



KIRLOSKAR BROTHERS LIMITED

A Kirloskar Group Company

Enriching Lives

SEC/ F:21

August 12, 2021

(BSE Scrip Code – 500241)
BSE Limited
Corporate Relationship Department,
2nd Floor, New Trading Ring,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400001

(NSE Symbol - KIRLOS BROS)
National Stock Exchange of India Ltd.,
5th Floor, Exchange Plaza,
Bandra (East)
Mumbai – 400 051

Dear Sir,

Sub.: Notice of 101st Annual General Meeting of the Company along with the Annual Report for the year 2020-21

Pursuant to Regulation 34 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose copies of the Notice of 101st Annual General Meeting of the Company along with the Annual Report for the Financial Year 2020-21.

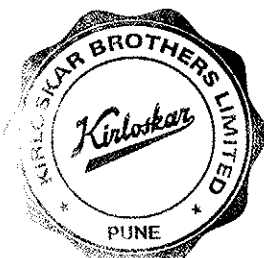
In view of the current COVID-19 pandemic situation and in compliance of the General circular numbers, 14/2020, 17/2020, 20/2020, 22/2020, 33/2020, 39/2020, 02/2021 and all other applicable laws and circulars issued by the Ministry of Corporate Affairs (MCA), Government of India and Securities and Exchange Board of India (SEBI), Notice of Annual General Meeting of the Company along with the the Annual Report of the Company for the Financial Year 2020-21 is being sent only via electronic mode (e-mail) to the registered members of the Company and no physical copies are dispatched.

This is for your information and record.

Thanking you,

Yours faithfully,
For **KIRLOSKAR BROTHERS LIMITED**

Raghunath Apte
Company Secretary
Encl: As above





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NOTICE

NOTICE is hereby given that the 101st Annual General Meeting (AGM) of the Members of **KIRLOSKAR BROTHERS LIMITED** will be held on Thursday, the 9th day of September, 2021 at 11.00 a.m., Indian Standard Time (IST), through Video Conferencing/ Other Audio Visual Means (VC/OAVM) facility to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt Audited Financial Statements of the Company for the Financial Year ended on March 31, 2021 together with the Reports of Auditors and Board thereon and Audited Consolidated Financial Statements of the Company for the Financial Year ended on March 31, 2021 together with the Reports of Auditors thereon.
2. To declare Dividend on equity shares of the Company for the Financial Year 2020 - 21.
3. To appoint a Director in place of Ms. Rama Kirloskar (DIN 07474724), who retires by rotation and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 including any statutory modification(s) or re-enactment thereof for the time being in force and pursuant to the recommendation of the Audit and Finance Committee, the remuneration amounting to ₹ 825,000/- (Rupees Eight Lakhs Twenty Five Thousand Only) excluding GST and other taxes as may be applicable and out of pocket and travelling expenses, if any, payable to M/s. Parkhi Limaye & Co., Cost Accountants (Firm Reg. No. 000191), ‘Aabha’, Plot No. 16, Siddhakala CHS, Warje, Pune – 411 058, appointed by the Board of Directors of the Company as Cost Accountants to conduct the audit of the cost records of the Company for the Financial Year 2021 - 22, be and is hereby ratified and confirmed.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Schedule IV of the Act the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force) and applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) (‘SEBI Listing Regulations, 2015’), Mr. Shrinivas V. Dempo (DIN 00043413), who was appointed by the Board of Directors as an Additional Director with effect from May 25, 2021 in terms of the provisions of Section 161 of the Act read with Article 166 of the Articles of Association of the Company and who holds office as such up to the date of this Annual General Meeting and who has submitted the declaration in accordance with Section 149 (7) of the Act and Regulation 25 (8) of the SEBI Listing Regulations, 2015 that he meets the requisite criteria of independence as provided under Section 149 (6) of the Act and Regulation 16 (1) (b) of the SEBI Listing Regulations, 2015 and in respect of whom the Company has received a notice under Section 161 (1) of the Act in writing from a Member



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proposing Mr. Dempo's candidature for the office of director and further pursuant to the recommendation of the Nomination and Remuneration Committee and the Board, approval of the shareholders be and is hereby accorded to appoint Mr. Shrinivas V. Dempo an Independent Director of the Company to hold the office for the term of 5 consecutive years up to May 24, 2026.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and any other applicable provisions of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Shrinivas V. Dempo be paid such fees and remuneration and profit related commission as the Nomination and Remuneration Committee and Board of Directors may approve from time to time and subject to such limits prescribed or as may be prescribed from time to time.

RESOLVED FURTHER THAT Mr. Shrinivas V. Dempo shall not be considered as a director liable to retire by rotation in terms of Section 152 of the Act unless he is disqualified to act as an Independent Director of the Company before the expiry of the term of 5 years as per the provisions contained in Sections 149 and 152 of the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company including its Committee thereof and /or Company Secretary of the Company be and are hereby authorized to do all the acts, deeds and things and take all such steps as may be incidental, necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule IV of the Act the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force) and applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time), (SEBI Listing Regulations, 2015), Mr. Shobinder Duggal (DIN 00039580), who was appointed by the Board of Directors as an Additional Director with effect from May 25, 2021 in terms of provisions of Section 161 of the Act read with Article 166 of the Articles of Association of the Company and who holds office as such up to the date of this Annual General Meeting and who has submitted the declaration that in accordance with Section 149 (7) of the Act and Regulation 25 (8) of the SEBI Listing Regulations, 2015, he meets the requisite criteria of independence as provided under Section 149 (6) of the Act and Regulation 16 (1) (b) of the SEBI Listing Regulations, 2015 and in respect of whom the Company has received a notice under Section 161 (1) of the Act in writing from a Member proposing Mr. Duggal's candidature for the office of director and further pursuant to the recommendation of the Nomination and Remuneration Committee and the Board, approval of the shareholders be and is hereby accorded to appoint Mr. Shobinder Duggal as an Independent Director of the Company to hold the office for the term of 5 consecutive years up to May 24, 2026.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and any other applicable provisions of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Shobinder Duggal be paid such fees and remuneration and profit related commission as the Nomination and Remuneration Committee and the Board of Directors may approve from time to time and subject to such limits prescribed or as may be prescribed from time to time.



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RESOLVED FURTHER THAT Mr. Shobinder Duggal shall not be considered as a director liable to retire by rotation in terms of Section 152 of the Act unless he is disqualified to act as an Independent Director of the Company before the expiry of the term of 5 years as per the provisions contained in Sections 149 and 152 of the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company including its Committee thereof and /or Company Secretary of the Company be and are hereby authorized to do all the acts, deeds and things and take all such steps as may be incidental, necessary, proper or expedient to give effect to this resolution.”

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Schedule IV the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force) and applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time), (SEBI Listing Regulations, 2015), Ms. Ramni Nirula (DIN 00015330), who was appointed by the Board of Directors as an Additional Director with effect from May 25, 2021 in terms of provisions of Section 161 of the Act read with Article 166 of the Articles of Association of the Company and who holds office as such up to the date of this Annual General Meeting and who has submitted the declaration in accordance with Section 149 (7) of the Act and Regulation 25 (8) of SEBI Listing Regulations, 2015 that he meets the requisite criteria of independence as provided under Section 149 (6) of the Act and Regulation 16 (1) (b) of the SEBI Listing Regulations, 2015 and in respect of whom the Company has received a notice under Section 161 (1) of the Act in writing from a Member proposing Ms. Nirula’s candidature for the office of director and further pursuant to the recommendation of the Nomination and Remuneration Committee and the Board, approval of the shareholders be and is hereby accorded to appoint Ms. Ramni Nirula as an Independent Director of the Company to hold the office for the term of 5 consecutive years up to May 24, 2026.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and any other applicable provisions of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Ms. Ramni Nirula be paid such fees and remuneration and profit related commission as the Nomination and Remuneration Committee and Board of Directors may approve from time to time and subject to such limits prescribed or as may be prescribed from time to time.

RESOLVED FURTHER THAT Ms. Ramni Nirula shall not be considered as a director liable to retire by rotation in terms of Section 152 of the Companies Act, 2013 unless she is disqualified to act as an Independent Director of the Company before the expiry of the term of 5 years as per the provisions contained in Sections 149 and 152 of the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company including its Committee thereof and /or Company Secretary of the Company be and are hereby authorized to do all the acts, deeds and things and take all such steps as may be incidental, necessary, proper or expedient to give effect to this resolution.”



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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and any other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the rules framed thereunder [including the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014], the Articles of Association of the Company, the relevant regulations under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations, 2015’), including any statutory modification(s) or re-enactment(s) thereof for the time being in force, and subject to such other approvals as may be required and as recommended by the Nomination and Remuneration Committee and the Board, the approval of the shareholders be and is hereby accorded to appoint Ms. Rama Sanjay Kirloskar (DIN 07474724) as a Joint Managing Director of the Company with effect from August 3, 2021 for a period of 5 years i.e. upto August 2, 2026 (both days inclusive), in addition to her being presently acting as the Managing Director of Kirloskar Ebara Pumps Limited (KEPL) and to perform the duties that may be delegated by the Board from time to time, subject to overall supervision and control of the Board of Directors and subject to all other terms and conditions as set out in the contract of employment / service to be entered into between the Company and Ms. Rama Kirloskar and on the remuneration as set out below :-

Salary:

Rs. 500,000/- (Rupees Five Lakhs only) per month.

Perquisites:

- a. Fully furnished/unfurnished residential accommodation. Where no accommodation is provided by the Company, suitable House Rent Allowance in lieu thereof may be paid.
- b. The expenses on furnishings, gas, electricity, water and other utilities and repairs, if any, shall be borne by the Company.
- c. Reimbursement of all medical expenses incurred for self and family.
- d. Leave Travel Assistance for self and family as per Company rules.
- e. Fees of clubs which will include admission and life membership fees.
- f. Personal accident insurance, premium whereof does not exceed Rs. 25,000/- per annum.
- g. Provision of service staff at residence.
- h. A car with driver for official and personal purpose.
- i. Telephone and other communication facilities at residence.
- j. Contribution to Provident Fund, Superannuation Fund or Annuity Fund.
- k. Gratuity at the rate not exceeding 30 days salary for each completed year of service and
- l. Leave at the rate of one month for every eleven months of service. Leave not availed of may be encashed.

There would be no duplication of the perquisites provided by both the Companies.

“Family” for the above purpose means the spouse, dependent children and dependent parents of a Joint Managing Director.

Perquisites shall be valued as per the provisions of the Income Tax Rules.



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Commission:

Commission shall be decided by the Board of Directors based on the net profits of the Company and as recommended by the Nomination and Remuneration Committee of the Board, for each year subject to the condition that the aggregate remuneration of the Joint Managing Director shall not exceed the limit laid down under Section 197 of the Act read with Schedule V of the Act. Ms. Rama Kirloskar in her capacity as a Joint Managing Director will not be entitled for any sitting fees for attending the meeting of the Board and its Committee thereof.

RESOLVED FURTHER THAT in terms of provisions of Section 152 (6) of the Act and the Articles of Association of the Company, Ms. Rama Kirloskar shall be liable to retire by rotation in case the number of rotational directors, liable to retire are less than the requirement.

RESOLVED FURTHER THAT in terms of provisions of Sections 198, 203 read with Schedule V of the Act, and applicable provision of SEBI Listing Regulation, 2015, Ms. Rama Kirloskar shall draw remuneration from the Company and / or KEPL provided that the total remuneration drawn from these Companies do not exceed the higher maximum limit admissible from any one of the companies of which she is a Managerial person.

RESOLVED FURTHER THAT in the event in any Financial Year during the tenure of Ms. Rama Kirloskar as a Joint Managing Director, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule V of the Act, the Company may pay to Ms. Rama Kirloskar the fixed pay and perquisites (subject to annual review from time to time) as approved by the Nomination and Remuneration Committee and the Board of Directors and which shall be the minimum remuneration payable to Ms. Rama Kirloskar and subject to receipt of requisite approvals, if any, as may be required.

RESOLVED FURTHER THAT the scope and quantum of remuneration specified herein above, may be enhanced, enlarged, widened, altered, or varied by the Board, considering and in conformity with any amendment to the relevant provisions of the Act and/or Income Tax Act, 1961 and/or the rules and regulations made thereunder and/or such guidelines, as may be announced by the Central Government, from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to execute all such agreements, documents, instruments and writings as may be deemed necessary, file requisite forms or applications with statutory/regulatory authorities, with the power to settle all questions, difficulties or doubts that may arise, in this regard, as it may in its sole and absolute discretion deem fit and to do all such acts, deeds, matters and things and take such steps and actions as may be considered necessary and appropriate and to delegate all or any of its powers herein conferred to any Director(s) / Company Secretary of the Company, to give effect and to implement this Resolution.”

By order of the Board of Directors
For **KIRLOS KAR BROTHERS LIMITED**

Raghunath Apte
Company Secretary
ICSI Membership No. A17619

Pune: August 3, 2021



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NOTES:

1. The Statement of Material Facts pursuant to Section 102 of the Companies Act, 2013 (the Act) setting out material facts concerning the business under Item Nos. 4 to 8 of the accompanying Notice, is annexed hereto. The Board of Directors of the Company at its meetings held on August 3, 2021 considered that the Special Business under Item Nos. 4 to 8 being considered unavoidable, be transacted at the 101st AGM of the Company.
2. **General instructions for accessing and participating in the 101st AGM through VC/OAVM facility and voting through electronic means including remote e-Voting.**
 - a. In view of the outbreak of the COVID-19 pandemic, social distancing norms to be followed and the continuing restrictions on movement of persons at several places in the country and pursuant to General Circular Nos.14/2020, 17/2020 and 20/2020 dated April 8, 2020, April 13, 2020 and May 5, 2020, General Circular No. 22/2020 dated June 15, 2020, General Circular No.33/2020 dated September 28, 2020 and General Circular No. 39/ 2020 dated December 31, 2020 and General Circular No. 02/2021 dated January 13, 2021 respectively, issued by the Ministry of Corporate Affairs (collectively referred to as MCA Circulars) read with Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 issued by the Securities and Exchange Board of India, (collectively referred to as SEBI Circulars) and in compliance with the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations, 2015), the AGM of the Company is being conducted through VC/OAVM facility, which does not require physical presence of members at a common venue. The deemed venue for the AGM shall be the Registered Office of the Company.
 - b. In terms of the MCA Circulars, the physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for the AGM. However, in pursuance of Section 113 of the Act, representatives of the Members may be appointed for the purpose of voting through remote e-Voting, for participation in the AGM through VC/OAVM facility and e-Voting during the AGM.
 - c. In line with the aforementioned MCA Circulars and SEBI Circulars, the Notice of the AGM along with the Integrated Annual Report is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depository Participants. Members may note that, the notice of the AGM and the Integrated Annual Report for the Financial Year 2020-21 is also available on the website of the Company at www.kirloskarpumps.com, on the website of BSE Limited (BSE) at www.bseindia.com, on the website of National Stock Exchange of India Limited (NSE) at www.nseindia.com and also on the website of National Securities Depositories Limited (NSDL) at www.evoting.nsdl.com.
 - d. Since the AGM will be held through VC/OAVM facility, the Route Map is not annexed in this Notice.
 - e. NSDL will be providing facility for voting through remote e-Voting, for participation in the AGM through VC/OAVM facility and e-Voting during the AGM.
 - f. Members may join the AGM through VC/OAVM facility by following the procedure as mentioned below which shall be kept open for the Members from 10:30 a.m. IST i.e. 30 minutes before the



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time scheduled to start the AGM and the Company may close the window for joining the VC/OAVM facility 30 minutes after the scheduled time to start the AGM.

- g. Members may note that the VC/OAVM facility, provided by NSDL, allows participation of 1,000 Members on a first-come-first-serve basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. can attend the AGM without any restriction on account of first-come-first-serve principle.
- h. Attendance of the Members participating in the AGM through VC/OAVM facility shall be counted for the purpose of considering the quorum under Section 103 of the Act.
- i. Pursuant to the provisions of Section 108 of the Act and any other applicable provisions, if any, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI) and Regulation 44 of SEBI Listing Regulations, 2015 read with MCA Circulars and SEBI Circulars, the Company is providing remote e-Voting facility to its Members in respect of the business to be transacted at the AGM and facility for those Members participating in the AGM to cast vote through e-Voting system during the AGM.

3. Instructions for Members for remote e-Voting are as under:-

- a. The remote e-Voting period will commence on Monday, September 6, 2021 (9:00 am IST) and end on Wednesday, September 8, 2021 (5:00 pm IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 2, 2021, may cast their vote by remote e-Voting. The remote e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast, the Member shall not be allowed to change it subsequently.
- b. A person who is not a Member as on the cut-off date should treat this Notice of AGM for information purpose only.
- c. The details of the process and manner for remote e-Voting are explained herein below:

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

Step 1: Access to NSDL e-Voting system



A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.



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Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none">Existing IDeAS user can visit the e-Services website of NSDL viz. https://eservices.nSDL.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nSDL.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nSDL.com/SecureWeb/IdeasDirectReg.jspVisit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nSDL.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience. <p>NSDL Mobile App is available on</p> <p> App Store  Google Play</p> <div style="display: flex; justify-content: space-around;"></div>



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<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
<p>Individual Shareholders (holding securities in demat mode) login through their Depository Participants</p>	<p>You can also login using the login credentials of your Demat Account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forgot User ID and Forgot Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
<p>Individual Shareholders holding securities in demat mode with NSDL</p>	<p>Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30</p>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<p>Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022 - 23058738 or 022-23058542-43</p>



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B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-Services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDeAS login. Once you log-in to NSDL e-Services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	User ID
a) For Members who hold shares in Demat Account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example - if your DP ID is IN300*** and Client ID is 12***** then your User ID is IN300***12*****.
b) For Members who hold shares in Demat Account with CDSL.	16 Digit Beneficiary ID Forexample-ifyourBeneficiaryIDis12***** then your User ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example - if Folio Number is 001*** and EVEN is 101456 then User ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
 - c) How to retrieve your ‘initial password’?
 - (i) If your email ID is registered in your demat account or with the Company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.



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- (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**
6. If you are unable to retrieve or have not received the “initial password” or have forgotten your password:
 - a) Click on “**Forgot User Details/Password?**”(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) “**Physical User Reset Password?**” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join General Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
8. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 / 1800 224 430 or send a request at evoting@nsdl.co.in or contact Mr. Amit Vishal, Senior Manager or Ms. Pallavi Mhatre, Manager, National Securities Depository Ltd., at the designated email ID: evoting@nsdl.co.in or



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at telephone nos. : +91-22-24994360 or 91-99202 64780 or 1800 1020 990 / 1800 224 430 who will also address the grievances connected with the voting by electronic means. Members may also write to the Company Secretary at the Company's email address grievance.redressal@kbl.co.in

4. Process for those Members whose email ids are not registered for procuring User ID and password and registration of email ids for e-Voting on the resolutions set out in this Notice:

- a. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), Aadhar (self-attested scanned copy of Aadhar Card) by e-mail to grievance.redressal@kbl.co.in
- b. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account Statement, PAN (self attested scanned copy of PAN card), Aadhar (self-attested scanned copy of Aadhar Card) to grievance.redressal@kbl.co.in. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
- c. Alternatively shareholders/members may send a request to evoting@nsdl.co.in for procuring User ID and password for e-voting by providing above mentioned documents.
- d. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

5. Instructions for Members for participating in the AGM through VC/OAVM are as under:

- a. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to **NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under **"Join General Meeting"** menu against company name. You are requested to click on VC/OAVM link placed under **Join General Meeting** menu. The link for VC/OAVM will be available in Shareholders/ Members login where the EVEN of Company will be displayed. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
- b. Members are encouraged to join the Meeting through Laptops for better experience.
- c. Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- d. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.



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- e. Members can submit questions in advance with regard to the financial statements or any other matter to be placed at the AGM, from their registered email address, mentioning their name, DP ID and Client ID number /folio number and mobile number, to reach the Company's email address i.e. grievance.redressal@kbl.co.in at least 48 hours in advance before the start of the meeting i.e. by September 7, 2021 by 11:00 a.m. IST. Such questions by the Members shall be taken up during the meeting and replied by the Company suitably.
- f. Members, who would like to ask questions during the AGM with regard to the financial statements or any other matter to be placed at the AGM, need to register themselves as speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID number/folio number and mobile number, to reach the Company's email address i.e. grievance.redressal@kbl.co.in at least 48 hours in advance before the start of the AGM i.e. by September 7, 2021 by 11:00 a.m. IST. Those Members who have registered themselves as speakers shall be allowed to ask questions during the AGM, on first-come-first-serve basis and subject to availability of time.
- g. Institutional Investors who are Members of the Company, are encouraged to attend and vote in the AGM through VC/OAVM Facility.

6. Instructions for Members for e-Voting during the AGM are as under:

- a. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- b. Only those Members/ Shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
- c. Members who have voted through remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- d. The details of the persons who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same persons mentioned for remote e-voting i.e. Mr. Amit Vishal, Senior Manager - NSDL or Ms. Pallavi Mhatre, Manager - NSDL at the designated email ID: evoting@nsdl.co.in or at toll free no. 1800 1020 990 / 1800 224 430.

7. Other Guidelines for Members

- a. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Log in to the e-Voting website will be disabled upon 5 unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
- b. The voting rights of Members shall be in proportion to their share in the paid up equity share capital of the Company as on the cut-off date of September 2, 2021.



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- c. Any person, who acquires shares of the Company and becomes Member of the Company after the Company sends the Notice of the AGM by e-mail and holds shares as on the cut-off date i.e. August 6, 2021, may obtain the User ID and password by sending a request to the Company's e-mail address grievance.redressal@kbl.co.in. However, if you are already registered with NSDL for remote e-Voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "forget User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com.
 - d. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting or casting vote through e-Voting system during the AGM. Mr. Shyamprasad Limaye, Practicing Company Secretary from Pune, has been appointed as the Scrutinizer to scrutinize the remote e-Voting process and vote cast through e-Voting system during the AGM in a fair and transparent manner.
 - e. During the AGM, the Chairman shall, after response to the questions raised by the Members in advance or as a speaker at the AGM, formally propose to the Members participating through VC/OAVM Facility to vote on the resolutions as set out in the Notice of the AGM and announce the start of the casting of vote through e-Voting system. After the Members participating through VC/OAVM Facility, eligible and interested to cast votes, have cast the votes, the e-Voting will be closed with the formal announcement of closure of the AGM.
 - f. The Scrutinizer shall after the conclusion of e-Voting at the AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-Voting and shall make a Consolidated Scrutinizer's Report of the total votes cast in favour or against, invalid votes, if any, and whether the resolution has been carried or not, and such Report shall then be sent to the Chairman within 2 working days from the conclusion of the AGM, who shall then countersign and declare the result of the voting forthwith.
 - g. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company at www.kirloskarpumps.com and on the website of NSDL at www.evoting.nsdl.com immediately after the declaration of Results by the Chairman. The Results shall also be immediately forwarded to the BSE and NSE.
- 8.** Pursuant to the MCA Circulars and SEBI Circular, in view of the prevailing situation, owing to the difficulties involved in dispatching of physical copies of the Notice of the AGM and the Integrated Annual Report for the Financial Year 2020 -21 are being sent only by email to the Members. Therefore, Members, whose email addresses are not registered with the Company or with their respective Depository Participant/s and who wish to receive the Notice of the AGM and the Integrated Annual Report for the Financial Year 2020 - 21 and all other communication sent by the Company, from time to time, can get their email address registered by following the steps as given below: -
- a. For Members holding shares in physical form, please send scan copy of a signed request letter mentioning your folio number, complete address, email address to be registered along with scanned self-attested copy of the PAN and any document (such as Driving Licence, Passport, Bank Statement, Aadhar) supporting the registered address of the Member, by email to the Company's email address grievance.redressal@kbl.co.in



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- b. For the Members holding shares in demat form, please update your email address through your respective Depository Participant/s.
9. The Notice of the AGM and the Integrated Annual Report for the Financial Year 2020-21, will be available on the website of the Company at www.kirloskarpumps.com and the website of BSE and NSE. The Notice of AGM will also be available on the website of NSDL at www.evoting.nsdl.com.
10. Income tax on Dividend will be deducted as per the prescribed rates in the Income Tax Act, 1961 ("the IT Act"). In general, to enable compliance with TDS requirements, Members are requested to complete and / or update their Residential Status, PAN, Category as per the IT Act with their Depository Participants or in case shares are held in physical form, with the Company by sending email to the Company's email address at grievance.redressal@kbl.co.in
11. Pursuant to the provisions of Section 124 of the Act, Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended ("IEPF Rules") read with the relevant circulars and amendments thereto, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund ("IEPF"), constituted by the Central Government.

The Company has been sending reminders to the Members having unpaid/ unclaimed dividends before transfer of such dividend(s) to IEPF. Details of the unpaid/ unclaimed dividend are also uploaded on the website of the Company at www.kirloskarpumps.com. Members who have not encashed Final Dividend 2013-14 or any subsequent dividend declared by the Company, are advised to write to the Company immediately.

12. The unclaimed dividend for the Financial Year 2012-13 has been transferred to IEPF, pursuant to the applicable provisions of Section 124 of the Act. In terms of the said Section read with relevant rules, the amount transferred to the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of 7 (seven) consecutive years or more from the date of such transfer, shall be transferred by the Company to IEPF. Accordingly, the unpaid/ unclaimed dividend for the Financial Years 2013-14 onwards will become transferable at the end of 7 years from the respective dates of transfer of such amount to the Unclaimed Dividend Account to IEPF.

As per the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the underlying shares in respect of which the dividend has remained unclaimed / unpaid for 7 years or more will be transferred to IEPF. Accordingly, the Company has transferred underlying shares, in respect of which the dividend remained unpaid / unclaimed for consecutive 7 years up to the Financial Year 2012-13.

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



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The details of transfer of unpaid/unclaimed dividend to IEPF are given below:

Year	Type of dividend	Dividend in ₹ per share	Date of declaration	Due Date of transfer to the IEPF Account
2013 - 14	Final	2.50	25-Sep-14	October, 2021
2014 - 15	Final	0.50	27-Jul-15	September, 2022
2015 - 16	Interim	0.50	14-Mar-16	April, 2023
2016 - 17	Final	1.00	27-Jul-17	September, 2024
2017 - 18	Final	2.50	27-Jul-18	September, 2025
2018 - 19	Final	2.50	12-Aug-19	September, 2026
2019 - 20	Interim	2.00	14-Feb-20	March, 2027
2019 - 20	Final	0.50	25-Sep-20	October, 2027

In terms of the IEPF (Uploading of information regarding unpaid dividend amount lying with the Companies) Rules, 2012, the details of unclaimed dividend up to 2019-20 (Interim) have been uploaded on the Company's website www.kirloskarpumps.com. This will facilitate the Members to claim their unclaimed dividend. Members are therefore, requested to check and send their claims if any, for the relevant Financial Years from 2013-14 onwards before the respective amounts become due for transfer to IEPF.

13. In terms of the SEBI Listing Regulations, 2015, securities of listed companies can only be transferred in dematerialized form with effect from April 1, 2019. In view of the above, Members are advised to dematerialize shares held by them in physical form.
14. Electronic copy of all the documents referred to in the accompanying Notice of the AGM and the Statement of material facts shall be available for inspection in the Investor Section of the website of the Company at www.kirloskarpumps.com.
15. During the AGM, Members with prior intimation of 48 hours, may access the scanned copy of Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts and Arrangements in which Directors are interested, maintained under Section 189 of the Act, upon Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com>.



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ANNEXURE TO THE NOTICE OF 101st ANNUAL GENERAL MEETING

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

Item No. 3

Ms. Rama Kirloskar (DIN 07474724) age 31, is a Director on the Board of the Company, from 28th July 2017.

Brief Profile:

She currently serves as the Managing Director of Kirloskar Ebara Pumps Limited (KEPL), a joint venture between Kirloskar Brothers Limited, parent company of the 133-year-old Kirloskar Group and Ebara Corporation, Japan. She has been instrumental in the turnaround of KEPL into a debt free company. Previously, she was General Manager and Head of the Product Portfolio Management at Kirloskar Brothers Limited, where she was responsible for driving the Go-to-market strategy, product value management and restructuring for the mass production business; material grade rationalization and streamlining for the foundry business and product rationalization for the made-to-order business.

She holds a double major in Mathematics and Biology from Bryn Mawr College, USA. After graduation, she went on to work at Polaris Partners, a multi-stage venture capital firm that principally invests in technology, healthcare and consumer products, headquartered at Boston, MA, USA. Subsequently, she worked at the Koch Institute at Massachusetts Institute of Technology (MIT), USA. Her research led her and the team to begin working with Visterra Inc., an MIT biotechnology start-up company that currently uses its proprietary platform to design therapeutics for infectious diseases.

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

She is also on the Board of Karad Projects and Motors Limited and Prakar Investments Private Limited. She is on the Executive Council of AGNli (Accelerating Growth of New India’s Innovation), a programme of the Office of the Principal Scientific Adviser to the Government of India and a Mission under the Prime Minister’s Science, Technology and Innovation Advisory Council (PM-STIAC).

She is a member of Corporate Social Responsibility and Risk Management Committee. She has attended 7 Board meetings held during the Financial Year 2020-21.

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

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

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

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



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

Item No. 4

In terms of Section 148 of the Act read with The Companies (Cost Records and Audit) Rules, 2014 including any statutory modification(s) or re-enactment thereof, for the time being in force, the Company is required to get its cost records audited by a Cost Accountant and the remuneration to be paid to such Cost Accountant would be required to be approved by the Members of the Company. The Board of Directors of the Company has appointed M/s. Parkhi Limaye & Co., Pune, as Cost Auditors in terms of the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, for the purpose of auditing the cost records of the Company for the Financial Year 2021-22 on a yearly remuneration of ₹ 825,000/- p.a. (Rupees Eight Lacs Twenty Five Thousand Only) excluding GST and other taxes as may be applicable and out of pocket and travelling expenses, if any.

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

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

III. Details of Directors seeking Appointment as required under Regulation 36 of the Listing Regulations, 2015 and Secretarial Standards (SS-2)

Item No. 5

Mr. Shrinivas Dempo (DIN 00043413) age 52, was appointed as an Additional Director of the Company with effect from May 25, 2021 on the recommendation of the Nomination and Remuneration Committee of the Board of Directors of the Company.

Mr. Shrinivas Dempo is the Chairman of the Goa-based Dempo Group of Companies, which has diversified interests in industries such as calcined petroleum coke, shipbuilding, food processing, real estate and newspaper publishing. He has been Chairman of the Western Region of the largest industry lobby in India, the Confederation of Indian Industry. In 2013, Mr. Dempo was named Honorary Vice Consul of Italy in Goa, India. He was appointed Chairman (Independent Director) of Automobile Corporation of Goa Ltd, a Tata Group Company.

Mr. Dempo has a long association with football, having patronized a premier football club. He was named amongst the 50 most influential people in Indian sports in the 2010 Sports Illustrated Power list as the President and Chairman of Dempo Sports Club.

Mr. Dempo is on the Executive Council of Goa University, besides being associated with a number of Non-Governmental Organizations performing yeoman services to society such as, the Charles Correa Foundation and the President of the Goa Cancer Society. He continues his multi-generational engagement with the Goan society, which covers institutions and programmes of higher education, cultural enrichment, environmental conservation, sporting excellence and affirmative action, under the Dempo Charities Trust and Vasantrao Dempo Education & Research Foundation. He has recently been elected as the Vice President of AIMA on 12th March, 2021.

In his capacity as the Chairman of the prominent petroleum coke manufacturing listed company, Goa Carbon Ltd, Mr. Dempo was honoured in the year 2014 with the Asia Pacific Outstanding Entrepreneurship Award India, 2014 in recognition of his pursuit of responsible business practices by the Asia-wide organization, Enterprise Asia, dedicated to management development and ethical business.



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Mr. Dempo earned his Bachelor's and Master's degrees from the University of Mumbai in 1990 and 1992 respectively. He later took a Master of Science degree in Industrial Administration & Finance from Carnegie Mellon University, Pittsburgh, Pennsylvania, USA in 1995 and in 2019 he was elected as a member on their Board of Trustees. In 2020, he received the Tepper Achievement Award, in recognition of his influential role as the Chairman and Managing Director of the Dempo Group and in professional associations and civic organizations in India.

Currently, he is on the Board of Dempo Sports Club Private Limited, Dempo Shipbuilding and Engineering Private Limited, V. S. Dempo Holdings Private Limited, Goa Medical Research Private Limited, Automobile Corporation of Goa Limited, V. S. Dempo Mining Corporation Private Limited, Hindustan Foods Limited, Dempo Industries Private Limited, Goa Carbon Limited, West Coast Hotels Private Limited, Dempo Travels Private Limited, Marmagoa Shipping and Stevedoring Company Private Limited and is also acting as a designated partner in Esmeralda International Exports Limited LLP, Devashri Nirman LLP, Challengers Table Tennis Club LLP, Dempo Biz Nest LLP and as individual partner in Argent Trading LLP.

Mr. Dempo has rich and varied experience in industrial administration and his appointment will be in the best interest of the Company.

Mr. Dempo does not hold any share of the Company either singly or jointly with others.

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

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

The Company has received a notice under Section 160 (1) of the Act from a shareholder proposing his candidature to the office of a director. The Board is of the opinion that, he fulfils the conditions regarding his appointment as an Independent Director.

On the recommendation of the Nomination and Remuneration Committee, and as per the requirements of Sections 149 read with 152 of the Act, the Board recommends passing of this resolution as an Ordinary Resolution appointing him as an Independent Director of the Company for a term up to May 24, 2026.

Item No. 6

Mr. Shobinder Duggal (DIN 00039580) age 63, was appointed as an Additional Director of the Company with effect from May 25, 2021 on the recommendation of the Nomination and Remuneration Committee of the Board of Directors of the Company.

Mr. Shobinder Duggal is a Bachelor's in Economics (Hons.) from St. Stephens College, Delhi University and a member of Institute of Chartered Accountants of India. He has completed a programme for Executive Development from IMD Lausanne, Switzerland and done several international courses from the Nestle Training Centre, Switzerland and the London Business School, UK.

Mr. Shobinder Duggal is a recipient of many prestigious awards, such as the "Best CFO" of Large MNC by Business Today and Business World India, the "Best CFO" of MNC by Dalal Street India, the "Business World CFO" award recognised Nestle India for its best financial performance for MNC, a large MNC.

He has about 35 years of work experience with the Nestle group in India and Switzerland. He was the CFO of the South Asia Region of Nestle from May 2004 to February 2020 and has also handled procurement and IT/IS responsibilities. He was also the Executive Director and CFO in Nestle India Limited and a Board



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member of Nestle Lanka PLC. Before becoming the CFO, Mr. Duggal had handled various responsibilities including Financial Planning, Direct Taxes, Consolidation & Reporting to the Group and for India entity, Assisting on Investor Relations, Insurance, Controlling, Costing, Overseeing the Treasury function, Payroll, Fixed Assets Management, Operational & Financial Audits, Due Diligence Audit etc. He had led an international team for the due diligence of a major acquisition in India.

Currently, Mr. Duggal is on the Board of SBI Life Insurance Company Limited, as an Independent Director.

Mr. Duggal has more than 36 years rich experience in procurement, IT/IS field and also in the Finance fraternity as well and his appointment will be in the best interest of the Company.

Mr. Duggal does not hold any share of the Company either singly or jointly with others.

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

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

The Company has received a notice under Section 160 (1) of the Act from a shareholder proposing his candidature to the office of a director. The Board is of the opinion that he fulfills the conditions regarding his appointment as an Independent Director.

On the recommendation of Nomination and Remuneration Committee and as per the requirements of Sections 149 read with 152 of the Act, the Board recommends the passing of this resolution as an Ordinary Resolution appointing him as an Independent Director of the Company for a term up to May 24, 2026.

Item No.7

Ms. Ramni Nirula (DIN 00015330) age 69, was appointed as an Additional Director of the Company with effect from May 25, 2021 on the recommendation of the Nomination and Remuneration Committee of the Board of Directors of the Company.

Ms. Ramni Nirula, retired as the Senior General Manager of ICICI Bank Limited. She has more than 4 decades of experience in the financial services sector, beginning her career with the erstwhile ICICI Limited in the project appraisal division. Since then, she has held various leadership positions in areas of Project Financing, Strategy, Planning & Resources and Corporate Banking. She was part of the top management team instrumental in transforming ICICI Bank from a term lending institution into a technology led diversified financial services group with a strong presence in India's retail financial services market. She was also part of the top-level task force, which successfully planned and implemented ICICI Bank's entry into the Rural Banking, Microfinance & Agriculture Business group, identified by the Bank as a key thrust area. Ms. Nirula also held a key position as the Managing Director & CEO of ICICI Securities Limited, the Investment Banking arm of ICICI Bank Limited. She also headed the Corporate Banking Group for ICICI Bank. In addition, she was also responsible for setting up the Government Banking / Corporate Agri Group based out of New Delhi within the bank.

Ms. Nirula helped to set up / take forward I-Banks' CSR initiative through the ICICI Foundation set up with a focus on delivery of primary health, primary education and access to finance.

Ms. Nirula has been a member of the Board of many ICICI group and associate companies i.e. ICICI



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Securities Limited, ICICI Direct and 3i Infotech. Additionally, she has been a member of the Board of leading companies in India.

Ms. Nirula has also been on the Board of non-corporates like a leading residential school for girls, a Micro Finance Institution in India and Advisory Council Member of ICICI Knowledge Park Trust. In addition to the Corporate Boards, Ms. Nirula was on the India Advisory Board of a Boston based global PE fund for advising on investment opportunities in India and supporting investee companies in their biz growth.

Ms. Nirula holds a Bachelor's Degree in Economics and a Master's degree in Business Administration from Delhi University.

Currently, Ms. Nirula is on the Boards of DCM Shriram Limited, P.I. Industries Limited, HEG Limited, Usha Martin Limited.

Ms. Nirula has rich experience in the areas like Project Financing, Strategy, Planning and Resources and Corporate Banking and her appointment will be in the best interest of the Company.

Ms. Nirula does not hold any share of the Company either singly or jointly with others.

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

Apart from Ms. Nirula, none of the other Directors, Key Managerial Personnel of the Company and/or their relatives are concerned or interested, directly or indirectly, financially or otherwise, in the proposed resolution.

The Company has received a notice under Section 160 (1) of the Act from a shareholder proposing her candidature to the office of a director. The Board is of the opinion that, she fulfils the conditions regarding her appointment as an Independent Director.

On the recommendation of Nomination and Remuneration Committee, and as per the requirements of Sections 149 read with 152 of the Companies Act, 2013, the Board recommends the passing of this resolution as an Ordinary Resolution appointing her as an Independent Director of the Company for a term up to May 24, 2026.

Item No. 8

Appointment of Ms. Rama Kirloskar (DIN 07474724) age 31 years as a Joint Managing Director of the Company for a period of 5 years with effect from August 3, 2021.

Based on the recommendations of Nomination and Remuneration Committee, the Board of Directors, at its meeting held on August 3, 2021, had unanimously approved the appointment of Ms. Rama Kirloskar as a Joint Managing Director for a tenure of 5 years from August 3, 2021 to August 2, 2026 (both days inclusive), subject to the approval of Members of the Company. Her appointment as a Joint Managing Director in the Company will be in addition to her current position as Managing Director of Kirloskar Ebara Pumps Limited (KEPL).

