		
1	Proceeds/(Repayment) of borrowings	3,39,041	38,562
2	Repayment of/ proceeds from short term borrowings	(13,02,829)	(30,95,401)
3	Interest Paid	(23,94,809)	(18,99,929)
4	Proceeds from issuance of share capital	-	-
	<b>Net Cash used in Financing Activities</b>	<b>(33,58,597)</b>	<b>(49,56,768)</b>
	Net Increase in Cash and Cash Equivalents	1,56,006	(12,78,137)
1	Cash & Cash Equivalents at beginning of period	50,51,416	63,29,553
2	Cash & Cash Equivalents at end of period (refer note 10)	52,07,422	50,51,416

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. 10118W/W100682

  
Abhijeet Bhagwat  
Partner  
Membership no. 136835  
27 April 2023



For and on behalf of the Board of Directors

  
Sanjay Kirloskar  
Director

Alok Kirloskar  
Director

  
Amit Namwadekar  
Group CFO



Kirloskar Brothers International B.V.  
Consolidated statement of Changes in Equity for the period ended 31 March 2023  
(Amounts in Euro)

**A. Equity Share Capital**

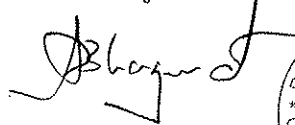
Balance as at 1 April 2021	Changes in equity share capital during the year	Balance as at 31 March 2022
2,36,85,100	-	2,36,85,100

Balance as at 31 March 2022	Changes in equity share capital during the year	Balance as at 31 March 2023
2,36,85,100	(1)	2,36,85,100

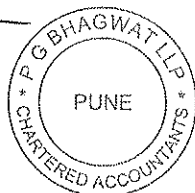
**B. Other Equity**

	Foreign currency translation reserve	Cash flow hedge	Reserves and Surplus			Total
			Capital redemption reserve	Securities Premium Reserve	Retained Earnings	
Balance as at 1 April 2021	2,61,091		59,859	40,00,047	(41,59,420)	1,61,577
Additional shares issued during the year				(38,77,500)		(38,77,500)
Profit for the year					(17,80,960)	(17,80,960)
Other comprehensive income	3,08,440					3,08,440
<b>Balance as at 31 March 2022</b>	<b>5,69,531</b>		<b>59,859</b>	<b>1,22,547</b>	<b>(59,40,380)</b>	<b>(51,88,443)</b>
Additional shares issued during the year						
Profit for the year					55,82,403	55,82,403
Other comprehensive income	3,64,009	4,86,463				8,50,472
<b>Balance as at 31 March 2023</b>	<b>9,33,540</b>	<b>4,86,463</b>	<b>59,859</b>	<b>1,22,547</b>	<b>(3,57,977)</b>	<b>12,44,432</b>

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  
27 April 2023



For and on behalf of the Board of Directors



Sanjay Kirloskar  
Director

Alok Kirloskar  
Director



Anil Namdevkar  
Group CFO



# Kirloskar Brothers International B.V.

## Notes to accounts

### Significant accounting policies

Notes to the consolidated financial statements for the year ended 31 March 2023 (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 April 27, 2023.

##### 2.2 Basis of consolidation and equity accounting

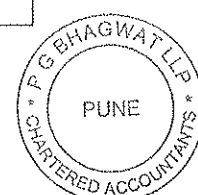
###### i) Subsidiaries

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

The consolidated financial statements relate to Kirloskar Brothers 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 2023
Kirloskar Brothers(Thailand) Limited	Thailand	100%	31 March 2023
SPP Pumps (MENA) L.L.C.	Egypt	100%	31 March 2023
Kirloskar Pompen B.V	The Netherlands	100%	31 March 2023
Micawber 784 Proprietary Limited	South Africa	100%	31 March 2023
SPP Pumps International Proprietary Limited (Erstwhile Kirloskar Brothers International PTY Limited)	South Africa	100%	31 March 2023
SPP France S A S	France	100%	31 March 2023
SPP Pumps Inc.	USA	100%	31 March 2023
SPP Pumps South Africa Proprietary Limited	South Africa	100%	31 March 2023
Braybar Pumps Limited	South Africa	100%	31 March 2023
Rodelta Pumps International BV	The Netherlands	100%	31 March 2023
Rotaserve Overhaul B.V.	The Netherlands	100%	31 March 2023
SPP Pumps Real Estate LLC	U S A	100%	31 March 2023



