

**P G BHAGWAT LLP**  
Chartered Accountants  
LLPIN: AAT-9949

**HEAD OFFICE**  
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**Report in connection with agreed-upon procedures on assignment related to  
Consolidation of Financial Results (in specified format) of Subsidiary Companies of  
Kirloskar Brothers International B V, Netherlands (KBIBV)**

To  
The Board of Directors  
Kirloskar Brothers International B V

We have performed the procedures agreed with you and enumerated below with respect to the Consolidation of Ind AS Financial Results (in specified format) of Subsidiary Companies of KBIBV for the quarter and year ended March 31, 2026. Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400, "Engagements to Perform Agreed-upon Procedures regarding Financial Information", issued by the Institute of Chartered Accountants of India. The procedures were performed solely to assist you in ensuring that consolidation procedures as enumerated by Ind AS 110 "Consolidated Financial Statements" for consolidating accounts of KBIBV are fair and are summarized as follows:

1. We obtained limited reviewed/ management drawn financial results/information of the subsidiary companies stated below and checked that the management has correctly compiled such financial results in the software it uses for the preparation of consolidated financial results of KBIBV.

S.N.	Names of subsidiary, associate and joint venture companies:	Relationship	Audit Status
1	SPP Pumps Limited	Subsidiary	Limited Reviewed
2	Kirloskar Brothers (Thailand) Limited	Subsidiary	Management Drawn
3	SPP Pumps (MENA) L.L.C.	Subsidiary	Management Drawn
4	Kirloskar Pompen B.V.	Subsidiary	Management Drawn
5	Micawber 784 Proprietary Limited	Subsidiary	Management Drawn
6	SPP Pumps International Proprietary Limited (Erstwhile Kirloskar Brothers International PTY Limited)	Subsidiary	Management Drawn
7	Rodelta Pumps International BV	Subsidiary	Management Drawn
8	SPP France SAS	Subsidiary of SPP Pumps Limited	Management Drawn
9	SPP Pumps Inc	Subsidiary of SPP Pumps Limited	Management Drawn



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

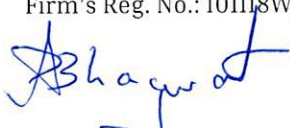
**P G BHAGWAT LLP**  
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10	SPP Pumps South Africa Proprietary Limited	Subsidiary of SPP Pumps International Proprietary Limited	Management Drawn
11	Braybar Pumps Proprietary Limited	Subsidiary of SPP Pumps International Proprietary Limited	Management Drawn
12	Rotaserve B.V.	Subsidiary of Kirloskar Pompen B.V.	Management Drawn
13	SPP Pumps Real Estate LLC	Subsidiary of SPP Pumps Inc	Management Drawn
14	Syncroflo Inc.	Subsidiary of SPP Pumps Inc	Management Drawn
15	SPP Pumps (Asia) Ltd	Subsidiary of Kirloskar Brothers (Thailand) Limited	Management Drawn
16	SPP Pumps (Singapore) Ltd	Subsidiary of Kirloskar Brothers (Thailand) Limited	Management Drawn
17	Kirloskar Brothers International BV	Parent/Holding Company	Management Drawn

2. We have ensured that the profit/loss as stated in the financial results are reflected in the software used by the management to prepare the consolidated financial accounts of KBIBV.
3. We have ensured that the grouping of all the items of financial results is per the parent company's policy.
4. We have ensured that the management has eliminated all the intercompany transactions between the companies identified by them.
5. We have ensured that the format of the consolidated financial results of KBI BV are as per the Listing Obligation & Disclosure Requirements.

We report that based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of consolidated unaudited financial results is not prepared in accordance with specified consolidation procedures as per Ind AS 110 "Consolidated Financial Statements".

For P G BHAGWAT LLP  
Chartered Accountants  
Firm's Reg. No.: 101118W/W100682



Abhijeet Bhagwat  
Partner

Membership No.: 136835  
UDIN: 26136835PLXNKE8155  
Date: May 06, 2026  
Place: Pune



**Kirloskar Brothers International B.V.**  
**Consolidated Balance Sheet as at 31 March 2026**  
(Amounts in Euro)

Particulars	Note No.	As at 31 March 2026	As at 31 March 2025
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	3	1,10,27,724	1,14,06,276
Capital work-in-progress	4	7,53,055	4,65,158
Goodwill	3	2,34,856	2,44,126
Other Intangible assets	3	3,92,200	1,56,337
Right to use asset	5	27,06,861	35,84,960
Financial Assets			
Others	7	1,61,984	1,59,827
Deferred tax assets (net)	18	6,04,041	10,62,236
Other non-current assets	8	-	-
<b>Total non-current assets</b>		<b>1,58,80,721</b>	<b>1,70,78,920</b>
<b>Current assets</b>			
Inventories	9	1,93,37,056	3,08,01,383
Financial Assets			
Trade receivables	6	2,88,96,061	2,00,11,500
Cash and cash equivalents	10	2,91,60,434	2,40,33,857
Others	7	13,35,449	17,94,131
Current Tax Assets (net)	18	1,70,960	-
Other current assets	8	2,06,53,921	80,82,054
<b>Total current assets</b>		<b>9,95,53,881</b>	<b>8,47,22,925</b>
<b>TOTAL ASSETS</b>		<b>11,54,34,602</b>	<b>10,18,01,845</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	11	2,36,85,100	2,36,85,100
Other equity	12	2,74,45,108	2,19,23,918
<b>Total equity</b>		<b>5,11,30,208</b>	<b>4,56,09,018</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings	13	49,50,887	70,03,508
Other financial liabilities	15	1,41,848	2,06,744
Lease liabilities		28,43,266	11,42,393
Deferred tax liabilities (net)	18	1,44,999	1,19,982
Provisions	16	3,89,984	3,52,741
<b>Total non-current liabilities</b>		<b>84,70,984</b>	<b>88,25,368</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	13	1,12,25,208	51,11,161
Trade payables	14	3,02,11,056	2,28,66,027
Other financial liabilities	15	57,92,000	79,41,652
Lease liabilities		68,855	26,61,445
Current tax liabilities (Net)	18	-	7,19,021
Other current liabilities	17	73,30,382	63,48,810
Provisions	16	12,05,908	17,19,343
<b>Total current liabilities</b>		<b>5,58,33,409</b>	<b>4,73,67,459</b>
<b>Total liabilities</b>		<b>6,43,04,393</b>	<b>5,61,92,827</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>11,54,34,601</b>	<b>10,18,01,845</b>