Further, the Board at its meeting held on August 3, 2021, also unanimously approved the terms and conditions of appointment of Ms. Rama Kirloskar as mentioned in the draft resolution, which are as under:

Salary:

Rs. 500,000/- (Rupees Five Lakhs only) per month.



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Perquisites:

- a. Fully furnished/unfurnished residential accommodation. Where no accommodation is provided by the Company, suitable House Rent Allowance in lieu thereof may be paid.
- b. The expenses on furnishings, gas, electricity, water and other utilities and repairs, if any, shall be borne by the Company.
- c. Reimbursement of all medical expenses incurred for self and family.
- d. Leave Travel Assistance for self and family as per Company rules.
- e. Fees of clubs which will include admission and life membership fees.
- f. Personal accident insurance, premium whereof does not exceed ₹ 25,000/- per annum.
- g. Provision of service staff at residence.
- h. A car with driver for official and personal purpose.
- i. Telephone and other communication facilities at residence.
- j. Contribution to Provident Fund, Superannuation Fund or Annuity Fund.
- k. Gratuity at the rate not exceeding 30 days salary for each completed year of service, and
- l. Leave at the rate of one month for every eleven months of service. Leave not availed of may be encashed.

There would be no duplication of the perquisites provided by both the Companies.

“Family” for the above purpose means the spouse, dependent children and dependent parents of a Joint Managing Director.

Perquisites shall be valued as per the provisions of the Income Tax Rules.

Commission:

Commission shall be decided by the Board of Directors based on the net profits of the Company and as recommended by the Nomination and Remuneration Committee of the Board, for each year subject to the condition that the aggregate remuneration of the Joint Managing Director shall not exceed the limit laid down under Section 197 of the Act read with Schedule V of the said Act. Ms. Rama Kirloskar in her capacity as a Joint Managing Director will not be entitled for any sitting fees for attending the meeting of the Board and its Committee thereof.

Ms. Rama Kirloskar shall draw remuneration from the Company and KEPL, provided that the total remuneration drawn from both the Company and KEPL does not exceed the higher maximum limit admissible from any one of the companies in accordance with Schedule V of the Act.

Ms. Rama Kirloskar is not disqualified from being appointed as a Joint Managing Director in terms of Section 164 of the Act and has given her consent to act as a Joint Managing Director of the Company. In the opinion of the Board, she fulfils the conditions for the said appointment as prescribed under the relevant provisions of the Act and the relevant Rules made thereunder. Ms. Rama Kirloskar, apart from being qualified, she has been on the Board of the Company since 2017.

In view of the relevant provisions of Section 203(3) of the Act, Ms. Rama Kirloskar can be appointed as a Joint Managing Director of the Company.



Enriching Lives

For brief Profile of Ms. Rama Kirloskar one can refer to Item No. 3 in Details of Director seeking re-appointment.

She does not hold any share of the Company, either singly or jointly with others.

Ms. Rama Kirloskar has attended 7 (seven) Board Meetings of the Company held during the year.

A copy of the contract of employment/ service setting out the terms of appointment including her powers, functions, role, responsibility / duties and remuneration payable, proposed to be entered into with Ms. Rama Kirloskar will be available for inspection on request without payment of fee.

Except Ms. Rama Kirloskar, Mr. Sanjay Kirloskar and Mr. Alok Kirloskar, none of the Director, Key Managerial Personnel of the Company and or their relatives are concerned or interested, directly or indirectly, financially or otherwise in this resolution.

Considering her knowledge of various aspects of the Company's affairs and the scope of its business expansion and varied industrial experience, the Board recommends the resolution regarding appointment of Ms. Rama Kirloskar as a Joint Managing Director of the Company for consideration and approval of the Members of the Company by way of an Ordinary Resolution.

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

A handwritten signature in black ink, appearing to be "RA", with a long horizontal stroke extending to the right.

Raghunath Apte
Company Secretary
ICSI Membership No – A17619

Pune: August 3, 2021

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Enriching Lives

KIRLOSKAR BROTHERS LIMITED

A Kirloskar Group Company

INTEGRATED ANNUAL REPORT 2020-21

ENRICHING LIVES.
TRANSCENDING BOUNDARIES.



Kirloskar Brothers Limited (KBL), which completed 100 proud years of its incorporation last year, ushered into a newer century with newer promises, newer possibilities and a newer outlook.

Now, with our entry into a new century, we felt that it was about time we also revised our Purpose, Vision, Mission and Values in line with the changing times, technology and evolving customer requirements and expectations in order to meet and stay committed towards our ultimate goal of Enriching Lives.

Accordingly, our renewed Purpose, Vision, Mission and Values are:

PURPOSE

Enriching Lives. Transcending Boundaries.

VISION

Enriching Lives across communities through innovative and sustainable engineering solutions.

MISSION

To lead the industry through reliable, intelligent hydraulic machines & systems providing superior value and ensuring customer delight.

VALUES

- Teamwork with Mutual Trust and Empathy
- Commitment towards the Environment
- Integrity and Accountability
- Speed and Accuracy
- Progressive and Proactive
- Process Centric



**ENRICHING LIVES.
TRANSCENDING BOUNDARIES.**

Our company marked its entry into the new century with a new outlook by -

- Revising our new Purpose, Vision, Mission and Values
- Supplying fire-fighting pumps for projects of national importance, such as Atal Tunnel (Rohtang, Himachal Pradesh) and Statue of Unity (Kevadia, Gujarat)
- Receiving patents for our signature Lowest Life Cycle Cost (LLC™) pump series
- Becoming the proud recipient of the ASSOCHAM award for our Kaniyur plant in the 'Best Employer for Women' category
- Becoming the first pump manufacturing company in India to be certified for Integrated Management System consisting of four different standards, viz, ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 & ISO 50001:2018.

KIRLOSKAR BROTHERS LIMITED

| A Kirloskar Group Company



BOARD OF DIRECTORS

Sanjay C. Kirloskar	Chairman and Managing Director
Pratap B. Shirke	
Alok S. Kirloskar	
Kishor A. Chaukar	(Upto 25.09.2020)
Rakesh Mohan	
Rama S. Kirloskar	
Rajeev V. Kher	
Pradyumna Vyas	
Shailaja Kher	
M. S. Unnikrishnan	
Shrinivas V. Dempo	Additional Director (w.e.f. 25.05.2021)
Shobinder S. Duggal	Additional Director (w.e.f. 25.05.2021)
Ramni D. Nirula	Additional Director (w.e.f. 25.05.2021)

Chief Financial Officer

Chittaranjan M. Mate

Company Secretary

Sandeep Phadnis (upto 09.04.2021)
Raghunath Apte (w.e.f. 25.05.2021)

Auditors

M/s. Sharp & Tannan Associates - Chartered Accountants, Pune

Bankers

Bank of India
Canara Bank
HDFC Bank Limited
Citibank N.A.
EXIM Bank
ICICI Bank Limited

Registered & Corporate Office

“Yamuna”, Survey No. 98 (3 to 7), Plot No. 3,
Baner,Pune – 411 045, Maharashtra (India)
Phone : (020) 67214444 Fax: (020) 67211136

Email: grievance.redressal@kbl.co.in

Website: www.kirloskarpumps.com

Works

Kirloskarvadi, Dewas, Shirwal, Kondhapuri, Coimbatore (Kaniyur),
Ahmedabad (Sanand)

Information for Shareholders

Annual General Meeting :

Day & Date : Thursday, September 09, 2021

Time : 11.00 a. m.

Venue : Video Conferencing / Other Audio
Visual Means (“VC / OAVM”)

Deemed Venue : “YAMUNA”, Survey No. 98 (3 to 7),
Plot No. 3, Baner, Pune – 411 045
Maharashtra (India)

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DECADE AT A GLANCE

(Amounts in Million ₹)

Particulars	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenue from Operations	17,999	20,970	22,235	19,346	17,355	16,387	16,257	17,598	18,724	17,819
Other Income	190	254	247	189	182	208	113	55	70	463
Material Cost	10,703	11,618	13,205	11,288	9,975	9,898	10,471	11,696	13,204	12,661
Other Expenses	5,613	7,704	7,408	6,508	6,318	5,833	4,934	4,504	4,107	4,441
Interest	241	302	262	253	315	382	413	409	443	537
Depreciation	383	400	366	352	397	408	497	346	320	303
Profit Before Tax	1,249	1,200	1,241	923	533	74	55	698	719	340
Income Tax Provision	317	408	368	267	203	(33)	(30)	221	285	28
Net Profit After Tax	932	792	873	656	330	107	85	477	434	312
Share Capital	159	159	159	159	159	159	159	159	159	159
Reserves	10,523	9,608	9,244	8,796	8,221	7,903	7,804	7,842	7,627	7,378
Net Worth	10,682	9,767	9,403	8,955	8,380	8,062	7,963	8,001	7,786	7,536
Imports	652	576	1,042	504	382	403	524	671	473	729
Exports	1,354	2,511	2,199	1,311	1,667	1,245	1,280	1,184	1,544	1,153
Basic Earnings Per Share (₹) (Face Value of ₹ 2/-)	11.74	9.97	11.00	8.26	4.16	1.36	1.07	6.00	5.47	3.93
Dividend %	150%*	125%	125%	125%	50%	25%	25%	125%	100%	100%
Book Value Per Share (₹)	134.52	123.00	118.42	112.78	105.53	101.53	100.30	100.82	98.11	94.99

Notes :

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

* Final Dividend recommended @150%.

About the Report

Reporting Scope

This report for Kirloskar Brothers Limited (KBL) is disclosing its financial and non-financial performance in accordance with national and global frameworks. These include reporting requirements under the companies act 2013 and the rules made thereunder, Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations 2015 including amendments thereof and Indian Accounting Standard (IndAS). The information contained in page no 4 to 88 is based on Integrated Reporting < IR > framework of International Integrated Reporting Council (IIRC) as well as in accordance with Global Reporting Initiative (GRI) standards 'Comprehensive' option and National Voluntary Guidelines. For the past 11 years, we have been reporting our sustainability performance. Since 2018-19, information which earlier contained in our sustainability report has been combined with financial information and presented in the form of this Integrated Report. It gives the material information about the organisation's strategy, governance, performance and prospects which lead to the creation of value. It also includes KBL's Environmental, Economic and Social performance between April 1, 2020 and March 31, 2021 categorised and reported in the form of capitals such as Financial Capital, Manufactured Capital, Human Capital, Intellectual Capital, Social & Relationship Capital and Natural Capital.

Reporting Boundary

The financial information contained in this Integrated Report pertains to KBL standalone and gives a consolidated financial statement for KBL, its subsidiary companies and associate companies (referred to as "the group"). The boundary for the information contained in page no 4 to 88 covers KBL Corporate Office, manufacturing locations, subsidiaries and associate companies in India as shown below:

Kirloskar Brothers Limited;

- Corporate Office, Pune
- Kirloskarvadi plant
- Kondhapuri plant
- Shirwal plant
- Dewas plant
- Sanand plant
- Kaniyur plant

Subsidiaries and associate companies;

- Kirloskar Ebara Pumps Limited, Kirloskarvadi (KEPL)
- Kirloskar Corrocoat Pvt Limited, Kirloskarvadi (KCPL)
- Karad Projects and Motors Limited, Karad (KPML)
- The Kolhapur Steel Limited, Kolhapur (TKSL)

Audit and Assurance

The financial statements presented in the report have been audited by M/s. Sharp and Tannan Associates - Chartered Accountants, Mumbai and the information contained in page no 4 to 88 in line with <IR> framework has been independently assured by M/s Ernst and Young Associates LLP.



CMD Message

The prevailing conditions in the country and across the world ever since the onset of the COVID-19 pandemic last year have been tough and unprecedented. The arrival and roll-out of the eagerly awaited COVID vaccines is surely the most crucial step forward towards revival, but the battle still seems far from over. It has been painful to see some of our employees getting infected with COVID-19 virus and it has been even more unfortunate to lose some of them to this pandemic. My heartfelt condolences to the bereaved families. As a Company, we have been trying our best to provide all the possible support to them.

All through this period, the safety of our employees, community and customers has always been the primary concern. We have a 130 year legacy of responsible business and have always been committed to the wellbeing of all. Ever since the onset of the pandemic, we have been adhering to all the precautionary safety measures advised by our government and health authority advisories from time to time, across all our offices and plants while carrying out our business operations.



We continue the way we have fought against it so far, through self-discipline and hygiene. We have been making all the necessary arrangements to ensure health & safety of our employees while they work from their respective locations. To best protect those who must be at KBL's offices to carry out their work, the majority of employees are working from home. All our manufacturing locations were operational, albeit with much reduced capacity and operating in split shifts to minimise exposure. More importantly, recently, in view of the severe scarcity of hospitalisation/critical care facilities across Pune as a result of the steep spike in COVID-19 cases, we tied up with a well-equipped hospital located near our Kirloskarvadi facility for the convenience of our employees and their dependents in times of an emergency.

Earlier, the lockdown restrictions helped flatten the COVID-19 curve and protect lives, but also resulted in an inevitable economic slowdown. Despite the restrictions, I am proud of the way our organisation has worked towards minimising the impact of the pandemic on our business operations and we have remained composed and focused on ensuring business continuity. Right at the onset of the pandemic, we worked out an extensive business continuity plan to strengthen our market knowledge and demand analysis, prioritising our manufacturing and supply chain operations and services. The plan was aimed at retaining our reputation as the most trusted and reliable partner and supplier to our customers. I am really happy to see the way how we have worked in the areas of cost saving, productivity enhancement and after-sales services during the period.

Despite the operational challenges, we have showcased a substantial improvement in our product sales and project orders ever since the resumption of our operations after the lockdown. Over the last few months, we have been able to catch up substantially on the deficit in production that we faced during the first three quarters of FY 2020-21, with the graph going up with each passing month. We gradually strove towards accomplishing our performance milestones step by step.

During the period, we successfully completed most of our pending domestic projects that were stuck due to the national lockdown, including endeavours such as the commissioning of irrigation projects in Gujarat, supply of our firefighting pumps for the historic Atal Tunnel, supply of Autoprime pumps for the Agartala and Dibrugarh Municipal Corporations, supplying and commissioning of our largest ever horizontal split case pumps across different locations of the Uttar Pradesh state irrigation department (CESPO), association with the Bhama Askhed project in Pune and the Mettur Surplus Water scheme in Tamil Nadu. As far as our international projects are concerned, we further strengthened our position in Thailand with CW pumps for the MaeMoh power plant. Some of the other significant international projects executed during the period include the supply of our first fish-friendly Concrete Volute Pump in Europe for an endeavour, wherein the prefabricated design was conceptualised and manufactured by Rodelta Pumps International BV and the supply of our firefighting pumps for the new Supreme Court building of Mauritius.

Over the last two quarters, our Small Pump Business (SPB) sales also gained considerable traction. With the announcement of the phase-wise government relaxations and other supportive factors like the implementation of various farmer-centric initiatives and a favourable monsoon last year, demand for agricultural pumps and solutions has been on the rise. Being the market leader in the agricultural pump segment, we have been well-equipped to cater to the rise in demand for agricultural pumping solutions and have had the first-mover advantage.

Our preparedness and continued dialogue with customers and channel partners during the period have been immensely crucial in helping us convert opportunities into results. We have had the right infrastructure and processes in place to help us stay connected with all our stakeholders during these challenging times. The COVID-19 pandemic may have kept us away from our customers, but we never lost touch with them. We continued to explore and adopt new ways and initiatives to serve our customers remotely and the effective use of the digital platform was certainly one of them. Earlier, during the lockdown, as our customers were unable to visit our service centre to avail free service or warranty, we extended warranty of our small pumps product range. The relentless spirit of our employees who went beyond the call of duty to ensure that our products and services are made available to our customers was also a determining factor that provided a fillip to our business operations.

We are proud that our pumps were being used in various applications in the fight against COVID-19 virus. Whether it is in sanitisation machines to spray disinfectants or in quarantine centres and dedicated COVID-19 hospital buildings to maintain critical water supply and ensuring fire-safety, we have been contributing in the fight against this pandemic through our products.

KBL team, through its charitable arm, Vikas Charitable Trust, undertook various relief operations right since the beginning of the COVID-19 pandemic by reaching out to tens of thousands needy and affected people, most of which were located in different parts of rural India.

Adapting to the market requirements has always been our strength. During the period, we also launched various new products, including the smaller-sized constant pressure booster pumping system, K-booster and our all-new SP coupled pump-set integrated with the latest IE4 Motor. Last year, we also reiterated our focus on our reverse engineering capabilities.

Our organisation started Sustainability Reporting in 2009-10. This is our 3rd annual report aligned to the principles of International Integrated Reporting <IR> Framework developed by the International Integrated Reporting Council (IIRC). In addition, this integrated annual report is in accordance with Global Reporting Initiative (GRI) standard's Comprehensive option and Business Responsibility Report (BRR) requirements of SEBI.

Our Company has been focused on conservation of natural resources. Recently, several new initiatives have been undertaken on clean technology, energy efficiency, renewable energy and water conservation. To reduce our carbon footprint, we have invested in roof-top solar PV panels at KBL's manufacturing plants, subsidiaries and the corporate office. Total installed capacity of solar panels is 4600 kW, which is in addition to the wind power installations of 4000 kW, thus contributing towards green energy. These renewable energy sources contribute to more than 20% of our total electricity consumption. The Company is planning to scale up this green energy dependence in the coming years. We have implemented extensive daylight harvesting, rainwater harvesting, biogas plants, vermiculture plants, Reduce - Reuse - Recycle concepts and many other sustainability initiatives. In order to minimise impact on environment, we are into continuous product innovations to reduce life cycle cost of our products. We have initiated Life Cycle Assessment of our products at Dewas plant under the guidance of CII. In addition, carbon footprint assessment of the Dewas plant operations has been initiated under the guidance of British Standards Institute (BSI).

Our Dewas plant has won TPM Excellence Award - 2020 from Japan Institute of Plant Maintenance (JIPM). This plant has also won Silver medal in "National Award for Manufacturing Competitiveness (NAMC)" assessment organised by International Research Institute for Manufacturing (IRIM).

A considerable number of pumps from Small Pumps Business plants were added to BIS certified and BEE star rated product basket. Our KVM vertical multi-stage pump was conferred with the prestigious India Design Mark 2020 while our signature Kirloskar Lowest Lifecycle Cost (LLC) pump series was accredited with two patents.



Keeping the current scenario in mind, providing and capitalising on providing value for money, both in terms of cost and performance, remains our customer focus.

As a result, we are increasingly emphasising on introducing products with the lowest life cycle cost into the market. This is in line with providing the best value proposition to our customers by offering products with highest quality & efficiency and lowest maintenance cost. Our focus has been on business sustainability, cost optimisation, product innovation and customer engagement. We have been striving towards diverting our Company culture towards a new way of working beyond the physical office to maintain 'business as usual'. Our organisation has adjusted well to the remote working ways. Currently, we are working together on eliminating waste and optimising the cost of materials while improving our productivity across all levels.

The current conditions may be indistinct but our approach isn't. We are confident that with the situation getting better, we will be able to pick up pace, reaching our full potential sooner than later.

Wishing you all good times ahead.

Stay Safe, Stay Positive!

A handwritten signature in black ink, appearing to read 'SCK 2.8'.

Sanjay C. Kirloskar

Chairman & Managing Director

Highlights of the year

Key financial figures in Rupees

Total Income	18188 Mn
ROI	12.3 %
PAT	932 Mn
EBITDA	1914 Mn



Supply of first fish-friendly Concrete Volute pump in Europe, wherein the prefabricated design was conceptualised & manufactured by Rodelta Pumps International BV



KBL has supplied and commissioned largest ever horizontal split case pumps across different locations of the Uttar Pradesh State Irrigation department (CESPO)



KBL has manufactured and supplied its biggest Butterfly Valve of 3800 mm diameter



KBL is proudly associated in supply and installation of high-tech firefighting pumps for the historic 'Atal Tunnel', also known as Rohtang Tunnel world's longest underground highway which connects Manali to Leh, located in the Pir Panjal range of Himalayas on the Leh-Manali highway in Himachal Pradesh, India at an altitude of 3000 meter (10,000 feet) from the Mean Sea Level. The strategically important all-weather Atal Tunnel connects and substantially reduces the travel time from Manali to Leh.

New Products

Kirloskarvadi



GKw series
(24 pump models)

Dewas



SP coupled set with
IE4 & IE5 class motors

Shirwal



KirloSmart

Kaniyur



Crystal Ultra



Mini-30C

Kondhapuri



3800 mm diameter
Butterfly Valve

Sanand



KS4 NEO submersible
pump

KPML

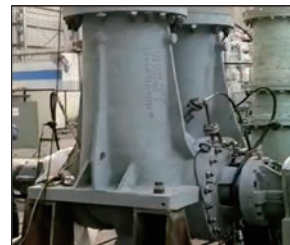


IE4 Motor



Microcontroller based
panels for submersible
pumps

KEPL



BB1 Pump 500 x 500
KS 63 SO/50100379



Multi stage Pump 250 x
200 KBSH 4M
SO-50100682

Awards



Dewas plant has won TPM Excellence Award - 2020 from Japan Institute of Plant Maintenance (JIPM)



Kaniyur plant has won ASSOCHAM's Diversity & Inclusion Excellence Award



Dewas plant has won silver medal in "National Award for Manufacturing Competitiveness assessment" organised by International Research Institute for Manufacturing (IRIM)



KBL was adjudged as number one Company in domestic & agriculture pump sales in Orissa at the Bazaar MRG award function 2020



Appreciations



The 200 MLD Bhamaskhed Water Project (water treatment plant) of Pune Municipal Corporation (PMC) which is considered instrumental in solving the water scarcity issue of east Pune city, was flagged off in January 2021. KBL played a pivotal role in completion of this project. Appreciation was received from PMC for contribution towards successful completion including testing and commissioning.



KPML plant has won 1st prize in CII National Kaizen Circle competition 2021



KPML plant has won 1st prize in CII Maintenance Circle competition 2021

Overview of capitals (key financial figures in Rupees)



Financial Capital

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

Highlights

Income – 18188 Mn
ROCE – 12.3 %
PAT – 932 Mn



Manufactured Capital



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

Highlights

No. of plants – 6 nos.
No. of subsidiaries/associate companies – 4 nos.



Human Capital

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

Highlights

Total number of employees – 4206 nos.
Retention rate – 91.4 %



Intellectual Capital



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

Highlights

Patents – 25 nos.
Monetary investment made in R & D – 167.99 Mn



Social and Relationship Capital

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

Highlights

No. of Dealers – 16000+
No. of ASCs – 689 nos.
No. of ARCs – 4 nos.
No. of APOEMs – 2 nos.
CSR Investments – 25 Mn



Natural Capital



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

Highlights

Electricity from renewable sources – 22 %
Water recycled as a percentage of water withdrawal – 52 %



Company briefly

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

KBL has manufacturing facilities in India at Kirloskarvadi, Kondhapuri, Shirwal, Dewas, Sanand and Kaniyur, two subsidiaries/associate companies at Kirloskarvadi, one at Karad and one at Kolhapur.

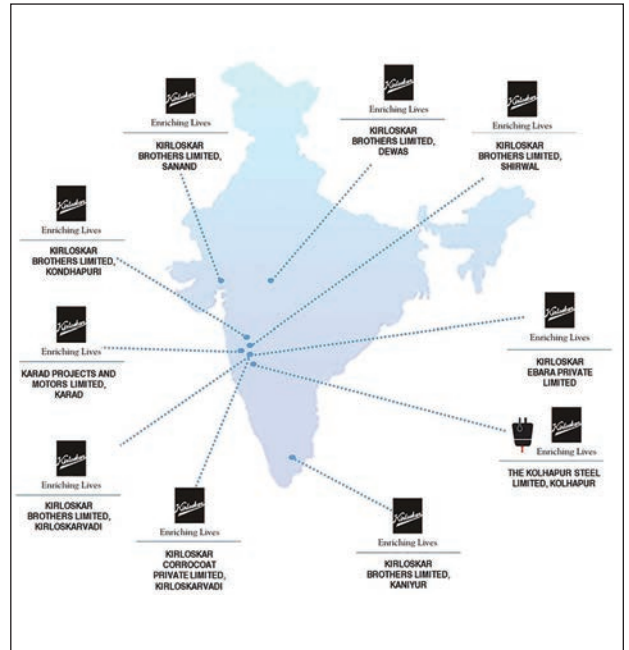
KBL has the necessary expertise to manufacture over 75 types of pumps with a flow capacity up to 120,000 m³/hr head up to 1200 m and EPC capabilities, making it the leader in producing world's widest range of energy efficient pumps, including the smallest and the largest pumps in the world. We have Asia's largest Hydraulic Research Centre for testing pumps at duty conditions up to 5000 kW and with up to 50,000 m³/hr discharge.

Purpose, Vision, Mission and Values



KBL Global Headquarters and Registered Office

“Yamuna”, Survey No. 98 / (3 to7), Plot No. 3, Baner, Pune 411 045, Maharashtra, India.



KBL is one of the world’s leading fluid management solution providers with fourteen manufacturing plants worldwide.

Locations of KBL manufacturing companies and subsidiaries



Subsidiaries and associate companies at a glance

Kirloskar Corrocoat Private Limited



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

The Kolhapur Steel Limited



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

Kirloskar Ebara Pumps Limited



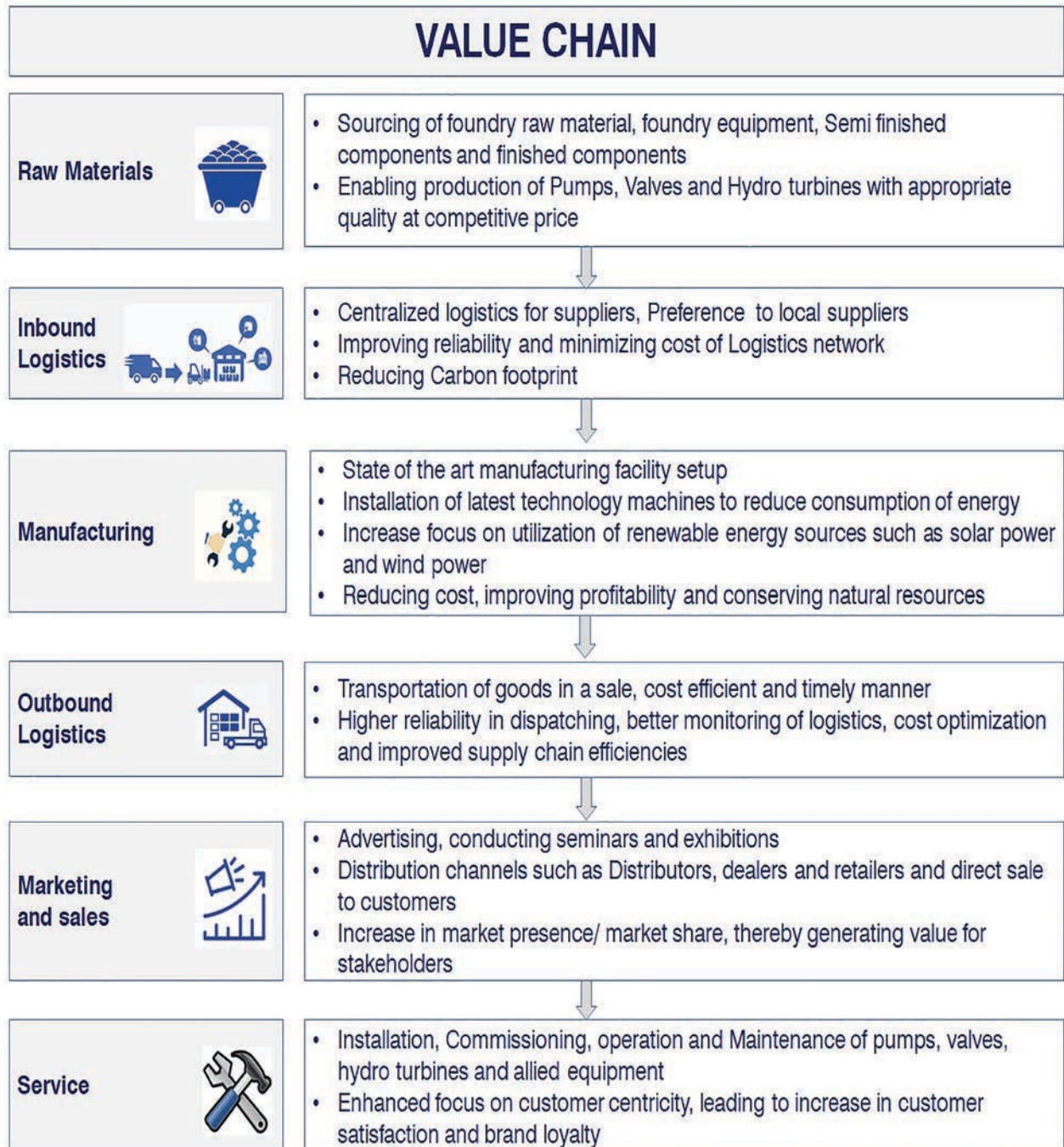
Kirloskar Ebara Pumps Limited was established on 13th January 1988 as a Joint Venture promoted by Kirloskar Brothers Limited and Ebara Corporation with a mission to manufacture and supply rotary equipment like process pumps, boiler feed water pumps, steam turbines for mechanical drive and steam turbine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

Karad Projects and Motors Limited



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

Value Chain





General Disclosures

Nature of ownership and legal form

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

Geographic locations where products and services are offered

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

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

Markets served

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

- Product and project leadership
- Operational efficiency

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

KBL Business Verticals

- Engineered Service Division
- Building and Construction
- Small Pump Business
- Marine & Defence
- Oil & Gas
- Industry
- Water, Power & Irrigation
- Export Excellence Cell
- Valves

Product Portfolio Management (PPM)

PPM function was introduced with an objective to further strengthen the approach to product and process improvements in Kirloskar Brothers Limited. We proactively scout for market trends, market expectations & emerging technologies and build in our products and operations for the mutual benefit of customers and organisation. We have pillars such as Product, Industrial Engineering, Systems & Processes, Knowledge management and Emerging technologies; each working with an objective to make the products and the operations more customer centric and future ready.

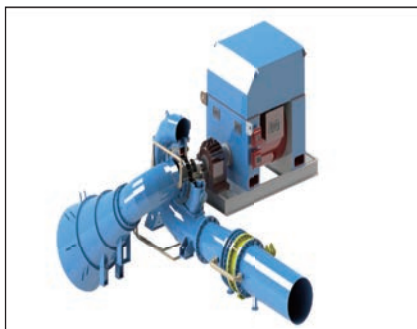
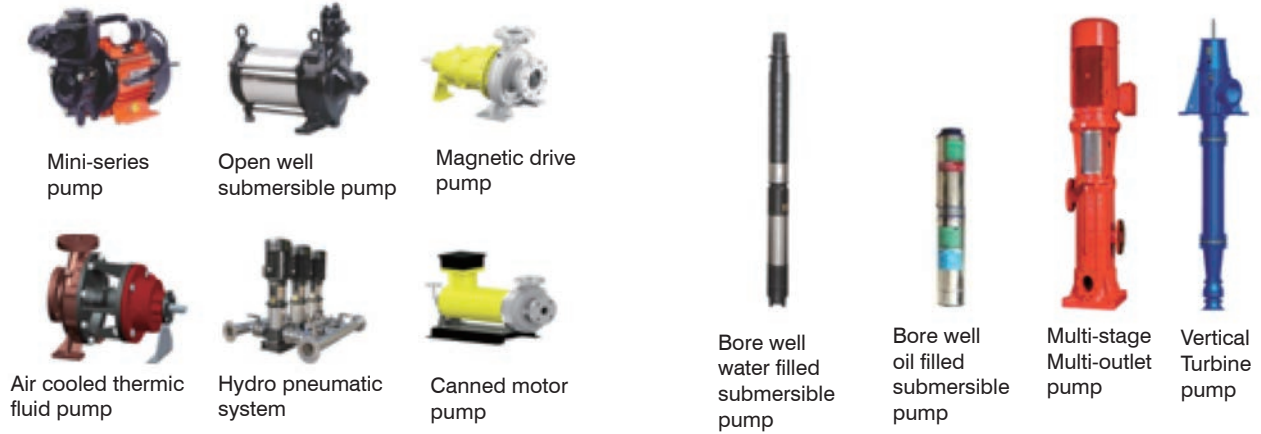
Pandemic has changed the world in fundamental ways. Since PPM functions as a proxy for the overall business covering strategy, product definition, design, pricing, offer and product operations, it is at the very epicentre of impact within the organisation. In these disruptive times, the most important trait that we further strengthened is agility. We have implemented agility in every facet of operations. The things which we imbibed in every project are 'foresee and be proactive', 'keep long term perspective' and 'have prime focus on growth' with simultaneously having cost competitiveness and optimisation at the back of our minds.

The most significant challenge which we faced head on was to work remotely and stay connected with all the stakeholders and ensure expected outcome. During these times, we connected with the customers online to understand how they are adapting during these times and introspected to see how we can leverage our capabilities for the benefit of our customers.

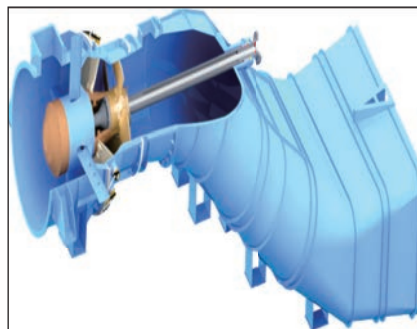
We also understood customer requirements online and translated them into design specifications. We partnered with service team and design team to further understand customers and to come up with solutions which could help customers run and remotely monitor their operations. This strengthened our bond and relationship with the customers. These times also unboxed new opportunities in terms of applications for our products. Accordingly, identified new Unique Selling Propositions (USPs) and we revisited our customer value proposition. We utilised pandemic situation to consolidate and further strengthen our capabilities in terms of enhanced product range, ready for the future. We explored new emerging technologies such as Augmented Reality (AR), Virtual Reality (VR) and Artificial Intelligence (AI) for different use cases and for the mutual benefit of organisation and stakeholders.

Though the dynamics have changed, we continue to ensure profitable product basket for KBL group companies using new advanced techniques and models. We work to achieve visibility and traceability in all our projects and operations, since we strongly believe that things which are traceable and visible can only be improved.

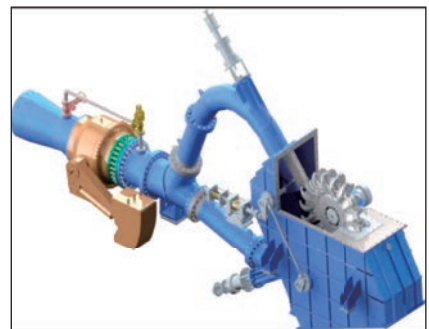
Glimpse of KBL products



Francis Turbine



Kaplan Turbine



Pelton Turbine



Range of valves

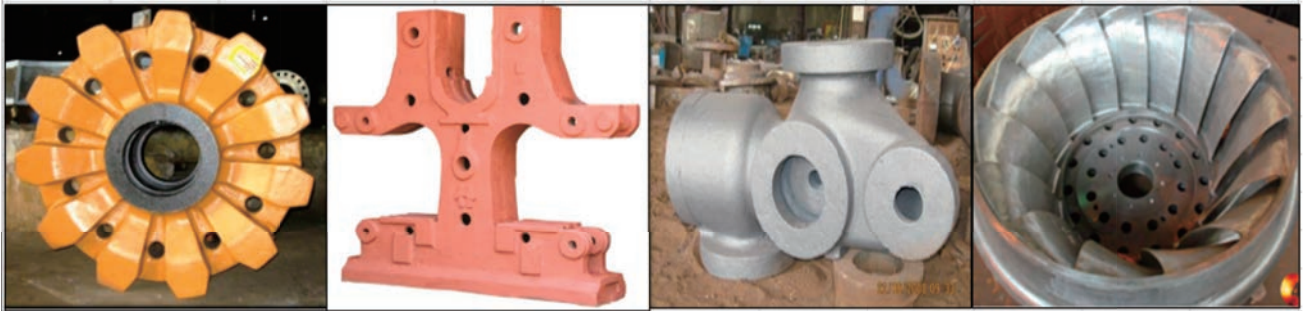


Protecting the world's tallest statue - KBL firefighting pumps have been installed at the "Statue of Unity"



TKSL range of products

The Kolhapur Steel Limited is engaged in making steel castings of various grades for various industries viz. power sector, pumps and valves, cement, mining, heavy engineering, sugar etc.



Sprocket

Head Stock

Valve Casing

Francis Turbine Runner

TKSL Business Verticals

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

KCPL range of products

KCPL is devoted towards manufacturing variety of glass flake filled coating formulations specially designed and developed to give peak performance of the assets with unique aim to integrate productivity and profit. Variety of application specific coatings with formulations based on epoxy, polyester, vinyl ester etc. are manufactured.



Corroglass	Polyglass	Corrocoat	Fluiglide	Plasmet
High performance engineering glass flake filled composites using resin technology tailor made for the process environment.	The Polyglass is developed to create a spray-applied protective coating with improved ease and speed of application.	A range of tailor-made, high performance polymeric solutions for critical service applications.	Fluiglide series for energy conservation / energy efficient coating of pumps.	High performance, abrasion-resistant protective coatings and surface-tolerant primers.

KEPL range of products

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

- (1) Hydrocarbon Industries,
- (2) Process and energy Industries,
- (3) Customer Service and Spares.



API-610 pump

Low and medium pressure pump

Vertical suspended pump

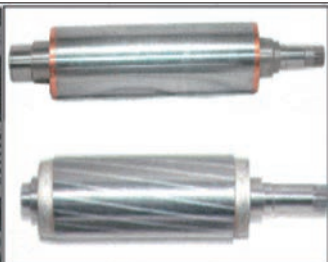
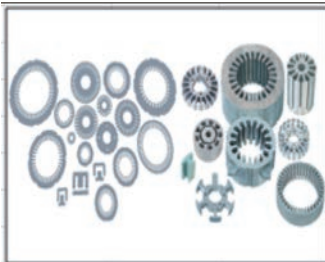
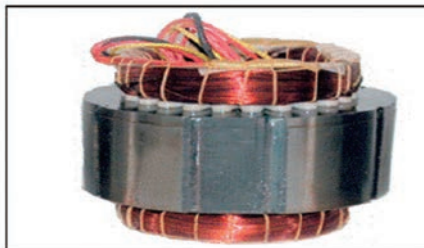
High pressure pump

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



KPML range of products

Motor Division	Stamping Division	Component Division
Electric motors	Stator & rotor laminations for rotating machines	Drive unit assemblies
Mini pumps	Wound stators & die-cast rotors and rotor fitted shaft	Connecting rods and shafts
Special purpose motors	Stacks	--
Stator - rotor for canned- motor pump	Progressive tools	--
Motor assembly for health care equipment and elevator applications	--	--



Services

KBL - Energy Audit Services

The world is moving towards a sustainable energy future with an emphasis on energy efficiency and use of renewable energy sources. With this objective in mind, KBL has established the Energy Conservation Cell wherein a team of certified energy managers & auditors carry out performance measurement of pumps & motors, called Pumping Energy Audit. Energy audit study helps an organisation to understand and analyse its energy utilisation and identify areas where energy use can be reduced. Kirloskar Brothers Limited offers a unique Energy Audit Programme which helps customers for saving of electricity consumption. It helps to decide on how to budget energy use, plan & practice feasible energy conservation methods that will enhance their energy efficiency, minimise energy wastage and thereby reduce energy costs. Some organisations have already implemented the recommendations and are benefitted up to 25 % energy savings. This has helped save 7.7 Mn kWH electricity and more than Rs 40 Mn in energy bill till date.