# Kirloskar Brothers International B.V.

## Notes to accounts

### Significant accounting policies

SyncroFlo Inc.	U S A	100%	31 March 2023
SPP Pumps (Asia) Ltd	Thailand	100%	31 March 2023
SPP Pumps (Singapore) Ltd	Singapore	100%	31 March 2023

Statutory reporting date for all companies above is 31 December 2022, 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 2022 – March 2023 are prepared using their audited financials for year ended December 2021 and management drawn financials for 3 months ended March 2023

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.

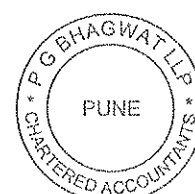
#### v) Transactions eliminated on consolidation

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
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:

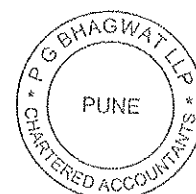
1. Estimation of defined benefit obligation – The cost of the defined benefit pension plan, and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These 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.

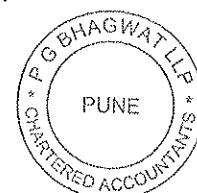
Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date are disclosed under "Other non-current assets".

##### **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 derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit and loss as incurred.

##### **Disposal**

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



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**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.

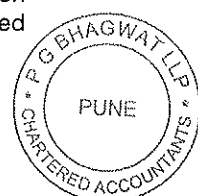
Amortization on impaired assets is provided by adjusting the amortization charge in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

**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

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



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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.

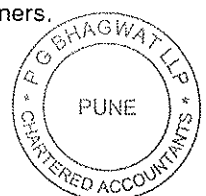
Contract revenue and contract cost arising from fixed price contract are recognized in accordance with the percentage completion method (POC). The stage of completion is measured with reference to cost incurred to date as a percentage of total estimated cost of each contract. Until such time (25% of 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 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.



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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**

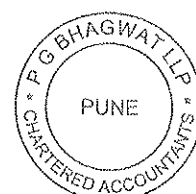
**Short-term employee benefits**

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.

**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.



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**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.

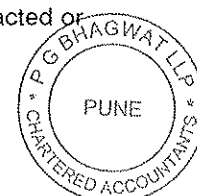
Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year. The tax effect is calculated on the accumulated timing differences at the end of the accounting period based on prevailing enacted or subsequently enacted regulations.

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 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.



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

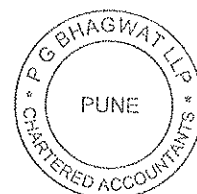
**Initial Measurement**

**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.



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#### **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**

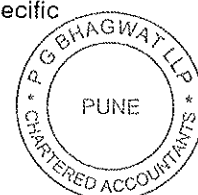
Leases in which the company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured 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 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



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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.

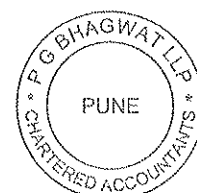
### **Financial assets**

#### **Initial recognition and measurement**

All financial assets are recognised initially at fair value. Purchases or sales of financial assets that require 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:



# **Kirloskar Brothers International B.V.**

## **Notes to accounts**

### **Significant accounting policies**

- 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.

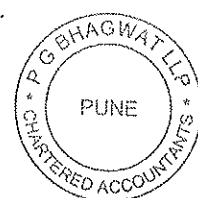
A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

##### **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.



**Kirloskar Brothers International B.V.**  
**Notes to accounts**  
**Significant accounting policies**

**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.

**Cash flow hedges**

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

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

**2.22 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

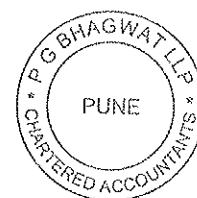
- The after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares (if any).