Summary of material accounting policies **2**  
See accompanying notes to financial statements **3-36**  
The notes referred to above form an integral part of the financial statements

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

**For and on behalf of the Board of Directors**

sd/-  
**Sanjay Kirloskar**  
Director

sd/-  
**Alok Kirloskar**  
Director

sd/-  
**Abhijeet Bhagwat**  
Partner  
Membership no. 136835  
06 May 2026

sd/-  
**Amit Naniwadekar**  
Group CFO

**Kirloskar Brothers International B.V.**  
**Consolidated statement of profit and loss for the year ended 31 March 2026**  
**(Amounts in Euro)**

Particulars	Note No.	Year ended 31 March 2026	Year ended 31 March 2025
Revenue from contracts with customers	19	15,20,23,092	16,74,35,137
Other Income	20	19,73,004	21,05,915
<b>Total Income</b>		<b>15,39,96,096</b>	<b>16,95,41,052</b>
<b>Expenses</b>			
Cost of materials consumed	21	7,24,41,571	8,09,83,107
Purchases of Stock-in-Trade		70,73,470	55,92,614
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	21	25,73,826	17,76,047
Employee benefits expense	22	3,35,66,912	3,44,52,356
Finance costs	23	19,23,450	18,42,487
Depreciation and amortization expense	24	22,88,118	22,70,525
Other expenses	25	2,44,23,922	2,62,05,913
<b>Total expenses</b>		<b>14,42,91,269</b>	<b>15,31,23,049</b>
Profit/(loss)before exceptional items and tax		97,04,827	1,64,18,003
Exceptional items		-	-
<b>Profit / (loss) before tax</b>		<b>97,04,827</b>	<b>1,64,18,003</b>
<b>Tax expenses</b>	18		
(1) Current tax		20,75,893	43,63,030
(2) Deferred tax		2,03,045	77,426
(3) Short provision of earlier years		-	-
<b>Total Tax expenses</b>		<b>22,78,938</b>	<b>44,40,456</b>
<b>Profit for the year</b>		<b>74,25,889</b>	<b>1,19,77,547</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		(5,12,791)	2,12,912
Foreign currency translation reserve		(13,91,907)	(32,626)
<b>Other comprehensive income</b>		<b>(19,04,698)</b>	<b>1,80,286</b>
<b>Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>		<b>55,21,191</b>	<b>1,21,57,833</b>
<b>Earnings per equity share</b>	30		
(1) Basic		31.35	50.57
(2) Diluted		31.35	50.57

Corporate information	1
Summary of material accounting policies	2
See accompanying notes to financial statements	3-36
The notes referred to above form an integral part of the financial statements	

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

**For and on behalf of the Board of Directors**

sd/-  
**Sanjay Kirloskar**  
Director

sd/-  
**Alok Kirloskar**  
Director

sd/-  
**Partner**  
Membership no. 136835  
06 May 2026

sd/-  
**Amit Naniwadekar**  
Group CFO

**Kirloskar Brothers International B.V.**  
**Consolidated Statement of Cash Flow for the year ended 31 March 2026**  
**(Amounts in Euro)**

Particulars	Year ended 31 March 2026	Year ended 31 March 2025
<b>A Cashflows from Operating Activities</b>		
Net Profit before taxation and extraordinary items	97,04,827	1,64,18,003
Adjustments for :-		
1 Depreciation / Amortization	22,88,118	22,70,525
2 Loss on sale of Fixed Assets	734	(565)
3 Provision for doubtful debts, advances and claims	(17,737)	1,99,235
4 Interest Income	(9,79,855)	(8,42,680)
5 Interest Expenses	19,23,450	18,42,487
6 Unrealised exchange ( gain)/ Loss - Others	(9,74,833)	(8,82,140)
<b>Operating Profit Before Working capital changes</b>	<b>1,19,44,705</b>	<b>1,90,04,865</b>
Adjustments for :-		
1 (Increase)/ decrease in inventories	1,14,64,327	44,82,424
2 (Increase)/ decrease in trade receivables, other financial assets, other bank balances and other assets	(2,14,26,860)	(22,08,541)
3 Increase/ (decrease) in trade payable	73,45,029	(29,06,820)
4 Increase/ (decrease) in financial and non-financial liabilities (including lease liabilities)	(12,32,976)	5,94,736
5 Increase/ (decrease) in provisions	(4,76,191)	5,61,709
<b>Cash Generated from Operations</b>	<b>76,18,034</b>	<b>1,95,28,373</b>
6 Income Tax (Paid ) / Refunded	(29,65,873)	(41,96,551)
<b>Net Cash from Operating Activities</b>	<b>46,52,160</b>	<b>1,53,31,822</b>
<b>B Cashflows from Investing Activities</b>		
1 Purchase net of sale of Property, plant and equipment and investment property (including right of use of asset)	(15,69,027)	(17,30,769)
2 Interest Received	9,70,825	8,27,115
<b>Net Cash from Investment Activities</b>	<b>(5,98,202)</b>	<b>(9,03,654)</b>
<b>Cash Flows from Financing Activities</b>		
1 Proceeds/(Repayment) of borrowings	40,61,426	7,87,546
2 Interest Paid	(17,51,857)	(16,45,756)
3 Principal Lease payment	(10,65,357)	(8,07,461)
4 Interest paid on leases	(1,71,593)	(1,96,730)
5 Dividend paid	-	(2,50,000)
<b>Net Cash used in Financing Activities</b>	<b>10,72,619</b>	<b>(21,12,401)</b>
Net Increase in Cash and Cash Equivalents	51,26,577	1,23,15,767
1 Cash & Cash Equivalents at beginning of period	2,40,33,857	1,17,18,090
2 Cash & Cash Equivalents at end of period (refer note 10)	2,91,60,434	2,40,33,857

**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.

**For P G BHAGWAT LLP**

Chartered Accountants  
Firm's registration no. 101118W/W100682

sd/-  
**Abhijeet Bhagwat**  
Partner  
Membership no. 136835  
06 May 2026

**For and on behalf of the Board of Directors**

sd/-  
**Sanjay Kirloskar**  
Director

sd/-  
**Alok Kirloskar**  
Director

sd/-  
**Amit Naniwadekar**  
Group CFO

**Kirloskar Brothers International B.V.**  
**Consolidated statement of Changes in Equity for the period ended 31 March 2026**  
**(Amounts in Euro)**