Our Capabilities

We are having in-house facility under single roof to conduct performance testing for inspection jobs, review pump set performance in existing piping arrangement, recommend suitable solutions to improve overall efficiency of old pumping system without disturbing piping arrangement / foundation, undertake product performance contract and demonstrate audit report recommendations. Product performance along with guaranteed energy saving and alignment with the plant to conserve energy is ensured. We are fully equipped with sophisticated instruments like Thermodynamic Instrument, Ultrasound Flow Meter, Power Analyser, Stroboscope, Vibration meter, Noise level meter, Pressure gauge, Compound gauge, Temperature Gun etc.

KPML services

Fully equipped Motor Performance Testing Dynamometer facility. We also provide after sales service support to customers.

KEPL services

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

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

We also support our customers for product commissioning and troubleshooting.

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

We also provide Annual Maintenance Contract for LPG pumps for Bottling Plants and Boiler Feed Water Pumps for Boilers operations at various locations.

We provide Test Bed facility for Pump Performance Testing and also machining facility for big rotors and machining capacity on CORREA CNC and GURUTZPE CNC Lathe machine.

KCPL services

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

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



TKSL services

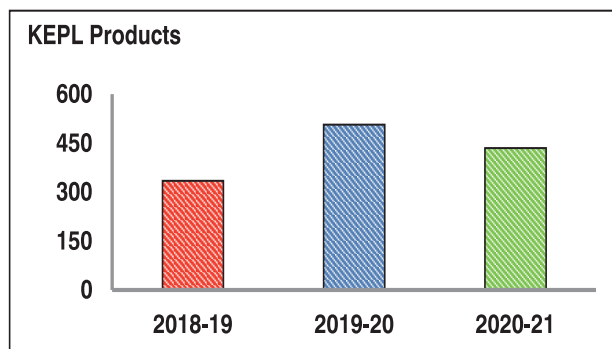
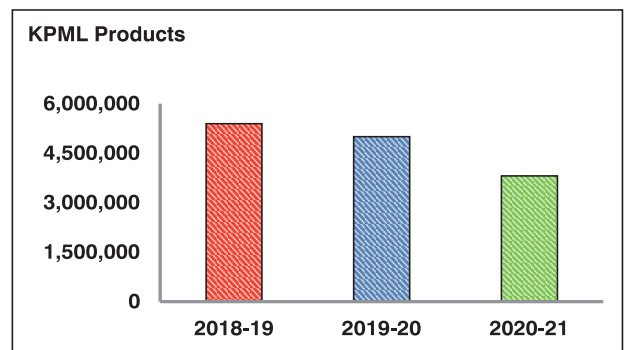
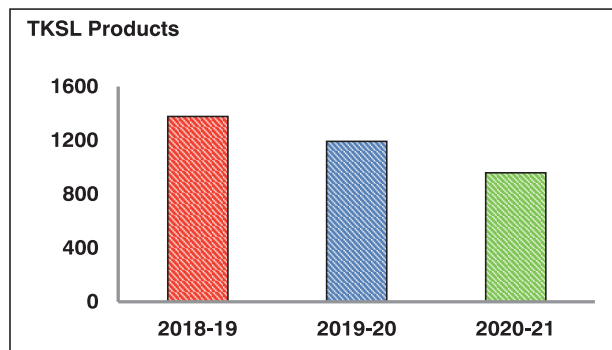
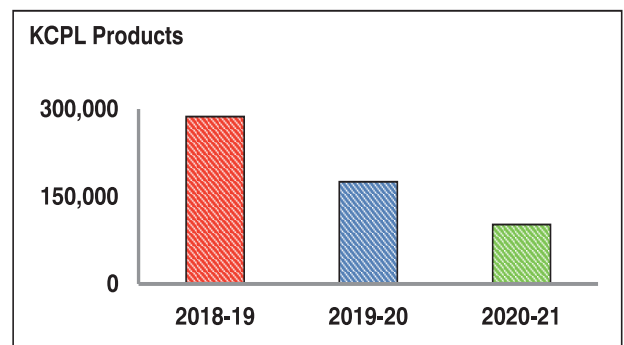
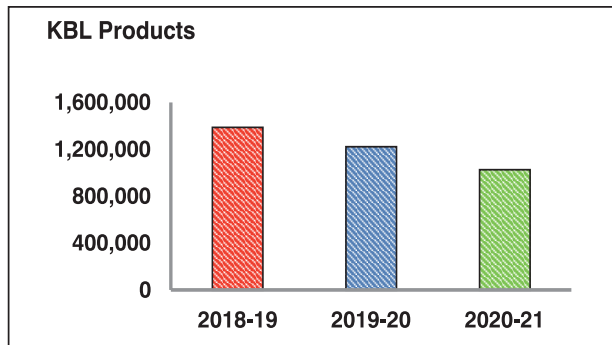
TKSL has been a pioneer in heavy steel castings since the year 1965.

We supply a wide variety of complex steel casting to reputed OEMs in India and across the globe in various segments such as pumps, valves, earth moving and crushers, shipping and marine, power, general engineering etc.

Scale of the organisation

Description	KBL	KCPL	TKSL	KPML	KEPL
Number of employees	4206	201	297	722	560
Number of manufacturing plants	6	1	1	3	1
Net Sales (Rs. Mn)	18188	201	209	3084	1827

Quantity of products sold (in numbers)



Supply chain

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

Significant changes to the organisation and its supply chain

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

Precautionary Principle or approach

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

External initiatives that KBL subscribes to and endorses

CII Code for Ecologically Sustainable Business Growth.

Membership of Associations

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



KBL engages with various channel partners and suppliers for enhancing value addition in various business activities. Given below are the sustainable benefits achieved as a result of this association

Channel Partners / Suppliers	Sustainable benefits to KBL
Dealers	Increasing market share of KBL Customer Satisfaction
Authorised Refurbishment Center	Convenient and timely service support to customers Increase in spare and replacement business
Suppliers of foundry raw material and bar material	Cost, Delivery, Quality benefits, Price Stability
Finish machined items, casting suppliers, fabricators and machining suppliers	Cost, Quality improvement, Delivery, Productivity Improvement, flexibility
Bought - out items	Quality, Delivery, Product Performance, Cost
Ancillaries	Capacity enhancement, New Product development, Branding
Group companies and subsidiaries	Strengthen Brand Image, Quality, Cost, Business growth, Delivery, Flexibility
Pattern / Die makers / Tools / Gauges / other consumables	Support for New Product Development, Delivery, Quality, Service
Service providers like transport, canteen, security, manpower providers, etc	Quality Service
Technology providers, Joint Ventures	Latest technological competitive edge

Sustainable sourcing / Green procurement initiatives

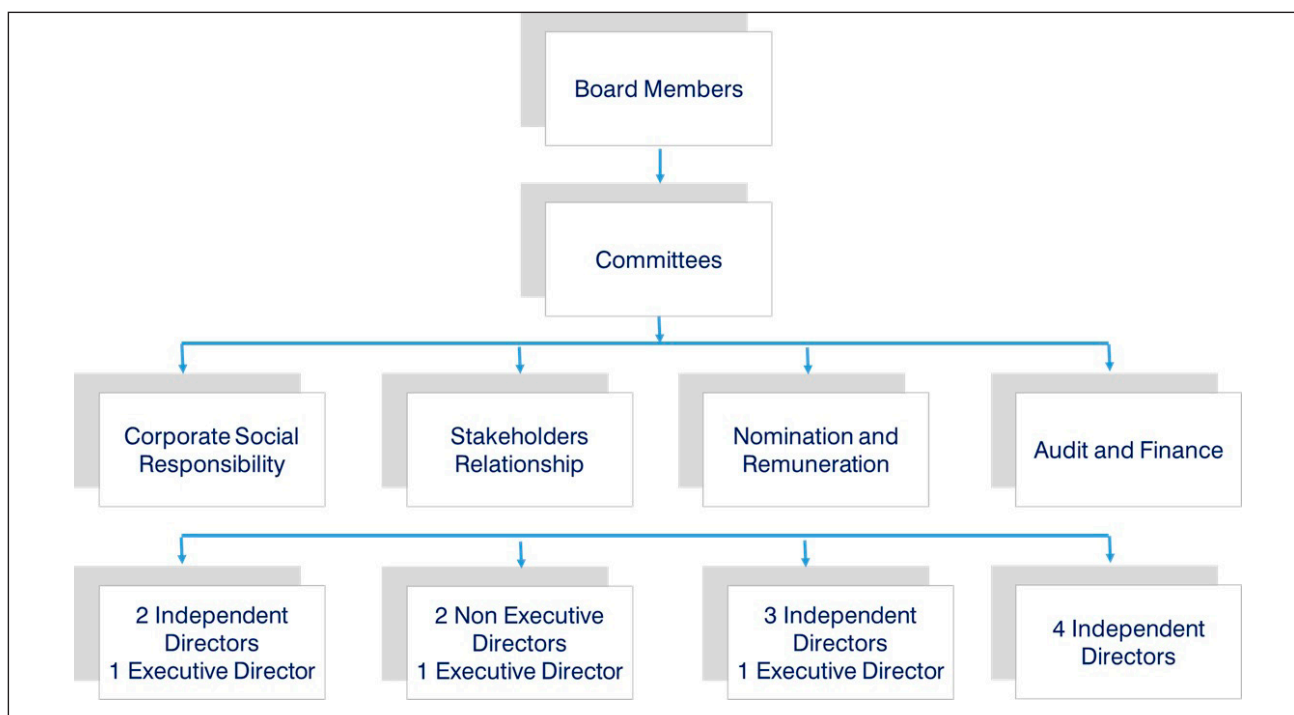
KBL has procedures in place for sustainable sourcing and accordingly 100% of inputs are sourced sustainably. We encourage procurement from small producers of local communities surrounding us and influence them to join us in our quest for inclusive and sustainable growth. KBL is committed to purchase all material which are recyclable.

Entire supplier registration process across KBL is paperless driven, right from supplier registration initiation to final approval through Supplier Registration Portal. Purchase Orders are electronically created and issued to suppliers. Auto Purchase Orders are also initiated across plants. Soft copies of drawings & specifications are used.

Online document repository is maintained at Corporate Procurement Portal. While selecting new suppliers, assessment is carried out based on sustainability parameters for ensuring necessary compliance. Transportation activities are optimised for reduction in carbon emission. Commitment and acceptance to supplier code of conduct is ensured from all suppliers during the supplier registration process on the following;

- Environmental Protection & Conservation
- Compliance with Laws and Regulations
- Labour and Human Right Standards
- Occupational Health & Safety

Governance Structure



Delegating authority

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

Executive level responsibility for economic, environmental and social topics

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

Consulting stakeholders on economic, environmental and social topics

CMD interacts with stakeholders. In addition, the business sector heads, corporate function heads and manufacturing plant heads interact with the various stakeholders through multiple channels / platforms. For example, they visit customers, suppliers, and joint venture partners, representatives of local bodies, educational institutions, government, media and employees. There is a dedicated e-mail id provided to the shareholders to communicate with the Company and to register their grievances / complaints. The Company addresses the same promptly.

Role of highest governance body in setting Purpose, Values and Strategy

The highest governance body sets the tone for the organisation and has a major role in defining its purpose, values and strategy. Senior Leadership team has developed the Purpose, Mission, Vision and Values of the organisation. The Purpose, Mission, Vision and Values are communicated to all levels of employees through various channels of communication. Each new entrant is also made aware of Purpose, Mission, Vision and Values during induction programme. During establishment of Annual Operating Plan and Long Range Plan of respective sectors and functions, environmental analysis and strategy formulation are done and internal capability is checked. It is ensured that the identified objectives are aligned with the Vision.



Collective knowledge of highest governance body

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

Identifying and managing economic, environmental and social impacts

The board of directors reviews the progress of the business plan during the quarterly review. Review of actions are planned to mitigate the risks. They also review the process of identification of risks and opportunities and provide their own inputs for the identification of risks and opportunities. The board also reviews the status of actions planned to mitigate the risks. In addition to the above, they also review the feedbacks received from stakeholders and the actions initiated based on these feedbacks. The board participates in the Annual General Body meeting where shareholders provide their views. They also interact with the financial analysts. The board reviews the reports of the findings of internal audits and audits conducted by outside agencies. Board also reviews the organisation's economic performance, environmental performance, social impacts, risks and opportunities.

Highest governance body's role in sustainability reporting

CMD reviews the contents of the sustainability report and provides inputs on improving the contents of the sustainability report.

Nature and total number of critical concerns

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

Stakeholders' involvement in remuneration

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

Subsidiaries and associate companies

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

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

Ethics and Integrity

Company has Code of Ethics which is communicated to all employees. This code in e-book format is available on the Company website at:

[Purpose, Vision, Mission & Values – Kirloskar Brothers Limited](#)

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

Communication and training about anti-corruption policies and procedures

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

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

Mechanisms for advice and concerns about ethics

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

Incidents of ethics violation, bribery & corruption and actions taken

No incidence has been reported. There were no stakeholder complaints received in financial year 2020-21.

Contact point for questions regarding the report or its contents

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

Company's Sustainability Policy is available on the Company website at <https://www.kirloskarpumps.com/discover-us/quality/>

Strategy

Our strategy gives direction and scope for long-term value creation. This enables the organisation to meet the needs of the market and fulfill expectations of stakeholders and customers through efficient allocation of resources within a challenging environment. Strategy formulation process considers the risks, opportunities and challenges presented by the external and internal business environment, while incorporating learnings from the past.



Our strategy and plans are cascaded down to individual division / function with clearly defined responsibilities across employees at all levels.

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







Symbols representing six capitals have been indicated below

Financial Capital	Manufactured Capital	Human Capital	Intellectual Capital	Social and Relationship Capital	Natural Capital

Risk and Opportunity

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

Risk

Categorisation	Risk Type	Strategic Response	Capitals Impacted
Strategic Risk	Customer Loyalty	<ul style="list-style-type: none"> Promised timely and quality delivery of goods to customers Proactive Assistance in equipment installation Knowledge sharing beyond sale of products to get both the Capex and Opex cost of customer improved 	
	Competitiveness	<ul style="list-style-type: none"> Technological upgradation of operations Cost competitiveness 	
Strategic Risk	Innovation	New product / Fluid solutions development	
	Capitalisation on Brand value	<ul style="list-style-type: none"> Creating awareness on product and after-market differentiation Enhancing competence of sales and marketing network Customer engagement through knowledge sessions, seminars, exhibitions 	
	Enhance Global Footprint	<ul style="list-style-type: none"> Identify potential markets Go-to market strategy 	
	Sustenance of Power sector Business	Focus on pump business for Nuclear Power	
Financial Risk	Profitability	<ul style="list-style-type: none"> Working Capital Management Inventory Control 	
	Revenue from Projects	<ul style="list-style-type: none"> On-time completion of project execution Positive cash flow 	



Categorisation	Risk Type	Strategic Response	Capitals Impacted
Operational Risk	Talent Management	<ul style="list-style-type: none"> • Optimum utilisation of human resource • Attracting and retaining talent • Building required skill set 	
	Knowledge Management	Maintenance of knowledge repository	
	Supplier Management	<ul style="list-style-type: none"> • Supplier Quality Improvement Programme • Supplier Satisfaction Survey 	
	Environment Management	<ul style="list-style-type: none"> • Increased dependence on renewable energy sources • Carbon footprint assessment and offsetting 	

Symbols representing six capitals have been indicated below




Financial Capital	Manufactured Capital	Human Capital	Intellectual Capital	Social and Relationship Capital	Natural Capital

Opportunity




Opportunity	Outcome	Capitals Impacted
Alternative for declining fossil fuel dependent power plant business	Pumps for Nuclear Power business and Solar Power pumps	
Capitalising on Government Projects	Smart city infrastructural projects	
Capitalising on Government funding on agricultural products	Boost the small pump business	

Stakeholder Engagement

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

Stakeholder	Purpose	Mode and Frequency of Engagement	Value Creation for Stakeholders
Shareholder / Investors 	<ul style="list-style-type: none"> To communicate Company's financial status, outlook, policies and strategies to build trust of investors Adherence to Corporate Governance principles 	<ul style="list-style-type: none"> Annual General meeting, Website Publication (Periodic basis), Feedback form (continuous basis), Quarterly financials and earning Call Updates on NSE & BSE Advertisement in public newspaper, shareholding pattern displayed on quarterly basis 	<ul style="list-style-type: none"> Transparency in operations and management Returns in form of regular dividend
Customer 	<p>Customer Satisfaction, their perception and expectations</p>	<ul style="list-style-type: none"> Perception Survey Special events Technical seminars, exhibitions Dealer meets and regular meeting 	<ul style="list-style-type: none"> Quality products, order execution and delivery on time, Service in time Technology up gradation (energy efficient products), Meeting needs and expectations of customers
Dealers and Distributors 	<ul style="list-style-type: none"> To develop understanding about business operations and implement business plans into action Meet the expectations of next generation 	<ul style="list-style-type: none"> Apex dealers meet, One to one meet, (regular), Dealer portal (Regular), Dealer Survey Dealer audits Gen-Next programme 	<ul style="list-style-type: none"> Enhancement in Business opportunities Improved Channel management process, Implement channel partner intimacy programme



Stakeholder	Purpose	Mode and Frequency of Engagement	Value Creation for Stakeholders
<p>Employees</p> 	<ul style="list-style-type: none"> • Employees are the most important partners for success of the Company • Employee engagement is very important in driving sustainability and can also lead to ripple effects in form of increased productivity, innovation, high morale and better retention 	<ul style="list-style-type: none"> • Employee Engagement Survey • Feedback session, • Speak out session, Knowledge sharing session • Succession planning for critical positions • Transparent performance appraisal system • Lucrative incentive schemes, • Health benefit programmes • Outbound training programmes and competency mapping 	<ul style="list-style-type: none"> • Reward and recognition • Functional & soft skill development programmes • Career development activities • Work life balance
<p>Society</p> 	<ul style="list-style-type: none"> • To know the needs, expectations requirements and concerns of the society • Develop action plans 	<ul style="list-style-type: none"> • Perception survey • Interactions with local community • Awareness programmes, • Activities through Vikas Charitable Trust • Summer internships, Industrial visits for students 	<ul style="list-style-type: none"> • Community development in nearby areas • Employability of local people, Increased awareness about health, education and environment
<p>Suppliers</p> 	<ul style="list-style-type: none"> • Understand needs and expectations of suppliers • Upgrade suppliers' capabilities 	<ul style="list-style-type: none"> • Supplier meet, Supplier perception Surveys • Supplier improvement programmes 	<ul style="list-style-type: none"> • Payment status on web Portal, share point for monitoring of entire procurement activities, RTGS transfers system • Purchase order terms & condition standardisation • System and process improvement at supplier end • Concept of supplier partnership engagement with key supplier with annual rate contracts for assured business and capacity utilisation

Materiality

We use Materiality Assessment for identification of key issues which affect the performance of our organisation in the long term. The expectations and concerns of our identified stakeholders help in evaluation and prioritisation of strategy, policies and action plans across the Financial Capital, Manufactured Capital, Human Capital, Intellectual Capital, Social & Relationship Capital and Natural Capital.

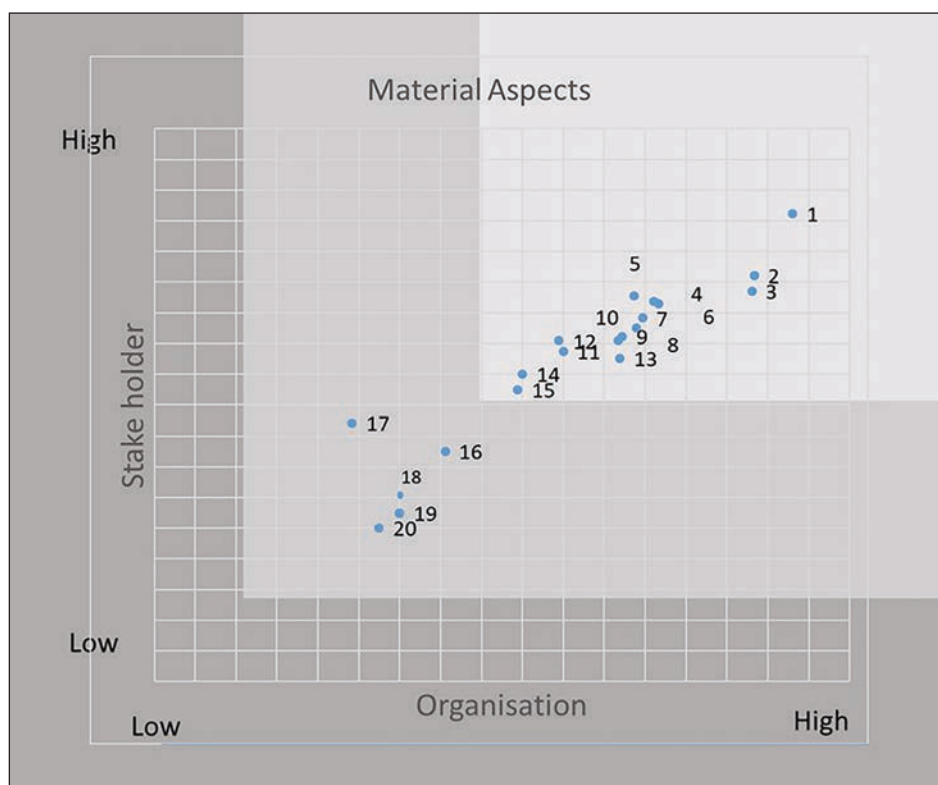
Stakeholder engagement is an ongoing process based on interactions that we have with all the concerned on a regular basis. After gathering feedback from stakeholders, we identify the relevant material issues that influence the ability of our organisation to create value. KBL's Materiality Matrix has guided the content of this report to provide a reasonable and balanced picture of the organisation's Triple Bottom Line impacts and performance. KBL's materiality analysis is based upon the following three-pronged approach;

<p>Identification of material aspects</p>	<ul style="list-style-type: none"> • Relevance of defined aspects in terms of boundary of impacts • Identification of aspects relevant to the stakeholders through survey • Categorisation of aspects relevant to KBL based on its impact on business and impact on the relevant stakeholders
<p>Prioritisation</p>	<ul style="list-style-type: none"> • Analysis of high, medium or low importance of an aspect based on stakeholder engagement • Evaluation of stakeholders' perception of KBL's impact with that material aspect • Significance of a material aspect to a KBL business based on KBL's corporate strategies, policies, risk and opportunity for the business • Aggregation of material aspects
<p>Validation</p>	<ul style="list-style-type: none"> • Review by sustainability team • Final review and approval by senior management team

Material Aspects

A Materiality Matrix, as presented was developed outlining the material topics critical to stakeholders and to the business. In all, twenty topics were considered and nine of which were prioritised based on the high ratings.

Adjoining table indicates the correlation between the material aspects and the stakeholders.





Material issues and management approach

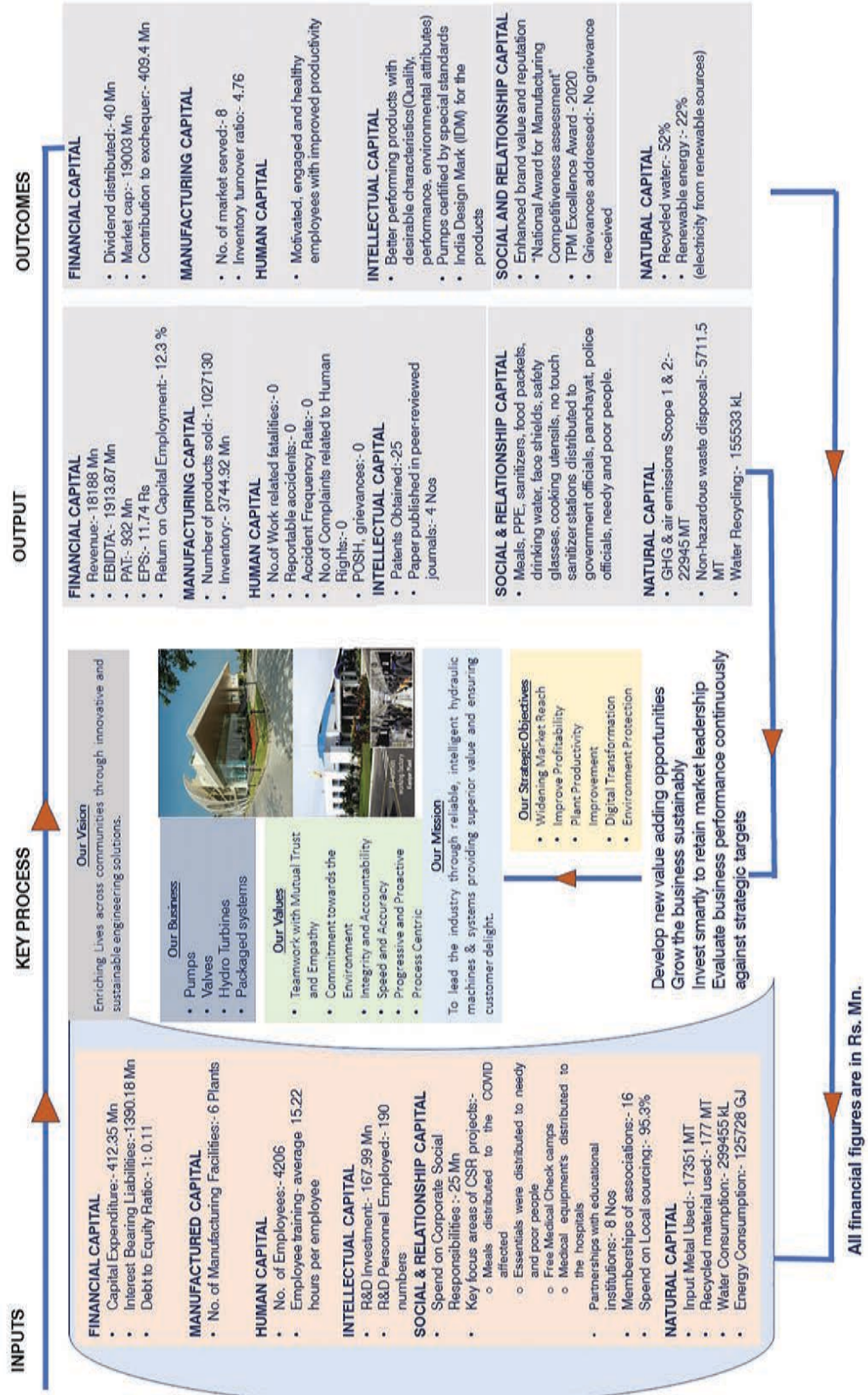
Focus Issues	Approach
1. Customer Satisfaction	<ul style="list-style-type: none"> For us, customer retention is the most important factor for long term business, which we try to achieve by assessing their needs and expectations through surveys. Innovation in our products and services helps us serve larger market segments, leading to repeat orders that are a testimony to customer satisfaction We also believe in developing customer intimacy through regular personal interactions
2. Economic performance & market presence	<ul style="list-style-type: none"> Our endeavour is to continually improve our economic performance by maintaining optimal capital structure Ongoing capex projects and prudent risk management framework contribute in enhancing our operational performance Our focus is on strengthening KBL's position as one of India's most trusted brands
3. Employee training & development and leadership development	<ul style="list-style-type: none"> Competency development is one of our key focus areas to enhance employee performance and organisational growth
4. Occupational Health & Safety of employees and contractors and emergency preparedness	<ul style="list-style-type: none"> We ensure integration of occupational health & safety in our work culture and lifestyle All our manufacturing plants are certified to ISO 45001:2018 Management System standard
5. Anti-corruption	<ul style="list-style-type: none"> KBL ensures fairness and transparency in all business dealings in line with KBL values through effective governance We are guided by our code of ethics framework
6. Energy conservation and efficiency improvement	<ul style="list-style-type: none"> To give impetus to energy conservation and efficiency improvement, KBL has an energy conservation competition & award scheme among KBL manufacturing plants and its subsidiaries KBL and subsidiaries have installed Solar PV panels in manufacturing plants and Corporate Office along with wind power mills that together contribute to 22 % of total electrical energy consumption
7. Natural resource conservation and material management	<ul style="list-style-type: none"> KBL is practicing Reduce-Reuse-Recycle concept for conservation of natural resources Optimum utilisation of resources is aiding our efforts towards carbon abatement while improving productivity and profitability
8. Sustainability of supply chain	<ul style="list-style-type: none"> KBL continuously upgrades inbound and outbound supply chains to meet the changing requirements Supplier Quality Improvement Programme (SQIP) is deployed for continual improvement of suppliers, along with assessment and upgradation of channel partners that enhances performance and customer satisfaction
9. Procurement practices	<ul style="list-style-type: none"> We encourage procurement from small producers of local communities surrounding us and influence them to join us in our quest for inclusive and sustainable growth

Value Creation Model

Using the SIX CAPITALS TO CREATE VALUE

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

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





Financial Capital

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

Our organisation is conscious of the fact that its cost of borrowing is dependent on its credit rating and has been getting itself rated from the topmost rating agency for more than twenty five years. KBL follows prudent financial policies and strategies. KBL continuously pursues its plans and objectives to expand its market shares, margins and cash position. This has helped it to improve its outlook from negative to stable in recently conducted credit rating. It is presently rated as AA- with stable outlook for long term and A1+ for short term periods.

The rating depends on various risks associated with the Company like the Management Risk, Business Risk & Financial Risk and factors considered to evaluate these risks are Industry Risk, Market Position and Operational Efficiency of the Company. Success of our business is measured in terms of Return on Capital Employed (ROCE). This is a function of (1) Returns- i.e. Profits a Company earns and (2) Amount invested in business. Higher the profit and lower the Investment can improve ROCE.

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

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

Economic Value Generated	2018-19	2019-20	2020-21
Revenues	22482	21224	18188
Economic value distributed			
Operating costs			
Material cost and other expenses	18205	16677	14192
Employee benefit & wages			
Employee expenses	2407	2582	2255
Payment to providers of capital			
Dividend	231	421	40
Finance cost	262	302	241
Payments to government			
Income taxes (excluding deferred tax)	433	355	360
Community investments			
Expenditure under CSR	15	22	25
Total	21244	20039	16850
Economic value retained			
Depreciation	366	400	383
Retained earnings	872	785	955
Total	1238	1185	1338

Economic value distributed (figures in Million Rupees)

Description	KPML	KCPL	KEPL	TKSL
Materials	2,159	32	852	85
Operation	504	141	455	151
Employee expenses	185	32	295	88
Finance cost	4	5	20	22
Taxes and duties	74	0	82	0
Dividend	49	0	10	0

Coverage of the organisation's defined benefit plan obligations

The employees' gratuity fund scheme, provident fund scheme managed by a trust and pension scheme is the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit, entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Re-measurements comprising of actuarial gains and losses the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are 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. The group pays contribution to a recognised provident fund trust in respect of above mentioned PF schemes.

Financial assistance received from government

Our organisation has not received any financial assistance from government in 2020-21.

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

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

Proportion of senior management hired from the local community

In senior management category, 100% candidates are hired from the local community.

Local boundary condition considered for this reporting purpose is India.

Spending on local suppliers

Locations	Percentage of spending
KBL	95 %
KPML	96 %
KCPL	85 %
KEPL	83 %
TKSL	100 %



Manufactured Capital

Manufactured capital is vital for Kirloskar Brothers Limited. It supports productivity, quality, cost effectiveness, delivery performance and research & development. It also guarantees investment for the future and enables our organisation to remain competitive in marketplace.

KBL is a world class pump manufacturing Company with expertise in engineering and manufacture of systems for fluid management. We are the market leader in providing complete fluid management solutions for large infrastructure projects in the areas of water supply, power plants, irrigation, oil & gas and marine & defence. We engineer and manufacture industrial, agriculture and domestic pumps, valves and hydro turbines. KBL has state of the art integrated manufacturing facilities in India at Kirloskarvadi, Dewas, Kondhapuri, Shirwal, Sanand, Kaniyur, Kolhapur and Karad. Various types of ferrous and non-ferrous alloys are used for manufacturing of our products.

Our foundry set-up is equipped with a centralised pattern shop, mechanised sand processing system, automatic moulding machines and metal pouring system. There are independent units for cast iron, alloy steel and non-ferrous metals. Besides, we have Replicast® foundry by which high integrity castings with improved machinability and excellent surface finish can be made. We have Advanced Technology Product Division for machining of parts with a high precision for critical application pumps. Our Kirloskarvadi plant has Asia's largest hydraulic research center with pump testing facility of up to 5000 kW and 50,000 m³/hr. To make our manufacturing process more robust, we follow below methods;

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

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

Reclaimed products & their packaging materials

Health of our customers and channel partners is of prime importance. We are making efforts to increase the use of material which are recyclable. We use recyclable products for packaging in our plants. In this regard, we have switched to materials which complies with standards like Restriction of Hazardous Substances Directive (RoHS) and new packaging complying to International Standards for Phytosanitary Measures Number 15 (ISPM 15).

RoHS: It restricts the use of the six substances like Lead (Pb), Mercury (Hg), Cadmium (Cd), Hexavalent Chromium (Cr6+), Polybrominated Biphenyls (PBB) and Polybrominated Diphenyl Ether (PBDE) as they are hazardous.

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

Key Capex Projects

Key Manufactured Capital input	Outcomes of our activities on Manufactured Capital
Kirloskarvadi Plant	
Advanced Technology Product Division (ATPD) plant	Dedicated world class infrastructure has been developed for the manufacturing, assembly and performance testing of pumps.
Heavy foundry raw material storage shed with crane & magnet	To enable safe raw material handling for furnace charging and reduce chances of accident due to wet raw material.
Vertical storage systems at various locations	To enable free floor space and ensure neatness in material storage.
Dewas Plant	
Robotic painting booth installation	Reduction in manual intervention by 95 % in painting operation thereby overcoming health hazards.
Diesel fired burner replaced by Gas fired burner at CED plant	It is a green initiative with substantial cost saving.
Sanand Plant	
Automatic strapping machine	To meet production targets more effectively without any line stoppages and to eliminate fatigue to the associates.
Kaniyur Plant	
Epoxy flooring done in shop floor area	To ensure better working environment, upkeep of shop floor and enhanced productivity.
Automatic strapping machine	To meet production targets more effectively without any line stoppages and to eliminate fatigue to the associates.
TKSL Plant	
4 MT dual fuel bogie heat treatment furnace installed & successfully commissioned	This furnace can be used for quenching, normalising & tempering of various steel castings up to 4 MT. This furnace will reduce waiting time of castings for heat treatment.
KEPL Plant	
Replacement of 25 years old Scharmann conventional HBM by Schiess make CNC HBM	Increased machine utilisation by 75 %.
	Increase in machine life span cycle.
	Better machining accuracy and machining control due to CNC operation.
Battery operated material transfer trolley	Reduced machining cycle time.
	Improved safety in material movement from bay to bay.
	Reduced material movement by mobile crane hence utilising green energy.
	20 % reduction in material movement time.

Material Consumption and Management

We monitor and control the usage of raw material while providing best quality product and services by remaining competitive. This is achieved through proper planning, organising and controlling the flow of materials from their initial purchase through internal operations to the service point. Company promotes reduction in use of natural resources by suppliers and subcontractors. This initiative is monitored through regular SQIP (Supplier Quality improvement Programme) audits. We have a Sustainability Policy and Integrated Management System Policy to support this initiative.



Total material used for production

Materials	KBL	KPML	KCPL	KEPL	TKSL
	Weight/ volume	Weight/ volume	Weight/ volume	Weight/ volume	Weight/ volume
Metals (MT)	17351	8328	8.9	890.7	1197.2
Non-metals (MT)	1626	125	265.9	16.9	161.8
Sand (MT)	9931	N/A	N/A	N/A	3420.34
Lubricants (kL)	68.5	6.1	N/A	5.3	1.7
Paint, Primer, Thinner (kL)	303	34	N/A	88.1	N/A
Coolant (kL)	3.3	1.238	N/A	1.22	N/A
Corrugated Box (MT)	2507	0	0.565	0	0
Argon (m3)	N/A	N/A	N/A	847	N/A
Wood (CFT)	207746	0	0	25943.3	0
Wood (MT)	111	0	0	0	0

Note:

- Material consumption of 100 kg/month and above has been considered for reporting.
- 'N/A' indicates 'Not Applicable'.

Reuse or Recycling of materials:

Recycling of material in foundry helps us reduce material cost.

Materials	KBL	TKSL
Recycle Input Metal (MT)	177	1046
Total Input Metal (MT)	17351	1197.18
% of Recycle Metal used	1.02 %	87.39 %

Human Capital

The current situation is a test of time and endurance as we are handling exceptional circumstances due to Covid-19 pandemic across all our locations. We augmented, channelised our HR capabilities to manage & mitigate the impact of Covid-19 situation on business, employees and society as a whole. Proactive actions, planning, communication, policies including work from home, insurance, Covid testing during lockdown etc. were arranged to ensure business continuity, employee wellbeing and morale.

During this pandemic situation, continuous communication to the employees from top management was done to keep their morale high & have focus on the business goals. Remote work and return to work surveys were also conducted to know the pulse of employees. We continuously monitored the business environment and effected necessary structural changes to align roles and people capabilities for meeting the challenges faced due to the new normal. In order to contain our cost, various measures were taken across the organisation. Voluntary Retirement Scheme was launched at three of our plant locations. The overall employee relations scenario remained peaceful and full support from all was there to counter the adversities. To ensure proper engagement of employees, we organised various COVID and other health related awareness sessions through virtual platforms. We utilised our already deployed People Direct - Learning Management System (LMS) to give our employees an opportunity to upgrade and enhance their skills.

Various e-learning modules, both managerial and technical, integrated with MOOCs (Massive Open Online Courses) were launched. We partnered with SAP Skillsoft content stream on a long-term subscription model to provide best in class e-learning contents for our employees. We continued our focus on upgrading HR services and enhancing employee experience by launching the Talent Management Module on our People Direct Platform.

Our commitment to society is well established and we are frontrunners in responding to the need of communities where we do business. Various CSR initiatives were taken up to help the community that got badly impacted by the Covid-19 pandemic. During the state of lockdown, we provided over 2 million meals to the people in need. Over and above, we also provided PPEs, sanitisers and immunity boosters to help corona warriors combat the pandemic. We organised frequent health camps around our plants to ensure health and safety of people and assist local administration fighting the Corona pandemic. We are standing strong with our communities, employees in this hour of need. We ensured adequate insurance coverages (health & life) for our employees and families to handle adversities and uncertainty. We are proud that our employees adapted to new normal very quickly and ensured business continuity with great agility and resilience. We are hopeful that with the help of science, discipline and self-restraint mankind will overcome the current crisis very soon and we will be back to old normal through better learnings from the pandemic may continue.