**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'

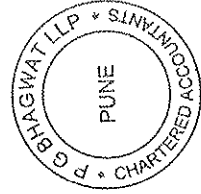


Kirloskar Brothers International B.V.  
Consolidated notes to accounts  
Note 3 : Property, Plant and Equipment , Goodwill and Other Intangible assets  
(Amounts in Euro)

	Tangible Assets					Intangible Assets			Goodwill
	Land Free hold	Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Total	Computer software	Trade marks, Patents, Intellectual property rights	
<b>Gross Block</b>									
As at 1 April 2021	15,37,208	97,77,961	1,29,86,012	65,72,330	2,54,975	3,11,28,486	1,81,193	16,66,739	18,47,932
Additions	3,93,326	87,470	10,28,382	1,93,676	39,447	17,42,301	20,074	-	20,074
Disposals/ impairment	-	-	(36,300)	(19,571)	(24,250)	(80,121)	-	-	-
Exchange difference	98,655	3,25,995	1,92,093	1,10,673	10,477	7,37,893	(1,242)	45,448	44,206
<b>As at 31 March 2022</b>	<b>20,29,189</b>	<b>1,01,91,426</b>	<b>1,41,70,187</b>	<b>68,57,108</b>	<b>2,80,549</b>	<b>3,35,28,559</b>	<b>2,00,025</b>	<b>17,12,187</b>	<b>19,12,212</b>
Additions	-	3,22,911	8,96,889	2,78,114	4,337	15,02,251	-	-	-
Disposals / impairment	(4,23,326)	-	(7,96,734)	(1,04,250)	(17,639)	(13,41,949)	-	-	-
Exchange difference	51,495	(3,74,352)	(5,30,581)	(1,51,155)	(21,691)	(10,26,284)	(1,078)	17,747	16,669
<b>As at 31 March 2023</b>	<b>16,57,358</b>	<b>1,01,39,985</b>	<b>1,37,39,761</b>	<b>68,79,817</b>	<b>2,45,656</b>	<b>3,26,62,577</b>	<b>1,98,947</b>	<b>17,29,934</b>	<b>19,28,881</b>
<b>Depreciation/ Amortisation</b>									
As at 1 April 2021	-	33,82,349	1,00,74,964	58,94,460	2,16,022	1,95,67,795	1,62,130	14,57,217	16,19,347
Charge for the year	-	2,92,785	9,09,524	3,20,168	12,460	15,34,937	15,400	71,996	87,396
Depreciation on disposal	-	-	(76,740)	(77,109)	(25,465)	(1,79,314)	-	-	-
Exchange difference	-	19,584	4,63,240	(1,81,339)	(4,695)	2,96,790	2,532	36,166	38,698
<b>As at 31 March 2022</b>	<b>-</b>	<b>36,94,718</b>	<b>1,13,70,988</b>	<b>59,56,180</b>	<b>1,98,322</b>	<b>2,12,20,208</b>	<b>1,80,062</b>	<b>15,65,379</b>	<b>17,45,441</b>
Charge for the year	-	3,07,232	7,77,352	2,58,252	19,203	13,62,039	18,839	77,212	96,051
Depreciation on disposal	-	-	(1,03,000)	(19,837)	(17,639)	(1,40,476)	(40,327)	-	(40,327)
Exchange difference	-	(26,306)	(7,97,993)	1,24,486	(5,296)	(7,05,109)	(8,929)	13,153	4,224
<b>As at 31 March 2023</b>	<b>-</b>	<b>39,75,644</b>	<b>1,12,47,347</b>	<b>63,19,081</b>	<b>1,94,590</b>	<b>2,17,36,662</b>	<b>1,49,645</b>	<b>16,55,744</b>	<b>18,05,389</b>
<b>Net block</b>									
As at 31 March 2022	20,29,189	64,96,708	27,99,199	9,00,928	82,327	1,23,08,351	19,963	1,46,808	1,66,771
<b>As at 31 March 2023</b>	<b>16,57,358</b>	<b>61,64,341</b>	<b>24,92,414</b>	<b>5,60,736</b>	<b>51,066</b>	<b>1,09,25,915</b>	<b>49,302</b>	<b>74,190</b>	<b>1,23,492</b>