**A. Equity Share Capital**

Balance as at 1 March 2024	Changes in equity share capital during the year	Balance as at 31 March 2025
2,36,85,100	-	2,36,85,100

Balance as at 31 March 2025	Changes in equity share capital during the year	Balance as at 31 March 2026
2,36,85,100	-	<b>2,36,85,100</b>

**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 March 2024	19,61,214	5,04,336	59,859	1,22,547	73,68,127	1,00,16,083
Additional shares issued during the year					-	-
Profit for the year					1,19,77,547	1,19,77,547
Other comprehensive income	(32,626)	2,12,912			-	1,80,286
Dividend paid					(2,50,000)	(2,50,000)
<b>Balance as at 31 March 2025</b>	<b>19,28,588</b>	<b>7,17,248</b>	<b>59,859</b>	<b>1,22,547</b>	<b>1,90,95,674</b>	<b>2,19,23,916</b>
Additional shares issued during the year					-	-
Profit for the year					74,25,889	74,25,889
Other comprehensive income	(13,91,907)	(5,12,791)				(19,04,698)
Dividend paid					-	-
<b>Balance as at 31 March 2026</b>	<b>5,36,681</b>	<b>2,04,457</b>	<b>59,859</b>	<b>1,22,547</b>	<b>2,65,21,563</b>	<b>2,74,45,107</b>

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

**For and on behalf of the Board of Directors**

sd/-  
**Sanjay Kirloskar**  
Director

sd/-  
**Alok Kirloskar**  
Director

sd/-  
**Partner**  
Membership no. 136835  
06 May 2026

sd/-  
**Amit Naniwadekar**  
Group CFO

# Kirloskar Brothers International B.V.

## Notes to accounts

### Material accounting policies

**Notes to the consolidated financial statements for the year ended 31 March 2026 (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. Material 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 authorized for issue by the Board of Directors on May 7, 2026.

##### 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 2026
Kirloskar Brothers(Thailand) Limited	Thailand	100%	31 March 2026
SPP Pumps (MENA) L.L.C.	Egypt	100%	31 March 2026
Kirloskar Pompen B.V	The Netherlands	100%	31 March 2026
Micawber 784 Proprietary Limited	South Africa	100%	31 March 2026
SPP Pumps International Proprietary Limited (Erstwhile Kirloskar Brothers International PTY Limited)	South Africa	100%	31 March 2026
SPP France S A S	France	100%	31 March 2026
SPP Pumps Inc.	USA	100%	31 March 2026
SPP Pumps South Africa Proprietary Limited	South Africa	100%	31 March 2026
Braybar Pumps Limited	South Africa	100%	31 March 2026
Rodelta Pumps International BV	The Netherlands	100%	31 March 2026
Rotaserve Overhaul B.V.	The Netherlands	100%	31 March 2026
SPP Pumps Real Estate LLC	U S A	100%	31 March 2026
SyncroFlo Inc.	U S A	100%	31 March 2026
SPP Pumps (Asia) Ltd	Thailand	100%	31 March 2026
SPP Pumps (Singapore) Ltd	Singapore	100%	31 March 2026

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

Statutory reporting date for all companies above is 31 December 2025, 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 2025 – March 2026 are prepared using their audited financials for year ended December 2025 and management drawn financials for 3 months ended March 2026

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.

<b>Items</b>	<b>Measurement basis</b>
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

**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.

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

**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.

**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.

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

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.

### **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.

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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 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**

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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.

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.

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**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.

**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

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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.

#### **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.

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**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.

**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;

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- 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 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

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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 initially measured at fair value excepting for trade receivables not containing a significant financing component are initially measured at transaction price. 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:

- 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,

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deposits, trade receivables and bank balance

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

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

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

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

### **Financial liabilities**

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

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

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

#### **Financial guarantee contracts**

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

#### **Derecognition**

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

#### **Offsetting of financial instruments**

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

#### **Derivative financial instruments**

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

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

#### **Cash flow hedges**

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value

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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'

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**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	Total	
<b>Gross Block</b>										
<b>As at 1 April 2024</b>	16,67,169	1,02,17,223	1,44,81,863	75,56,203	2,35,743	3,41,58,201	1,87,332	17,35,095	19,22,427	2,38,491
Additions	-	-	13,62,999	3,60,621	1,13,094	18,36,714	13,209	1,22,839	1,36,048	-
Disposals/ impairment	-	(39,666)	(1,34,267)	(27,278)	(21,422)	(2,22,633)	-	-	-	-
Exchange difference	(617)	1,51,323	3,49,054	1,37,825	6,083	6,43,668	13,810	(12,16,316)	(12,02,506)	5,635
<b>As at 31 March 2025</b>	<b>16,66,552</b>	<b>1,03,28,880</b>	<b>1,60,59,649</b>	<b>80,27,371</b>	<b>3,33,498</b>	<b>3,64,15,950</b>	<b>2,14,351</b>	<b>6,41,618</b>	<b>8,55,969</b>	<b>2,44,126</b>
Additions		4,13,533	8,03,005	3,72,329	20,973	16,09,840	2,16,556	1,21,473	3,38,029	-
Disposals / impairment		(27,201)	(37,628)	(15,75,726)	(1,281)	(16,41,836)			-	-
Exchange difference	(98,998)	(4,24,479)	(6,52,170)	(3,52,366)	(1,000)	(15,29,013)	(59,650)	3,06,195	2,46,545	(9,270)
<b>As at 31 March 2026</b>	<b>15,67,554</b>	<b>1,02,90,733</b>	<b>1,61,72,856</b>	<b>64,71,608</b>	<b>3,52,190</b>	<b>3,48,54,941</b>	<b>3,71,257</b>	<b>10,69,286</b>	<b>14,40,543</b>	<b>2,34,856</b>
<b>Depreciation/ Amortisation</b>										
<b>As at 1 April 2024</b>	-	43,75,851	1,20,37,628	66,91,094	2,03,879	2,33,08,452	1,57,522	17,30,155	18,87,677	-
Charge for the year	-	3,26,522	7,51,381	3,36,681	24,263	14,38,847	13,347	3,675	17,022	-
Depreciation on disposal	-	(37,836)	(1,23,012)	(27,279)	(21,422)	(2,09,549)	-	-	-	-
Exchange difference	-	57,906	2,83,752	1,25,931	4,335	4,71,924	11,255	(12,16,322)	(12,05,067)	-
<b>As at 31 March 2025</b>	<b>-</b>	<b>47,22,443</b>	<b>1,29,49,749</b>	<b>71,26,427</b>	<b>2,11,055</b>	<b>2,50,09,674</b>	<b>1,82,124</b>	<b>5,17,508</b>	<b>6,99,632</b>	<b>-</b>
Charge for the year	-	3,14,771	6,66,294	3,06,350	48,335	13,35,750	77,038	19,568	96,606	-
Depreciation on disposal	-	(5,720)	(29,435)	(15,75,726)	(1,281)	(16,12,161)	-	-	-	-
Exchange difference	-	(2,02,187)	(4,33,675)	(2,60,850)	(9,334)	(9,06,046)	(70,768)	3,22,873	2,52,105	-
<b>As at 31 March 2026</b>	<b>-</b>	<b>48,29,307</b>	<b>1,31,52,933</b>	<b>55,96,201</b>	<b>2,48,775</b>	<b>2,38,27,217</b>	<b>1,88,394</b>	<b>8,59,949</b>	<b>10,48,343</b>	<b>-</b>
<b>Net block</b>										
As at 31 March 2025	16,66,552	56,06,437	31,09,900	9,00,944	1,22,443	1,14,06,276	32,227	1,24,110	1,56,337	2,44,126
<b>As at 31 March 2026</b>	<b>15,67,554</b>	<b>54,61,426</b>	<b>30,19,923</b>	<b>8,75,407</b>	<b>1,03,415</b>	<b>1,10,27,724</b>	<b>1,82,863</b>	<b>2,09,337</b>	<b>3,92,200</b>	<b>2,34,856</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) Group has not revalued any property, plant and equipment during the FY 24-25 and FY 25-26.
- 4) Refer note no 28 for estimated amount of contract remaining to be executed on capital account.
- 5) All title deeds of immovable properties are held in the name of respective companies in the Group.