KBL

Role/level wise distribution	2018-19			2019-20			2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent & Probationer	2100	109	2209	2531	117	2648	2371	116	2487
Trainees & Apprentice	168	15	183	201	16	217	10	10	20
Temporary/FTE	137	40	177	115	50	165	67	48	115
Third party contract	1989	149	2138	1875	128	2003	1503	81	1584
Total Manpower	4394	313	4707	4722	311	5033	3951	255	4206



Description	Numbers / Percentage
Total number of employees hired on temporary / contractual / casual basis	123 Nos.
Number of permanent employees with disabilities	1 No.
Percentage of permanent employees who are members of recognised employee association	100 % workmen
Percentage of employees provided with safety & skill upgradation training	100 %
(a) Permanent male employees	100 %
(b) Permanent female employees	100 %
(c) Temporary / contractual / casual basis employees	100 %
(d) Employees with disabilities	100 %

Subsidiaries and associate companies

Role/level wise distribution	KCPL			TKSL			KPML			KEPL		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent & Probationer	33	1	34	34	2	36	115	10	125	238	23	261
Trainees & Apprentice	0	0	0	12	0	12	96	1	97	27	1	28
Temporary/ FTE	0	0	0	8	0	8	0	2	2	28	0	28
Third party contract	164	0	164	103	1	104	287	0	287	201	0	201
Workmen	3	0	3	137	0	137	211	0	211	42	0	42
Total Manpower	200	1	201	294	3	297	709	13	722	536	24	560

New employees hired - KBL

Age wise distribution	2018-19			2019-20			2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	290	22	312	281	35	316	64	20	84
Between 31-50 years	184	7	191	96	20	116	47	2	49
Greater than 50 years	10	0	10	3	0	3	3	0	3

New employees hired - KCPL

Age wise distribution	2018-19			2019-20			2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	4	0	4	0	0	0	1	0	1
Between 31-50 years	3	0	3	1	0	1	0	0	0
Greater than 50 years	1	0	1	0	0	0	0	0	0

New employees hired - TKSL

Age wise distribution	2018-19			2019-20			2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	4	0	4	4	1	5	4	0	4
Between 31-50 years	13	0	13	4	0	4	4	0	4
Greater than 50 years	0	0	0	1	0	1	0	0	0

New employees hired – KPML

Age wise distribution	2018-19			2019-20			2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	18	0	18	13	0	13	9	1	10
Between 31-50 years	4	2	6	3	1	4	4	0	4
Greater than 50 years	1	0	1	0	0	0	0	0	0

New employees hired - KEPL

Age wise distribution	2018-19			2019-20			2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	10	1	11	36	13	49	13	3	16
Between 31-50 years	11	1	12	16	2	18	12	1	13
Greater than 50 years	2	0	2	1	0	1	2	0	2



Attrition data - KBL

Age wise distribution	2018-19			2019-20			2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	87	11	98	65	7	72	37	2	39
Between 31-50 years	55	3	58	84	5	89	73	4	77
Greater than 50 years	5	2	7	2	0	2	3	0	3

Attrition data – KCPL

Age wise distribution	2018-19			2019-20			2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	5	0	5	1	0	1	1	0	1
Between 31-50 years	3	0	3	0	0	0	0	0	0
Greater than 50 years	0	0	0	0	0	0	0	0	0

Attrition data - TKSL

Age wise distribution	2018-19			2019-20			2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	0	0	0	0	1	1	1	0	1
Between 31-50 years	11	0	11	12	0	12	4	0	4
Greater than 50 years	14	0	14	11	0	11	21	0	21

Attrition data - KPML

Age wise distribution	2018-19			2019-20			2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	2	0	2	3	0	3	3	0	3
Between 31-50 years	7	0	7	4	0	4	3	0	3
Greater than 50 years	2	0	2	1	0	1	0	0	0

Attrition data - KEPL

Age wise distribution	2018-19			2019-20			2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	11	1	12	16	2	11	5	3	8
Between 31-50 years	25	1	26	23	1	25	18	3	21
Greater than 50 years	0	0	0	5	0	0	14	0	14

Training and Education

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

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

Average hours of training per year per employee by gender and employee category

Description	KBL		KCPL		TKSL		KEPL		KPML	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Senior Management	24.45	8.75	33.50	0	11	0	1.04	0	12	0
Middle Management	32.49	37.23	19.28	0	25	2	0.85	2.29	25	23
Professionals	26.38	17.26	14.43	1	14	0	0.80	0.61	27	29
Paraprofessionals	18.07	12.98	0	0	0	0	0	0	1	0
Associates	1.11	1.43	0	0	0	0	1.89	0	4	0



Programmes for upgrading employee skills and transition assistance

KBL	KCPL	TKSL	KPML	KEPL
Pump Fundamentals	Technical training of industrial Coating	Sandvik A81'a(8D problem Solving)	Electrical Safety	5S : Driving Efficiency & Profitability
Excellence through Quality Prism	Internal Auditor, IMS	RCA	World class Manufacturing- JIT, Pull System	API 610 standard and its coverage
Safety Trainings	Safety Trainings	Safe Operation & Handling of O2, N2 Air tanks	World Class Manufacturing- Poka Yoke & Lean Mfg.	API 611 Awareness
SAP Training	Pump Training	ISO 14001:2015 Awareness	Applicable Labour Laws for Factory & Standing Order	Approach in organisation in ISO 9001:2015
Augmented Reality	--	Fire Prevention & Control (Use of Fire Extinguisher)	Total Production Maintenance	ASME Sec VIII
Basics of Electrical, Hydraulics, Pneumatics, Drives & power transmission	--	Grinding Safety	Understanding Business Excellence programme at Toyota Kirloskar Blore & Volvo.	Assembly Procedure
Foundry Engineering & related processes	--	Emergency Communication & Planning	Technical Training on Motor	Awareness of BBS1 & Incident Tracking
Heat Treatment, Melting Process	--	Disposal Waste of QAD	TPM	Basic CNC Machine Maintenance
HYPN Systems	--	First Aid Training	FIFO Method & MSDS	Awareness on Pressure Equipment Directive
Innovation by Design	--	Hazop Study for HTF	Communicating Effectively & Managing Conflict	Basic concept of MIS and finance

KBL	KCPL	TKSL	KPML	KEPL
Inspection, Testing and Quality Control In Foundries	--	Legal Requirement related to factories act	Training on Frontline Supervisor & JH Autonomous Maintenance	Basic overview of SAP SD, PP, MM & QM Module
Lubrication system & Lubricants	--	Mould & Core Closing practices	Introduction of JH Pillar	Basic Selling Skills from A-Z: U - Understanding Needs
Robotic Painting Application	--	CBG Manifold safety	Welding Safety	Basics of calibration
Salesforce Dot Com (SFDC)	--	--	Business Transformation through BPS	Basics of Pump Testing
Tool selection and application - Turning operation	--	--	--	Basics of rotary equipment's
TPM Awareness Training	--	--	--	BBS (Behaviour Based Safety)
Training on Steel Metallurgy	--	--	--	BBS1 & Incident tracking system
Welding and Basic Non Destructive Testing	--	--	--	Bearing selection in pumps
Communication Skills	--	--	--	--
Melting Process	--	--	--	--
Pattern Equipment's	--	--	--	--
Replicast Casting Technology	--	--	--	--

Employees receiving regular performance and career development reviews

KBL

Location	Male	Female	Grand Total
Sanand	35	2	37
Kaniyur	11	8	19
Dewas	104	4	108
Kirloskarvadi	368	20	388
Kondhapuri	1	0	1
Shirwal	5	0	5
Pune & RO	750	52	802
Grand Total	1274	86	1360

Subsidiaries and associate companies

Location	Male	Female	Grand Total
KCPL	32	1	33
TKSL	29	2	31
KPML	114	10	124
KEPL	202	12	214



Employee benefits

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

- Group Health Insurance Programme – A best-in-class tailor-made Health Insurance programme with flexible options available in the hands of employees to choose health cover for family and parent up to 10 lakhs per year.
- Revision in minimum health insurance cover
- Introduced Corona Kavach Policy during the pandemic to cover hospitalisation expenses for In-patient care or home care treatment of Covid-19.
- For our business traveler employees introduced Corona Kit Allowance and personal vehicle/Taxi usage for better safety.
- Periodic rapid antigen testing for employees working in offices and factories.
- Parivar Suraksha Yojana – An innovative way of putting up Group Term Life Plan, wherein a regular income benefit is extended to the deceased employee's family for 5 years.
- Group Personal Accident Plan covers employees globally, 24x7 for any accidents, disability or death.
- KBL Benevolent Fund – A fund maintained through employees' contribution for extending financial help to employee's family in case of death in service.
- Superannuation fund schemes.
- "KBL well-being", a health and lifestyle platform to focus on employee's physical and mental health.
- Sodexo Meal Card Benefit Programme
- Collective bargaining agreements (CBA) - Permanent, on roll bargainable workmen are covered by CBA.

Human Rights

To demonstrate our commitment to the fair treatment of employees, we assess our organisation under Human Right clauses. We measure performance in the following eight areas important to social accountability in workplace;

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

KBL supplier evaluation process involves assessment of suppliers under Human Right clauses.

This criterion is a part of supplier evaluation format and Supplier Quality Improvement Programme (SQIP).

Occupational Health and Safety

All our manufacturing plants as well as subsidiaries KPML, KCPL & KEPL are certified to ISO 45001:2018 Management System standard. All manufacturing sites are audited for safety by internal safety audit teams.

There is no activity carried out at any of our locations which has high incidence or high risk of specific diseases, which prevents to maintain the organisation's social license. We have a safety committee as per the statutory requirement of state rules, which is equally represented by workmen and management staff.

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

- Medical allowance
- Medclaim / Hospitalisation policy
- Death Benevolent Fund
- Safety at Workplace
- Use of PPEs
- Group Personal Accident Insurance Policy
- Group Term Insurance Policy
- WC Insurance Policy
- ESIC

Safety data for KBL

Safety Parameters	Gender	2018-19	2019-20	2020-21
Number of fatalities	Male	0	0	0
	Female	0	0	0
Number of lost time incidence cases (LTI)	Male	3	1	0
	Female	1	0	0
Number of minor injuries including first aid cases	Male	154	77	40
	Female	22	19	20
Frequency rate	Male	0.33	0.11	0
	Female	1.98	0	0
Severity rate	Male	44.97	8.13	0
	Female	321.3	0	0
Man days lost	Male	427	74	0
	Female	162	0	0
Number of occupational disease	Male	0	0	0
	Female	0	0	0

Safety data for subsidiaries and associate companies

Locations/Sector	Gender	TKSL	KCPL	KEPL	KPML
Number of fatalities	Male	0	0	0	0
	Female	0	0	0	0
Number of lost time incidence cases (LTI)	Male	0	0	0	0
	Female	0	0	0	0
Number of minor injuries including first aid cases	Male	3	0	10	20
	Female	0	0	0	0
Frequency rate	Male	0	0	0	0
	Female	0	0	0	0
Severity rate	Male	0	0	0	0
	Female	0	0	0	0
Man days lost	Male	0	0	0	0
	Female	0	0	0	0
Number of occupational disease	Male	0	0	0	0
	Female	0	0	0	0



Intellectual Capital

We are proud to state that innovation continues to be the biggest driver for the Company's sustained leadership position in the global pump market for all these years.

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

We have 22 patents including 3 new received in this year for innovative technology and numerous research papers presented at International Conferences including American Society of Mechanical Engineers (ASME).

Our expertise stretches out to:

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

We have collaborations with external agencies / institutes for Research & Development.

Institutes / Agencies	Nature of Support
Indian Institute of Technology, Roorkee	For hydropower knowledge sharing and site support
Indian Institute of Science, Bangalore	For surge analysis knowledge sharing and support
Bureau of Indian Standards	For upgradation of Indian Standard codes related to pumps
Hydraulic Institute, USA	For upgradation of ANSI / Hydraulic Institute codes related to pumps and sumps
National Society of Fluid Mechanics and Fluid Power	For sharing the knowledge related to Fluid Mechanics, Fluid Power and Fluid Machinery including pump
Central Water and Power Research Station	For sharing the knowledge related to pumps, turbines and pumping systems

Technology Absorption

The efforts made towards technology absorption	The benefits derived like product improvement, cost reduction, product development or import substitution
<ul style="list-style-type: none"> • Development of 24 models from End Suction back pullout design GKW pump series conforming to ISO5199 and to meet minimum efficiency index (MEI) 0.7 • Development of 31 models from End Suction back pullout design DBss pump series conforming to EN 733 and to meet minimum efficiency index (MEI) 0.7 • Development of HL200/60, HL200/48-2STG, HL250/47, HL300/63 pumps in LLC range. • Developed BHR105, BHR80M developed for irrigation application project Kshipra • Developed 24UPH3V pump with direct mounting arrangement for MCGM Mumbai • Developed 36UPH2 pump with oil ring bearing arrangement for IOCL Paradeep • Developed and released 16 variants of Self priming pump sets with Ultra-Premium Efficiency IE5 motors • Developed and released the Inline Vertical multistage pumps of 4m³/hr, 10 m³/hr and 15m³/hr series. This will help reduce our import content • Developed and released 40 variants in 4” submersible pumps with economical motor design with improved performance • Development completed for DN3800 Butterfly Valve PN6- Fabricated • Development completed for DN800 Rising Spindle Sluice Valve PN2.0 & DN1000, Non Rising Spindle Sluice Valve PN2.0 Cast • Optimisation completed for Rising Spindle Gate valve (3 nos), Sluice valve (3 nos), kinetic air valve (6 nos), Tamper proof Kinetic air valve (6 nos). 	<ul style="list-style-type: none"> • Competitive edge with Ultra-premium efficiency products • Capability enhancement to meet customer requirements. • Import substitution • Upgradation of product for conservation of energy • Enhanced product performance in economy range. • Development of indigenised Auto Priming system. • Reduction in product development time and cost

IT Support

At KBL, it is our constant endeavour to keep pace with technology upgrade. In FY 2020-21, KBL IT team provided uninterrupted IT support during pandemic condition, all were virtually collaborated with Microsoft Teams and Citrix.



KBL S4 HANA technical was upgraded from version 1610 to 1910 which enabled platform for extended warehouse, embedded transport management, Fiori apps and conversational user experience. Software Defined Wide Area Network (SD WAN) was implemented for WAN cost optimisation with 99.6 % network uptime, improved security, network traffic load balancing.

As per the government policies, e-Invoicing, e-Waybill, GSTR1 filing and Tax collected at source (TCS) were implemented for KBL & subsidiaries.

Implementation of digitally signed sales invoice helped KBL for smooth dispatch during pandemic condition. Basic transport management at SPB plants was implemented to eliminate manual errors and build effectiveness in supply chain. CRM Fiori mobile app was implemented for field service engineers for faster complaints closure, capture field conditions and upload in the app.

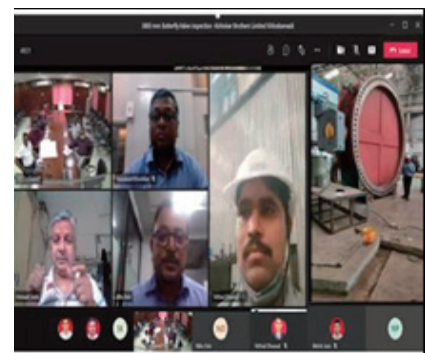
Augmented Reality on Vuforia platform for Sales & Service team introduced tools like Total Quality Review & Monitoring for Cost of Poor Quality, Supplier Quality Improvement Programme, Product Quality Audit, Process Quality audits to monitor and improve the quality.



KBL Shirwal has developed a device called KirloSmart' which is an IoT (Internet of things) product with unique capability of measuring and transmitting the field parameters for "Remote Monitoring" on KBL's web based portal / Cloud for analytics and generating alerts for the probable causes leading to failure of the pump/ motor.

'KirloSmart' enabled system helps user in monitoring the pump health and operation behaviour of pump on real time basis by appropriately sensing the critical health and operational parameters of the pump.

Virtual support to our customers during pandemic



During the lockdown, our customers were unable to visit our service centre to avail free service or warranty, we extended warranty of our small pumps' product range by 3 months. The move was a clear extension of our care and commitment towards our customers.

During the lockdown, pump installation was carried out via video conferencing with the help of our channel partners. More importantly, the task was duly executed while following all the Covid-19 prevention measures. This clearly shows that when it comes to serve our customer, no challenge can stop us.

Virtual Inspection of largest size 3800 mm Butterfly valve was carried out by customer, OCCL Limited for the project Odisha Construction Corporation, Subarnarekha Project

Social and Relationship Capital

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

Customer Health, Safety and Privacy

Customer's Health & safety is a key criterion that we follow with our products and services. Safety aspects are considered at every step of the product and project, from design to commissioning. To minimise the health and safety aspects of our products, KBL provides operation and maintenance manuals and conducts training programme for customer's employees. Products are provided with adequate labelling, including product information. No incidents of non-compliance were reported with respect to regulatory and voluntary codes concerning the health, safety and labelling aspects related to any of our products during the year. There were no complaints regarding breach of customer data or privacy in the FY 2020-21.

Supplier Social Assessment

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

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

Society

KBL conducts society perception survey to identify the needs of society and to judge the effectiveness of work done in nearby villages. Actions are initiated and implemented based on survey findings. Through this survey, we also identify the needs of disadvantaged, vulnerable and marginalised stakeholders. We conduct programmes for deaf & dumb and mentally challenged students. We prepare a planner for CSR initiatives and organise activities. During the pandemic period, KBL team, through its charitable arm, Vikas Charitable Trust, undertook various relief operations right from the beginning of the COVID-19 pandemic by reaching out to several needy and affected people residing around the vicinity of KBL operations, most of which were located in different parts of rural India. We contributed towards fulfilling the basic need of food of such destitute people by providing them monthly ration, grocery kits and other daily essentials as and when possible. With over 2,000,000 meals distributed to needy people affected by COVID-19 around the country, we did our small bit towards supporting and helping them.



KBL plant's HRMC teams displayed COVID-19 awareness boards in and nearby respective plant locations across highways, villages, chowk to create awareness in the community



Donated UV drawer to Dy. Director, Industrial Health & Safety, Satara District



Donated Submersible pump to Naveen Marathi School, Nagthane, Satara



Donated water cooler with purifier to ZP School, Talbid



Donated "Ghantagadi" for garbage collection to village Tasavade, taluka Karad



Donated garden toys to Anganwadi school at Talbid



Donated ventilator in hospital at Karad, for treatment of COVID patients



Installed 10 solar street lights at village Talbid, taluka Karad



Though the talent is available, the North Eastern region is ignored by the industries as far as the employment opportunities are concerned. In continuation of KBL's various programmes under Women Empowerment, we have decided to explore the employment opportunities for young Female Post Graduate candidates (MBA) from the North East region. We have selected nine candidates as 'Post Graduate Trainees' for Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland & Siliguri. Selected candidates have been placed in to their respective states to increase our reach and to penetrate more in the North East region market for our Small Pumps.

Environmental Conservation



"World Environment Day" celebration at our various plants

Energy Conservation



"Energy Conservation Week" celebration at our various plants

Employee Engagement



During lockdown, various wellness sessions were arranged as a part of “KBL well-being” of employee wellness enhancement



TKSL: Marathon was organised on occasion of Road Safety Week



KEPL: Medical health check-up was conducted for the employees



TKSL: Medical health check-up was conducted for the employees



Women's day celebration at various plants



Kaniyur: Pongal celebration



KEPL: Virtual speak-out session for the employees to address their issues



KEPL: Appreciation for contribution during the lockdown period



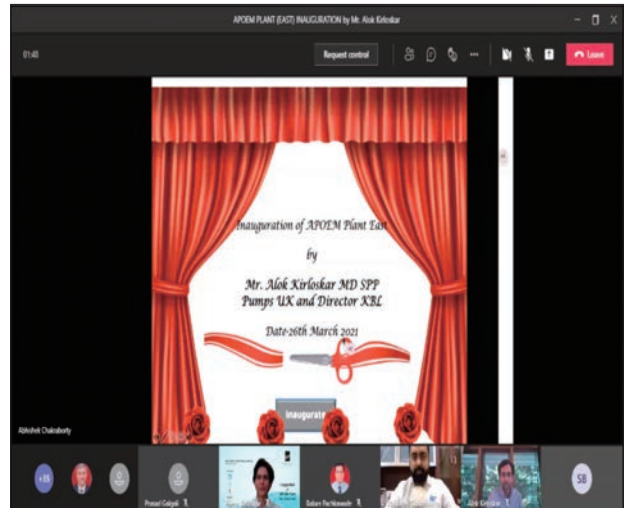
Dealer / Retailer engagement activities

‘Annual Dealer Conference 2020-21’ was organised virtually for Kirloskarvadi product dealers in February 2021.

This conference was attended by all dealers from across India and Indian Subcontinent.



APOEM plant based in Kolkata was inaugurated virtually by Managing Director-SPP pumps, UK in March 2021.



KBL conducted Module IV Gen Next for the second generation entrepreneurs of the selected KBL channel partners in association with IIM Ahmedabad in November 2020 for the 29 selected participants.

Other important sessions were conducted by IIM Ahmedabad faculty. Certificates were awarded to the participants by IIM, Ahmedabad after successful completion.





Operations of our channel partners have resumed with opening of our dealer and key supplier facilities, thus ensuring business continuity at an optimum level.



Farmers meet at Vijayawada



Mechanics meet at Vijayawada



Virtual web conference for the Kerala state dealers



Van campaign flag off at Haryana



Retailer meet at Taki



Plumber meet at Nungi



Natural Capital

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

Company is not engaged in any business activities which has led to deforestation or any major degradation of environmental metrics. Also, Company has not faced any litigation or protests based on environmental factors or land acquisition.

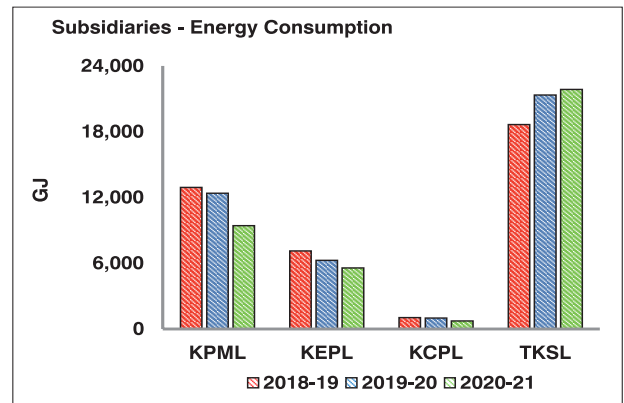
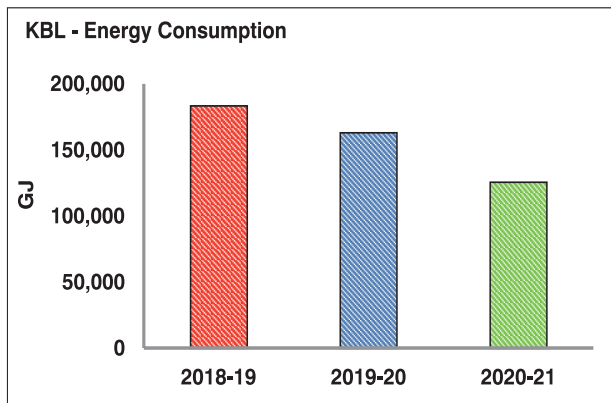
Energy Consumption

We acknowledge the global concern on climate change and hence recognise energy as one of the most important resources used. Managing and reducing energy consumption not only saves money but also helps in mitigating climate change. KBL manufacturing plants are certified for ISO 50001:2018 (Energy Management System) standard.

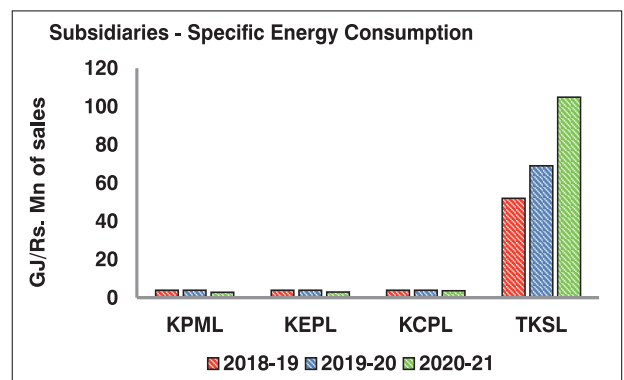
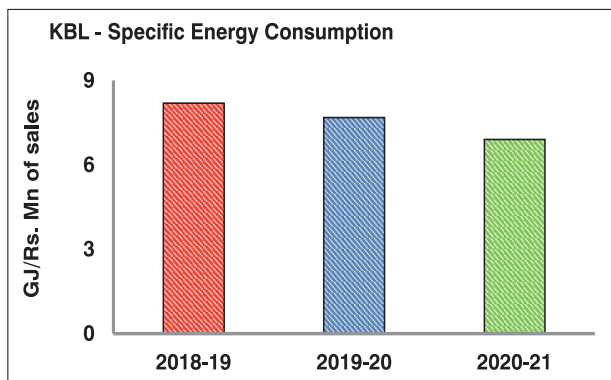
Our Goals

- Optimising energy consumption, conserving natural resources and maximising use of non-conventional forms of energy.
- Supporting the procurement of energy-efficient products & services that impact energy performance and designing the activities that consider its improvement.
- Maximum usage of renewable energy: Installed Roof top solar PV at KBL plants and subsidiaries for a capacity of 4600 kW. In addition, we use wind power for a capacity of 4000 kW.

Total Energy Consumption



Energy Intensity



Energy consumption outside of the organisation

KBL is not monitoring energy consumption outside the organisation.

Reduction of energy consumption

For the purpose of optimum utilisation of resources and continual improvement, we monitor and review the important parameters impacting the environment such as carbon footprint, energy consumption, water consumption, material consumption and waste generation. To encourage our manufacturing plants to implement more and more energy conservation projects, we have KBL group level energy conservation competition (ENCON) and award scheme.

Company has taken the following key steps for reducing energy consumption further in manufacturing plants and offices.

- Replacement of conventional compressors by variable frequency drive compressor.
- Replacement of conventional lighting by LED lightings and induction lamps.
- Replacement of conventional air conditioner system by inverter based system.
- Replacement of conventional fuels by energy efficient fuels.
- Boiler: furnace oil replacement by LPG.
- CED plant burner: diesel replacement by PNG.
- Furnace: diesel replacement by LPG.
- Replacement of diesel operated forklift by battery operated.
- Replacement of pneumatic operated tools by battery operated.
- Replacement of conventional DC motors by VFD motors.
- Replacement of conventional DG sets by fuel- efficient ones.
- Day light harvesting by using light tube and transparent sheets.
- Replacement of forced ventilation by natural ventilation.
- Conversion of underground pipelines of water & air to overhead pipe lines to prevent leakages and thereby energy losses.
- Conversion of pneumatic pipeline from MS to Aluminum for minimising frictional losses.
- Replacement of conventional material handling equipment by energy efficient equipment.
- Sensor based lighting system.
- Maintenance of unity power factor to improve energy efficiency.
- Regular oil filtration and break down voltage test on transformers to maintain efficiency.
- Improvement of coke to metal ratio in foundry by converting cupola to warm blast.

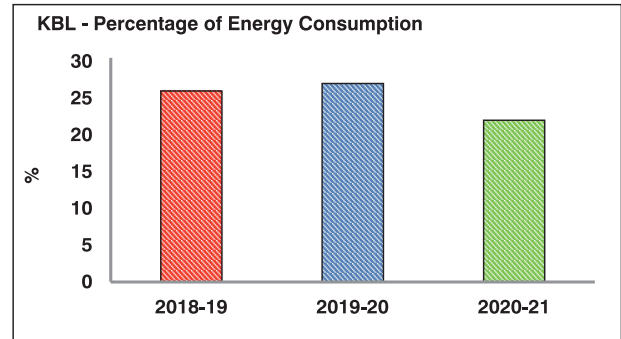
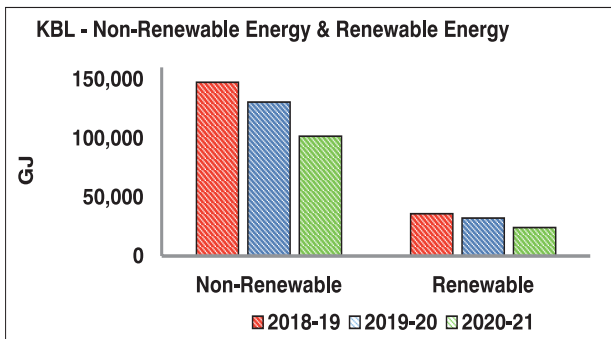
Under ISO 50001:2018 Energy Management System certification, every plant takes up energy conservation projects for reducing consumption. Our manufacturing plants are GreenCo certified and corporate office is LEED platinum certified by CII.



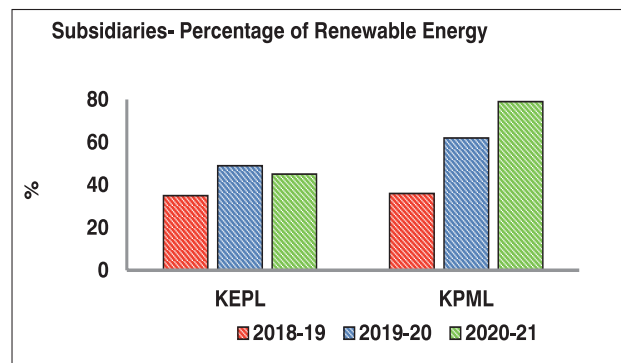
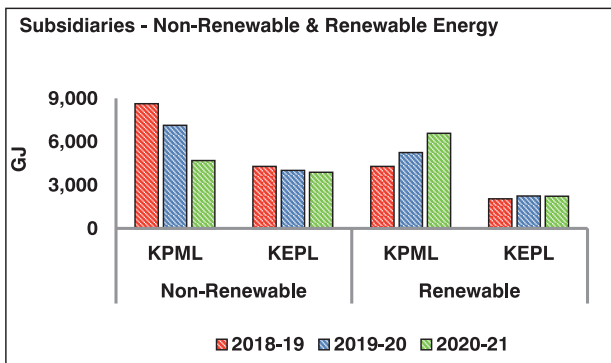
Company has undertaken the following initiatives on clean technology, energy efficiency and renewable energy.

- As part of clean technology initiatives, Company has switched over to more environment- friendly energy sources in possible areas. For example, Company has utilised roof tops of manufacturing plants and corporate office for installing solar power panels, implemented waste heat recovery devices for compressors, implemented use of biogas for cooking in canteens, installed solar water heater for preheating at CED plant, installed solar street lights and so on.
- Energy audit of equipment is carried out regularly in order to monitor and maintain efficiency of equipment.
- Implementation of TPM (Total Productive Maintenance) is resulting in better operational efficiency and energy efficiency.
- Renewable energy sources such as roof top solar power plants and wind power contribute to around 22 % of total electricity consumption.

Given below is the breakup of renewable and non-renewable energy consumption for KBL



Given below is the breakup of renewable and non-renewable energy consumption for KPML and KEPL where we have installed roof top solar PV panels.



Reductions in energy requirements of products and services

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

Star label is the label given for energy efficient products. Sanand plant has received star labelling for 38 pump models and Dewas plant for 71 pump models.

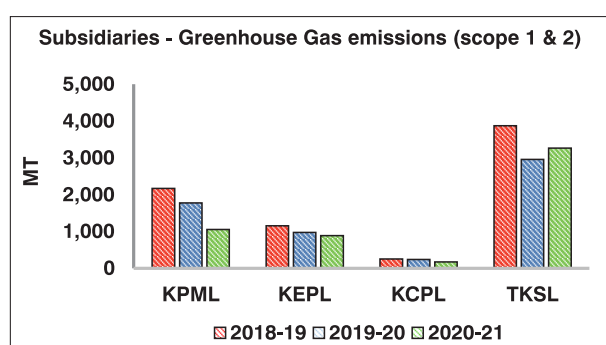
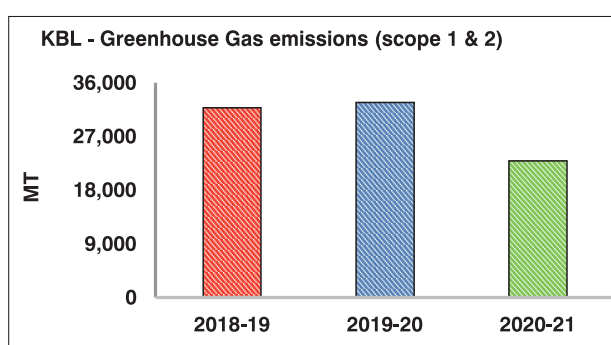
Kirloskarvadi plant has developed the Low life cycle cost (LLC) series with 5 energy efficient pump models.

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

Greenhouse Gas Emissions – Scope 1 and 2

The Company’s major source of greenhouse gas (GHG) emissions is fossil fuel combustion for power generation and operational activities (Scope 1) and use of electricity for its operations (Scope 2). The following are the key efforts taken by the Company to reduce its GHG emissions.

- Roof top solar power plants and wind mills have been installed.
- Solar water heater and solar street lights, day light tubes, natural ventilation and PNG are used extensively.
- Carbon footprint assessment is underway in Dewas plant under the guidance of British Standards Institute (BSI).
- Some of our products are BEE certified for energy efficiency. Company is in the process of extending certification to the remaining products.
- Life Cycle Assessment (LCA) of products has been initiated in Dewas plant under the guidance of CII.



NOx, SOx and other significant air emissions

Every year, form-5 environment statement is submitted on the state government pollution board website. No complaint or show cause notice has been received from the concerned authorities. All emissions are within the prescribed limit with respect to the consent received from the state government pollution board. Company has not been penalised by Pollution Control Board/National Green Tribunal/Courts. All the manufacturing locations carry out environmental Aspect - Impact study. All the manufacturing plants are certified to ISO 14001:2015 Environment Management System.

Emissions Type	Stack Emissions (MT/year)				
	KBL	KCPL	TKSL	KPML	KEPL
SPM	41.374	0.426	0.339	2.036	0.0015
SOx	1.171	0	0.120	1.158	0.0012
NOx	1.649	0	0.1456	0.355	0.0008

Water Consumption

Company focuses on reduction, reuse and recycling of water. Rain water harvesting facilities have been installed at all the manufacturing plant locations and corporate office. Kedia rain water harvesting technique has been implemented for maximising rain water harvesting. In addition, the following key initiatives have been implemented for reducing water consumption and thereby environmental impact. Company has zero water discharge facilities. Waste water or effluent generated during operations is treated for reuse.

- Replacement of water based painting booths by electrostatic booths.
- Replacement of underground water pipelines by overhead pipelines to prevent leakage losses.
- Replacement of GI pipeline with HDPE to ensure water quality and reduce tank cleaning frequency & leakage.

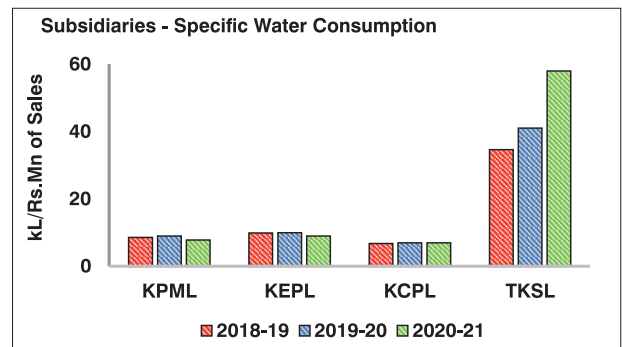
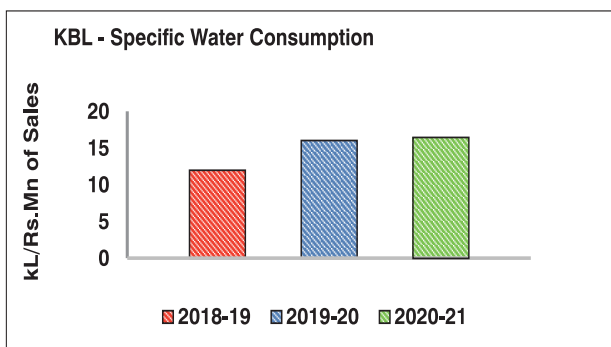
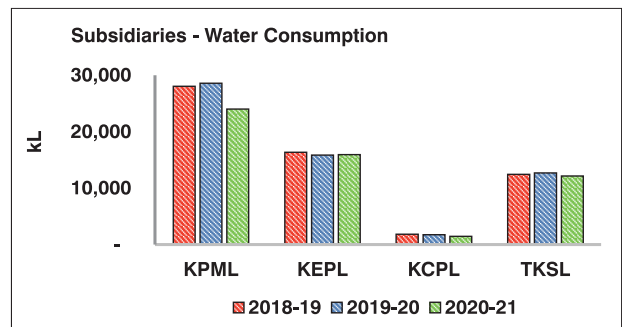
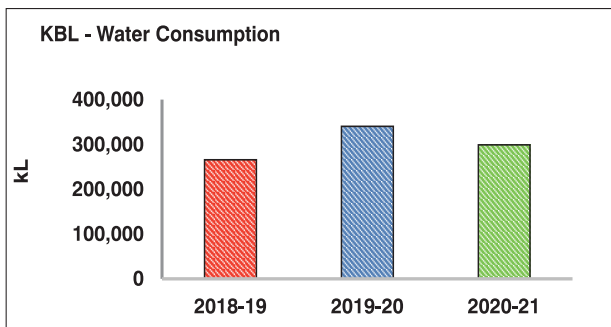


- Use of only recycled water for gardening.
- Replacement of conventional water taps by sensor based ones.
- Implementation of close loop hydro test rigs with sump life additives to reduce need of water replacement for pump testing lab and CNC machines.

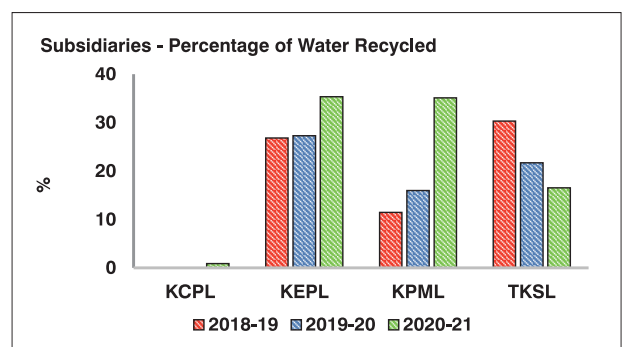
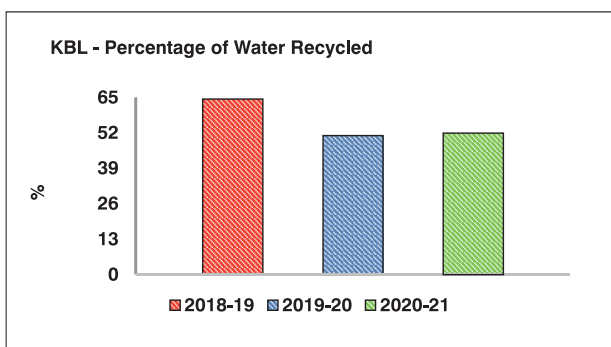
Water withdrawal by source (in kL)

Location	Open well	River water	Surface water	Bore Well	Tankers	Bottle	Total
KBL	193168	78493	0	25854	1716	224	299455
KCPL	1489	0	0	0	0	0	1489
TKSL	12009	0	0	176	0	0	12185
KPML	0	0	23476	631	0	0	24014
KEPL	0	0	0	15968	0	0	15968

Total water consumption



Recycle water graph



Waste data

In our Company, plastic consumption and plastic waste are negligible. Recyclable plastic waste is handed over to the authorised agencies for recycling. Compliance to the norms of government bodies is ensured. Plastic packing has been replaced by corrugated boxes and paper to a large extent and similar initiatives have been implemented at suppliers' end as well.