**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 2022-23 and FY 2021-22
- 5) All title deeds of immovable properties are held in the name of company

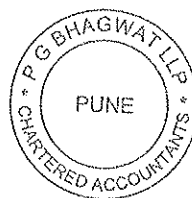


Note 4 : Capital work-in-progress

Particulars	As at 31 March 2023	As at 31 March 2022
Capital work-in-progress	1,58,684	7,331
	<b>1,58,684</b>	<b>7,331</b>

Note 5 : Right to use asset

Particulars	Amount
Opening balance as at 1 April 2021	28,71,661
Additions / (Disposals) including forex difference	6,04,157
Depreciation	(9,12,481)
<b>Balance as at 31 March 2022</b>	<b>25,63,337</b>
Additions / (Disposals) including forex difference	4,68,856
Depreciation	(6,36,090)
<b>Balance as at 31 March 2023</b>	<b>23,96,103</b>

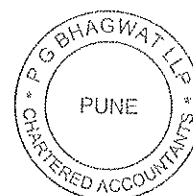


Note 6 : Financial Assets: Trade receivables

Particulars	As at 31 March 2023	As at 31 March 2022
<b><u>Non-current</u></b>		
(a) <b>Trade receivable</b>		
Unsecured, considered good	-	-
Doubtful	5,990	19,887
	5,990	19,887
Less: Provision for doubtful deposits	5,990	19,887
	-	-
<b><u>Current</u></b>		
Unsecured, considered good	2,15,79,985	1,80,92,704
Doubtful	6,16,990	6,46,959
	2,21,96,975	1,87,39,663
Less: Provision for doubtful receivables	6,16,990	6,46,959
	2,15,79,985	1,80,92,704
<b>Total trade receivable</b>	<b>2,15,79,985</b>	<b>1,80,92,704</b>

Note 7 : Financial Assets: Others

Particulars	As at 31 March 2023	As at 31 March 2022
<b><u>Non-current</u></b>		
(a) <b>Security deposits</b>		
Unsecured, considered good	1,53,217	4,49,235
Doubtful	-	-
	1,53,217	4,49,235
Less: Provision for doubtful deposits	-	-
	1,53,217	4,49,235
<b><u>Current</u></b>		
(a) <b>Miscellaneous claims</b>	65,954	34,198
(b) <b>Security deposits</b>		
Unsecured, considered good	24,651	28,537
Doubtful	-	-
	24,651	28,537
Less: Provision for doubtful deposits	-	-
	24,651	28,537
(c) <b>Forward contract asset</b>	16,12,537	-
	17,03,142	62,735
<b>Total other financial assets</b>	<b>18,56,359</b>	<b>5,11,970</b>



Note 8 : Other non-financial assets

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Non-current</b>		
(a) Prepaid expenses	-	30,424
	-	30,424
<b>Current</b>		
(a) Advances to supplier and others Unsecured, considered good	14,47,886	7,84,077
(b) Prepaid expenses	16,59,234	16,41,278
(c) Retentions	26,56,990	26,96,512
(d) Statutory claims receivable	18,85,199	24,82,585
	76,49,309	76,04,452
<b>Total other assets</b>	<b>76,49,309</b>	<b>76,34,876</b>