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

**Note 4 : Capital work-in-progress**

Particulars	As at 31 March 2026	As at 31 March 2025
<b>Capital work-in-progress</b> (Refer Note 36c)	<b>7,53,055</b>	4,65,158
	<b>7,53,055</b>	4,65,158

**Note 5 : Right to use asset**

Particulars	Building Amt (Rs)
<b>Opening balance as at 1 Apr 2024</b>	27,69,327
Additions / (Disposals) including forex difference	16,30,289
Depreciation	(8,14,656)
<b>Balance as at 31 Mar 2025</b>	<b>35,84,960</b>
Additions / (Disposals) including forex difference	<b>(22,337)</b>
Depreciation	<b>(8,55,762)</b>
<b>Balance as at 31 March 2026</b>	<b>27,06,861</b>

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

**Note 6 : Financial Assets: Trade receivables**

Particulars	As at 31 March 2026	As at 31 March 2025
<b><u>Non-current</u></b>		
(a) <b>Trade receivable</b> (Refer Note 36a)		
Unsecured, considered good	-	-
Doubtful	16,522	18,066
	16,522	18,066
Less: Provision for doubtful deposits	16,522	18,066
	-	-
<b><u>Current</u></b>		
Unsecured, considered good	2,88,96,061	2,00,11,500
Doubtful	8,37,308	7,63,276
	2,97,33,369	2,07,74,776
Less: Provision for doubtful receivables	8,37,308	7,63,276
	2,88,96,061	2,00,11,500
<b>Total trade receivable</b>	<b>2,88,96,061</b>	<b>2,00,11,500</b>

**Note 7 : Financial Assets: Others**

Particulars	As at 31 March 2026	As at 31 March 2025
<b><u>Non-current</u></b>		
(a) <b>Security deposits</b>		
Unsecured, considered good	1,61,984	1,59,827
Doubtful	-	-
	1,61,984	1,59,827
Less: Provision for doubtful deposits	-	-
	1,61,984	1,59,827
<b><u>Current</u></b>		
(a) <b>Security deposits</b>		
Unsecured, considered good	23,667	22,090
Doubtful	-	-
	23,667	22,090
Less: Provision for doubtful deposits	-	-
	23,667	22,090
(b) <b>Forward contract asset</b>	13,02,753	17,56,477
(c) <b>Interest accrued</b>	9,029	15,564
	13,35,449	17,94,131
<b>Total other financial assets</b>	<b>14,97,433</b>	<b>19,53,958</b>

**Note 8 : Other non-financial assets**

Particulars	As at 31 March 2026	As at 31 March 2025
<b>Current</b>		
(a) <b>Advances to supplier and others</b>		
Unsecured, considered good	76,39,833	23,11,702
(b) <b>Prepaid expenses</b>	25,70,910	26,07,296
(c) <b>Retentions</b>	2,79,063	12,18,248
(d) <b>Unbilled Revenue for project related work</b>	88,04,506	-
<b>Statutory claims receivable (Balances with Government authorities)</b>	13,59,609	19,44,808
	<b>2,06,53,921</b>	<b>80,82,054</b>
<b>Total other assets</b>	<b>2,06,53,921</b>	<b>80,82,054</b>

**Note 9 : Inventories**

Particulars	As at 31 March 2026	As at 31 March 2025
(a) Raw Materials	68,66,082	1,57,56,583
(b) Work-in-progress	50,67,056	1,01,04,956
(c) Finished goods	52,35,687	26,09,792
(d) Stock-in-trade	21,68,231	23,30,052
(Mode of valuation refer note 2.6)		
	<b>1,93,37,056</b>	<b>3,08,01,383</b>

**Note 10 : Cash and cash equivalents**

Particulars	As at 31 March 2026	As at 31 March 2025
(a) <b>Balances with bank (Current and EEFC accounts)</b>	1,59,33,731	1,74,80,750
(b) <b>Deposits with original maturity of less than 3 months</b>	1,32,21,569	65,46,808
(b) <b>Cash on hand</b>	5,134	6,299
	<b>2,91,60,434</b>	<b>2,40,33,857</b>

**Note 11: Equity share capital**

Particulars	As at	
	31 March 2026	31 March 2025
<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

\* 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.

**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.

Company has paid dividend of Euro 250,000 to it's shareholders for FY 2024-25.