Waste						
Hazardous Waste	Unit	KBL	KCPL	KEPL	KPML	TKSL
Paint sludge	MT	42.62	0	2.8	45	0
Used oil	kL	0.001	0.037	8.8	6.695	0.25
Oil soaked cotton waste	MT	4.52	0	16.14	9.48	0
Used batteries	MT	1.342	0	0	0	1.044
E-waste	MT	0.021	0	1.07	0	0
Used containers	MT	281	11	3	0	0
Processed waste	MT	0	7.86	0	0	0
ETP sludge	MT	0.885	0	0	0.3	0
Non Hazardous						
Corrugated box	MT	62	0.317	0.69	20.03	1.04
Food waste	MT	1	0	1	0	0.512
Metal waste	MT	337.23	8	54.87	4969.6	0
Paper waste	MT	676.97	0	0	1.646	0
Plastic & paper waste	MT	2852	0	0	2.038	0
Burnt sand	MT	1354	0	0	0	1092
Wood scrap	MT	356	1.776	91.04	37.76	0
Rubber waste	MT	0.335	0	0	0	0

Supplier Environmental Assessment

Company engages with suppliers on environmental issues. KBL has procedures in place for sustainable sourcing and accordingly inputs are sourced sustainably. Company encourages procurement from producers of surrounding local communities to minimise transportation. Reduction in use of natural resources by suppliers and subcontractors is promoted. This initiative is monitored through regular SQIP (Supplier Quality improvement Programme) audits and rating system.

Company has a sustainability policy and Integrated Management System policy to support this initiative. While selecting new suppliers, assessment is carried out based on sustainability parameters for ensuring necessary compliance. Commitment and acceptance to supplier code of conduct is ensured from all suppliers during the supplier registration process for Environmental Protection & Conservation. Awareness is created and training is imparted to the suppliers on sustainability initiatives and Environment- Health-Safety requirements. Transportation activities are optimised for reduction in carbon emission.



GRI Content Index

Foundation

GRI Standard	Disclosure Number /Title	Page No.	Status/ Omission	External Assurance
GRI 102-1	Name of the organisation.	4	Fully	Yes
GRI 102-2	Activities, brands, products, and services.	17-25	Fully	Yes
GRI 102-3	Location of the organisation's headquarters	14	Fully	Yes
GRI 102-4	Location of operations	14	Fully	Yes
GRI 102-5	Ownership and legal form.	17	Fully	Yes
GRI 102-6	Markets served	17	Fully	Yes
GRI 102-7	Scale of the organisation	23	Fully	Yes
GRI 102-8	Information on employees and other workers	42-46	Fully	Yes
GRI 102-9	Supply chain	24	Fully	Yes
GRI 102-10	Significant changes to the organisation and its supply chain	24	Fully	Yes
GRI 102-11	Precautionary approach or principle	24	Fully	Yes
GRI 102-12	External initiatives	24	Fully	Yes
GRI 102-13	Memberships of associations	24	Fully	Yes
GRI 102-14	Statement from senior decision-maker	5	Fully	Yes
GRI 102-15	Key impacts, risks, and opportunities	30-31	Fully	Yes
GRI 102-16	Values, principles, standards, and norms of behaviour	13	Fully	Yes
GRI 102-17	Mechanisms for advice and concerns about ethics	28	Fully	Yes
GRI 102-18	Governance structure	26	Fully	Yes

Data from GRI 102-19 to GRI 102-34 will be covered in financial report- Governance chapter

GRI Standard	Disclosure Number /Title	Page No.	Status/ Omission	External Assurance
GRI 102-19	Delegating authority.	26	Fully	Yes
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	26	Fully	Yes
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	26	Fully	Yes
GRI 102-22	Composition of the highest governance body and its committees	*CGR	Fully	Yes
GRI 102-23	Chair of the highest governance body	*CGR	Fully	Yes
GRI 102-24	Nominating and selecting the highest governance body	*CGR	Fully	Yes
GRI 102-25	Conflicts of interest	*CGR	Fully	Yes
GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	26	Fully	Yes
GRI 102-27	Collective knowledge of highest governance body	27	Fully	Yes
GRI 102-28	Evaluating the highest governance body's performance	*CGR	Fully	Yes
GRI 102-29	Identifying and managing economic, environmental, and social impacts	27	Fully	Yes
GRI 102-30	Effectiveness of risk management processes	*CGR	Fully	Yes
GRI 102-31	Review of economic, environmental, and social topics	27	Fully	Yes
GRI 102-32	Highest governance body's role in sustainability reporting	27	Fully	Yes
GRI 102-33	Communicating critical concerns	*CGR	Fully	Yes
GRI 102-34	Nature and total number of critical concerns	27	Fully	Yes

*CGR - Corporate Governance Report



Data from GRI 102-19 to GRI 102-34 will be covered in Financial report- Governance chapter

GRI Standard	Disclosure Number /Title	Page No.	Status/ Omission	External Assurance
GRI 102-35	Remuneration policies	*CGR	Fully	Yes
GRI 102-36	Process for determining remuneration	*CGR	Fully	Yes
GRI 102-37	Stakeholders' involvement in remuneration	27	Fully	Yes
GRI 102-38	Annual total compensation ratio	*CGR	Fully	Yes
GRI 102-39	Percentage increase in annual total compensation ratio	*CGR	Fully	Yes
GRI 102-40	List of stakeholder groups	32-33	Fully	Yes
GRI 102-41	Collective bargaining agreements	49	Fully	Yes
GRI 102-42	Identifying and selecting stakeholders	32-33	Fully	Yes
GRI 102-43	Approach to stakeholder engagement	32-33	Fully	Yes
GRI 102-44	Key topics and concerns raised	32-33	Fully	Yes
GRI 102-45	Entities included in the consolidated financial statements	4	Fully	Yes
GRI 102-46	Defining report content and topic Boundaries	4	Fully	Yes
GRI 102-47	List of material topics	34-35	Fully	Yes
GRI 102-48	Restatements of information	NA	Fully	Yes
GRI 102-49	Changes in reporting	4	Fully	Yes
GRI 102-50	Reporting period	4	Fully	Yes
GRI 102-51	Date of most recent report	4	Fully	Yes
GRI 102-52	Reporting cycle	4	Fully	Yes
GRI 102-53	Contact point for questions regarding the report	28	Fully	Yes
GRI 102-54	Claims of reporting in accordance with the GRI Standards	4	Fully	Yes
GRI 102-55	GRI content index	67	Fully	Yes
GRI 102-56	External assurance	78	Fully	Yes
GRI 103-1	Explanation of the material topic and its Boundary	34-35	Fully	Yes
GRI 103-2	The management approach and its components	34-35	Fully	Yes
GRI 103-3	Evaluation of the management approach	34-35	Fully	Yes

*CGR - Corporate Governance Report

Economic Performance

GRI Standard	Disclosure Number /Title	Page No.	Status/ Omission	External Assurance
Generic Disclosures on Management Approach				
GRI-201-1	Direct economic value generated and distributed	37-38	Fully	No
GRI-201-2	Financial implications and other risks and opportunities due to climate change	30-31	Fully	No
GRI-201-3	Defined benefit plan obligations and other retirement plans	38	Fully	No
GRI-201-4	Financial assistance received from government	38	Fully	No
GRI-202-1	Ratios of standard entry level wage by gender compared to local minimum wage	38	Fully	No
GRI-202-2	Proportion of senior management hired from the local community	38	Fully	No
GRI-204-1	Proportion of spending on local suppliers	38	Fully	No
GRI 205 -1	Operations assesses for Risk related to Corruption	28	Fully	No
GRI 205 -2	Communication and training about anti-corruption policies Procedures	28	Fully	No
GRI 205 -3	Confirmed incidents of correction and action taken	28	Fully	No

Economic Performance

GRI Standard	Disclosure Number /Title	Page No.	Status/ Omission	External Assurance
GRI 301-1	Materials used by weight or volume	41	Fully	Yes
GRI 301-2	Recycled input materials used	41	Fully	Yes
GRI 301-3	Reclaimed products and their packaging materials	39	Fully	Yes
GRI 302-1	Energy consumption within the organisation	61	Fully	Yes
GRI 302-2	Energy consumption outside of the organisation	62	Partially	Yes
GRI 302-3	Energy intensity	61	Fully	Yes
GRI 302-4	Reduction of energy consumption	61	Fully	Yes
GRI 302-5	Reductions in energy requirements of products and services	61	Fully	Yes
GRI 303-1	Water withdrawal by source	65	Fully	Yes



GRI Standard	Disclosure Number /Title	Page No.	Status/ Omission	External Assurance
GRI 303-2	Management of water discharge-related impacts	65	Fully	Yes
GRI 303-3	Water withdrawal	65	Fully	Yes
GRI 303-5	Water consumption	65	Fully	Yes
GRI 305-7	Nitrogen Oxides and Sulfur Oxides and other significant air emissions	64	Fully	Yes
GRI 308-1	New suppliers that were screened using environmental criteria	66	Fully	Yes
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	66	Fully	Yes

Social Performance

GRI Standard	Disclosure Number /Title	Page No.	Status/ Omission	External Assurance
GRI 403-1	Occupational health and safety management system	49	Fully	Yes
GRI 403-2	Hazard identification, risk assessment, and incident investigation	49-50	Fully	Yes
GRI 403-3	Occupational health services	49-50	Fully	Yes
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	49-50	Fully	Yes
GRI 403-9	Work-related injuries	50	Fully	Yes
GRI 404-1	Average hours of training per year per employee	46	Fully	Yes
GRI 404-2	Programmes for upgrading employee skills and transition assistance programmes	47-48	Fully	Yes
GRI 404-3	Employees receiving regular performance and career development reviews	48	Fully	Yes
GRI 414-1	New suppliers that were screened using social criteria	54	Fully	Yes
GRI 414-2	Negative social impacts in the supply chain and actions taken	54	Fully	Yes
GRI 416-1	Assessment of the health and safety impacts of product and service categories	54	Fully	Yes
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products & services	54	Fully	Yes
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	54	Fully	Yes

National Voluntary Guidelines alignment with Integrated Report

Principle	Core Element	Integrated Report Parameter	Page No
Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	Businesses should develop governance structures, procedures and practices that ensure ethical conduct at all levels; and promote the adoption of this principle across its value chain	Governance Structure,	26
		Social and Relationship Capital	54
		Human Capital	42
	Businesses should communicate transparently and assure access to information about their decisions that impact relevant stakeholders	Stakeholder Engagement	32
	Businesses should not engage in practices that are abusive, corrupt, or anti-competition	Prevention of corruption, Whistle Blower Policy, Code of Ethics	28
	Businesses should truthfully discharge their responsibility on financial and other mandatory disclosures.	Integrated Report	-
Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	Businesses should report on the status of their adoption of these Guidelines as suggested in the reporting framework in this document.	Mission statement, Company values and codes of conduct	13
	Businesses should avoid complicity with the actions of any third party that violates any of the principles contained in these Guidelines	Social and Relationship Capital Human Capital	54 42
Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	Businesses should assure safety and optimal resource use over the life-cycle of the product – from design to disposal – and ensure that everyone connected with it- designers, producers, value chain members, customers and recyclers are aware of their responsibilities.	Social and Relationship Capital	54
	Businesses should raise the consumer's awareness of their rights through education, product labeling, appropriate and helpful marketing communication, full details of contents and composition and promotion of safe usage and disposal of their products and services.	Social and Relationship Capital	54



Principle	Core Element	Integrated Report Parameter	Page No
Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	In designing the product, businesses should ensure that the manufacturing processes and technologies required to produce it are resource efficient and sustainable.	Intellectual Capital	51
		Social and Relationship Capital	54
	Businesses should regularly review and improve upon the process of new technology development, deployment and commercialisation, incorporating social, ethical, and environmental considerations.	Intellectual Capital	51
		Social and Relationship Capital	54
Principle 3: Businesses should promote the wellbeing of all employees	Businesses should recognise and respect the rights of people who may be owners of traditional knowledge, and other forms of intellectual property.	Social and Relationship Capital	54
		Human Capital	42
		Intellectual Capital	51
	Businesses should recognise that over-consumption results in unsustainable exploitation of our planet's resources, and should therefore promote sustainable consumption, including recycling of resources.	Natural Capital	61
Principle 3: Businesses should promote the wellbeing of all employees	Businesses should respect the right to freedom of association, participation, collective bargaining, and provide access to appropriate grievance redressal mechanisms.	Human Capital	42
	Businesses should provide and maintain equal opportunities at the time of recruitment as well as during employment irrespective of caste, creed, gender, race, religion, disability or sexual orientation.	Human Capital	42
	Businesses should not use child Labour, forced labour or any form of involuntary labour, paid or unpaid.	Human Capital	42
	Businesses should take cognisance of the work-life balance of its employees, especially that of women.	Human Capital	42
	Businesses should provide facilities for the wellbeing of its employees including those with special needs.	Human Capital	42

Principle	Core Element	Integrated Report Parameter	Page No
Principle 3: Businesses should promote the wellbeing of all employees	They should ensure timely payment of fair living wages to meet basic needs and economic security of the employees.	Human Capital	42
	Businesses should provide a workplace environment that is safe, hygienic humane, and which upholds the dignity of the employees. Business should communicate this provision to their employees and train them on a regular basis.	Human Capital	42
	Businesses should ensure continuous skill and competence upgrading of all employees by providing access to necessary learning opportunities, on an equal and non-discriminatory basis. They should promote employee morale and career development through enlightened human resource interventions.	Human Capital	42
	Businesses should create systems and practices to ensure a harassment free workplace where employees feel safe and secure in discharging their responsibilities.	Ethics and Integrity	28
Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised	Businesses should systematically identify their stakeholders, understand their concerns, define purpose and scope of engagement, and commit to engaging with them	Stakeholder Engagement	32
	Businesses should acknowledge, assume responsibility and be transparent about the impact of their policies, decisions, product & services and associated operations on the stakeholders	Stakeholder Engagement	32
	Businesses should give special attention to stakeholders in areas that are underdeveloped.	Stakeholder Engagement Social and Relationship Capital	32 54
	Businesses should resolve differences with stakeholders in a just, fair and equitable manner	Stakeholder Engagement	32
	Businesses should understand the human rights content of the Constitution of India, national laws and policies and the content of International Bill of Human Rights. Businesses should appreciate that human rights are inherent, universal, indivisible and interdependent in nature	Human Capital	42



Principle	Core Element	Integrated Report Parameter	Page No
Principle 5: Businesses should respect and promote human rights	Businesses should integrate respect for human rights in management systems, through assessing and managing human rights impacts of operations, and ensuring all individuals impacted by the business have access to grievance mechanisms.	Human Capital	42
	Businesses should recognise and respect the human rights of all relevant stakeholders and groups within and beyond the workplace, including that of communities, consumers and vulnerable and marginalised groups.	Human Capital	42
	Businesses should, within their sphere of influence, promote the awareness and realisation of human rights across their value chain.	Human Capital	42
	Businesses should not be complicit with human rights abuses by a third party.	Human Capital	42
Principle 6: Business should respect, protect, and make efforts to restore the environment	Businesses should utilise natural and manmade resources in an optimal and responsible manner and ensure the sustainability of resources by reducing, reusing, recycling and managing waste.	Natural Capital	61
	Businesses should take measures to check and prevent pollution. They should assess the environmental damage and bear the cost of pollution abatement with due regard to public interest.	Natural Capital	61
Principle 6: Business should respect, protect, and make efforts to restore the environment	Businesses should ensure that benefits arising out of access and commercialisation of biological and other natural resources and associated traditional knowledge are shared equitably.	Natural Capital	61
	Businesses should continuously seek to improve their environmental performance by adopting cleaner production methods, promoting use of energy efficient and environment friendly technologies and use of renewable energy	Natural Capital	61
	Businesses should develop Environment Management Systems (EMS) and contingency plans and processes that help them in preventing, mitigating and controlling environmental damages and disasters, which may be caused due to their operations or that of a member of its value chain	Natural Capital	61
	Businesses should report their environmental performance, including the assessment of potential environmental risks associated with their operations, to the stakeholders in a fair and transparent manner.	Natural Capital	61
	Businesses should proactively persuade and support its value chain to adopt this principle	Stakeholder Engagement	32

Principle	Core Element	Integrated Report Parameter	Page No
Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	Businesses, while pursuing policy advocacy, must ensure that their advocacy positions are consistent with the Principles and Core Elements contained in these Guidelines.	Memberships with associations and/or national/ international advocacy organisations	24
	To the extent possible, businesses should utilise the trade and industry chambers and associations and other such collective platforms to undertake such policy advocacy.	Memberships with associations and/or national/ international advocacy organisations	24
Principle 8: Businesses should support inclusive growth and equitable development	Businesses should understand their impact on social and economic development and respond through appropriate action to minimise the negative impacts.	Social and Relationship Capital	54
	Businesses should innovate and invest in products, technologies and processes that promote the wellbeing of society.	Natural Capital	61
	Businesses should make efforts to complement and support the development priorities at local and national levels, and assure appropriate resettlement and rehabilitation of communities who have been displaced owing to their business operations.	Not applicable (All our operation are in Government approved industrial area, hence no communities have been displaced)	NA
	Businesses operating in regions that are underdeveloped should be especially sensitive to local concerns.	Social and Relationship Capital	54



Principle	Core Element	Integrated Report Parameter	Page No
Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner	Businesses, while serving the needs of their customers, should consider the overall well-being of the customers and that of society.	Social and Relationship Capital	54
	Businesses should ensure that they do not restrict the freedom of choice and free competition in any manner while designing, promoting and selling their products.	Social and Relationship Capital	54
	Businesses should disclose all information truthfully and factually, through labelling and other means, including the risks to the individual, to society and to the planet from the use of the products, so that the customers can exercise their freedom to consume in a responsible manner. Where required, businesses should also educate their customers on the safe and responsible usage of their products and services.	Social and Relationship Capital	54
Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner	Businesses should promote and advertise their products in ways that do not mislead or confuse the consumers or violate any of the principles in these Guidelines.	Social and Relationship Capital	54
	Businesses should exercise due care and caution while providing goods and services that result in over exploitation of natural resources or lead to excessive conspicuous consumption.	Natural Capital	61
	Businesses should provide adequate grievance handling mechanisms to address customer concerns and feedback.	Stakeholder Engagement	32



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Independent Assurance Statement

The Board of Directors and Management

Kirloskar Brothers Limited
Pune, India

Ernst & Young Associates LLP (EY) has been engaged by Kirloskar Brothers Limited (the 'Company') to provide independent assurance to its Integrated Report (the 'Report') for the period of 1st April 2020 to 31st March 2021.

The development of the Report is based on the <IR> Integrated Reporting Framework by International Integrated Reporting Council (IIRC). The sustainability data reported in the Report is based on Global Reporting Initiative (GRI) Sustainability Reporting Standards 2016 ('GRI Standards') and its subsequent updates in 2018 and 2020; its content and presentation is sole responsibility of the management of the Company. EY's responsibility, as agreed with the management of the Company, is to provide independent assurance on the report content as described in the scope of assurance below. Our responsibility in performing our assurance activities is to the management of the Company only and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any dependence that any such third party may place on the Report is entirely at its own risk. The assurance statement should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below.

Scope of Assurance

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

- Data and information related to the Company's environmental and social performance for the period 1st April 2020 to 31st March 2021;
- The Company's internal protocols, processes, and controls related to the collection and collation of environmental and social performance data;
- Remote verification of sample data and related information through consultations with the Company's head office in Yamuna and desktop review of the following locations:
 - The Company's manufacturing unit at Dewas, Kaniyur, Kirloskarwadi, Kondhapuri, Sanand and Shirwal;
 - The Company's subsidiaries Kirloskar Corrocoat Private Limited, Karad Projects & Motors Limited, The Kolhapur Steel Limited and the Company's joint venture Kirloskar Ebara Pumps Limited;
- The environmental and social performance data that was subject to above assurance is as follows:
 - Environmental Performance: Raw material consumption (GRI-301-1), recycled material used (GRI-301-2), energy consumption (GRI-302-1), water withdrawal (GRI-303-3), water discharge (GRI-303-4), water consumption (GRI-303-5), Greenhouse Gas emissions (GRI 305-1, 305-2), other air emissions (GRI 305-7) and waste disposed (GRI-306-2);



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- Social Performance: Employment (GRI 102-8, 401-1), Occupational health and safety (403-9), Training & Education (404-1)

Limitations of our review

The assurance scope excludes:

- Operations of the Company other than those mentioned in the 'Scope of Assurance';
- Aspects of the Report and data/information other than those mentioned above;
- Data and information outside the defined reporting period i.e. 1st April 2020 to 31st March 2021;
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention provided by the Company;
- Review of the Company's compliance with regulations, acts, guidelines with respect to various regulatory agencies and other legal matters;
- Data and information on economic and financial performance of the Company.

Assurance criteria

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

What we did to form our conclusions

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

- Interviews with select key personnel and the core team responsible for the preparation of the Report to understand the Company's sustainability vision, mechanism for management of sustainability issues and engagement with key stakeholders;
- Interactions with the key personnel at the Company's manufacturing plants in order to understand and review the current processes in place for capturing sustainability performance data;
- Data assurance through desk reviews covering the Company's corporate office and other operational locations as mentioned in the 'Scope of Assurance' above;
- Review of relevant documents and systems for gathering, analyzing and aggregating sustainability performance data in the reporting period;
- Review of the Integrated Report for detecting, on a test basis, any major anomalies between the data/information reported in the Integrated Report and the relevant source.

Our Observations

The Company has developed the Report in accordance with the <IR> Integrated Reporting Framework by International Integrated Reporting Council (IIRC) and the Global Reporting Initiative (GRI) Standards. The Report includes a description of the Company's stakeholder engagement, materiality assessment and relevant performance disclosures on the material topics. Areas of further improvement wherever identified have been brought before the attention of the management of the company. Specific observations have been provided in the management letter which has been submitted to the company separately. These observations do not affect our conclusion presented in this statement.



Our Conclusions

On the basis of our review scope and methodology, nothing has come to our attention that causes us not to believe that the data has been presented fairly, in material respects, in keeping with in keeping with the IIRC and the GRI Standards and the Company's reporting principles and criteria.

Our assurance team and independence

Our assurance team, comprising of multidisciplinary professionals, has been drawn from our climate change and sustainability network and undertakes similar engagements with a number of significant Indian and international businesses. As an assurance provider, EY is required to comply with the independence requirements set out in International Federation of Accountants (IFAC) Code of Ethics¹ for Professional Accountants. EY's independence policies and procedures ensure compliance with the Code.

for Ernst & Young Associates LLP

A handwritten signature in blue ink, appearing to read 'Chaitanya Kalia', is written over a faint, light blue grid background.

Chaitanya Kalia
Partner
21.06.2021
Mumbai

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



Abbreviations used in this report

Abbreviation		Full Form	Abbreviation		Full Form
API	:	American Petroleum Industry	KBL	:	Kirloskar Brothers Ltd
APOEM	:	Authorised Pump-set Original Equipment Manufacturer	KCPL	:	Kirloskar Corrocoat Pvt Limited
ARC	:	Authorised Refurbishment Center	KEPL	:	Kirloskar Ebara Pumps Limited
ASC	:	Authorised Service Center	KEPL	:	Kirloskar Ebara Pumps Limited
BEE	:	The Bureau of Energy Efficiency	KOV	:	Kirloskarvadi
BRR	:	Business Responsibility Report	KPML	:	Karad Projects and Motors Limited
BSE	:	Bombay Stock Exchange	LTI	:	Lost Time Incidence
CFD	:	Computational Fluid Dynamics	Mn	:	Million
CFT	:	Cubic Feet or ft ³	MT	:	Metric Tonnes
CII	:	Confederation of Indian Industry	NSE	:	The National Stock Exchange of India Limited
CMD	:	Charman and Managing Director	PAT	:	Profit After Tax
CSR	:	Corporate Social Responsibility	POSH	:	Policy for Prevention of Sexual Harassment
EBITDA	:	Earnings Before Interest, Tax, Depreciation and Amortisation	ROCE	:	Return On Capital Employed
GRI	:	Global Reporting Initiative	RoHS	:	Restriction of Hazardous Substances
HANA	:	High-Performance Analytic Appliance	ROI	:	Return On Investment
HSC Pump	:	Horizontal Split Case Pump	R & D	:	Research and Development
HYPN	:	Hydro Pneumatic	SEBI	:	The Securities and Exchange Board of India
HVAC	:	Heat Ventilation Air Condition	SPM	:	Suspended Particulate Matter
IR	:	Integrated Report	TKSL	:	The Kolhapur Steel Limited
ISO	:	International Organisation for Standardisation	VT Pump	:	Vertical Turbine Pump

BOARD'S REPORT TO THE MEMBERS

Your Directors present the Board's Report and the Audited Financial Statements of the Company for the Financial Year ended March 31, 2021 together with the reports of the Auditors and Board, thereon.

FINANCIAL RESULTS

The financial results of the Company for the Financial Year 2020-21 as compared with the previous Financial Year are as under:

	Year ended March 31, 2021 (Amt. in Million ₹)	Year ended March 31, 2020 (Amt. in Million ₹)
Revenue from operations	17,999	20,970
Other income	189	254
Total	18,188	21,224
Profit before tax	1,249	1,200
Tax expense	317	408
Profit for the period	932	792
Other comprehensive income	23	(7)
Surplus in Profit & Loss Account brought forward from previous year	3,402	3,038
Dividend	(40)	(421)
Available surplus	4,317	3,402

DIVIDEND

The Board of Directors have recommended a Final Dividend @150%, amounting to ₹ 3.00 per equity share for the Financial Year 2020-21 (₹ 0.50 per equity share as Final Dividend for 2019-20 and an Interim Dividend of ₹ 2.00 per equity share).

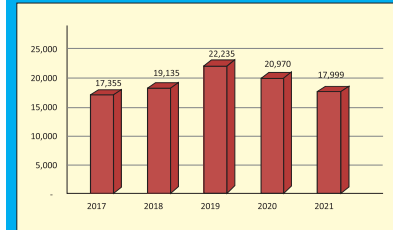
OPERATIONS OF THE COMPANY

The revenue from operations for the year under review is ₹ 17,999 million, which is less by 14.2% compared to the previous Financial Year.

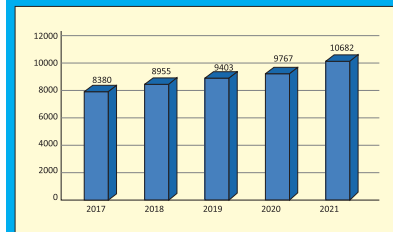
The Financial Year 2020-21 witnessed the aftermath of the Corona virus pandemic which led to loss of human life worldwide and unprecedented challenges to public health, food systems and the world economy. The social and economic disruption caused by the pandemic has had far reaching effects. Ever since the onset of the pandemic, national economies and businesses have been counting the costs, as the Governments have been compelled to enforce series of lockdown measures to tackle the spread of the virus.

The pandemic and the efforts undertaken to contain it triggered an unprecedented collapse in oil demand and a crash in oil prices. There was a multi-sectoral impact of the virus as the economic activities in the country slowed down.

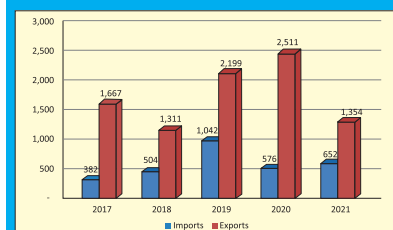
Net Sales



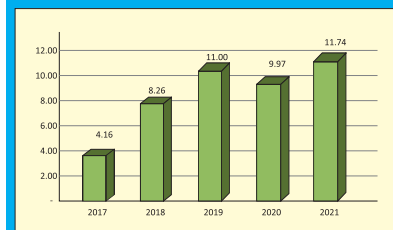
Net Worth



Import & Export



Earnings per Share





Despite the development of new vaccines, their implementation and logistics distribution would take some more time. The year 2020-21 witnessed the emergence of the second wave of the virus. In this situation, adhering to the safety guidelines prescribed by the government and health advisories, which include following social distancing norms, avoiding gatherings, and use of masks and sanitisers should be the way of life till normalcy is restored with the eradication of the COVID-19 pandemic.

On the other hand, the COVID-19 pandemic created some unique opportunities for India to participate in global supply chains.

Your Company continued its efforts to fight the pandemic by actively contributing towards various social endeavours, including distribution of dry ration kits to needy families in and around our factory premises. Besides, our volunteers used the Company's fire tender to carry out sanitisation work in more than 6 villages near Kirloskarvadi. Our in-house Medical officers conducted medical check-up of Police staff of Palus and Kundal Police Stations. KBL team, through Vikas Charitable Trust, has been undertaking various relief operations since the beginning of the COVID-19 pandemic by reaching out to several needy and affected people residing in the vicinity of KBL operations, including our Kirloskarvadi, Kaniyur, Dewas and Sanand manufacturing facilities. KBL has been doing its small bit towards supporting and helping such destitute people by providing them monthly ration, grocery kits and other daily essentials as and when possible. Overall, last year, the Company has distributed over 2,000,000 meals to various needy people affected by COVID-19 around the country.

Your Company also supported the 'Corona Warriors' with Personal Protective Equipment (PPE) in and around Pune, Sangli and Kondhapuri in Maharashtra, Kaniyur (Coimbatore) in Tamil Nadu, Dewas in Madhya Pradesh and Sanand (Ahmedabad) in Gujarat. This initiative was undertaken by the local KBL team under the guidance of the concerned Government officials.

On the Business front, among the other prestigious orders, the Company completed the installation of BHR 70 M Single Stage External Water Lubricated VT Pumps for the Sundargarh Odisha Mega Lift Irrigation Project. Our FM/UL VT pumps and FM/UL Horizontal Pumps were installed at the Sino Thai / MRT Yellow & Pink Line Metro lines of the Bangkok Metro. The much anticipated Bhama Askhed Water Project of the Pune Municipal Corporation which would be instrumental in resolving the water scarcity issue of east Pune was flagged off during the year. KBL played a pivotal role in the completion of this project. We were the primary pump provider for the Mettur Surplus Water Scheme project in Tamil Nadu - India, which will divert surplus water to help farmers with irrigation. We are proud that our pumps were being used in various applications in the fight against COVID-19 virus, be it in sanitisation machines to spray disinfectants or in quarantine centres and dedicated COVID-19 hospital buildings to maintain critical water supply and for ensuring fire-safety. Your Company also successfully completed erection and commissioning of pump sets for the National Services Projects Organization (Egyptian Army) for agricultural development of 7000 Feddan in TOSKA Phase III, Egypt. Our Export Excellence Cell successfully developed an indigenous dewatering set for the Middle East market. It is a diesel engine-driven self-priming centrifugal pump unit designed to pump liquids containing sand, sewage and semi solids. Among our other significant international projects, we also supplied our firefighting pumps for the new Supreme Court building of Mauritius.

After a phenomenal response to last two seasons of the KBL KBC Quiz Contest, we launched the third season of KBL KBC Quiz Contest for our Dealers. We registered 20% higher registrations for the quiz this year. This technical quiz contest was conducted via the KBL KBC Quiz app. The winners of the quiz were awarded at the Annual Dealer Conference which was organized virtually in view of the social distancing norms. The conference was attended by our dealers from across the Indian sub-continent. The conference was followed by the awards function for the top performing dealers for Financial Year 2019-20.

The work from home option continued for our employees with regular mentoring and guidance from the senior management. Operations across our plants resumed with increased safety and complete adherence to the government-advised hygiene protocols, including setting-up of sanitisation desks at the entry gate, thermal scanning, compulsory usage of face masks, provision of sanitisers, awareness on social distancing, disinfecting of employee transport vehicle at periodic intervals, etc.

Throughout the year, we organised various online courses in order to extend the knowledge and learning curve of our employees.

In order to avoid social gathering, last year, the International Yoga Day was celebrated virtually through the online mode, wherein the employees performed yoga along with their families at their residence.

During the period, Mr. Vijay Pise, Electrician, Pump Testing Division, received the Maharashtra Kamgar Bhushan Puraskar, while Mr. Suresh Panaskar, Machinist - Large Pump Manufacturing, and Mr. Kedari Akiwad, Fitter – Pump Testing, received the Gunwant Kamgar Award from the Labour Department, Government of Maharashtra, for their contribution to society, productivity improvement, literature and other social activities.

Your Company bagged the No. 1 position in the Domestic and Agricultural Pump Sales in Odisha at the Bazaar MRG Award 2020. Besides, ASSOCHAM recognised the achievements of KBL's all-women Kaniyur plant. Our Dewas plant was the proud winner of two prestigious awards during the period - Total Productive Maintenance (TPM) award by Japan Institute of Plant Maintenance (JIPM) and the National Awards for Manufacturing Competitiveness 2019-20 instituted by the International Research Institute for Manufacturing (IRIM).

Surveillance audit of the KBL Integrated Management System was completed by the certification body, M/s. TUV-SUD, at KBL's manufacturing plants, regional offices and corporate office. Considering the COVID-19 pandemic situation, all the audits were conducted on the virtual platform (MS Teams). Shirwal plant introduced the Integrated Management System certification programme during the routine surveillance audit. Accordingly, all the manufacturing locations are covered under the scope of the Integrated Management System certification.

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

STATUTORY DISCLOSURES

1. ANNUAL RETURN

As per provisions of Section 92(3) read with Section 134 of the Companies Act, 2013 (the Act), the Annual Return of the Company is placed on the website of the Company at <https://www.kirloskarpumps.com/investors/shareholders-meetings/>

2. NUMBER OF MEETINGS OF THE BOARD

During the Financial Year under review, 7 Board meetings were held, the details of which are appearing in the Report on Corporate Governance.

3. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) in preparation of the annual accounts, the applicable accounting standards have been followed.
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the Company for that period.
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) they have prepared the annual accounts on a going concern basis; and
- (e) they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively.
- (f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.



4. INDEPENDENT DIRECTORS' DECLARATION

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

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

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

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

The Remuneration Policy is available on the website of the Company at <https://www.kirloskarpumps.com/investors/policies>. The salient features of this policy are as follows:

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

6. REPORT OF AUDITORS

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

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

Mr. Shyamprasad Limaye (CP No. 572), Practicing Company Secretary was appointed as a Secretarial Auditor of the Company as per Section 204 of the Act, for the Financial Year 2020-21. Mr. Shyamprasad Limaye has been re-appointed as Secretarial Auditor of the Company for the Financial Year 2021-22.

M/s. Parkhi Limaye & Co. (Firm Registration No. 000191) have been appointed as Cost Auditor of the Company as per Section 148 of the Act, read with applicable rules made thereunder for the Financial Year 2021-22. Their remuneration is subject to the approval by the Members.

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

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

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

8. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Company during the Financial Year 2020-21 with the related parties were in the ordinary course of business and at arm's length basis. There were no transactions required to be disclosed in Form AOC-2 (**Annexure V**). During the Financial Year, the Company has not entered into contract/arrangement/transactions with the related parties which could be considered material in accordance with the Company's 'Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions'. The said policy is available on the website of the Company.

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

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

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

10. RISK MANAGEMENT

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

11. CORPORATE SOCIAL RESPONSIBILITY REPORT

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

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

12. BOARD EVALUATION

The Board has formulated a Board Evaluation Policy for evaluation of individual Directors as well as the entire Board and Committees thereof. The evaluation framework is divided into parameters based on various performance criteria. The evaluation process for the Financial Year ended on March 31, 2021 has been carried out.

In compliance with the requirements under Schedule IV of the Act, read with Regulation 25(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a meeting of Independent Directors was held on November 05, 2020 primarily to discuss the matters mentioned under the said Schedule. All the Independent Directors of the Company attended the same.

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

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

i. Karad Projects and Motors Limited

The revenue for the year under review is ₹ 3,084 million which is 4.4% less as compared to the previous year. This constitutes 10% of gross consolidated revenue.



ii. The Kolhapur Steel Limited

The revenue for the year under review is Rs. 209 million which is 47.8% less as compared to the previous year. This constitutes 0.7% of gross consolidated revenue.

iii. Kirloskar Corrocoat Private Limited

The revenue for the year under review is Rs. 201 million which is 20.9% less as compared to the previous year. This constitutes 0.7% of gross consolidated revenue.

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

The revenue for the year under review is Rs. 9,368 million which is 12% less as compared to the previous year. This constitutes 30% of gross consolidated revenue.

v. Kirloskar Ebara Pumps Limited (Joint Venture)

The revenue for the year under review is Rs. 1,826 million which is 11% more as compared to the previous year.

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

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

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

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

(iii) Changes in Directors and Key Managerial Personnel:

- Ms. Rama Kirloskar (DIN 07474724) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.
- Mr. M. S. Unnikrishnan (DIN 01460245) was appointed as an Independent Director.
- Mr. Sanjay Kirloskar (DIN 00007885) was re-appointed as the Chairman and Managing Director of the Company.
- Mr. Kishor Chaukar (DIN 00033830) ceased to be a Director with effect from September 25, 2020.
- Mr. Shrinivas Dempo (DIN 00043413), Mr. Shobinder Duggal (DIN 00039580) and Ms. Ramni Nirula (DIN 00015330) were appointed as Additional Directors of the Company with effect from May 25, 2021. The Board recommends their appointment as Independent Directors of the Company for a term upto May 24, 2026 at the ensuing Annual General Meeting.
- Mr. Sandeep Phadnis ceased to be a Company Secretary & Compliance Officer with effect from April 9, 2021 and Mr. Raghunath Apte was appointed as a Company Secretary & Compliance Officer with effect from May 25, 2021.

(iiia) The Board is of the opinion that Mr. M. S. Unnikrishnan - Independent Director of the Company who was appointed during the year, possesses the requisite qualifications, experience and expertise including proficiency.

(iv) SPP Neviz Pumps Solutions Private Limited ceased to be an associate company of SPP Pumps International Pty. Ltd. during the year.

(v) Details relating to Deposits:

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

- (vi) The details of Deposit which are not in compliance with the requirement of the Chapter V of the Act – NA.
- (vii) No significant and material orders were passed by the regulators or court or tribunals impacting the going concern status and Company's operations in future.
- (viii) Details in respect of adequacy of Internal Financial Controls with reference to the financial statements:

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

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

- (ix) Your Company is required to maintain the Cost records as required under Section 148(1) of the Act and accordingly, such accounts and records are maintained by the Company for the Financial Year ended on March 31, 2021.
- (x) The details of application made or any proceedings pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the Financial Year – Nil.
- (xi) The details of the difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reason thereof - Nil
- (xii) Other disclosures required under the Companies Act, 2013 as may be applicable:
 - Composition of the Audit and Finance Committee has been disclosed in Corporate Governance Report;
 - Establishment of Vigil Mechanism: The Company has already in place a 'Whistle Blower Policy' as a Vigil Mechanism since 2008. The details of the same are reported in Corporate Governance Report;
 - Disclosures as required under Section 197(12) of the Act read with the applicable rules and details as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in **Annexure III & Annexure IV**.
- (xiii) Other Disclosure:

The Company has filed a suit against Kirloskar Proprietary Limited (KPL) relating to the use, assignment and ownership of the trademark "Kirloskar". The Company has made appropriate pleadings in the Suit and has inter-alia, challenged the unlawful termination and sought declaration, injunction and other appropriate relief/s. KPL subsequently has withdrawn the termination letters with effect from March 03, 2020.

In compliance with the order of the Hon'ble Commercial Court, Pune, the Company has deposited the claimed Royalty amount in by way of cheque in safe custody of Ld. Nazir, District Court, Pune for the quarter ended October 2018 onwards, untill 3rd quarter 2020-21, without prejudice to its rights and contentions.