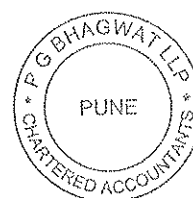
Note 9 : Inventories

Particulars	As at 31 March 2023	As at 31 March 2022
(a) Raw Materials *	1,54,30,576	1,14,20,183
(b) Work-in-progress	57,90,963	48,58,845
(c) Finished goods	23,81,986	15,64,366
(d) Stock-in-trade	21,99,429	24,21,303
(Mode of valuation refer note 2.5)		
	2,58,02,954	2,02,64,697

\* Includes goods in transit of Euro 14,34,396 (PY - Euro 7,84,951)

Note 10 : Cash and cash equivalents

Particulars	As at 31 March 2023	As at 31 March 2022
(a) Balances with bank	51,91,571	50,44,526
(b) Cash on hand	15,851	6,890
	52,07,422	50,51,416



**Note 11: Equity share capital**

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Issued &amp; subscribed</b>		
<b>Issued Share Capital</b> 236,851 (198,076) equity shares of EUR 100 each (EUR 100 each)*	<b>2,36,85,100</b>	2,36,85,100
<b>Fully Paid up Share Capital</b> 236,851 (198,076 ) equity shares of EUR 100 each (EUR 100 each)*	<b>2,36,85,100</b>	2,36,85,100
	<b>2,36,85,100</b>	2,36,85,100

**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.

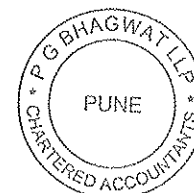
**b) Reconciliation of share capital**

	As at 31 March 2023		As at 31 March 2022	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	2,36,851	2,36,85,100	1,98,076	1,98,07,600
Shares Issued during the year	-	-	38,775	38,77,500
Shares Issued during the year for share premium	-	-	-	-
Shares outstanding at the end of the year	<b>2,36,851</b>	<b>2,36,85,100</b>	2,36,851	2,36,85,100

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

	As at 31 March 2023		As at 31 March 2022	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Kirloskar Brothers Limited	<b>2,36,851</b>	<b>100</b>	2,36,851	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 2023	As at 31 March 2022
(a) Capital redemption reserve	59,859	59,859
(b) Securities premium reserve		
Opening balance	1,22,547	40,00,047
Add: Securities premium credited on shares issue		
Less: Utilised for issue of shares during the year	-	(38,77,500)
	1,22,547	1,22,547
(c) Foreign currency translation reserve (FCTR)		
Opening balance	5,69,531	2,61,091
Add: Current year transfer	3,64,009	3,08,440
	9,33,540	5,69,531
(d) Retained Earnings		
Opening balance	(59,40,380)	(41,59,420)
Add: Total comprehensive income for the year (Excluding FCTR)	60,68,866	(17,80,960)
Closing balance	1,28,486	(59,40,380)
	12,44,432	(51,88,443)

Note 13 : Financial Liabilities: Borrowings

Particulars	As at 31 March 2023	As at 31 March 2022
<b><u>Non-current</u></b>		
<b>Secured</b>		
(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)	2,33,860	4,07,767
(b) Term loan from other banks (ICICI Bank, regions banks) (Terms of loan : Loan is issued against security of Land, building, equipments and other fixed assets and carries interest 3.85% - 6.5% The loan is repayable in equated installments spread over the period till June 2023)	61,01,761	56,59,916
	63,35,621	60,67,683
Less- Current maturities of non current borrowings	2,21,087	2,92,190
<b>Total non-current borrowings</b>	<b>61,14,534</b>	<b>57,75,493</b>
<b><u>Current</u></b>		
<b>Secured</b>		
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 ICICI, Axis, Barclays banks . Loans are secured primarily against the trade receivables/ inventory.	15,50,434	17,63,930
(ii) Working capital demand loans  Terms of loan: Group has working capital demand loans from CITI, ICICI, Axis, 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.	58,11,008	68,29,238
<b>Total secured loan - Current</b>	<b>73,61,442</b>	<b>85,93,168</b>
(b) Current maturities of long term loan	2,21,087	2,92,190
<b>Total current borrowings</b>	<b>75,82,529</b>	<b>88,85,358</b>
<b>Total borrowings</b>	<b>1,36,97,063</b>	<b>1,46,60,851</b>