**b) Reconciliation of share capital**

	As at		As at	
	31 March 2026		31 March 2025	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	2,36,851	2,36,85,100	2,36,851	2,36,85,100
Shares Issued during the year	-	-	-	-
Shares Issued during the year for share premium	-	-	-	-
Shares outstanding at the end of the year	2,36,851	2,36,85,100	2,36,851	2,36,85,100

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

	As at		As at	
	31 March 2026		31 March 2025	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Kirloskar Brothers Limited	2,36,851	100	2,36,851	100

Note 12: Other equity

Particulars	As at 31 March 2026	As at 31 March 2025
(a) <b>Capital redemption reserve</b>	59,859	59,859
(b) <b>Securities premium reserve</b>	1,22,547	1,22,547
(c) <b>Foreign currency translation reserve (FCTR)</b>		
Opening balance	19,28,589	19,61,214
Add: Current year transfer	(13,91,907)	(32,625)
	5,36,682	19,28,589
(d) <b>Retained Earnings</b>		
Opening balance	1,90,95,674	73,68,127
Add: Total comprehensive income for the year (Excluding FCTR and cash flow hedge)	74,25,889	1,19,77,547
Less: Dividend paid	-	(2,50,000)
<b>Closing balance</b>	2,65,21,563	1,90,95,674
(d) <b>Cash flow hedge</b>		
Opening balance	7,17,248	5,04,336
Add: Current year transfer	(5,12,791)	2,12,912
<b>Closing balance</b>	2,04,457	7,17,248
	2,74,45,108	2,19,23,918

Note 13 : Financial Liabilities: Borrowings

Particulars	As at 31 March 2026	As at 31 March 2025
<b>Non-current Secured</b>		
(a) Term loan from ABSA bank (Terms of loan : Loan is issued against security of building and guarantees issued by other SA entities @ PLR and is repayable over 10 years)	7,09,624	7,58,230
(b) Term loan from other banks (ICICI Bank, regions banks etc.) (Terms of loan : Loan is issued against security of Land, building, equipments and other fixed assets and corporate guarantee of ultimate holding company and carries interest 3.85% The loan is repayable in equated installments till March 2030)	44,76,282	64,85,590
	51,85,906	72,43,820
Less- Current maturities of non current borrowings	2,35,019	2,40,312
<b>Total non-current borrowings</b>	49,50,887	70,03,508
<b>Current Secured</b>		
1) <b>Loans repayable on demand from bank</b>		
(i) Cash / export credit facilities and working capital demand loans from various banks (Terms of loans: Loan carries interest @ 2.5% to 5.75% per annum and secured against the inventory, receivables and mortgage of plant & machinery in some cases and corporate guarantee of ultimate holding company)	1,09,90,189	48,70,849
<b>Total secured loan - Current</b>	1,09,90,189	48,70,849
(b) <b>Current maturities of long term loan</b>	2,35,019	2,40,312
<b>Total current borrowings</b>	1,12,25,208	51,11,161
<b>Total borrowings</b>	1,61,76,095	1,21,14,669

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

Particulars	As at 31 March 2026	As at 31 March 2025
<b>Current</b> (Refer note 36b) Total outstanding dues of creditors other than micro enterprises & small enterprises	<b>3,02,11,056</b>	2,28,66,027
<b>Total trade payable</b>	<b>3,02,11,056</b>	2,28,66,027

**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 2026	As at 31 March 2025
<b>Non-current</b>		
(a) <b>Financial guarantee contracts and other liabilities</b>	<b>1,41,848</b>	2,06,744
	<b>1,41,848</b>	2,06,744
<b>Current</b>		
(a) <b>Others</b>		
Salary & Reimbursements	<b>18,49,821</b>	24,88,841
Provision for expenses	<b>24,49,212</b>	41,59,250
Financial guarantee contracts	<b>14,92,967</b>	12,93,561
	<b>57,92,000</b>	79,41,652
	<b>57,92,000</b>	79,41,652
<b>Total other financial liabilities</b>	<b>59,33,848</b>	81,48,396

**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 2026	As at 31 March 2025
<b>Non-current</b>		
Pension scheme (Refer note 32)	<b>3,11,692</b>	3,00,425
Provision for product warranty (Refer note 31)	<b>78,292</b>	52,316
	<b>3,89,984</b>	3,52,741
<b>Current</b>		
<b>Other provision</b>		
Provision for product warranty (Refer note 31)	<b>8,63,650</b>	12,82,749
Provision for loss on long term contracts (Refer note 31)	<b>3,42,258</b>	4,36,594
	<b>12,05,908</b>	17,19,343
<b>Total provisions</b>	<b>15,95,892</b>	20,72,084

**Note 17: Other current liabilities**

Particulars	As at 31 March 2026	As at 31 March 2025
<b>Current</b>		
(a) Advance from customer	<b>65,71,533</b>	51,05,917
(b) Contribution towards social security plans	<b>4,17,940</b>	5,74,497
(c) Statutory dues	<b>3,40,909</b>	6,68,396
	<b>73,30,382</b>	63,48,810
<b>Total other non-financial liabilities</b>	<b>73,30,382</b>	63,48,810

Kirloskar Brothers International B.V.  
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(Amounts in Euro)  
Note 18 : Income tax

(1) The major components of income tax expense for the period ended 31 March 2026 and 31 March 2025 are:

(a) Profit or loss

Particulars	As at 31 March 2026	As at 31 March 2025
<b>Current income tax:</b>		
Current income tax charge	20,75,893	43,63,030
Adjustments in respect of current income tax of previous year	-	-
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	2,03,045	77,426
<b>Income tax expense reported in the statement of profit or loss</b>	<b>22,78,938</b>	<b>44,40,456</b>

(b) Balance sheet

Deferred tax

Reflected in balance sheet as	As at 31 March 2026	As at 31 March 2025
Deferred tax asset	6,04,041	10,62,236
Deferred tax liability	1,44,999	1,19,982
<b>Net Deferred tax asset</b>	<b>4,59,042</b>	<b>9,42,254</b>

(c) Current tax

Reflected in balance sheet as	As at 31 March 2026	As at 31 March 2025
Current tax Asset/(liability)	1,70,960	(7,19,021)
	<b>1,70,960</b>	<b>(7,19,021)</b>

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

Particulars	Year ended 31 March 2026	Year ended 31 March 2025
(a) Sale of products	15,14,06,865	16,66,52,744
(b) Sale of services	4,08,528	2,26,492
(c) Other operating revenues	15,18,15,393 2,07,699	16,68,79,236 5,55,901
	<b>15,20,23,092</b>	<b>16,74,35,137</b>