15. **CASH FLOW**

Cash Flow Statement for the Financial Year ended on March 31, 2021 is attached to the Balance Sheet.



SAFETY, HEALTH AND ENVIRONMENT

Safety and Health

- All our manufacturing plants including subsidiaries and project sites have achieved 'Zero reportable accidents'.
- There is consistent decline in first aid cases too. In all manufacturing plants including subsidiaries and project sites, first aid cases also reduced this year by 42% and 74% as compared to year 2019-20 and 2018-19 respectively.
- Plant Safety performance is measured in terms of Leading indicators and Lagging indicators. More focus given on Leading indicators which have 100 weightage whereas Lagging indicators have 20 weightage and has negative weightage also. Overall Plant safety performance is 90%. KPML and KBL Sanand Plant have achieved 100% weightage.
- In spite of the COVID-19 pandemic situation we could achieve and surpassed the Safety training target and BBS check targets.
- Identifying, reporting and taking corrective / preventive actions by the employees is one of the major indicators of Good Safety Culture. It also indicates the involvement of all employees in the safety. Target for the Financial Year 2020-21 was increased from 1.0 to 1.25 per staff and achieved target was 1.7.
- Apart from ISO system audits, our plants have been audited for Internal safety audits, Safety checks are carried out at project sites by project site employees.
- Many initiatives were taken to increase the COVID-19 awareness among employees and the community, including displaying boards and hoardings, distributing pamphlets, conducting awareness sessions etc.
- Most care have been taken to work safely from COVID-19 point of view, which includes thermal screening, abundant use of sanitizer to disinfect hands, as far as practically possible maintaining social distancing at work place etc.

Environment and Energy

Our organization has a sustainability policy by which we are committed to achieving excellence in overall sustainable performance. As part of our integrated management system policy, we focus on various areas to reduce adverse impact on the environment, which include optimizing consumption of energy, maximizing use of non-conventional forms of energy, conserving raw material and natural resources, supporting the procurement of energy efficient products & services that impact energy performance and design activities.

As part of our commitment towards conserving fossil fuels and depending more on renewable energy sources, we have installed and made operational roof top solar power panels at our manufacturing locations and corporate office for a capacity of 4.6 MW, which is yielding green power with good efficiency. This is in addition to the generation of 4 MW wind power by the Kirloskarvadi plant.

All our manufacturing locations are certified to Environment Management System (ISO 14001:2015) and Energy Management System (ISO 50001: 2018) under Integrated Management System certifications along with Quality Management System (ISO 9001:2015) and Occupational Health and Safety Management System (ISO 45001:2018).

For the purpose of optimum utilization of resources and continual improvement, we monitor and review the important parameters impacting environment such as Carbon footprint, Energy consumption, Water consumption, Material consumption and Waste generation.

Our corporate office is a green building with LEED Platinum certification and manufacturing plants are "GreenCo" certified. Commitment towards the environment is one of our Values. Many of our pumps are BEE star labeled for efficiency. At corporate office and manufacturing locations, we have extensive daylight harvesting to save energy and rainwater harvesting system to conserve water.

CORPORATE GOVERNANCE

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

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

Your Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and in terms of Section 22 of this Act, read with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013, we report that for the Financial Year ended on March 31, 2021:

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

*Workshops and Awareness programmes could not be held due to COVID-19.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors,



Sanjay C. Kirloskar
Chairman & Managing Director
 DIN 00007885

Pune: May 25, 2021

ADDENDUM TO BOARD'S REPORT

Following para be read as an addition to Point no. 14 (iii) of Boards' Report under heading 'Changes in Directors and Key Managerial Personnel':

Ms. Rama Kirloskar (DIN 07474724) is proposed to be appointed as a Joint Managing Director of the Company with effect from August 03, 2021 for a period of 5 years at the ensuing Annual General Meeting.

For and on behalf of the Board of Directors,



Sanjay C. Kirloskar
Chairman & Managing Director
 DIN 00007885

Pune: August 03, 2021

**Annexure I****CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO****(A) Conservation of energy:****(i) Steps taken or impact on conservation of energy**

- Replacement of conventional compressors by variable frequency drive compressors.
- Replacement of conventional lighting by LED lightings and induction lamps.
- Replacement of conventional air conditioner system by inverter based system.
- Boiler: furnace oil replacement by LPG.
- CED plant burner: diesel replacement by PNG.
- Furnace: diesel replacement by LPG.
- Replacement of diesel operated forklift by battery operated.
- Replacement of pneumatic operated tools by battery operated.
- Replacement of conventional DC motors by VFD motors.
- Replacement of conventional DG sets by fuel- efficient ones.
- Day light harvesting by using light tube and transparent sheets.
- Replacement of forced ventilation by natural ventilation.
- Conversion of underground pipelines of water & air to overhead pipe lines to prevent leakages and thereby energy losses.
- Conversion of pneumatic pipeline from MS to Aluminum for minimizing frictional losses.
- Replacement of conventional material handling equipment by energy efficient equipment.
- Replacement of conventional fans by HVLS fans in manufacturing shops.
- Sensor based lighting system.
- Maintenance of unity power factor to improve energy efficiency.
- Regular oil filtration and break down voltage test on transformers to maintain efficiency.
- Improvement of coke to metal ratio in foundry by converting cupola to warm blast.
- Waste heat recovery devices for compressors
- Use of biogas for cooking in canteens.
- Certification of all manufacturing plants for ISO 50001 Energy Management System.

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

- Roof top solar power PV system at manufacturing locations and Corporate Office for a capacity of 4.6 MW which is yielding green power.
- Generation of 4 MW wind power by Kirloskarvadi plant.
- Solar Street lights in manufacturing plants.
- Solar water heater in manufacturing plants and Corporate Office.

(iii) Capital investment on energy conservation equipment

During the Financial Year 2020-21, following capital investment were made towards energy conservation projects for installation of the following:

- Energy efficient FRP cooling system for induction furnace: ₹ 0.2 Mn - Dewas
- Airnet piping for compressed air to save energy cost: ₹ 2.27 Mn - Kirloskarvadi
- LED lighting for plant, shed, street and office: ₹ 1.73 Mn - Kirloskarvadi
- LED high bay lightings 120 watt x 80 Nos.: ₹ 0.26 Mn - Sanand
- Waste heat recovery system for compressor: ₹ 0.46 Mn - Sanand
- HVLS fans in manufacturing shops: ₹ 0.43 Mn - Sanand

(B) Technology absorption:**(i) Efforts made towards technology absorption**

- Development of 24 models from End Suction back pullout design GKW pump series conforming to ISO 5199 and to meet minimum efficiency index (MEI) 0.7.
- Development of 31 models from End Suction back pullout design DBss pump series conforming to EN 733 and to meet minimum efficiency index (MEI) 0.7.
- Development of HL 200/60, HL 200/48-2 STG, HL 250/47, HL 300/63 pumps in LLC range.
- Developed BHR 105, developed BHR 80M for irrigation application project Kshipra.
- Developed 24UPH3V pump with direct mounting arrangement for MCGM Mumbai.
- Developed 36UPH2 pump with oil ring bearing arrangement for IOCL Paradeep.
- Developed and released 16 variants of Self priming pump sets with Ultra Premium Efficiency IE5 motors.
- Developed and released the Inline Vertical multistage pumps of 4 m³/hr, 10 m³/hr and 15 m³/hr series. This will help reduce our import content.
- Developed and released 40 variants in 4" submersible pumps with economical motor design with improved performance.
- Development completed for DN3800 Butterfly Valve PN6- Fabricated.
- Development completed for DN800 Rising Spindle Sluice Valve PN2.0 & DN1000, Non Rising Spindle Sluice Valve PN2.0 Cast.
- Optimization completed for Rising Spindle Gate valve (3 Nos), Sluice valve (3 Nos), Kinetic air valve (6 Nos), Tamper proof Kinetic air valve (6 Nos).

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

- Competitive edge with Ultra-premium efficiency products.
- Capability enhancement to meet customer requirements.
- Import substitution.
- Upgradation of product for conservation of energy.
- Enhanced product performance in economy range.
- Development of indigenized Auto Priming system.
- Reduction in product development time and cost



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

- (a) The details of technology imported;
- (b) The year of import;
- (c) Whether the technology been fully absorbed;
- (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof.

(iv) Expenditure incurred on Research and Development	(Amount in Million ₹)
Revenue expenditure	167.00
Capital Expenditure	1.00
Total	168.00

(C) Foreign Exchange earnings and outgo	(Amount in Million ₹)
Foreign Exchange earned in terms of actual inflows during the year	1,354.00
Foreign Exchange outgo during the year in terms of actual outflows	652.00

Annexure II

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the Company:

Kirloskar Brothers Limited enjoys a legacy of over a century of making a positive difference in the area of social - economic development of the less privileged communities and other stakeholders, by being a responsible business house through adoption of appropriate business processes and strategies and by carrying out various initiatives towards its social obligations for the society in the vicinity of all its manufacturing locations. The activities are carried out by the Company and its implementing agency, Vikas Charitable Trust.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation /Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Pradyumna Vyas	Chairman	2	2
2	Mr. Sanjay Kirloskar	Member	2	2
3	Ms. Rama Kirloskar	Member	2	2
4	Mr. Rajeev Kher	Member	2	2

3. Provide the web-link where Composition of CSR committee,

<https://www.kirloskarpumps.com/composition-of-various-committes-of-board/>

CSR Policy and

<https://www.kirloskarpumps.com/wp-content/uploads/2020/01/CSR-policy-Ammended-upto-May-2017.pdf>

CSR projects approved by the board are disclosed on the website of the company.

<https://www.kirloskarpumps.com/wp-content/uploads/2021/07/CSR-Annual-Action-Plan-2021-22.pdf>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

NA

The average CSR obligation of the Company is less than INR 10 Crores.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

NA

Sl. No.	Financial Year	Amount available for set-off from preceding financial year	Amount required to be set off for the financial year, if any (in Rs)
	Not Applicable		
	TOTAL		

6. Average net profit of the company as per section 135(5).

₹ 1,210,780,118/-

7. (a) Two percent of average net profit of the company as per Section 135(5)

₹ 24,215,602/-



- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years Nil
- (c) Amount required to be set off for the financial year, if any Nil
- (d) Total CSR obligation for the financial year (7a+7b-7c) ₹ 24,215,602/-

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
25,214,693	Nil	NA	NA	NA	NA

(b) Details of CSR amount spent against **ongoing projects** for the financial year:

1	2	3	4	5		6
Sl. No.	Name of the Project	Item from the List of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration
				State	District.	
1	Neerchakra Project	Rural Development – Safe Drinking Water	Yes	Maharashtra	Satara & Solapur	Upto September, 2021
2	Firefighting system for Mahakaal Temple	Disaster Prevention & Management	Yes	Madhya Pradesh	Ujjain	Upto March, 2022
	7	8	9	10	11	
Sl. No.	Amount allocated for the project (in ₹)	Amount spent in the current Financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation – Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
					Name	CSR Registration No.
1	850,000	500,000	NA	No	Vikas Charitable Trust	CSR 00006556
2	9,000,000	8,387,230	NA	No	Vikas Charitable Trust	CSR 00006556
Total	9,850,000	8,887,230				

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

1	2	3	4	5		6	7	8			
				Location of the Project.				Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/ No)	Mode of implementation - Through implementing agency	
				State	District					Name	CSR registration No.
1	Activities related to COVID-19	Disaster Management	Yes	Gujarat	Sanand	1,046,450	Yes	-	-		
2	Activities related to COVID-19	Disaster Management	Yes	Maharashtra	Pune	203,080	Yes	-	-		
3	Activities related to COVID-19	Disaster Management	Yes	Maharashtra	Sangli	141,148	Yes	-	-		
4	Activities related to COVID-19	Disaster Management	Yes	Madhya Pradesh	Dewas	695,583	Yes	-	-		
5	Activities related to COVID-19	Disaster Management	Yes	Tamil Nadu	Kaniyur	937,842	Yes	-	-		
6	Anamitra Foundation	Disaster Management	Yes	Maharashtra	Pune	800,000	Yes	-	-		
7	Contribution to Gram Panchyat (Kundal and Ramandnagar)	Rural Development Program	Yes	Maharashtra	Sangli	1,350,000	Yes	-	-		
8	Project Jal Dakshata through Indian Plumbing Skill Council (IPSC)	Skill Development	Yes	Across India	Across India	6,410,250	Yes	-	-		
9	Public Area Lighting	Rural Development Program	Yes	Madhya Pradesh	Dewas	178,571	Yes	-	-		
10	Activities related to COVID-19	Disaster Management	Yes	Maharashtra	Sangli	516,992	No	Vikas Charitable Trust	CSR00006556		
11	Contribution to Institute of Environment Education and Research, Bharati Vidyapeeth University	Environment Education & Sustainable Development Program	Yes	Maharashtra	Sangli	234,670	No	Vikas Charitable Trust	CSR00006556		
12	Contribution to Katraj Snake Park	Disaster Management	Yes	Maharashtra	Pune	61,771	No	Vikas Charitable Trust	CSR00006556		
13	Educational activities – Kirloskar High School and Junior College	Education and Development	Yes	Maharashtra	Sangli	299,337	No	Vikas Charitable Trust	CSR00006556		
14	Idea Lab, -DKTES Textile and Engineering, Institute Ichalkaranji	Education	No	Maharashtra	Kolhapur	2,000,000	No	Vikas Charitable Trust	CSR00006556		
15	Contribution to Wildlife Trust of India Mobile Veterinary Service	Animal Welfare	No	Assam	Kokrajhar	1,000,000	No	Vikas Charitable Trust	CSR00006556		
	TOTAL					15,875,694					

KIRLOSKAR BROTHERS LIMITED

| A Kirloskar Group Company



(d) Amount spent in Administrative Overheads	451,768/-
(e) Amount spent on Impact Assessment, if applicable	0
(f) Total CSR obligation for the Financial Year (8b+8c+8d+8e)	25,214,693/-

(g) Excess amount for set off, if any - NA

Sl. No.	Particulars	Amount (in ₹)
i.	Two percent of average net profit of the company as per section 135(5)	24,215,602/-
ii.	Total amount spent for the Financial Year	25,214,693/-
iii.	Excess amount spent for the Financial Year [(ii)-(i)]	Nil
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
v.	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	Nil

9. (a) Details of Unspent CSR amount for the preceding three Financial Years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding Financial Years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
Nil							
TOTAL							

(b) Details of CSR amount spent in the Financial Year for **ongoing projects** of the preceding Financial Year(s):

1	2	3	4	5	6	7	8	9
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total Amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative Amount spent at the end of reporting Financial Year (in ₹)	Status of the project – Completed/ Ongoing
NA								
TOTAL								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the Financial Year

(Asset-wise details)

(a)	Date of creation or acquisition of the capital asset(s)	-
(b)	Amount of CSR spent for creation or acquisition of capital asset	-
(c)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	-
(d)	Provide details of the capital asset(s) created or acquired (Including complete address and location of the capital asset)	-

11. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5).

-

sd/-
Sanjay C. Kirloskar
Member
(DIN 0007885)

sd/-
Pradyumna Vyas
Chairman
(DIN 02359563)

Date : May 25, 2021

Annexure III**Disclosure as required under Section 197(12)****As per Rule 5 of The Companies****(Appointment and Remuneration of the Managerial Personnel) Rules, 2014**

(i)	the ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial Year	Managing Director – 65.47 :1 Non-Executive Directors – 14.20 :1 (Median Remuneration is ₹ 777,970/-)
(ii)	the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year	Managing Director – 0.30% *Non-Executive Directors – 7.91% Chief Financial Officer - Nil Company Secretary - Nil
(iii)	the percentage increase in the median remuneration of employees in the Financial Year	(2.93)%
(iv)	the number of permanent employees on the roll of the Company	As on March 31, 2021 Staff – 1359 Workmen – 1128
(v)	average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out, if there are any exceptional circumstances for increase in the managerial remuneration	Refer above mentioned point no.(ii) for comparison with the percentile increase in the managerial remuneration
(vi)	affirmation that the remuneration is as per the remuneration policy of the Company	Yes

*Mr. Kishor Chaukar ceased to be a Director of the Company w.e.f. September 25, 2020 and Mr. M. S. Unnikrishanan was appointed as Director w.e.f. June 05, 2020.



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

Sl. No.	Name of the employee	Designation of employee	Remuneration received (in Rs. Min)	Nature of employment, whether contractual or otherwise	Qualifications and experience of the employee	Date of commencement of employment	Age of such employee	Last employment held by such employee before joining the Company	Percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub-rule (2) *	Whether any such employee is a relative of any Director or Manager of the Company	Name of such Director or Manager
1	Sanjay Kirloskar	Chairman and Managing Director	49.17	Contractual	Bachelor of Science (M.E.)	02-05-1983	64	Kirloskar Cummins Limited, Pune	22.48 (#17,847,465)	Yes	Mr. Alok Kirloskar; Ms. Rama Kirloskar
2	Anurag Vohra	Sr. VP and Head - India Business	11.88	Regular	B. Tech - Mech., PG Dip. Mgt.	30-11-2015	51	Volvo Eicher Commercial Vehicles Limited	Nil	No	NA
3	Chittaranjan Mate	CFO and Sr. VP. Head - CFA	8.95	Regular	B. Com, C.A.	03-06-2015	65	Kirloskar Ebara Pumps Limited	Nil	No	NA
4	Shreepad Khare	VP and Head - CQA	8.29	Regular	B. Tech - Mech.	12-08-2014	50	KSB Pumps Limited	Nil	No	NA
5	Vikas Agarwal	VP and Head - Water & Irrigation	7.98	Regular	B.E.- Electrical & Electronics	01-03-1997	46	N.A.	0.0% (750)	No	NA
6	Lajpat Kumar Lala	Vice President & Head - Kirloskarvadi Operations	7.55	Regular	BE Mech.	05-07-2019	57	Sulzer Pumps Limited	Nil	No	NA

Sl. No.	Name of the employee	Designation of employee	Remuneration received (in Rs. Mn)	Nature of employment, whether contractual or otherwise	Qualifications and experience of the employee	Date of commencement of employment	Age of such employee	Last employment held by such employee before joining the Company	Percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub-rule (2) *	Whether any such employee is a relative of any Director or Manager of the Company	Name of such Director or Manager
7	Ravi Bhushan Sinha	VP and Head – CHRM&C	7.49	Regular	B.A. PG Dip. in HR; LLB,	24-04-2013	50	Praj Industries Limited	Nil	No	NA
8	Amit Shukla	AVP and Head – CIC	6.91	Regular	B. Com, CWA, PGD - Finance	08-08-2016	48	RSPL Limited	Nil	No	NA
9	Ravindra Birajdar	VP and Head - CRED	6.55	Regular	M. Tech, B.E. - Mech.	06-09-1988	57	NA	0.0% (1500)	No	NA
10	Nirmal Chandra Tiwari	VP and Head - Small Pump Operations	6.28	Regular	B.E. - Mech.	02-09-1986	59	NA	Nil	No	NA

Out of these, Sanjay C. Kirloskar holds 16,085,546 (16,077,118) equity shares in the individual capacity, 1,758,904 (1,758,904) equity shares as a Trustee of Kirloskar Brothers Limited Employees Welfare Trust Scheme and 3,015 (3,015) equity shares as a Trustee of C. S. Kirloskar Testamentary Trust.

* Position as on March 31, 2021.



Annexure V
Form No. AOC-2

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

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

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

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

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

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

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

Annexure VI
Form No. MR-3

SECRETARIAL AUDIT REPORT
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]
For the Financial Year ended 31st March, 2021

To,
The Members of,
Kirloskar Brothers Limited
(CIN: L29113PN1920PLC000670)
Yamuna, S. No. 98 / 3 to 7
Plot No. 3, Baner, Pune - 411045

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kirloskar Brothers Limited** (hereinafter called as “the Company”). Subject to limitation of physical interaction and verification of records caused by COVID-19 Pandemic lock down while taking review after completion of Financial Year, the Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, and subject to letter annexed herewith, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2021, complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31st March, 2021, according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable: -
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;



- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; and
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

- (i) Secretarial Standards pursuant to Section 118(10) of the Act, issued by the Institute of Company Secretaries of India.
- (ii) Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, rules, regulations, guidelines, standards, etc. mentioned above.

I further report that the Board of Directors of the Company is duly constituted with proper balance of executive directors, non-executive directors and independent directors including a woman director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

I further report that during the audit period, there was no other event/action having major bearing on affairs of the Company.

Place : Pune

Dated: 25th May, 2021

UDIN:F001587C000365159

Shyamprasad D. Limaye

F.C.S. 1587 C.P. 572

BUSINESS RESPONSIBILITY REPORT

Kirloskar Brothers Limited's Business Responsibility Report 2020-21 follows the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, as notified by the Ministry of Corporate Affairs (MCA), Government of India. We also publish a comprehensive Integrated Report annually, some portion of the Integrated Report covering areas based on the framework of International Integrated Reporting Council (IIRC) as well as in accordance with Global Reporting Initiative (GRI) standards 'Comprehensive' option and National Voluntary Guidelines, are independently assured by 'Ernst and Young Associates LLP'. The said section covering from Page No. 4-88 of the Integrated Report will be available at <http://www.kirloskarpumps.com/investors-financial-information-annual-reports.aspx>

Our Business Responsibility Report includes our responses to questions on our practices and performance on key principles defined by Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, 5th Amendment, 2019 covering topics across environment, governance, and stakeholder relationships. In keeping with the guiding principles of integrated reporting, we have provided cross-references to the reported data within the main sections of this Integrated Annual Report for all aspects that are material to us and to our stakeholders.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: L29113PN1920PLC000670
2. Name of the Company: Kirloskar Brothers Limited
3. Registered address: Yamuna, Survey No. 98 (3 to7), Plot No. 3, Baner, Pune 411 045
Ph Nos.020 2721 4444
4. Website : www.kirloskarpumps.com
5. E-mail id : secretarial@kbl.co.in
6. Financial Year reported : 2020-21
7. Sector(s) that the Company is engaged in (industrial activity code-wise) : Pumps (NIC code 2812)
8. List three key products/services that the Company manufactures/provides (as in balance sheet) : Pumps, Valves and Hydro Turbines
9. Total number of locations where business activity is undertaken by the Company :
 - (a) Number of International Locations (Provide details of major 5) – International presence is through the Company's subsidiaries.
 - (b) Number of National Locations: 15 (Corporate Headquarters, 6 Manufacturing locations, 8 Regional Sales offices)
10. Markets served by the Company – Local/State/National/International - Information provided in Integrated Annual report.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR) - INR 158,817,852
2. Total Turnover (INR) - INR 18,188 Mn
3. Total profit after taxes (INR) - INR 932 Mn
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) - 2% of average net profits of the Company made during the three immediately preceding financial years. Refer to Annexure III to the Board's report in the Integrated Annual Report, page 37.
5. List of activities in which expenditure in 4 above has been incurred:-
Refer to Annexure III to the Board's report in the Integrated Annual Report, page 55.



SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies? - Yes
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s) – 3
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?

[Less than 30%, 30-60%, More than 60%] – No

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

1. DIN Number - 00007885
2. Name – Mr. Sanjay C. Kirloskar
3. Designation - Chairman and Managing Director

(b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	NA
2	Name	Mr. Shreepad P. Khare
3	Designation	Vice president & Head - CQA
4	Telephone number	+912027214200
5	e-mail id	shreepad.khare@kbl.co.in

2. Principle-wise (as per NVGs) BR Policy/policies:

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. Accordingly, the Board of Directors of the Company has formulated following policies against the respective Principles:

- P1 Business should conduct and govern themselves with Ethics, Transparency and Accountability – Policy on Ethics, Transparency and Accountability
- P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle – Policy on Product Life Cycle Sustainability
- P3 Businesses should promote the wellbeing of all employees – Policy on Employee Well Being
- P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized – Policy on Stakeholders Engagement
- P5 Businesses should respect and promote human rights – Policy on Human Rights
- P6 Business should respect, protect, and make efforts to restore the environment – Policy on Preservation of Environment
- P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner – Policy on Responsible Advocacy
- P8 Businesses should support inclusive growth and equitable development – Policy on Inclusive Growth & Equitable Development

P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner – Policy on Customer Value

(a) Details of compliance (Reply in Y/N)

No	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	The policies are based on Integrated Reporting framework of International Integrated Reporting Council (IIRC) as well as in accordance with Global Reporting Initiative (GRI) standards 'Comprehensive' option and National Voluntary Guidelines.								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	https://www.kirloskarpumps.com/investors/policies/								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N



- (b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles	Not Applicable								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year	✓	✓	✓	✓	✓	✓	✓	✓	✓
6	Any other reason (please specify)	Not Applicable								

3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, more than 1 year - The Board of Directors, committees of the Board, assesses the BR performance of the Company for every three months. For more information, read the Corporate governance report, which is part of this Integrated Annual Report.
- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

<https://www.kirloskarpumps.com/investors/annual-report/>

Integrated Report is published Annually

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

- Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. – No, it applies across the KBL Group and extends to our suppliers and partners.
- Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others? - Our corporate governance practices apply across the KBL Group and extends to our suppliers and partners. Our Code of Conduct and Ethics complies with the legal requirements of applicable laws and regulations, including antibribery and anti-corruption policies, ethical handling of conflicts of interest, and fair, accurate and timely disclosure of reports and documents that are filed with the required regulatory authorities.
- How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so. – Refer page no. 28 of Integrated Annual Report.

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities - Information given in Integrated report.
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional): Information given in Integrated report
 - (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?
 - (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?
3. Does the company have procedures in place for sustainable sourcing (including transportation)? (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so. – Information given in Integrated Annual Report under Natural capital.
4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? Yes.
 - (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors. Information given in Integrated Annual Report.
5. Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as 10%). Also, provide details thereof, in about 50 words or so. – Information given in Integrated Annual Report.

Principle 3

1. Please indicate the Total number of employees Refer page no. 42 of Integrated Annual Report.
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis. - Refer page no. 42 of Integrated Annual Report.
3. Please indicate the Number of permanent women employees. - Refer page no. 42 of Integrated Annual Report.
4. Please indicate the Number of permanent employees with disabilities - Refer page no. 43 of Integrated Annual Report.
5. Do you have an employee association that is recognized by management. - Refer page no. 43 of Integrated Annual Report.
6. What percentage of your permanent employees is members of this recognized employee association? Refer page no. 43 of Integrated Annual Report.
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil



8. What percentage of your under mentioned employees were given safety & skill upgradation training in the last year? - Refer page no. 43 of Integrated Annual Report.
- (a) Permanent Employees
 - (b) Permanent Women Employees
 - (c) Casual/Temporary/Contractual Employees
 - (d) Employees with Disabilities

Principle 4

1. Has the company mapped its internal and external stakeholders? Yes/No - Yes.
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders Refer Page no. 54 in Integrated Annual Report.
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so. Information given in Integrated Annual Report page no. 54.

Principle 5

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others? – The policy is applicable to all the business divisions of the Company only.
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? – Nil.

Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others. – The policy is applicable to all the business divisions of the KBL and its business associates, subsidiaries, joint ventures, suppliers, contractors, NGO and other entities which are directly dealing with the company either in the business operations or in its CSR activities.
2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc. – Yes. Information available in Integrated Report under Energy, emission etc.
3. Does the company identify and assess potential environmental risks? Y/N Yes, Information given in Integrated Annual Report. Refer Page no. 30-31.
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed? No.
5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc. Information given in Integrated Annual Report page no. 61-63.
6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported? Yes.
7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year. Nil.

Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
 - (a) Federation of Indian Chambers of Commerce and Industry (FICCI)
 - (b) Confederation of Indian Industries (CII)
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others) – Yes, Energy Security, Water, Inclusive Development Policies, Sustainable Business Principles.

Principle 8

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof. Information available in Integrated Report and Annual Report on Corporate Social Responsibility.
2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization? Information available in Integrated Annual Report and Corporate Social Responsibility report.
3. Have you done any impact assessment of your initiative? - Information available in Integrated Annual Report and Annual Report on Corporate Social Responsibility.
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken? Information available in Integrated Annual Report and Annual Report on Corporate Social Responsibility.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so. - Information available in Integrated Annual Report.

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year - No customer complaints pending as on March 31, 2021. 100% of consumer court cases open, (Total 9 in number) as on March 31, 2021.
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information) – Yes, Technical information, IOM manuals. Information given in Integrated Annual Report.
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so. Nil.
4. Did your company carry out any consumer survey/ consumer satisfaction trends? – Nil in the year 2020-21.



MANAGEMENT DISCUSSION & ANALYSIS 2020-21

1. OUTLOOK

1.1 Global Economic Outlook

The onset of the Covid-19 pandemic last year brought the entire world to a virtual standstill, severely affecting the global economy. However, in 2021, the global economy is anticipated to make a strong recovery, with the multiple Covid-19 vaccines approved and their subsequent roll-out across most the countries. Apart from the anticipated vaccination-backed recovery, the renewed ability of people, governments and businesses across the world to successfully adapt themselves to the new normal ways of remote working with restricted movement could also play an integral role in decreasing the chances of a further economic downfall. As a result, despite the prevailing high uncertainty, the global economy is still projected to grow by 6% in 2021 according to the International Monetary Fund (IMF).

However, uncertainties related to the proper administration of the vaccines, their effectiveness and emergence of renewed waves and new variants pose formidable challenges to the expected recovery. Presently, the global conditions are highly volatile with some economies carving their paths to a stable recovery, some still reeling under the after-effects of the pandemic while some being forced to announce newer lock downs as they have been hit far worse than the previous year in wake of the advent of newer waves. To minimise the effect of this global instability, it is essential that all the countries come together to build strong multilateral cooperation, wherein the high-income and developing or recovering economies can lend a helping hand to the other low-income or highly affected economies.

On the contrary, in the coming months, if the pandemic situation becomes more severe, a possibility of a global economic depression cannot be ruled out. Implementation of effective policies is essential to prevent or at least minimise the possibility of a further economic debacle. Whether at a national level or an individual level, ultimately, this consciousness continues to be a deciding factor for long-term human and economic health.

1.2 Indian Economic Outlook

FY 20-21 was one of the most challenging years for the Indian economy as a result of the Covid-19 pandemic aftermath. The national and state lock downs announced by the government halted all the production and operational activities and while the subsequent mobility and other restrictions surely helped break the Covid-19 chain and protect lives, they also resulted in an inevitable economic slowdown. The Indian manufacturing industry especially, was among the most adversely affected sectors in the country during the period. The resumption in public movement and operations with the announcement of the unlock phases surely helped India to recover and avoid or at least minimise further economic damage and emerge stronger until the country was again hit by the second wave this year.

Despite the economic collapse caused by the Covid-19 pandemic, the IMF has forecast India's GDP to grow by 9.5% in FY 21-22, which is the highest among all the emerging and advanced economies. In fact, India is the only country expected to register a double-digit growth this fiscal year. Even during FY 22, Indian economy is expected to register a positive growth of 8.5%. However, all these figures and estimations could vary as they have been recorded in late March - early April 2021 before the onset of the even more destructive second Covid mutation wave in the country.

The resurgence of the Covid-19 cases is posing serious risks to economic recovery and most of the leading financial agencies have estimated that the resultant enforcement of local lockdowns and subsequent restrictions could downgrade India's GDP growth projections for the current fiscal year to as low as 10%. Currently, India is in the midst of a severe COVID-19 second wave, with the daily case count escalating way over two times the 2020 peak. However, our government and medical fraternity are

taking all measures and efforts possible to bring the situation under control. The multiple approvals and rolling out of the various Covid vaccines across the country is playing an integral role towards driving the economy's revival. Again, the persisting challenges related to proper administration and streamlining of the vaccine programme, their effectiveness and their sufficient availability need to be addressed as early as possible for the expected recovery to be sooner than later.

Financial experts strongly believe that if the administration is successfully able to flatten the curve in the coming weeks, recovery should gain momentum from Q2 FY 21-22 onwards. Going by the current turn of events, the persisting mobility restrictions are likely to remain in place until end of May and could be lifted thereafter, which could largely result in the normalising of operational activities by end-June. However, even if the existing measures are likely to deescalate economic activity, they are still expected to have a much lower impact than that in 2020, as the containment measures right now are quite target specific and people as well as businesses, with an experience of over one year, have got accustomed and adjusted to the 'new normal' better.

It is hoped the various supportive stimulus packages and incentive programmes announced by the Government of India in this year's budget session, aimed at reviving the stalled economy in wake of the Covid-19 crisis, would provide a significant impetus in normalising the economic condition in the country.

2. INDUSTRY STRUCTURE AND DEVELOPMENTS

2.1 Global Pump Market Outlook

The industrial sector, especially the manufacturing industry has been among the most adversely affected sectors globally due to the Corona virus outbreak. The global pump industry is no exception. The growth of the global pump industry, as per the estimates before the onset of the Covid-19 pandemic, was expected to be driven by the Asia-Pacific and North American markets. However, with two of the major market-driving economies in these regions, i.e., US and India, being among the most adversely impacted countries with the highest number of mortalities, the scenario could briefly change in the current fiscal year, with China gaining the highest competitive advantage. In addition, despite most of the APAC countries being severely affected by the Covid outbreak, the region is projected to account for the largest share of the market primarily due to accelerating investments in manufacturing projects, backed by the expanding chemical and power generation industry in the region.

The slow rise and recovery in crude-oil prices over the last few months raises a ray of fresh hope in the global pump market. Even if the oil and gas, chemical, water and waste water and mining continue to be the key end-user industries presenting growth opportunities for pump manufacturers this year, demand for domestic and industrial pumps in the healthcare industry is expected to accelerate further. Rapid population growth and industrialisation across the globe are anticipated to be the major growth drivers for the market. According to a leading research agency, the centrifugal pumps segment is expected to account for the largest revenue share of the global pumps market in the current FY due to the favourable characteristics of these pumps, which include high flow rate deliverability, capability to raise pressure inside pump casing and high transmission velocity.

With the world being hit by the worst slowdown since the Great Depression, pump manufacturers across the globe are bound to reiterate strict curtailments in their expenditures wherever possible. This may have a major impact on the investment on innovation and R&D, which have been among the key focus areas earlier. However, irrespective of whether the investment on innovation is curtailed or not, rise in demand for energy-efficient pumps reinstated with newly implemented government mandates and regulations is expected to continue, thus resulting in more and more companies developing advanced design pumps that would enable better system integration and efficiency. Rapid technological advancements, particularly in the area of energy efficiency and digitalisation, resulting in reduced energy consumption



and enhanced pumping system performance and reliability, are expected to drive the market growth further. Intelligent and Internet-enabled devices and sensors represent the fastest growing product segment in the pump industry currently.

2.2 Indian Pump Market Outlook

As discussed earlier, the unprecedented surge of the second Covid wave in India threatens to reverse all the gains that the nation achieved earlier, especially in the manufacturing industry. Presently, the manufacturing industry has already been jolted with another major setback with the enforcement of partial or complete lockdown restrictions across various states. Even after the curve flattens with the drop in peak, the Indian pump industry will need a certain amount of time to recover and regain lost momentum due to yet another sudden drop in sales and production during the period.

Despite the prevailing Covid-19 challenges, the demand for pumps is expected to grow at a steady rate due to the increased application of pumps in several end-user sectors, with major focus on the agriculture and construction services sectors. Even while most of the country has been observing Covid-related mobility restrictions, in rural areas, government has provided various relaxations and exemption from restrictions on agricultural activities and farming, especially harvesting. As a result, the Agricultural industry remains relatively less-affected, especially when it comes to production and operations. With the harvesting and farming activities mostly remaining unperturbed, the demand for agricultural pumps is expected to remain uniform with a lesser probability of any fluctuation even if the overall recovery is delayed. Also, despite the persisting restrictions, the Indian pump manufacturers have continued to provide after-sales services wherever possible, and this trend is expected to continue.

India's emergence as a leading player in the Pharma sector during the last fiscal year could lead to a renewed rise in demand for pumping solutions in the Pharmaceutical industry. The increasing oil demand and continued investments in water and wastewater treatment activities are expected to have a substantial positive impact on the overall market growth. The growing emergence and demand for intelligent pump systems and technology, primarily driven by the increasing need for remote monitoring and management, is expected to continue further in the current fiscal year as well.

As the situation stands today, it continues to get increasingly difficult for the small, unorganised pump players in the industry to sustain their position and presence in the market. This could open up new market avenues and growth possibilities for the more established and organised market players. Compelling, fresh, and strategic perspectives on collaboration and consolidation will be necessary to drive long-term growth of larger market participants in the high-growth markets.

The various supportive initiatives and schemes that the government has proposed to ramp up and revive the domestic demand with increased focus on rural economy and infrastructure sector, continued rise in impetus on the Atm Nirbhar Bharat mission and Vocal for Local programme, increased budget allocation towards the Rural Infrastructure Development Fund and plan to augment the existing Micro Irrigation Fund augurs well for the Indian pump industry.

3. STRATEGY

3.1 Company Strategy and Policy

During FY 20-21, the safety of our employees, channel partners, vendors, suppliers' community and customers remained our primary concern. We have been duly adhering to all the precautionary safety measures advised by the government across all our offices and plants while carrying out our business operations.

Meanwhile, during FY 20-21, after the resumption of our operations post the temporary halt due to the Covid-19 lockdown, we undertook all the possible efforts to quickly bring our business operations back on track. Right at the onset of the pandemic, we worked out an extensive business continuity plan to strengthen our market knowledge and demand analysis, prioritising our manufacturing and supply chain operation and service. The plan was aimed at retaining our reputation as the most trusted and reliable partner and supplier to our customers. During the period, we channelised our focus in the areas of cost saving, productivity enhancement and after sales and services. We focused more on the bottom line.

Despite the operational challenges, we have seen substantial improvement in our order booking, sales and project orders in FY 20-21 ever since the resumption of our operations after the lockdown. During the period, we successfully completed most of our pending domestic projects that were earlier stuck due to the national lockdown, including endeavours such as the commissioning of irrigation projects in Gujarat, supply of our firefighting pumps for the historic Atal Tunnel, supply of Auto prime pumps for the Agartala and Dibrugarh Municipal Corporations and association with the Bhama Askhed Project in Pune and the Mettur Surplus Water scheme in Tamil Nadu.



Pump House - Bhama Askhed Project, Pune

Over the last two quarters, our Small Pump Business (SPB) sales, which caters to agriculture and domestic pumps in retail segment, also gained considerable traction. With the announcement of the phase-wise government relaxations and other supportive factors like the implementation of various farmer-centric initiatives and a favourable monsoon last year, we witnessed a rise in demand for our agricultural pumps and solutions. Being the market leader in the agricultural pump segment, we were well-equipped to cater to the anticipated rise in demand and thus had the first-mover advantage.

Our preparedness and continued dialogue with our customers and channel partners during the period have been immensely crucial in helping us convert opportunities into results. We have had the right infrastructure and processes in place to help us stay connected with all our stakeholders during these challenging times. We made effective use of the digital platform, regularly engaging with our customers and other industry experts via webinars and video conferencing.



KBL expresses deep gratitude towards doctors, nurses and other front line workers for all the work they have been doing during this pandemic. Earlier, during the lockdown, as our customers were unable to visit our service centre to avail free service or warranty, we extended warranty of our small pumps' product range. Our dedicated service engineering team, in certain cases, went beyond the call of duty, physically travelling while following all guidelines prescribed by the Government and reaching the customers to fulfil their service requests whenever possible and necessary.