**Note 14 : Financial Liabilities: Trade payables**

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Current</b>		
Total outstanding dues of creditors other than micro enterprises & small enterprises	2,41,05,245	1,91,89,013
<b>Total trade payable</b>	<b>2,41,05,245</b>	<b>1,91,89,013</b>

**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 2023	As at 31 March 2022
<b>Non-current</b>		
(a) Financial guarantee contracts and other liabilities	3,00,620	13,49,692
	<b>3,00,620</b>	<b>13,49,692</b>
<b>Current</b>		
(a) Others		
Salary & Reimbursements	12,17,099	12,97,154
Provision for expenses	32,82,852	33,79,594
Financial guarantee contracts	11,26,970	7,48,917
Forward contract liabilities	-	3,51,964
	<b>56,26,921</b>	<b>57,77,629</b>
	<b>56,26,921</b>	<b>57,77,629</b>
<b>Total other financial liabilities</b>	<b>59,27,541</b>	<b>71,27,321</b>

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

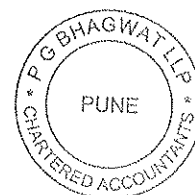
- 1) Other payables are non-interest bearing and have an average term of six months.
- 2) For explanations on the Group's credit risk management processes, (refer note 34)

**Note 16: Provisions**

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Non-current</b>		
Pension scheme (refer note 32)	2,40,806	1,73,889
Provision for product warranty	40,000	40,000
	<b>2,80,806</b>	<b>2,13,889</b>
<b>Current</b>		
Other provision (refer note 31)		
Provision for product warranty	10,13,920	8,86,620
Provision for loss on long term contracts	1,08,871	5,81,004
	<b>11,22,791</b>	<b>14,67,624</b>
<b>Total provisions</b>	<b>14,03,597</b>	<b>16,81,513</b>

**Note 17: Other current liabilities**

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Current</b>		
(a) Advance from customer	30,77,055	44,73,387
(b) Contribution towards social security plans	7,94,567	15,28,144
(c) Statutory dues	14,853	16,628
	<b>38,86,475</b>	<b>60,18,159</b>
<b>Total other non-financial liabilities</b>	<b>38,86,475</b>	<b>60,18,159</b>



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

(a) Profit or loss

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Current income tax:</b>		
Current income tax charge	15,14,860	1,00,432
Adjustments in respect of current income tax of previous year	-	-
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	4,69,908	1,19,909
<b>Income tax expense reported in the statement of profit or loss</b>	<b>19,84,768</b>	<b>2,20,341</b>

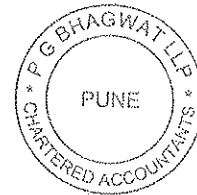
(b) Balance sheet

Deferred tax

Reflected in balance sheet as	As at 31 March 2023	As at 31 March 2022
Deferred tax asset	14,18,147	17,69,275
Deferred tax liability	97,935	87,810
<b>Net Deferred tax asset</b>	<b>13,20,212</b>	<b>16,81,465</b>

(c) Current tax

Reflected in balance sheet as	As at 31 March 2023	As at 31 March 2022
Current tax Asset/(liability)	(6,80,918)	3,85,138
	<b>(6,80,918)</b>	<b>3,85,138</b>



**Note 19: Revenue from contracts with customers**

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
(a) Sale of products	13,28,48,129	10,31,77,142
(b) Sale of services	3,53,850	3,91,865
(c) Other operating revenues	13,32,01,979 2,61,626	10,35,69,007 4,12,516
	<b>13,34,63,605</b>	<b>10,39,81,523</b>