**Note 20: Other Income**

Particulars	Year ended 31 March 2026	Year ended 31 March 2025
(a) Interest Income on financial assets at amortised cost From customers and others	9,79,855	8,42,680
(b) Other non-operating income	7,44,011	6,28,056
(c) Foreign exchange gain (net)	2,49,138	6,35,179
	<b>19,73,004</b>	<b>21,05,915</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 2026	Year ended 31 March 2025
(a) Raw materials including packaging materials consumed	7,24,41,571	8,09,83,107
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade		
<b>Opening Stock</b>		
Finished goods	26,09,792	25,61,562
Work-in- progress	1,01,04,956	97,65,761
Stock in trade	23,30,052	44,93,524
	<b>1,50,44,800</b>	<b>1,68,20,847</b>
<b>Closing Stock</b>		
Finished goods	52,35,687	26,09,792
Work-in- progress	50,67,056	1,01,04,956
Stock in trade	21,68,231	23,30,052
	<b>1,24,70,974</b>	<b>1,50,44,800</b>
	<b>25,73,826</b>	<b>17,76,047</b>

**Note 22: Employee benefits expense**

Particulars	Year ended 31 March 2026	Year ended 31 March 2025
(a) Salaries, wages and bonus	3,00,38,661	3,12,46,544
(b) Defined contribution plans/ social security expenses	26,71,059	24,59,746
(c) Defined benefit plans	(12,996)	55,634
(d) Welfare expenses	8,70,188	6,90,432
	<b>3,35,66,912</b>	<b>3,44,52,356</b>

**Note 23: Finance costs**

Particulars	Year ended 31 March 2026	Year ended 31 March 2025
(a) Interest expense	10,25,728	9,57,177
(c) Other borrowing costs (includes bank guarantee commission, LC charges, loan processing charges)	8,97,722	8,85,310
	<b>19,23,450</b>	<b>18,42,487</b>

**Note 24: Depreciation and amortization expense**

Particulars	Year ended 31 March 2026	Year ended 31 March 2025
(a) Depreciation on property, plant and equipment	13,35,750	14,38,847
(b) Amortization of intangible assets	96,606	17,022
(c) Depreciation on right to use	8,55,762	8,14,656
	<b>22,88,118</b>	<b>22,70,525</b>

**Note 25: Other expenses**

Particulars	Year ended 31 March 2026	Year ended 31 March 2025
Stores and spares consumed	15,11,379	16,29,587
Processing charges	18,40,676	14,04,203
Power & fuel	12,39,466	14,44,860
Repairs and maintenance		
Plant and machinery	3,59,963	3,90,594
Buildings	4,49,135	7,65,310
Other	5,08,295	4,09,808
Rent expenses for short term or low value leases	84,061	76,971
Rates and taxes	6,50,157	9,33,603
Travel and conveyance	21,99,762	20,94,348
Communication expenses	2,21,001	2,91,943
Insurance	19,48,630	20,07,974
Royalties and fees	1,19,870	1,25,083
Freight and forwarding charges	28,01,262	27,44,459
Brokerage and commission	17,32,779	29,22,056
Advertisements and publicity	6,56,831	6,33,578
Provision for product warranty	26,563	3,10,419
Loss on sale/disposal of fixed assets (Net of reversal)	734	(565)
Provision for doubtful debts and bad debts (Net of reversal)	(17,737)	1,99,235
Auditor's remuneration (Refer note 29)	5,34,100	4,53,042
Professional, consultancy and legal expenses	23,15,825	18,40,600
Security services	54,137	53,647
Computer services	14,39,131	9,57,113
Stationery & Printing	2,02,578	3,26,782
Training course expenses	2,49,193	2,08,678
Outside labour charges	12,43,843	13,95,788
Foreign exchange loss (net)	-	-
Other miscellaneous expenses	20,52,288	25,86,797
	<b>2,44,23,922</b>	<b>2,62,05,913</b>

**Note 26: Other Comprehensive Income**

Particulars	Year ended 31 March 2026	Year ended 31 March 2025
<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	(5,12,791)	2,12,912
Foreign currency translation reserve	(13,91,907)	(32,625)
	<b>(19,04,698)</b>	<b>1,80,287</b>

**Note 27: Contingent liabilities**

Particulars	As at 31 March 2026	As at 31 March 2025
<b>Other money for which the company is contingently liable for</b>		
Value Added Tax / Sales Tax / Withholding tax / Salary tax/ labour matters (Matter Subjudice)	4,913	2,708
	<b>4,913</b>	<b>2,708</b>

**Note 28: Commitments**

Particulars	As at 31 March 2026	As at 31 March 2025
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	4,52,145	4,70,009
Letter of credit outstandings	4,25,438	10,84,061
	<b>8,77,583</b>	<b>15,54,070</b>

**Note 29: Remuneration to auditors**

Particulars	As at 31 March 2026	As at 31 March 2025
a) Audit Fees	3,94,651	3,32,833
b) Tax Audit Fees	91,117	77,223
c) VAT audit fees	-	-
d) Limited review	12,692	12,556
d) Other services	28,028	22,949
e) Expenses reimbursed	7,612	7,481
<b>Total audit fees</b>	<b>5,34,100</b>	<b>4,53,042</b>

**Note 30: Earnings per share (Basic and diluted)**

Particulars	As at 31 March 2026	As at 31 March 2025
a) Profit for the year before tax	97,04,827	1,64,18,003
Less : Attributable Tax thereto	22,78,938	44,40,456
Add- Share in profit/(loss) of joint venture	-	-
Profit after Tax	74,25,888	1,19,77,547
b) Weighted average number of equity shares used as denominator	2,36,851	2,36,851
c) Basic and diluted earning per share of nominal value of Euro 100- each	31.35	50.57

**Note 31: Movement in provision**

Particulars	Provision for product warranty	Provision for long term contracts	Total
<b>Carrying amount as at 1 April 2024</b>	10,41,937	1,93,752	12,35,689
Provision (net of reversal) during the year 2024-25	3,10,419	2,42,842	5,53,261
Amount utilized during the year 2024-25	(17,291)	-	(17,291)
<b>Carrying amount as at 31 March 2025</b>	13,35,065	4,36,594	17,71,659
Provision (net of reversal) during the year 2025-26	26,563	(94,334)	(67,771)
Amount utilized during the year 2025-26	(4,19,686)	-	(4,19,686)
<b>Carrying amount as at 31 March 2026</b>	<b>9,41,942</b>	<b>3,42,260</b>	<b>12,84,203</b>

**Note 32: Employee benefits**

**i. Defined Contribution Plans:**

Amount of **Euro 26,71,059** & (Euro 24,59,746) is recognised as an expense and included in Employees benefits expense (Note-22 in the Profit and Loss Statement.)