Our firefighting and pressure boosting hydro pneumatic (HYPN) pumps were being used in various applications in the fight against Covid-19 virus, right from sanitisation machines and spray disinfectants to quarantine centres and dedicated Covid-19 hospital buildings for maintaining critical water supply and ensuring fire-safety. With movement restricted during the pandemic, customer interest in KirloSmart®, our remote pump monitoring and predictive maintenance solution, rose as it plays an integral role in ensuring remote pump monitoring with minimal risk.

During the period, we also launched various new products, including the smaller-sized constant pressure booster pumping system, K-Booster, and our all-new SP coupled pump set integrated with the latest IE4 Motor. As part of a project requirement, our KOV facility developed a specially customised large horizontal split case pump for ammonia cooling water application. Last year, we also reiterated our focus on our reverse engineering capabilities.



HYPN pumps supplied in Covid Hospital, Noida

Like many other companies, the remote working resulted in reduction in our cost of operations. The Corona situation has made us realise how developed and advanced our information technology systems actually are. Our organisation has adjusted well to the remote working ways. Additionally, through digitisation and effective use of AI, VR, and IoT, we are increasingly driving our company culture towards a new way of smart manufacturing and operations beyond physical offices and facilities, to maintain 'business continuity as usual'. Besides, we also launched our renewed corporate website recently.



KirloSmart® - cloud-based remote pump monitoring and predictive maintenance

With KBL being a truly "Made in India" company, the Government's renewed impetus on making India self-reliant through its Atmnirbhar Bharat Abhiyaan and strengthening local businesses through its Vocal for Local programme, worked well for us throughout the period.

With the onset of our new century, we also revised our Purpose, Vision, Mission and Values in line with the changing times, technology and customer requirements, and expectations in order to meet and staying committed towards our ultimate goal of enriching lives.

3.2 International Business Strategy

The Covid-19 pandemic affected almost all the countries across the globe and with a presence across almost all the continents, operations across all our international offices, subsidiaries and facilities were affected. However, despite the global pandemic aftermath, the contribution of all our international subsidiaries and group companies during the period to the overall revenue generation was significant.

During the period, we further strengthened our position in Thailand by providing critical service and support for Cooling Water (CW) pumps for the MaeMoh Power Plant in Thailand. We also delivered our first highly customised and innovative fish-friendly pre-cast Concrete Volute Pump (CVP) in Europe. This prefabricated design was conceptualised by our Dutch subsidiary, Rodelta Pumps International BV. We were also the primary supplier of firefighting pumps for the new Supreme Court building of Mauritius.



Firefighting Pumps for New Supreme Court Building, Mauritius

Our global capabilities and operations were integral in giving us the much-needed operational support and flexibility needed to be able to endure and hold our ground even in this situation. During the crisis, all our various international subsidiaries and other group companies, which together form the KBL group umbrella, supported each other. Various R&D teams from KBL and group companies worked together to bring the best products into the market with an aim to offer significant value to our customers across the globe. It also helped us extend our experiences, technological capabilities, product basket, customer knowledge, etc.



4. SBU FUNCTION PERFORMANCE

4.1 Water

FY 20-21 was a successful fiscal year for our Water Resource Management department in spite of the global pandemic situation. During the period, we supplied and successfully commissioned India's biggest Autoprime sets for flood control across the Eastern India market. This was in addition to the 250+ sets of various sizes, which are already operational in almost all the states of the country. We received prestigious orders from PHED Rajasthan, Madhya Pradesh, Telangana & AP through large OEMS for 300+ nos. of multi-stage and split case pumps and executed them within the expected timelines.



Development of largest Autoprime Pumpset

During the period, we continued to retain our focus on other value-added products such as Pump as Turbine (PAT/PICO), Lowest Lifecycle Cost (LLC) series pumps, cloud-based remote monitoring and predictive maintenance systems (KirloSmart®). We reiterated our emphasis on increasing our reach to major clients and explaining them about the superior features of our products through webinars.

Achieving customer satisfaction by enabling improvement in lifecycle cost of the products being used for various water supply schemes remained one of our primary objectives during the period. We foresee good revenues in FY 21-22 from these products. In the interim, we also started getting various requests from almost all states for solar pumps, which is going to be our major focus in FY 21- 22.

4.2 Irrigation

During the previous fiscal year, we bagged and successfully executed major irrigation orders from Madhya Pradesh and Gujarat, which involved dispatch of 50+ and 70+ nos. of large and medium range Vertical Turbine (VT) pumps, respectively. As a result, we became the preferred choice of end clients as well as principal OEMs for executing significant irrigation schemes within stipulated timelines.

We were also the primary supplier of pumps for the Mettur Irrigation Scheme, which was inaugurated by the honourable chief minister of Tamil Nadu. We offered optimum and efficient pumping solutions to various national OEMs, which resulted in increase in our order board by 130% (value wise) and booking orders for 200+ nos. of medium & large Vertical Turbine (VT) pumps along with large sized Horizontal Split Case (HSC) pumps.

We also supplied seventeen pumps of varied configurations in accordance with the requirement, ranging from a discharge capacity of 2.5 cusecs to 10 cusecs with a head of 15-30 metres to UP Irrigation Department (CESPO). Of these, seven are our largest horizontal split case pumps with a 10 cusecs discharge capacity and 30 metres head, supplied to the Minor Lift Canal Division in Mirzapur.



Mettur Irrigation Scheme, Tamil Nadu

Going forward, we are confident of maintaining a healthy order board. We organised various webinar sessions for increasing awareness and educating clients about new products such as our remote monitoring systems. The success of this activity is reflected from the large number of requests that we have been receiving from our customers for the installation of these equipment for continuous monitoring and predictive maintenance of pump performance in their existing pump houses.



Largest Split-case Pumps supplied to UP Irrigation Department

4.3 Valves

During the last fiscal year, our business was initially affected due to Covid-19 in H1 but witnessed an upsurge in H2 with rise in new order bookings. During the period, we introduced a new dealer policy to support dealers in reducing the economic impact of the Covid pandemic on their operations, which helped us improve our business revenue. Reduced SG&A helped us in sustaining our profit margins.



With a focused approach, the Valves department booked and supplied various prestigious project orders for large size valves. Amendments related to operational functioning led to optimisation of products, there by facilitating improvement in product quality and cost competitiveness.

4.4 Building & Construction Sector

At the start of the year, the Building and Construction segment was expecting a major slow down due to the pandemic. However, demand grew gradually as the year progressed with the market also adapting quickly to the new normal.

More than 100 webinars were conducted throughout the year for various customers and consultants. We commissioned our fire fighting pumps inside the 9.02 km long Atal tunnel, which is the world's largest tunnel above 1,000 ft. We were also actively involved in many fast-track hospitals projects, including supply and installation of our pumping solutions at AIIMS (Guntur, Raebarell, Nagpur, Kalyani, Goa and Bhatinda), Tata Memorial Hospital, Homi Bhabha Cancer Hospital - Punjab, Noida District Hospital, Puna Covid Jumbo Hospital, Kasaragod Covid Hospital and Delhi DRDO's Sardar Vallabhbai Covid Hospital. Our pressure booster hydro-pneumatic systems and fire fighting pumps are operational in all these hospitals.



Firefighting Pumps for Atal Tunnel, Rohtang

4.5 Marine & Defence

The Marine & Defence business witnessed growth in its order bookings during FY 20-21. These primarily include prestigious orders for the development of pneumatic-operated high pressure water mist systems for future objects, canned motor pumps with inline construction for on-board application and Computational Fluid Dynamics (CFD) for various under water objects.

KBL continues to participate in various indigenisation programmes undertaken by the Ministry of Defence (MoD) under the "Make in India" initiative.

4.6 Power

In the fiscal year 2020-21, KBL secured two hydroelectricity-related orders from the Kerala State Electricity Board. During the period, we primarily channelised our focus on micro and mini hydro power with our products PAT and PICO by developing application matrix to create awareness among the customers for energy saving, which can be achieved in the existing setup. Under the Atmnirbhar Bharat initiative, we received an order from National Thermal Power Corporation Limited (NTPC), which involved replacing pumps from European origin with our pumps due to their better life cycle cost. We also increased our focus on sea-water Flue Gas Desulphurisation (FGD) projects.

Nuclear Power Corporation of India (NPCIL) has already initiated the civil work last year for the 4x700MW Gorakhpur Haryana Anu Vidyut Pariyojana project and has currently commenced the construction phase for the Kudankulam Nuclear Power Project (KNPP) 5 & 6 units (2x1,000 MW). KBL is focusing on procuring business for primary and secondary circuit pumps, including supply of boiler feed, cooling water and condensate pump for these projects.

FY 21-22, we are well-placed to benefit from increased electricity demand and the government's favourable policies supporting and emphasising on the use of renewable energy, i.e., small hydroelectricity and nuclear energy. KBL has the desired product portfolio for small hydroelectricity projects and is well equipped to address the critical requirements of the nuclear industry.



PICO

4.7 Oil & Gas

Despite the fact that the Oil & Gas division registered significant sales growth over the previous year, bookings and sales of the business suffered significantly during the last fiscal year, at least in the first two quarters, due to the Covid-19 pandemic. Many of the target projects were either delayed or shelved. Last year, BS VI projects related to the Refinery segment and the Pipelines segment's downstream projects yielded good orders for the company. However, this business also got negatively affected because of the Covid-19 outbreak.

This FY there are some potential opportunities insight which are expected to gain momentum as and when the situation improves. Re-tendering related to three HPCL Rajasthan Refinery Limited (HRRL) tender orders that remained stationary last year is awaited. We are expecting that the business movement will start ascending from Q3 onwards as and when the current second wave of the Covid pandemic subsides.

4.8 Industry

The Covid-19 crisis forced a sudden change in industrial business in the domestic market and it altered priorities in almost all the segments. With the emergence of the 'Covid correction' phase during the second quarter, the Industry division reshaped its approach and procured orders from the Chemical, Steel, Coal and Mining segments. The division was able to sustain its business share with focused approach on key customers. We conducted 70+ webinars which helped enhance our customer reach. During the period, we added 100+ new customers with business contribution of 32% order bookings. Along with Steel and Coal, the Industry division realised further growth in the ZLDS segment in the previous FY.



In the current fiscal year, we are focused on closely monitoring our Purchase Order (PO) to Ordering Address (QA) and (On Time in Full) OTIF in co-ordination with the Kirloskarvadi plant. Keeping in mind the persisting operational challenges, we continually strive to ensure adherence to customer delivery date through reduced overall project cycle time in B2B orders. In order to improve profitability, we continue to regularly conduct order-wise MSR review.

4.9 Small Pumps Business (SPB)

Despite the Covid-19 outbreak, the SPB division performed reasonably well in FY 20-21. It was a result of foreseeing the challenges, monitoring operations and performance through rigorous and regular reviews, adapting quickly to take timely decisions and implementing the necessary actions in the field. The Agriculture and the Domestic segments rallied on a good market demand while the Industry segment started picking up from the latter half of the second quarter. The SPB division regained momentum and started registering growth over FY 19-20 from the second half of the financial year.



KVM Pump used in Disinfecting Machine

Considering the forecast and the emerging trends, the SPB division has set an ambitious target for FY 21-22, which will lead to both business growth as well as enhancement in market shares. Besides, the division has also embarked upon plans to increase its market penetration and customer reach to achieve the same.

4.10 Engineered Service Division (ESD) & Customer Service & Spares (CSS)

Despite all the Covid-outbreak challenges and restrictions, the ESD division successfully kept the business operations going. During the period, we closed rate contracts for supply of spares & service with customers such as Shell (Hazira) (which includes competitor pumps as well) Bhushan Steel, IOCL Barauni, etc. The retrofit & replacement business orders that we received from customers, such as NTPC, Shell (Hazira), NHPC and NFL, not only contributed towards revenue generation but also helped us increase our market share.



3D Printing for Pump Casting

It is worth mentioning that despite the various obstacles in terms of personally visiting and reaching our customers, our team continued to provide service support to customers in whichever way possible, thereby adding to the overall service revenue generated by the CSS division. By adopting and adapting to the virtual inspection process, we successfully executed inspection orders for customers such as NTPC, NPCIL, Adani Power, Shell Energy, etc.

4.11 Dewas Plant

The plant took various initiatives to reduce losses and ramp up production post the Covid-19 outbreak, duly following the Ministry of Home Affairs (MHA) and Corporate guidelines. Monthly production was ramped up significantly from June towards the end of the year.

During the last FY, our Dewas plant was adjudged winner of the prestigious Total Performance Management (TPM) Excellence Award 2020 in Category 'A' by Japan Institute of Plant Maintenance (JIPM).

Achieving the world - class recognition was indeed a moment of pride and satisfaction for all of us. It has been a long and fruitful journey with lot of learning, innovation and improvement initiatives at the plant. During the period, the Dewas plant also won the Silver award for Manufacturing Excellence at the National Awards for Manufacturing Competitiveness, the flagship awards platform of the International Research Institute for Manufacturing (IRIM).



During the period, the plant initiated a foundry capacity expansion project involving installation of a high-pressure moulding line to cater to the existing and future castings requirements of the company. The plant also took various initiatives for ensuring wellbeing of employees.

4.12 Sanand Plant

The Sanand plant undertook various initiatives related to cost reduction, productivity improvement, safety enhancement and sustainability in the last fiscal year. The culture of continued improvement resulted in improvement in capacity utilisation and Overall Equipment Effectiveness (O.E.E.) by 12% and 4% respectively. Initiatives taken for energy conservation and solar energy utilisation resulted in 23% reduction in energy consumption.



BIS certification for KBL Submersible Pumps

During FY 20-21, the plant received Excellence Award at the NCQC (National Convention on Quality Concepts) competition held by Quality Circle Forum of India.

4.13 Kaniyur Plant

The Kaniyur Plant was honoured at the ASSOCHAM's Diversity & Inclusion Excellence Awards in the Best Employer for Women (Runners-up) category during FY 20-21.

The plant achieved a proud milestone in March 2021 by producing more than 90,000 pumps in a single shift through optimum utilisation of resources. This helped reduce the operating cost and thereby reduced the overall conversion cost of the product. Various similar cost saving efforts and continuous improvement projects were undertaken and completed during the period.



As part of its continued commitment towards the environment, the Kaniyur plant undertook several green initiatives such as planting trees and STP revamping, urinal blocks usage, etc. Various technical and safety maintenance and general awareness trainings were imparted to all the employees throughout the year.

As part of its contribution towards the Covid -19 pandemic relief efforts, the plant took various initiatives and supported nearby families by providing food materials to more than 300 families.



Kaniyur Plant Awarded Best Employer for Women (Runners-up) by ASSOCHAM

4.14 Kirloskarvadi Plant

Though the last fiscal year was not an easy year for almost all the industries around the globe, the Kirloskarvadi Plant, with a committed and dedicated team effort, successfully attained unexpected results with around 95% achievement of the annual plan.

The plant progressively restarted adhering to all the guidelines issued by the government authorities and ensuring compliance to all the Covid 19 protocols to ensure safety of our employees. Performance gradually picked up pace in the second half of the year viz. March 2021, when the plant crossed INR 1000+ Mn of dispatches. During the period, the plant also worked on various improvement initiatives and successfully introduced around 15 best practices.



Advanced Technology Product Division (ATPD), Kirloskarvadi

As a major step towards strengthening our manufacturing capabilities, KBL has built its new manufacturing facility at Kirloskarvadi plant, called “Advanced Technology Product Division” (ATPD), for manufacturing of high-end technology products, especially for Nuclear Application. ATPD is a state-of-the-art facility spread across 6000 sq. mtr area and is fully-equipped with modern machines and test facilities, including special measuring instruments under controlled atmosphere condition with high level of security. The facility is one stop shop, wherein machining, quality control checks, assembly and testing at high pressure and high temperature will be carried out. This facility is another step towards our commitment towards the Make in India and Atm Nirbhar Bharat initiatives of Government of India.

4.15 Global Marketing

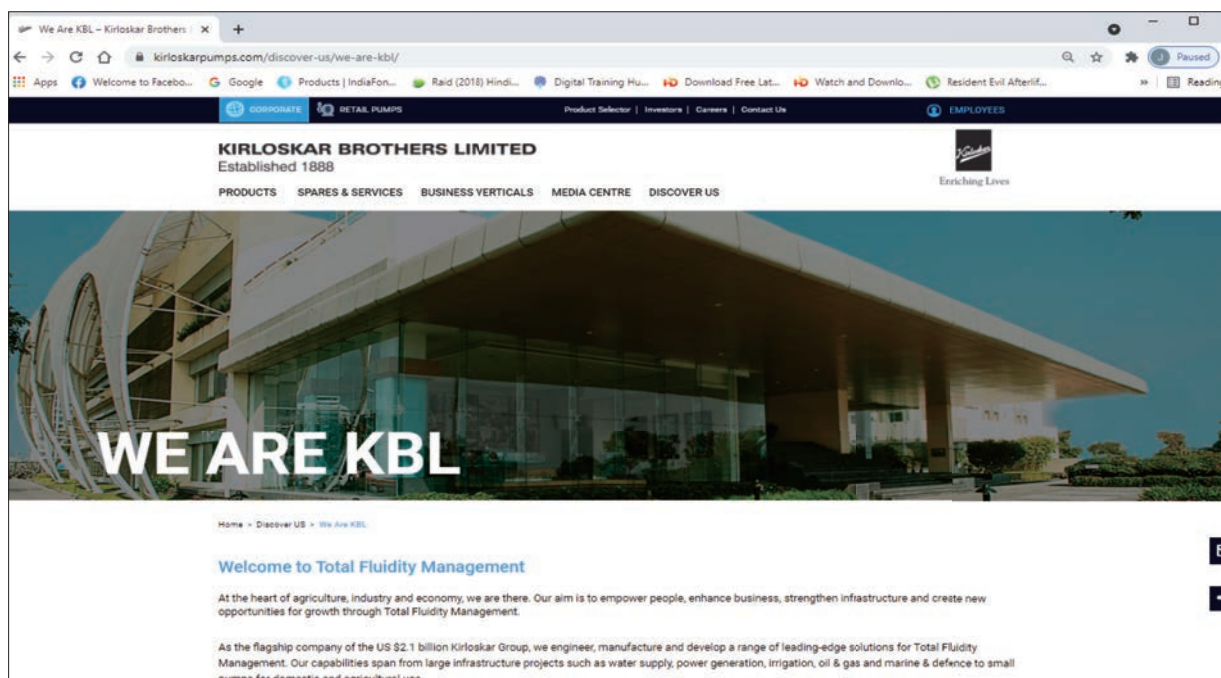
The Covid-19 outbreak changed the way marketing is done. It further strengthened the digital marketing while planning and priorities of the marketing channels were focused on Return on Investment (ROI).

At KBL, for the past few years, we have improved our digital marketing capabilities, including strengthening our social media channels and reaching and engaging our customer by way of brand and product campaigns through various digital channels. During the period, our campaigns were more focused in terms of key products and region to achieve the desired result.

A robust online reputation management strategy helped us resolve customer queries through social media effectively. Digitisation of material and effectively using it for e-mail campaigns, YouTube, WhatsApp communication, etc. helped us improve our reach. Apart from digital, other local means of marketing were implemented to quickly reach the target customer.

In order to assist our channel partners in leveraging the strength of digital medium effectively during the lockdown and in future, digital training workshops and other relevant activities were conducted so that they were able to conveniently reach the customers in their network.

During the period, we launched our new corporate website with many new features to help our visitors obtain necessary information easily and quickly.



New Corporate Website Launched

4.16 Information Systems

In FY 2020-21, we ensured uninterrupted IT support during the pandemic condition. We ensured that all our stakeholders are virtually connected through the use of appropriate platforms.

At KBL, it is our constant endeavour to keep pace with technology upgrades. In FY 20-21, we upgraded our systems from S4-HANA version 1610 to 1910, as a progressive step towards enabling a platform for extended warehouse, embedded transport management, Fiori apps and conversational user experience.

As per the government policies, we shifted towards e-invoicing, e-way bill, GSTR1 filing and Tax Collected at Source (TCS) for KBL & domestic subsidiaries. Implementation of digitally signed sales invoice helped us ensure smooth dispatch during the pandemic situation. From the last fiscal year, we also initiated the



use of Augmented Reality (AR) for our Sales & Service team. During the period, we also used Sales force solutions for marketing campaign, lead tracking, sales and marketing collaboration.

Application of programmes and modules such as total quality review & monitoring, supplier quality improvement programme, product quality audit and process quality audits helped in monitoring and improving overall product and process quality. Advanced analytical reports helped monitor business across Covid-affected regions and performance of sales team, which in turn proved to be critical in deciding the overall sales strategy. To rebuild the effectiveness of sales team operations, we also started making use of mobility solutions during the period.

4.17 Human Resource

It was a tough year for the business owing to the Covid-19 pandemic. Our priority as well as challenge was to keep our people safe and healthy while ensuring business continuity. We had to adopt to the new normal of carrying out business mostly through virtual platforms with the majority of our employees working from home. During this period, we quickly put in place procedures and policies wherein people remain effective while carrying out their duties. We ensured that all our offices and manufacturing plants were equipped with and duly followed all the Covid-19 protocols. Strict guidelines were issued and adhered to, for smooth and safe operations. Day to day monitoring of employees at each and every location was centrally done by Corporate HR. All the employees were provided with necessary support and guidance as and when required.

To ensure proper engagement of employees, we organised various Covid and other health-related awareness sessions through virtual platforms. We efficiently utilised our already deployed People Direct - Learning Management System (LMS) to give our employees an opportunity to upgrade and enhance their skills. We also launched various managerial and technical e-learning modules integrated with MOOCs (Massive Open Online Courses). During the period, we continued our focus on upgrading our HR services and enhancing employee experience by launching the Talent Management Module on our People Direct Platform.

Continuous communication with the employees from the top management was done to keep their morale high and retain their focus on the business goals. We continuously monitored the business environment and effected necessary structural changes to align roles and people capabilities in order to meet the challenges faced due to the new normal. In order to contain our costs, various measures were taken across the organisation, which included the launch of Voluntary Retirement Scheme across three of our plant locations. Overall, the state of employee relations remained peaceful, and we received full support from all the employees to counter the adversities.



CSR activities during Covid-19

During the period, various CSR initiatives were undertaken to help all those affected by the Covid-19 pandemic. Overall, we provided over 2 million meals to the people in need. Over and above, we also provided PPEs and sanitisers as part of our contribution towards helping the Corona warriors combat the pandemic. We organised frequent health camps around our plants to ensure health and safety of the local administration personnel fighting the Corona pandemic.

4.18 Research Engineering and Development

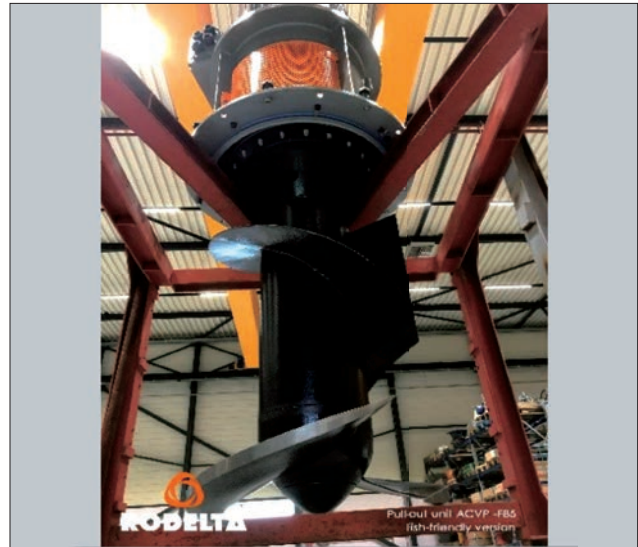
To maintain KBL's position abreast on the technological forefront in the fluid management business, the company's Research and Engineering Development wing was engaged in various innovation and product upgradation-related activities in FY 20-21.

To lead the market, we launched 44 variants of pumping solutions in the submersible category and 36 surface pumps for the SPB division. We also launched the NEO series submersible pumps and SP coupled pump sets with ultra premium efficiency IE4 motors. To address market requirements, we developed dual voltage controller for wide voltage application.



SP Coupled Pumpset with IE4 Motor

To meet global market demand and complement our existing range, we developed 24 models of our end-suction back pull-out GKW pump series conforming to the ISO5199. Similarly, we developed, 31 models of new end suction pump series conforming to EN 733 in order to meet the European Minimum Efficiency Index (MEI) norms of 0.7. To cater to special requirements for bespoke solutions, we developed HL200/60, HL200/48-2STG, HL250/47 and HL300/63 pumps in our Lowest Life-cycle Cost (LLC) split-case pump range. To address customer-specific demand related to the Kshipra irrigation application project, we developed vertical turbine pump specimens BHR105 and BHR80M.



Fish-friendly Pump Developed

In keeping with the sustainability initiatives, we developed our first fish-friendly axial flow concrete volute pump for pumping station in the Oranjekanaal, location Orvelte in the Netherlands. It includes a new 2-vaned fish friendly flow impeller-axial volute combination design. The impeller hydraulics have been specially designed and optimised using CFD models, guaranteeing excellent fish passage of the pumping station. To enable our customers to be able to remotely manage their pumps more efficiently, especially during the pandemic situation, we further enhanced the features of KirloSmart®, our signature pump remote monitoring and predictive maintenance solution.

5. INTERNAL SYSTEMS

5.1 Internal Control Systems

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

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



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

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

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

5.2 Quality Assurance

During FY 20-21, through product and process improvements, we achieved reduction of INR 133.67 Mn in poor quality cost as compared to the last year (INR 361.75 to 228.08 Mn). We established “Total Quality Review Mechanism” software for real-time monitoring of key performance indicators and for driving improvements in the overall quality. We also witnessed a 32% increase (from 105 to 139) in supplier with quality index through the supplier quality improvement programme.

We ensured effective utilisation of virtual platform for knowledge management, audits, dealer assessment and inspection activities during the period. We trained employees across all KBL plants and subsidiaries on our Quality book, ‘Excellence through Quality Prism’, as part of our First Time Right initiative. During FY 20-21, KBL became the first pump manufacturing company in India to be certified for integrated management system complying to four ISO standards, viz. ISO 9001, ISO 14001, ISO 45001 and ISO 50001.



First Indian Pump Manufacturing Company to receive Integrated Management Systems (IMS) Certification

REPORT ON CORPORATE GOVERNANCE

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

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

2. Board of Directors:

As on March 31, 2021, there were nine directors on the Board, comprising of a Managing Director and eight (88.88%) Non-Executive Directors of whom five (55.55%) were Independent Directors. There were 2 (Two) woman directors including 1 (One) as an Independent Director.

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

During the year under review, 7 (Seven) Board meetings were held on the following dates:

June 05, 2020, August 12, 2020, September 02, 2020, November 05, 2020, December 21, 2020, February 11, 2021 and March 18, 2021.

According to the provisions of Regulation 17A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations, 2015) none of the Directors on the Board hold the office of director, including an alternate directorship in more than 7 companies at the same time.

None of the Directors are directors in more than 7 public companies or holding membership of committees of the Board in more than 10 committees or chairpersonship of more than 5 committees across all listed entities in which he/she is a Director. Necessary disclosures regarding committee positions in other public companies as on March 31, 2021 have been made by the Directors. None of the Directors except Mr. Sanjay Kirloskar, Mr. Alok Kirloskar, son of Mr. Sanjay Kirloskar and Ms. Rama Kirloskar daughter of Mr. Sanjay Kirloskar, are related to each other.

The above limits are determined as follows:

- a. the limit of the committees on which a director is serving in all public limited companies, whether listed or not, are included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 are excluded;
- b. for the purpose of determination of limit, chairpersonship and membership of only Audit and Stakeholders' Relationship Committees are considered.

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations, 2015 read with Section 149(6) of the Companies Act, 2013 (the Act). The maximum tenure of Independent Directors is in compliance with the Act. All the Independent Directors have confirmed that, they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations, 2015 read with Sections 149(6) and 150 of the Act read with relevant Rules thereunder.

The Managing Director of the Company is serving as an Independent Director in two listed companies.



The details are explained in the table below:

Name of Director	Designation / Category of Directorship @	Board Meetings attended	Attendance at last AGM	No. of other Directorships held*	No. of Committees of which Member / Chairperson in other Companies	Names of the listed Companies where the person is director	Category of directorships in other listed companies @
Mr. Sanjay Kirloskar	CMD (P)	7	Present	5	2/1	KPT Industries Limited (formerly known as Kulkarni Power Tools Ltd.) DCM Shriram Industries Ltd.	INED INED
Mr. Kishor Chaukar#	INED	3	Present	0	0/0	--	--
Mr. Pratap Shirke	NED	7	Present	15	0/0	--	--
Mr. Alok Kirloskar	NED (P)	6	Present	17	0/0	--	--
Mr. Pradyumna Vyas	INED	7	Present	4	3/1	Titan Company Ltd. Dynamics Technology India Ltd.	ID ID
Ms. Rama Kirloskar	NED (P)	7	Present	3	1/0	--	--
Dr. Rakesh Mohan	INED	7	Not Present	1	0/0	Dixon Technology India Ltd.	Additional Director
Mr. Rajeev Kher	INED	7	Present	2	2/0	Goodyear India Ltd.	ID
Ms. Shailaja Kher	INED	6	Present	0	0/0	--	--
Mr. M.S. Unnikrishnan	INED	7	Present	1	0/0	KEC International Ltd.	ID

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

- (1) *Directorships and committee positions in private and public limited companies, foreign companies are included in the above table excluding Kirloskar Brothers Limited and Section 8 Companies.
- (2) All the relevant information suggested under Schedule II of the SEBI Listing Regulations, 2015 is furnished to the Board from time to time.
- (3) #Ceased to be a Director with effect from September 25, 2020.

During the year under review, meeting of the Independent Directors was held on November 05, 2020. The Independent Directors, inter-alia, reviewed the performance of Non-Independent Directors, Chairman of the Company and the Board as a whole.

Statement showing number of equity shares of (₹) 2/- each of the Company, held by the Non-Executive Directors as on March 31, 2021:

Non-Executive Directors	No. of Shares	% of Paid up Capital
Mr. Pratap Shirke	20,000	0.02
Mr. Alok Kirloskar	6,187	0.01
Mr. Kishor Chaukar*	0	0.00
Ms. Shailaja Kher	0	0.00
Ms. Rama Kirloskar	0	0.00
Dr. Rakesh Mohan	0	0.00
Mr. Rajeev Kher	0	0.00
Mr. Pradyumna Vyas	0	0.00
Mr. M. S. Unnikrishnan	0	0.00

*Ceased to be a Director with effect from September 25, 2020.

The details of familiarisation programme imparted to the Directors is available at <https://www.kirloskarpumps.com/investors/familiarisation-programme-for-independent-directors/>

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

The Board has formulated a Policy on Board Skill Matrix of the Company. In terms of the said policy, the Board of the Company comprising of skill-based directors who collectively, have the skills, knowledge and experience to effectively govern and direct the organization as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the Board. The list of core skills/expertise/competencies identified and collectively possessed by the Board are as under:

- Governance skills (that is, skills directly relevant in performing the Board's key functions);
- Industry skills (that is, skills relevant to the industry or section in which the organization predominantly operates); and
- Personal attributes or qualities that are generally considered desirable to be an effective Director.



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

Name	Personnel Details				Committee							Areas of expertise						
	Directors since	Independence	NED/CMD	Audit	NRC	SRC	CSR	Strategy	Policy	Finance	Legal Framework	IT	Exec. Mgmt.	Commercial	International			
Mr. Sanjay Kirloskar	1985	NA	CMD	NA	Yes	Yes	Yes	Yes					Yes		Yes			
Mr. Alok Kirloskar	2012	NA	NED	NA	NA	Yes	NA	Yes					Yes		Yes			
Mr. Pratap Shirke	2008	NA	NED	Yes	NA	NA	NA	Yes		Yes			Yes	Yes	Yes			
Ms. Rama Kirloskar	2017	NA	NED	NA	NA	NA	Yes	Yes				Yes	Yes					
Dr. Rakesh Mohan	2017	Yes	NA	Yes	Yes	NA	NA	Yes	Yes	Yes			Yes		Yes			
Mr. Rajeev Kher	2019	Yes	NA	Yes	Yes	NA	Yes	Yes		Yes					Yes			
Ms. Shailaja Kher	2019	Yes	NA	NA	NA	Yes	NA	Yes			Yes			Yes				
Mr. Pradyumna Vyas	2019	Yes	NA	NA	NA	NA	Yes	Yes	Yes			Yes						
Mr. M.S.Unnikrishnan	2020	Yes	NA	NA	Yes	NA	NA	Yes	Yes	Yes	Yes		Yes	Yes	Yes			

The confirmation from the Board on Independent Directors:

In the opinion of the Board, the Independent Directors fulfil the conditions specified in SEBI Listing Regulations, 2015 and are independent of the management.

Resignation of Independent Director:

None of the Independent Directors has resigned during the Financial Year ended at March 31, 2021.

3. Audit and Finance Committee:

The Audit and Finance Committee is in compliance with the requirements under Regulation 18 of the SEBI Listing Regulations, 2015 read with Section 177 of the Act.

The terms of reference of the Audit and Finance Committee include the matters specified in Schedule II (Part C) of the SEBI Listing Regulations, 2015. The terms of reference of the Audit and Finance Committee include the following:

- A)**
- Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
 - Recommending for appointment, remuneration and terms of appointment of auditors of the Company;
 - Approving payment to statutory auditors for any other services rendered by the statutory auditors;
 - Reviewing with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Act;
 - b. Changes, if any, in the accounting policies & practices and reasons for the same;
 - c. Major accounting entries involving estimates based on exercise of judgement by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions;
 - g. Modified Opinion(s) in the draft audit report.
 - Reviewing with the management, the quarterly financial statements before submission to the Board for approval;
 - Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency, monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
 - Review and monitor the auditor's independence and performance and effectiveness of audit process;
 - Approval or any subsequent modification of transactions of the Company with related parties;
 - Scrutiny of inter-corporate loans and investments;
 - Valuation of undertakings or assets of the Company, wherever it is necessary;
 - Evaluation of internal financial controls and risk management systems;



- Reviewing with management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up thereon;
- Reviewing the findings of any internal investigations by the internal auditor into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower mechanism;
- Approval for appointment of CFO (i.e. the Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Committee by the Board and to carry out investigation in relation to the items specified above.
- Reviewing the utilisation of loans and / or advances from/investment by the holding Company in the subsidiary exceeding ₹ 100 crores or 10% of the asset size of the subsidiary whichever is lower including existing loans/advances/investments existing.
- Consider and comment on rationale, cost benefits, impact of schemes involving merger, demerger, amalgamation on listed entity and its shareholders.
- To review the following information:
 - 1) management discussion and analysis of financial condition and results of operations;
 - 2) statement of significant related party transactions (as defined by the audit committee), submitted by the management;
 - 3) management letters / letters of internal control weaknesses issued by the statutory auditors;
 - 4) internal audit reports relating to internal control weaknesses;
 - 5) the appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the audit committee.
 - 6) statement of deviations:
 - (a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s).
 - (b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice.

- B)**
- Power to investigate any activity within its terms of reference;
 - Power to seek information from any employee;
 - Power to obtain outside legal or other professional advice;
 - Power to secure attendance of outsiders with relevant expertise, if considered necessary.

The Committee was re-constituted with effect from June 05, 2020. Mr. Rajeev Kher was appointed as a Chairman of the Committee and Dr. Rakesh Mohan and Mr. Pratap Shirke being the other members of the Committee.

Mr. Rajeev Kher was present at the AGM of the Company held for the Financial Year 2019-20 as the Chairman of the Committee.

During the year, 6 (Six) Audit and Finance Committee meetings were held on June 05, 2020, August 12, 2020, September 02, 2020, November 05, 2020, February 11, 2021 and March 18, 2021.

Attendance at Audit and Finance Committee meetings:

Member's Name	No. of Meetings attended	Member's Name	No. of Meetings attended
Mr. Rajeev Kher	6	Dr. Rakesh Mohan	6
Mr. Pratap B. Shirke	6		

4. Nomination and Remuneration Committee:

The Nomination and Remuneration Committee is constituted in compliance with the requirements under Regulation 19 of the SEBI Listing Regulations, 2015 read with Section 178 of the Act.

The terms of reference of the Committee are as follows:

- Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;
- To identify and nominate for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- To evaluate the balance of skills, knowledge, experience and diversity of the person to be appointed on the Board and in the light of this evaluation prepare a description of the role and capabilities for a particular appointment;
- To make recommendations to the Board concerning suitable candidates for the role of Senior Independent Director;
- To formulate policy relating to the remuneration of the Directors and Key Managerial Personnel;
- To exercise its powers to create, offer, issue and allot at any time to or to the benefit of such person(s) in terms of ESOS and regulations, the stock options under the ESOS, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant authority;
- To amend the terms of the scheme as may be directed by the Board for the implementation and administration of the scheme;
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- Devising a Policy on diversity of Board of Directors;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal;
- Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
- Recommend to the Board all remuneration in whatever form payable to senior management.



The Committee was re-constituted with effect from June 05, 2020 and Mr. Rajeev Kher was appointed as a Member of the Committee. The Committee was further re-constituted on September 29, 2020 on cessation of Mr. Kishor Chaukar as a Director of the Company and appointed Mr. M. S. Unnikrishnan as a Member of the Committee and Dr. Rakesh Mohan - Chairman, Mr. Sanjay Kirloskar and Mr. Rajeev Kher being the other members of the Committee.

Dr. Rakesh Mohan is an Independent Non-Executive Director. He was not present at the AGM of the Company for the Financial Year 2019-20 for personal reasons.

During the year, 3 (Three) Nomination and Remuneration Committee meetings were held on June 05, 2020, June 12, 2020 and November 05, 2020.

Attendance at the meeting:

Member's Name	No. of Meetings attended	Member's Name	No. of Meetings attended
Dr. Rakesh Mohan	3	Mr. Kishor Chaukar*	1
Mr. Sanjay Kirloskar	3	Mr. Rajeev Kher	3
Mr. M. S. Unnikrishnan**	1		

* Ceased to be member with effect from September 25, 2020.

** Appointed as member with effect from September 29, 2020.

Criteria for performance evaluation of Independent Directors

As required under Regulation 19 (4) and Schedule II Part D of the SEBI Listing Regulations, 2015 and in terms of the Act, the criteria for performance evaluation of the Independent Directors and Board of Directors has been laid down in the 'Board Evaluation Policy' formulated by the Company. This policy evaluates the performance of the Board, including its Committees and individual directors. Evaluation criteria includes ethical conduct, objectivity, value addition, participation, attendance and various other qualitative as well as quantitative parameters which have had an impact on the Board process becoming more and more effective.

5. Remuneration to Directors:

Remuneration policy has been formulated for the Directors, Key Managerial Personnel (KMP) and Senior Managerial Personnel. The major objectives of the policies are transparent process of determining remuneration at Board and Senior Management level of the Company which would strengthen confidence of stakeholders in the Company and its management and help in creation of long-term value for them and appropriate balance between the elements comprising the remuneration so as to attract potential high performing candidates for critical position in the Company for attaining continual growth in business. The revisions in the remunerations of the KMP and Senior Managerial Personnel will be made as per the terms of the policy.