**Note 20: Other Income**

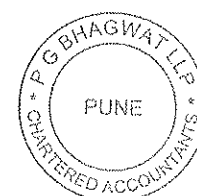
Particulars	Year ended 31 March 2023	Year ended 31 March 2022
(a) Interest Income on financial assets at amortised cost From customers and others (at effective rate of interest)	1,75,781	4,916
(b) Other non-operating income	2,73,209	23,43,018
	<b>4,48,990</b>	<b>23,47,934</b>

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

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
(a) Raw materials including packaging materials consumed	7,03,90,001	5,41,31,144
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade		
<b>Opening Stock</b>		
Finished goods	15,64,366	10,14,794
Work-in- progress	48,97,569	89,81,839
Stock in trade	24,21,303	23,42,980
	<b>88,83,238</b>	<b>1,23,39,613</b>
<b>Closing Stock</b>		
Finished goods	23,81,986	15,64,366
Work-in- progress	57,90,963	48,97,569
Stock in trade	21,99,429	24,21,303
	<b>1,03,72,378</b>	<b>88,83,238</b>
	<b>(14,89,140)</b>	<b>34,56,375</b>

**Note 22: Employee benefits expense**

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
(a) Salaries, wages and bonus	2,48,68,202	2,34,34,364
(b) Defined contribution plans/ social security expenses	20,58,845	18,51,263
(c) Defined benefit plans (Refer note 32)	28,419	29,383
(d) Welfare expenses	4,47,146	3,49,512
	<b>2,74,02,612</b>	<b>2,56,64,522</b>



**Note 23: Finance costs**

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
(a) Interest expense	14,89,369	9,62,192
(c) Other borrowing costs (includes bank guarantee commission, LC charges, loan processing charges)	9,05,440	9,37,737
	<b>23,94,809</b>	<b>18,99,929</b>

**Note 24: Depreciation and amortization expense**

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
(a) Depreciation on property, plant and equipment	13,62,039	15,34,937
(b) Amortization of intangible assets	96,051	87,396
(c) Depreciation on right to use	6,36,090	9,12,482
	<b>20,94,180</b>	<b>25,34,815</b>

**Note 25: Other expenses**

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Stores and spares consumed	16,63,933	7,80,604
Processing charges	7,32,721	9,13,715
Power & fuel	9,64,320	7,16,134
Repairs and maintenance		
Plant and machinery	3,88,819	3,03,152
Buildings	2,79,097	3,54,632
Other	2,27,760	2,91,008
Rent expenses for short term or low value leases	1,11,964	(3,786)
Rates and taxes	4,32,713	5,50,434
Travel and conveyance	12,79,694	7,04,987
Communication expenses	2,64,734	2,71,444
Insurance	15,74,797	14,68,571
Royalties and fees	99,642	84,889
Freight and forwarding charges	25,49,306	24,47,964
Brokerage and commission	14,85,167	13,52,544
Advertisements and publicity	5,07,146	3,30,234
Provision for product warranty	2,15,449	(13,802)
Loss on sale/disposal of fixed assets	8,060	893
Provision for doubtful debts and bad debts	(87,717)	2,28,183
Auditor's remuneration (refer note 29)	3,86,275	4,27,696
Professional, consultancy and legal expenses	19,18,558	12,17,656
Security services	37,937	51,108
Computer services	9,83,894	9,50,926
Stationery & Printing	3,18,067	3,37,020
Training course expenses	2,24,664	2,24,625
Outside labour charges	8,41,147	7,27,245
Foreign exchange loss (net)	27,61,896	11,08,893
Other miscellaneous expenses	14,35,286	17,88,766
	<b>2,16,05,329</b>	<b>1,76,15,735</b>

**Note 26: Other Comprehensive Income**

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurement gains and losses	-	-
<b>Items that will be reclassified to profit or loss</b>		
Cash flow hedge	4,86,463	-
Foreign currency translation reserve	3,64,009	3,08,440
	<b>8,50,472</b>	<b>3,08,440</b>