**ii. Defined Benefit Plans:**

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

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

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

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

Particulars	Unfunded pension plan	Unfunded pension plan
	31 March 2026	31 March 2025
Present Value of Defined Benefit Obligation	<b>3,11,692</b>	3,00,425
	<b>3,11,692</b>	3,00,425

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

Particulars	Unfunded pension plan	Unfunded pension plan
	31 March 2026	31 March 2025
Current Service Cost	<b>(21,892)</b>	47,711
Past service cost	-	-
Net Interest (income)/expenses	<b>8,896</b>	7,923
	<b>(12,996)</b>	55,634

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

Particulars	Unfunded pension plan	Unfunded pension plan
	31 March 2026	31 March 2025
Balance of the present value of Defined benefit Obligation at the beginning period	<b>3,00,425</b>	2,74,685
Interest expenses	<b>8,896</b>	7,923
Current Service Cost	<b>(21,892)</b>	47,711
Acquisition adjustment	-	-
Present value of obligation as at the end of the period		
Benefits paid	-	(25,550)
Remeasurement gains and losses recognised in OCI	-	-
Forex difference	<b>24,263</b>	(4,344)
	<b>3,11,692</b>	3,00,425

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

Discount rate as at 31 March 2026 : 1.27% to 2.62% (PY: 1.8% to 4.96%)

Salary growth rate : 5.0% (PY: 4%)

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

**e) Sensitivity analysis**

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

<b>Change in assumption</b>	<b>As at 31 March 2026</b>	<b>As at 31 March 2025</b>
<b>Discount rate</b>		
Increase by 1% to	<b>(25,624)</b>	(19,092)
Decrease by 1% to	<b>29,242</b>	21,079
<b>Salary increase rate</b>		
Increase by 1% to	<b>28,038</b>	27,313
Decrease by 1% to	<b>(25,133)</b>	(24,909)
<b>Withdrawal rate</b>		
Increase by 20% of base assumption	<b>(23,178)</b>	(15,725)
Decrease by 20% of base assumption	<b>30,111</b>	20,620

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**Note 33: Fair Value Measurements**

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

Sr.No	Particulars	Carrying value	
		As at 31 March 2026	As at 31 March 2025
	<b>Financial asset</b>		
	<b>Levelled at Level 2</b>		
a)	<b>Carried at fair value through other comprehensive income (FVTOCI)</b>		
	<b>Forward contract asset</b>	<b>13,02,753</b>	17,56,477
b)	<b>Carried at amortised cost</b>		
	Trade receivable	<b>2,88,96,061</b>	2,00,11,500
	Security deposits	<b>1,85,651</b>	1,81,917
	Other financial assets	<b>9,029</b>	15,564
	Cash and cash equivalent	<b>2,91,60,434</b>	2,40,33,857
		<b>5,95,53,928</b>	4,59,99,315
	<b>Financial Liabilities</b>		
	<b>Levelled at Level 2</b>		
a)	<b>Carried at amortised cost</b>		
	Borrowings	<b>1,61,76,095</b>	1,21,14,669
	Trade payable	<b>3,02,11,056</b>	2,28,66,027
	Other current financial liabilities	<b>42,99,032</b>	66,48,091
	Lease liability	<b>29,12,120</b>	38,03,838
b)	<b>Carried at of the amount of loss allowance determined and the amount recognised less cumulative amortisation</b>		
	Financial guarantee contracts	<b>16,34,814</b>	15,00,306
		<b>5,52,33,117</b>	4,69,32,931

**Note 34: Financial risk management policy and objectives**

Group's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance group's operations. Group's principal financial assets include trade and other receivables, security deposits and cash and cash equivalents, that derive directly from its operations.

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

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

The group's risk management is carried out by management, under policies approved by the board of directors. Group's treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, and investment of excess liquidity.

**(A) Credit Risk**

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

**Credit risk management**

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the group periodically assesses the reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

The group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward looking information such as:

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

The group provides for expected credit loss in case of trade receivables and security deposits when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the group. The group categorises a receivable for provision for doubtful debts/write off when a debtor fails to make contractual payments on case to case basis. Where loans or receivables have been written off, the group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

## Provision for expected credit loss

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

Exposure to Risk	As at 31 March 2026	As at 31 March 2025
Security Deposits	1,85,651	1,81,917
Less : Expected Loss	-	-
	1,85,651	1,81,917
Other financial asset	-	-
Less : Expected Loss	-	-
	-	-

### Trade receivables

	As at 31 March 2026	As at 31 March 2025
<b>Trade Receivables</b>		
Neither past due nor impaired	1,85,20,594	1,28,13,337
Past due but not impaired		
Less than 180 days	74,40,047	61,35,554
181 - 365 days	23,20,976	6,39,638
More than 365 days	6,14,444	4,22,971
<b>Total</b>	<b>2,88,96,061</b>	<b>2,00,11,500</b>

### Reconciliation of loss provision

Trade receivables	Amounts
Loss allowance as at 1 April 2024	7,17,709
Changes in loss allowance	45,567
Loss allowance as at 31 March 2025	7,63,276
Changes in loss allowance	74,032
<b>Loss allowance as at 31 March 2026</b>	<b>8,37,308</b>

### (B) Liquidity risk

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

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

Exposure to Risk	As at 31 March 2026	As at 31 March 2025
<b>Interest bearing borrowings</b>		
On demand	1,09,90,189	48,70,849
Less than 365 days	2,35,019	2,40,312
More than 365 days	49,50,887	70,03,508
<b>Total</b>	<b>1,61,76,095</b>	<b>1,21,14,669</b>
<b>Other financial liabilities</b>		
On demand		
Less than 365 days	57,92,000	79,41,652
More than 365 days	1,41,848	2,06,744
<b>Total</b>	<b>59,33,848</b>	<b>81,48,396</b>
<b>Lease liabilities</b>		
On demand		
Less than 365 days	68,855	26,61,445
More than 365 days	28,43,266	11,42,393
<b>Total</b>	<b>29,12,121</b>	<b>38,03,838</b>
<b>Trade payables</b>		
On demand		
Less than 365 days	2,90,16,301	2,18,13,829
More than 365 days	11,94,755	10,52,198
<b>Total</b>	<b>3,02,11,056</b>	<b>2,28,66,027</b>

The Group has access to following undrawn facilities at the end of the reporting year (Interest rates 3.1% - 7.9%)

	31 March 2026
Expiring within one year	82,38,888
Expiring beyond one year	-

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**Note 34: Financial risk management policy and objectives (continued)**

**(C) Foreign Currency Risk**

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

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

**Foreign currency exposure :**

Financial Assets	Currency	Amount in Foreign Currency		Amount in Euro	
		31 March 2026	31 March 2025	31 March 2026	31 March 2025
Trade Receivables	GBP	1,24,23,095	-	1,43,06,882	-
	USD	35,62,890	48,18,669	30,98,704	44,55,542
	AED	-	-	-	-
Bank Accounts	GBP	84,63,365	22,47,454	97,46,715	26,90,402
	USD	63,98,591	51,68,039	55,64,960	47,78,584
	AED	32,014	1,15,084	7,683	28,962

Financial Liabilities	Currency	Amount in Foreign Currency		Amount in Euro	
		31 March 2026	31 March 2025	31 March 2026	31 March 2025
Trade Payables	GBP	62,48,334	86,352	71,95,806	1,03,371
	USD	11,85,729	12,38,490	10,31,248	11,45,160
	AED	1,78,390	1,66,308	42,814	41,853

**Currency wise net exposure ( assets - liabilities )**

Particulars	Amount in Foreign Currency		Amount in Euro	
	31 March 2026	31 March 2025	31 March 2026	31 March 2025
GBP	1,46,38,126	21,61,102	1,68,57,791	25,87,031
USD	87,75,752	87,48,218	76,32,416	80,88,967
AED	(1,46,376)	(51,224)	(35,130)	(12,891)

**Sensitivity Analysis**

Currency	Amount in Euro		Sensitivity %	
	31 March 2026	31 March 2025	31 March 2026	31 March 2025
GBP	1,68,57,791	25,87,031	3.80%	3.39%
USD	76,32,416	80,88,967	5.94%	2.61%
AED	(35,130)	(12,891)	4.63%	2.30%
<b>Total</b>	<b>2,44,55,077</b>	<b>1,06,63,108</b>		

Currency	Impact on profit (strengthen)		Impact on profit (weakening)	
	31 March 2026	31 March 2025	31 March 2026	31 March 2025
GBP	(6,40,081)	(87,700)	6,40,081	87,700
USD	(4,53,378)	(2,11,122)	4,53,378	2,11,122
AED	1,628	296	(1,628)	(296)

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

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**Note 35 : Capital management**

**a) Risk Management**

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

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.  
In case of financial difficulties, the ultimate holding company, provides financial support through infusion of additional equity and issuing corporate guarantees to banks for facilitating additional borrowing facilities.

Consistent with others in the industry, the group monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet).  
Group's strategy is to maintain a gearing ratio within 30%. The gearing ratios were as follows:

	<b>31 March 2026</b>	31 March 2025
Loans and borrowings	<b>1,61,76,095</b>	1,21,14,669
Less: Cash and cash equivalents and other bank balances	<b>2,91,60,434</b>	2,40,33,857
Net debt	<b>(1,29,84,339)</b>	(1,19,19,188)
Equity	<b>5,11,30,208</b>	4,56,09,018
Capital and net debt	<b>3,81,45,869</b>	3,36,89,830
Gearing ratio	<b>NA *</b>	<b>NA *</b>

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

**Note 36a : Trade receivable ageing**

**Trade receivables as at 31 March 2026**

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
<b>Undisputed trade receivable</b>							
Considered good	1,85,20,594	74,40,047	23,20,976	3,27,993	52,154	2,34,297	<b>2,88,96,061</b>
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	8,37,308	<b>8,37,308</b>
<b>Total undisputed trade receivables (a)</b>	<b>1,85,20,594</b>	<b>74,40,047</b>	<b>23,20,976</b>	<b>3,27,993</b>	<b>52,154</b>	<b>10,71,605</b>	<b>2,97,33,369</b>
<b>Disputed trade receivables</b>							
Considered good	-	-	-	-	-	-	-
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-	-
<b>Total Disputed trade receivables (b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total trade receivables (a+b)</b>							<b>2,97,33,369</b>
Provision for increase in significant risk and credit impaired							<b>8,37,308</b>
<b>Net trade receivables</b>							<b>2,88,96,061</b>

**Trade receivables as at 31 March 2025**

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
<b>Undisputed trade receivable</b>							
Considered good	1,28,13,337	61,35,554	6,39,638	1,96,649	1,74,465	51,857	<b>2,00,11,500</b>
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	7,63,276	<b>7,63,276</b>
<b>Total undisputed trade receivables (a)</b>	<b>1,28,13,337</b>	<b>61,35,554</b>	<b>6,39,638</b>	<b>1,96,649</b>	<b>1,74,465</b>	<b>8,15,133</b>	<b>2,07,74,776</b>
<b>Disputed trade receivables</b>							
Considered good	-	-	-	-	-	-	-
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-	-
<b>Total Disputed trade receivables (b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total trade receivables (a+b)</b>							<b>2,07,74,776</b>
Provision for increase in significant risk and credit impaired							<b>7,63,276</b>
<b>Net trade receivables</b>							<b>2,00,11,500</b>

**Note 36b : Trade payable ageing**

Particulars	Year	Not due	Outstanding for following periods from due date of payment					Total
			Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
1 . Others - Non disputed	<b>2026</b>	<b>2,36,69,771</b>	<b>53,46,530</b>	-	<b>2,52,288</b>	<b>1,95,347</b>	<b>7,47,120</b>	<b>3,02,11,056</b>
	2025	1,24,27,815	93,57,028	28,986	1,86,116	30,726	8,35,356	2,28,66,027
2 . Others - disputed	<b>2026</b>	-	-	-	-	-	-	-
	2025	-	-	-	-	-	-	-

**Note 36c : Capital work- in- progress**

Particulars	Year	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	<b>2026</b>	<b>3,87,425</b>	<b>1,22,456</b>	-	<b>2,43,174</b>	<b>7,53,055</b>
	2025	2,08,474	-	2,56,684	-	4,65,158

There are no projects on hold / temporarily suspended and all projects in CWIP as at 31 March 26 are expected to be completed in Span less than 1 year.