- There are no pecuniary relationships or transactions of the Non-Executive Directors vis-a-vis the Company.
- The payment made to the Executive Director has been reviewed by the Nomination and Remuneration Committee from time to time and confirmed by the Board of Directors;
- The sitting fees paid to the Non-Executive Directors for attending the Board and Committee meetings was reduced from ₹ 75,000/- to ₹ 60,000/- for every meeting of the Board and Committee with effect from June 12, 2020;
- All elements of remuneration package for all Directors have been provided in the statement hereinafter;

- The salient features and a link on the website of the Company regarding the Remuneration Policy of the Directors, KMP and Senior Management has been included elsewhere, in the Integrated Annual Report;
- Except whatever is stated in the statement, there is no other fixed component or performance linked incentives to any director.

Criteria of making payment to Non-Executive Directors

Non-Executive Directors have been paid sitting fees for attending Board / Committee meetings. On recommendation of Nomination and Remuneration Committee, the Board has also recommended a payment of commission to Non-Executive Directors. There has been no payment apart from this to any Non-Executive Director.

Details of remuneration paid to Directors for the Financial Year 2020-21 are as follows:

Amount in ₹ Million

Name of Director	Sitting Fees	Commission/ Bonus on Profits	Salary	Contribution to Statutory Funds	Perqui-sites	Others	Total
Managing Director							
Mr. Sanjay Kirloskar	-	34.00	8.44	1.69*	6.80	-	50.93
Non –Executive Directors							
Mr. Pratap Shirke	0.81	1.30	-	-	-	-	2.11
Mr. Alok Kirloskar	0.38	1.30	-	-	-	-	1.68
Mr. Kishor Chaukar**	0.27	0.65	-	-	-	-	0.92
Dr. Rakesh Mohan	1.02	1.30	-	-	-	-	2.32
Ms. Rama Kirloskar	0.57	1.30	-	-	-	-	1.87
Mr. Rajeev Kher	1.16	1.30	-	-	-	-	2.46
Mr. Pradyumna Vyas	0.50	1.30	-	-	-	-	1.80
Ms. Shailaja Kher	0.38	1.30	-	-	-	-	1.68
Mr. M.S. Unnikrishnan	0.50	1.30	-	-	-	-	1.80

Figures are rounded off to the next figure.

* The contribution made to Statutory Funds are not considered while calculating the limits prescribed for remuneration.

** Ceased to be Director with effect from September 25, 2020.

The Board of Directors of the Company shall decide the remuneration of Directors on the basis of recommendation from Nomination and Remuneration Committee subject to the overall limits provided under the Act and rules made thereunder, including any amendments, modifications and re-enactments thereto and compliance of related provisions provided therein.

Director's Service Contract Details:

Managing Director	Service Contract and Period	Severance Fees
Mr. Sanjay Kirloskar	Agreement dt.03.02.2021 Period: 19.11.2020 to 18.11.2025	Three years or unexpired period, whichever is less.

**6. Particulars of Directors to be appointed / re-appointed at an ensuing Annual General Meeting:**

- Ms. Rama Kirloskar (DIN-07474724) is proposed to be re-appointed as a Director liable to retire by rotation;
- Mr. Shrinivas V. Dempo (DIN-0043413) is proposed to be appointed as an Independent Director of the Company for a term upto May 24, 2026.
- Mr. Shobhinder Duggal (DIN-00039580) is proposed to be appointed as an Independent Director of the Company for a term upto May 24, 2026.
- Ms. Ramni Nirula (DIN-00015330) is proposed to be appointed as an Independent Director of the Company for a term upto May 24, 2026.

Their brief profiles, shareholdings and their other directorship details are included in the Notice for the 101st Annual General Meeting, attached to this report.

7. Stakeholders Relationship Committee:

The Stakeholders Relationship Committee is in compliance with the requirements under Regulation 20 of the SEBI Listing Regulations, 2015 read with Section 178 of the Act.

The terms of reference of the Committee are as follows:

- Specifically looks into the mechanism of redressal of grievances of shareholders.
- Looks into the redressal of investors' complaints relating to transfer / transmission of shares, non-receipt of Annual Reports, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc;
- Considers and resolves the grievances of security holders of the Company;
- Approves transmission of shares held in physical mode beyond threshold limit of 1500 shares of (₹) 2/- each without the succession certificate, probate, letter of administration or Court Decree, subject to the fulfilment of other conditions as may be deemed necessary;
- Considers the issue of duplicate share certificates under the Common Seal of the Company in terms of the requirements of the Companies (Share Capital and Debenture) Rules, 2014.
- Review of measures taken for effective exercise of voting rights by the shareholders.
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the R & T agent.
- Review of various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual report/statutory notices by the shareholders of the Company.

The Committee was re-constituted on June 05, 2020. Ms. Shailaja Kher was appointed as Chairperson of the Committee and Mr. Sanjay Kirloskar and Mr. Alok Kirloskar being the members.

Ms. Shailaja Kher - Non-Executive Independent Director was present at the AGM of the Company held for the Financial Year 2019-20 as the Chairperson of the Committee.

During the year, 1 (One) Stakeholders Relationship Committee meeting was held on March 18, 2021.

The Company Secretary is designated as a "Compliance Officer" who oversees the redressal of the investors' grievances.

Name and designation of Compliance Officer:

Mr. Sandeep A. Phadnis, Company Secretary (up to April 9, 2021)

Associate Vice President and Head – Corporate Secretarial

Mr. Raghunath Apte, Company Secretary (with effect from May 25, 2021)

General Manager and Head – Corporate Secretarial

The Company has always valued its relationship with its stakeholders. This philosophy has been extended to investors' relationship. The Company's Secretarial department is continuously monitoring the complaints / grievances of the investors and is always taking efforts to reduce the response time in resolving the complaints / grievances.

Details of Shareholders' complaints received:

No complaint was received during the year as on March 31, 2021.

With reference to Regulation 13 of the SEBI Listing Regulations, 2015, the Company is registered on the SCORES platform which enables handling of Investor Complaints electronically.

The Company has also designated an exclusive e-mail Id grievance.redressal@kbl.co.in for investors to register their grievances, if any. This helps the Company to resolve investors' grievances, immediately. The Company has displayed the said e-mail Id on its website.

The 'Frequently Asked Questions' by the shareholders along with the requisite formats are placed under the Investors Section of the website of the Company at <https://www.kirloskarpumps.com/investors/faq-to-shareholders/>

The shareholders are requested to give their feedback through the 'feedback form' which is available in the FAQs to shareholders on the website of the Company.

General Meetings:**Details of last three Annual General Meetings held:**

i) 98 th Annual General Meeting	July 27, 2018: 11.00 A. M. Yamuna, Survey No. 98 (3 to 7) Plot No. 3, Baner, Pune - 411 045
No special resolution was passed at this meeting.	
ii) 99 th Annual General Meeting	August 12, 2019: 11.00 A. M. Yamuna, Survey No.98 (3 to 7) Plot No. 3, Baner, Pune - 411 045
No special resolution was passed at this meeting.	
iii) 100 th Annual General Meeting (Pursuant to MCA circulars AGM was held virtually, due to COVID-19)	September 25, 2020: 11.00 A. M. Deemed Venue: Yamuna, Survey No.98 (3 to 7) Plot No. 3, Baner, Pune - 411 045
Special resolution for re-appointment of Mr. Kishor Chaukar (DIN 00033830) as an Independent Director of the Company was not approved.	

**Postal Ballot:**

Postal Ballot for re-appointment of Managing Director	
Postal Ballot Voting Period:	From November 29, 2020 to December 28, 2020
Ordinary resolution was passed for re-appointment of Mr. Sanjay Kirloskar (DIN 00007885) as a Managing Director of the Company.	
Mr. Shyamprasad Limaye - Practicing Company Secretary was appointed as Scrutinizer and conducted the Postal Ballot exercise.	

Means of Communication :

- Quarterly results are displayed on the Company's website www.kirloskarpumps.com immediately after its submission to the Stock Exchanges. The Company's website also displays official news releases.
- The quarterly results are published in the newspapers viz. Financial Express and Loksatta.
- Presentations for analysts are uploaded on Company's website.

General Shareholders information :101st Annual General Meeting

Day & Date	: Thursday and September 9, 2021
Time	: 11.00 A.M. (IST)
Deemed Venue:	Registered Office at "Yamuna" Survey No. 98 (3 to 7), Plot No.3, Baner, Pune - 411 045
Financial Year	: 1 st April to 31 st March
Record Date for dividend	: August 27, 2021
Dividend payment date	: October 08, 2021
Listing on Stock Exchanges	: Company's equity shares are listed on BSE Limited and National Stock Exchange of India Limited, Mumbai.
Corporate Identification No.(CIN)	: L29113PN1920PLC000670
Stock codes / Symbol	: BSE Limited – 500241 National Stock Exchange of India Limited KIRLOSBROS –EQ
ISIN	: INE732A01036

Addresses of stock exchanges:**BSE Limited**

Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001
Tel. No. (022) 2272 1233/34
Fax No. (022) 2272 1919

National Stock Exchange of India Limited

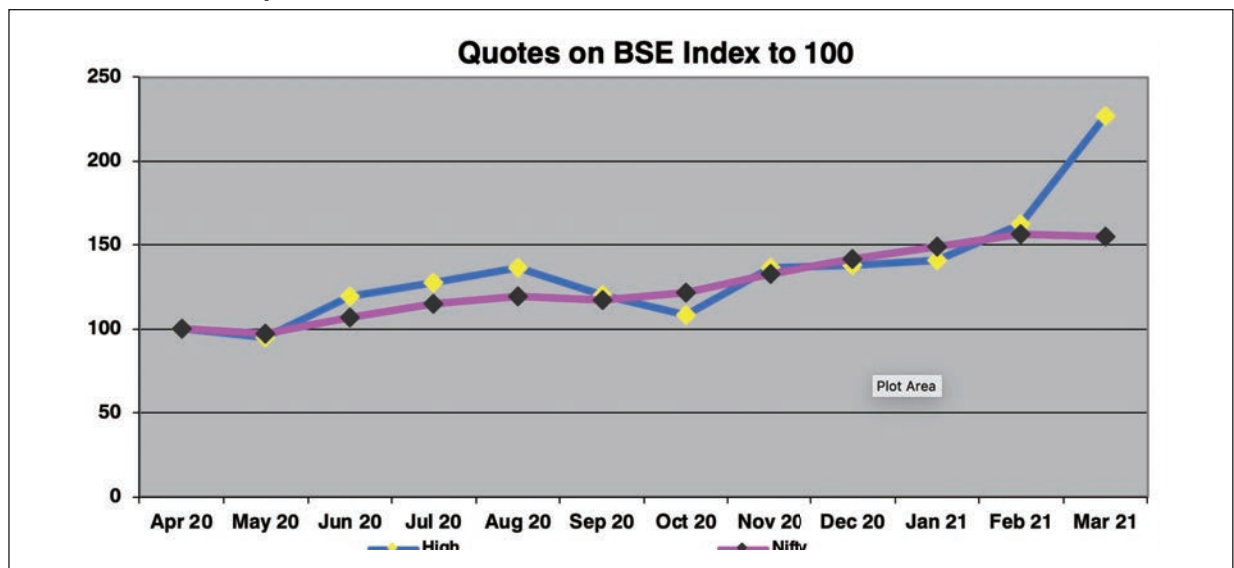
Exchange Plaza, Plot No. C/1,G Block
Bandra-Kurla Complex,Bandra (East)
Mumbai – 400 051
Tel. No. (022) 2659 8100/8114
Fax No. (022) 2659 8120

The Annual Listing Fees have been paid to both BSE Limited and National Stock Exchange of India Limited (NSE).

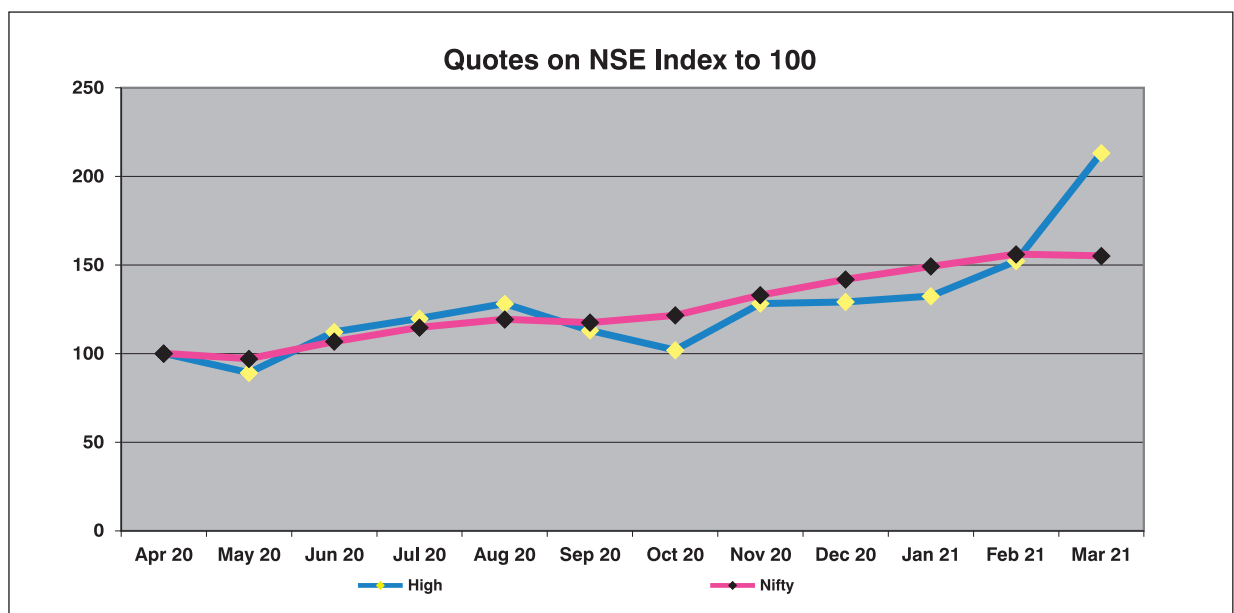
Market Price data:

Month	Quotations on BSE		Quotations on NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2020	114.15	83.95	115.00	83.10
May 2020	113.00	87.00	102.50	85.25
June 2020	128.00	97.00	129.00	96.45
July 2020	137.65	102.00	137.70	104.50
August 2020	147.00	115.25	147.35	125.15
September 2020	133.00	102.25	130.00	104.25
October 2020	118.00	98.00	117.20	98.10
November 2020	147.40	102.00	147.40	102.50
December 2020	148.20	116.55	148.50	116.50
Januray 2021	151.90	126.60	152.20	126.45
Feburay 2021	174.80	138.00	175.00	137.75
March 2021	244.90	153.25	245.00	153.00

Performance in comparison to broad based indices - BSE sensex :



Performance in comparison to broad based indices - NSE S&P CNX Nifty:





Registrar and Transfer Agent:

M/s. Big Share Services Private Limited has been appointed as R & T Agent of the Company.

Share Transfers, dematerialisation of shares, dividend payment and all other investor related activities are attended and processed at the office of the R & T Agent at the following address:

M/s. Big Share Services Private Limited

(Unit: Kirloskar Brothers Limited)

1st Floor, Bharat Tin Works Building,

Opp. Vasant Oasis, Makwana Road,

Andheri (East), Mumbai-400 059

Tel: 022 - 6283 8200

Fax: 022- 6263 8299

Share transfer system:

Pursuant to Regulation 40 as amended by SEBI notification dated June 8, 2018 with effect from April 1, 2019 shares held in demat form only can be transferred. In compliance with SEBI Listing Regulations, 2015, every six months a Practising Company Secretary audits the system of transfer and a certificate to that effect is issued.

Out of total paid-up share capital, 97.82% share capital is held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited as on March 31, 2021.

The Company has established connectivity with both the Depositories through its R & T Agent, M/s. Big Share Services Private Limited.

Shareholders are advised to notify to the Company or R & T Agent, any change of address and Bank details, immediately.

Distribution of Shareholding as on March 31, 2021:

Nominal value of shares (In ₹)		Number of holders	% to total holders	Total face value (₹)	% to total face value
From	To				
1	5000	19955	95.18	10,170,132	6.40
5001	10000	542	2.59	3,825,544	2.41
10001	20000	260	1.24	3,672,210	2.31
20001	30000	63	0.30	1,557,216	0.98
30001	40000	34	0.16	1,250,476	0.79
40001	50000	22	0.10	1,021,816	0.64
50001	100000	37	0.18	2,762,418	1.74
100001	above	53	0.25	134,558,040	84.72
TOTAL		20966	100.00	158,817,852	100.00

Outstanding GDRs/ ADRs / warrants or any convertible instruments etc.:

As of date, the Company has not issued these types of securities.

Foreign Exchange risk

During the Financial Year 2020-21, the Company has managed the foreign exchange risk and hedged to the extent considered necessary. The details of foreign currency exposure are disclosed in Note No. 40 to the Financial Statements.

Plant locations:

1	Kirloskarvadi Dist. Sangli, – 416 308 Maharashtra Tel No. (02346) 222301 – 05, 222361 – 222365	2	Dewas Station Road, Dewas – 455 001 Madhya Pradesh Tel No.(07272) 227397,227401/405/409
3	Shirwal Gat No. 117, Shindevadi, Tal. Khandala, Dist. Satara – 412 801 Maharashtra Tel No. (02169) 244360 / 244370 / 244322	4	Kondhapuri Gat No. 252/2 + 254/2, Kondhapuri, Tal. Shirur, Dist. Pune – 412 208 Maharashtra Tel No. (02137) 240041,240025,240047
5	Kaniyur S.F.No. 324/1, Moperipalayam Road, Thattampudur, Kaniyur Village Karumathampatti – PO, Coimbatore – 641659 Tamil Nadu Tel No. (0421) 2904699	6	Sanand Sr. No. 254/1, Ahmedabad-Viramgam Highway, Village Chharodi, Tal. Sanand, Dist. Ahmedabad – 382170 Tel No. (02717) 273310

Investor contacts:

Company Address :	Registrar and Transfer Agent :
Corporate Secretarial Department, Kirloskar Brothers Limited, Registered Office at “Yamuna”, Survey No. 98 (3 to 7), Plot No. 3, Baner, Pune – 411 045 Tel. No. (020) 2721 1030 Fax No. (020) 2721 1136 E-mail : grievance.redressal@kbl.co.in	Big Share Services Private Limited (Unit: Kirloskar Brothers Limited) 1 st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Andheri (East), Mumbai-400 059 Tel: (022) 6283 8200 Fax: (022) 6263 8299 E-mail: KBL@bigshareonline.com

Depositories for equity shares :	
National Securities Depository Limited Trade World – A Wing, 4 th & 5 th Floor, Kamala Mills Compound, Lower Parel, Mumbai – 400 013 Tel. No. (022) 2499 4200 Fax No. (022) 2497 6351	Central Depository Services (India) Ltd. Marathon Futurex, A-Wing, 25 th floor, NM Joshi Marg, Lower Parel, Mumbai 400 013 Tel. No. (022) 2305-8640

Credit Rating obtained by the entity along with revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilisation of funds whether in India or abroad:

The Company received Credit rating of “CRISIL A1+(CRISIL A one plus rating)” on ₹ 100 Crore Commercial Paper programme.



8. Disclosures :

- i. There are no materially significant transactions made by the Company with its promoters, directors or the management, their subsidiaries or relatives etc. any related parties which have potential conflict with the interests of the Company at large.
- ii. There is no non-compliance by the Company, no penalties and strictures imposed on the Company by the Stock Exchange(s) or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

- iii. a. Whistle Blower Policy :

The Company has already in place and implemented a Whistle Blower Policy ('the Policy'). This inter alia provides a mechanism for employees of the Company and other persons dealing with the Company to report to the Chairman of the Audit and Finance Committee; any instance of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct. Thus, any employee / stakeholder has access to the Audit and Finance Committee.

The Policy has been communicated to all the employees of the Company and other persons dealing with the Company, through circular/display on the Notice Board/ display on the Intranet and through training programmes from time to time. The Policy has also been uploaded on the Company's website.

- b. Policy for prevention of sexual harassment at work:

The Company has also in place and implemented a policy for prevention of sexual harassment at work. This provides a mechanism to prevent or deter the commission of acts of sexual harassment or inappropriate behaviour at work and to ensure that all employees are treated with respect and dignity. Under the said policy, the procedures for the resolution, settlement or prosecution of acts or instances of Sexual Harassment have also been provided for.

Disclosure under the 'Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013':

In terms of Section 22 of the above-mentioned Act, read with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013, during the year ended on March 31, 2021, we report as follows:

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

* Programmes could not be held due to COVID-19.

- c. Code of Ethics:

The Company released its 'Code of Ethics' on March 10, 2019. This is one of the most important documents of the Company and a guide to ethical behaviour for personnel with the Company.

- iv. All mandatory requirements of the SEBI Listing Regulations, 2015 have been complied with by the Company and the extent of adoption of non-mandatory requirements is given hereunder:

Discretionary requirements as per Schedule II Part E:

1. **The Board:**
The Company has an Executive Chairman and the office with required facilities is provided and maintained at the Company's expenses for use by the Chairman.
2. **Shareholders' Rights:**
The financial results are published in English and Vernacular newspapers and are also displayed on the Company's website. No separate circulation of the financial performance was sent to the shareholders for the year under consideration.
3. **Modified Opinion in Audit Report:**
The Company is already in the regime of financial statements with unmodified audit opinion.
4. **Separate posts of Chairman and CEO:**
There is no separate post for CEO. The Chairman of the Company is also a Managing Director of the Company.
5. **Reporting of Internal Auditor:**
The Internal Auditor's reports are presented to the Audit and Finance Committee.
The Board has adopted certain policies viz. Code of Corporate Governance, Corporate Disclosure Policy, Dividend Policy, Legitimate Purpose Policy under SEBI (Prohibition of Insider Trading) Regulations, 2015 etc. and placing Action Taken Report / Implementation Report at the Board Meeting.
6. **Web links for following on www.kirloskarpumps.com:**
Familiarisation programme of Independent Directors :
<https://www.kirloskarpumps.com/investors/familiarisation-programme-for-independent-directors/>
Policy for determining 'material' subsidiaries:
https://www.kirloskarpumps.com/wp-content/uploads/2020/01/Policy_Material-Subsidiary-Company.pdf
Policy on dealing with related party transactions :
<https://www.kirloskarpumps.com/wp-content/uploads/2020/01/Policy-on-related-Party-Transactions.pdf>
7. **Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).**
The Company has not raised any fund through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).
8. **Separate meeting of Independent Directors**
Independent Directors of the Company met on November 05, 2020 to review and discuss on the matters required under SEBI Listing Regulations, 2015.
9. **Payment of consolidated fees to the Statutory Auditor:**
The Company has paid fees of ₹ 7.30 Million on consolidated basis to Statutory Auditor M/s. Sharp and Tannan Associates (Firm Registration No.109983W)-Chartered Accountants, Mumbai during the Financial Year ended on March 31, 2021. (Refer Note No. 31)



ADDENDUM TO REPORT ON CORPORATE GOVERNANCE

Following para be read as an addition to 'Particulars of Directors to be appointed / re-appointed at the ensuing Annual General Meeting':

Ms. Rama Kirloskar (DIN 07474724) is proposed to be appointed as a Joint Managing Director of the Company with effect from August 3, 2021 for a period of 5 years.

Pune : August 3, 2021

DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT

To the members of KIRLOSKAR BROTHERS LIMITED

Pursuant to Regulation 34 (3) read with Schedule V Para D of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations, 2015), I hereby declare that all Board members and Senior Management Personnel are aware of the provisions of the Code of Conduct laid down by the Board. All Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct.

For Kirloskar Brothers Limited

Sanjay C. Kirloskar
Chairman and Managing Director
DIN (00007885)

Pune : May 25, 2021

Practicing Company Secretary's Certificate on Corporate Governance

[pursuant to Clause E of Schedule V
to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)
Regulations, 2015]

To,

The members of

KIRLOSKAR BROTHERS LIMITED

I have examined, and subject to limitation of physical interaction and verification of records caused by Covid-19 Pandemic lock down; the compliance of Corporate Governance by **Kirloskar Brothers Limited** ('the Company'), for the year ended 31st March, 2021, as stipulated in Regulations 17, 18, 19, 20, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as SEBI Listing Regulations, 2015).

The compliance of Corporate Governance is the responsibility of the Company's Management. The Examination of compliance was carried out and was limited to the methods, processes, procedures and implementation thereof, adopted by the company for ensuring the compliance of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to us, I certify that the company has complied with the Corporate Governance as stipulated in the above mentioned applicable Listing Regulations.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place : Pune

Dated: 25th May, 2021

UDIN:F001587C000365159

Shyamprasad D. Limaye

F.C.S. 1587 C.P. 572

**Practicing Company Secretary's Certificate on Appointment /
Re-appointment of Directors****Certificate**

[Pursuant to Schedule V read with Regulation 34(3) of the SEBI Listing Regulations (as amended)]

In the matter of **Kirloskar Brothers Limited (CIN: L29113PN1920PLC000670)** having its Registered Office at Yamuna, S. No.98/3 - 7, Plot No.3 Baner, Pune – 411045.

On the basis of examination of the books, minute books, forms and returns filed and other records maintained by the Company and declarations made by the Directors and explanations given by the Company, and subject to limitation of physical interaction and verification of records caused by COVID-19 Pandemic lock down;

I certify that the following persons are Directors of the Company (during 01/04/2020 to 31/03/2021) and none of them have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

Sr. No.	Name of Director	DIN	Designation
1	SANJAY CHANDRAKANT KIRLOSKAR	00007885	Managing Director
2	*KISHOR ANANT CHAUKAR	00033830	Independent Director
3	PRATAP BABURAO SHIRKE	00104902	Non-Executive Director
4	ALOK SANJAY KIRLOSKAR	05324745	Non-Executive Director
5	RAMA SANJAY KIRLOSKAR	07474724	Non-Executive Director
6	RAKESH MOHAN	02790744	Independent Director
7	RAJEEV KHER	01192524	Independent Director
8	SHAILAJA SHRIKRISHNA KHER	08450568	Independent Director
9	PRADYUMNA RAMESHCHANDRA VYAS	0259563	Independent Director
10	M. S. UNNIKRISHNAN	01460245	Independent Director

*KISHOR ANANT CHAUKAR (DIN 00033830) ceased to be Director with effect from 25/09/2020 as he was not appointed as Independent Director for 2nd term.

Place : Pune

Dated: 25th May, 2021

UDIN:F001587C000365181

Shyamprasad D. Limaye
F.C.S 1587 C.P 572
Practicing Company Secretary



Financial Statements (Standalone)

INDEPENDENT AUDITOR'S REPORT

To the members of KIRLOSKAR BROTHERS LIMITED

Report on the audit of the standalone financial statements

Opinion

We have audited the accompanying standalone financial statements of **Kirloskar Brothers Limited** (hereinafter referred as "the Company"), which comprise the balance sheet as at 31 March 2021, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (hereinafter referred as "the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended (hereinafter referred as "Ind AS") and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31 March 2021, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing (hereinafter referred as "SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *auditor's responsibilities for the audit of the standalone financial statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements taken as a whole, in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the key audit matters as described below:

- A. Accounting treatment for customer contracts where performance obligations are satisfied over time
 - B. Carrying value of investments in subsidiaries and joint ventures
- A. Accounting treatment for customer contracts where performance obligations are satisfied over time**

Description of key audit matter:

Revenue amounting to Rs. 1,122 million reported in the Company's standalone financial statements pertains to customer specific long-term contracts and the same are required to satisfy the recognition and measurement criteria as per Ind AS 115, 'Revenue from Contracts with Customers'. In case of these contracts the revenue is recognised over time and is based on a percentage completion method (POC)



for each of such contracts. The stage of project completion is determined based on a ratio of project costs actually incurred till the period / year end to the planned / estimated total cost to complete the said project. This necessarily involves estimations and certain assumptions to be made by the management in determining the total planned costs and an appropriate allocation of costs actually incurred on each project. This inherently creates certain uncertainties and results in complexities in accounting treatment wherein incorrect assumptions and estimates can lead to revenue being recognised in incorrect accounting periods thereby impacting the results. In addition, in POC method revenue recognition and respective collections do not follow a linear trend irrespective of stage completion determined by the Company. Collections do depend on satisfaction of certain other performance obligations as laid down in the respective project agreements. Consequently, those amounts that remain as receivables whose due dates for payments depend on other conditions give rise to certain receivables that are due and others not due for payment, requiring the Company to adopt a differential accounting classification and treatment. While assessing the contractual obligations as at any period close, change orders and / or cancellations are required to be considered by the Company to adopt an appropriate accounting treatment for revenues already recognised, valuation of work in progress and respective receivables. Considering these factors, in the context of our audit this matter was of significance and hence a key audit matter (Refer note 30 to the standalone financial statements).

Description of Auditor's response:

With a view to verify the alignment of the Company's project accounting system with the actual progress of the project and its status at any period close, we designed our audit procedures related to this area to obtain an understanding of project acceptance and execution process and the related accounting controls including verification of compliance with Ind AS 115 – 'Revenue from Contracts with Customers'. These included, inter-alia, reading through the material contracts and formation of a standard checklist to note the terms and conditions and considerations required to be taken note of for appropriate financial accounting till a project is finally executed and closed. We discussed with the management the risks associated with the project execution to understand requirement of any specific recognition of financial accounting considerations and developed requisite key controls requiring audit attention and review. The Company has automated through its accounting software the method of calculating the percentage of completion method which we have verified on test basis. We reviewed planned costs, their latest estimates, rationale for revision in estimates based on information shared by the management in our discussions, approvals to such revisions in the estimates and compared them with latest costs to complete, related mathematical accuracy and, on a sample, basis validated resulting recognition of revenue. We discussed with management the status of amount receivable and have verified the evidence supporting the recoverability in sample cases. We verified the calculations of expected credit loss provisions and corroborated with specific management discussions on major projects.

B. Carrying value of investments in subsidiaries and joint ventures**Description of key audit matter:**

- i. The Company has invested an amount of Rs. 3,469 million in subsidiaries and joint ventures. These investments are stated at cost in the financial statement. One of the foreign subsidiaries has further invested in step-down foreign companies including certain acquisitions made in the past with a view to become one of the global leaders in the area of Company's operations. These foreign subsidiaries have their individual gestation periods and have been incurring losses in past few years. Given the multi layered investment structure and being subjected to international business dynamics, the Company is required to evaluate their individual financial status and value propositions to determine carrying value of these investments in light of group's overall stated business plans and its vision, both in domestic and international markets, and hence requires a close monitoring by the management of these situations. Against this background, this matter was of significance in the context of our audit (Refer note 5 to the standalone financial statements).

Description of Auditor's response:

We have obtained audited financial statements of these subsidiaries and joint ventures and have compared their net worth against investment by the ultimate holding Company. Component auditors have not raised any major concern on the ability of the entities to operate as a going concern. Management has provided us with the business plans and how in their business judgement any negative net worth is either compensated with improving business conditions in some of these entities or have additional assets whose market values have adequate coverage to offset the negative net worth condition within the larger scheme of business prospects as a group. Going forward our regular audit procedures are designed to keep a follow up on outcomes of these management assertions.

Information other than the standalone financial statements and auditor's report thereon

The Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the Board's report and management discussion and analysis included in the annual report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's responsibility for the standalone financial statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, cash flows, and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, Company's Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.**Auditor's responsibilities for the audit of the standalone financial statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can



arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- A. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the central government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143 (3) of the Act and based on our audit, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The balance sheet, the statement of profit and loss (including other comprehensive income), statement of changes in equity and the statement of cash flows dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
 - e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164 (2) of the Act;
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
 - g) With respect to the other matters to be included in the auditor's report in accordance with the requirements of section 197(16) of the Act, as amended, we report that in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and
 - h) With respect to the other matters to be included in the auditor's report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its standalone financial statements - refer note 28 to the standalone financial statements.
 - ii. The Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long term contracts including derivative contracts - refer note 38 to the standalone financial statements.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Sharp & Tannan Associates

Chartered Accountants

Firm's registration no. 109983W

by the hand of

Tirtharaj Khot

Partner

Membership no.(F) 037457

UDIN: 21037457AAAAAS3181

Pune, 25 May 2021

**Annexure A to the Independent Auditor's Report**

(Referred to in paragraph 1 under the heading, "Report on Other Legal and Regulatory Requirements" of our report on even date)

Annexure A to the Independent Auditor's Report

(Referred to in paragraph 1 under the heading, "Report on Other Legal and Regulatory Requirements" of our report on even date)

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets (i.e., property, plant and equipment, investment property and other intangible assets of the Company).
- (b) The fixed assets are being physically verified by the management at regular intervals based on the programme of verification in a phased manner which in our opinion is reasonable. No material discrepancies were noticed during such physical verification.
- (c) According to the information and explanation provided to us, all title deeds of immovable properties are held in the name of the Company.
- (ii) Physical verification of inventory, except goods-in-transit has been conducted at reasonable intervals by the management. Discrepancies noticed on physical verification were not material and the same have been properly dealt with in the books of account.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act, except to a subsidiary company in earlier years as mentioned below:
- (a) According to the information and explanations provided to us, the unsecured loan given to TKSL in FY 2008-09 was under an Order from Board for Industrial and Financial Reconstruction (BIFR), without any specific agreed terms for charge of interest and repayment. Unsecured loan given to TKSL during FY 19-20 is with specified terms and conditions. Considering the above-mentioned facts and materiality of the amounts, in our opinion the terms and conditions of loan are not prejudicial to the Company's interest.
- (b) In our opinion and according to the information and explanations provided to us schedule of repayment of principal and payment of interest has been stipulated for loan given to TKSL during the financial year 2019-20. The interest payments have been received with delays.
- (c) In our opinion and according to the information and explanations provided to us, no amount is overdue for more than ninety days as at balance sheet date.
- (iv) According to information and explanation provided to us, the Company has complied with provisions of section 185 and section 186 of the Act, to the extent applicable.

Name of party	Opening balance Rs. million	Year-end balance Rs. million	Maximum balance Rs. million
The Kolhapur Steel Limited (TKSL) - subsidiary company – loan as per BIFR order in FY 2008-09	10.414	10.414	10.414
The Kolhapur Steel Limited (TKSL) - subsidiary company – other loan in FY 19-20	150	150	150

- (v) According to information and explanation provided to us, the Company has not accepted deposits, hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 of the Act and the rules framed there under, are not applicable to it. According to information and explanation provided to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in the current year. Accordingly, reporting on para 3(v) is not applicable.
- (vi) The Central Government has specified maintenance of cost records under section 148(1) of the Act. We have broadly reviewed these records relating to materials, labour and other items of cost maintained by the Company and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of records with a view to determine whether they are accurate and complete.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable, with the appropriate authorities. According to the information and explanation provided to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31 March 2021, for a period of more than six months from the date they became payable.
- (b) According to the information and explanation provided to us, dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax or cess which have not been deposited on account of dispute are as follows:

Name of statute	Nature of dues	Amount involved Rs. million	Amount unpaid Rs. million	Period to which amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	CST (including interest, penalty etc. if any)	35.79	32.24	2013-14	Additional Commissioner of Commercial Tax (Appeals)
				2015-16	
		1.61	1.61	2011-12, 2012-13	Commissioner of Appeal, Sales Tax
		4.1	2.79	2008-09,2009-10, 2010-11,2013-14	CTO, AP
		1.78	1.38	2010-11,	Deputy Commissioner
				2016-17 & 2017-18	

KIRLOSKAR BROTHERS LIMITED

A Kirloskar Group Company



Name of statute	Nature of dues	Amount involved Rs. million	Amount unpaid Rs. million	Period to which amount relates	Forum where dispute is pending
Local Sales Tax of Various States	LST, GST, Sales Tax, WCT VAT (including interest, penalty, etc, if any)	17.54	15.49	2012-13 to 2016-17	Additional Commissioner of Commercial Tax (Appeals)
		4.42	3.92	2007-08, 2011-12, 2012-13	Commissioner of Appeal, Sales Tax
		32.79	25.63	1992-93, 2004-05, 2005-06, 2008-09, 2009-10	CTO
		124.7	87.62	1995-96, 1994-95, 2000-01, 2010-11	Deputy Commissioner
		121.24	119.11	1989-90 to 1992-93, 2008-09, 2009-10, 2011-12	High court
		45.83	0.73	2003-04, 2013-14	VAT Appellate Tribunal
Chapter V of Finance Act, 1994	Service Tax (including interest, penalty, etc, if any)	103.26	100.89	2004-05 to 2007-08, 2009-10 to 2012-13	CESTAT
		1.14	1.14	2012-13	Deputy Commissioner
		902.52	902.52	2012-13	Supreme Court
Central Excise Act, 1944	Excise Duty (including interest, penalty, etc, if any)	7.19	1.05	2003-04, 2005-06, 2006-07, 2009-10, 2015-16, 2016-17	CESTAT
		1.6	-	2016-17, 2017-18	Commissioner Appeal
		0.14	0.14	1996-97	Deputy Commissioner
		3.66	-	2017-18	Revision Authority
		21.23	21.23	2007-08	High court
The Income Tax Act, 1961	Income Tax (including interest, penalty, etc, if any)	299.88	63.9	2005-06 to 2011-12, 2015-16 to 2017-18	CIT (Appeals)
		54.37	-	2001-02, 2002-03	High court
		351.97	-	2004-05	ITAT

- (viii) Based on our audit procedures and according to the information and explanation provided to us, the Company has not defaulted in repayment of dues to a financial institution, bank or government. The Company does not have any debenture holders.
- (ix) According to information and explanation provided to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). According to the information and explanations provided to us, term loans availed by the Company were, prima facie, applied for the purposes for which the loans were obtained.
- (x) Based upon the audit procedures performed by us and according to the information and explanations provided to us, no fraud by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanation provided to us, the managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Act.
- (xii) The Company is not a Nidhi Company. Accordingly, reporting on para 3(xii) is not applicable.
- (xiii) According to the information and explanation provided to us, all transactions with the related parties are in compliance with sections 177 and 188 of the Act, wherever applicable, and the details have been disclosed in the standalone financial statements as required by the applicable Ind AS.
- (xiv) According to the information and explanation provided to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, reporting on para 3(xiv) is not applicable.
- (xv) According to the information and explanation provided to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, reporting on para 3(xv) is not applicable.
- (xvi) According to the information and explanation provided to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting on para 3(xvi) is not applicable.

For Sharp & Tannan Associates
Chartered Accountants
Firm's registration no. 109983W
by the hand of

Tirtharaj Khot
Partner

Membership no.(F) 037457
UDIN: 21037457AAAAAS3181

Pune, 25 May 2021

**Annexure B to the Independent Auditor's Report**

(Referred to in paragraph 2 (F) under the heading, "Report on other legal and regulatory requirements" of our report on even date)

Report on the Internal Financial Controls

[under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")]

Opinion

We have audited the internal financial controls over financial reporting of **Kirloskar Brothers Limited** (hereinafter referred as "the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2021, based on the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (hereinafter referred as "the Guidance Note") issued by the Institute of Chartered Accountants of India (hereinafter referred as "ICAI").

Management's responsibility for internal financial controls

The Company's Management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note and the Standards on Auditing issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For Sharp & Tannan Associates

Chartered Accountants

Firm's registration no. 109983W

by the hand of

Tirtharaj Khot

Partner

Membership no.(F) 037457

UDIN: 21037457AAAAAS3181

Pune, 25 May 2021



BALANCE SHEET AS AT 31 MARCH 2021

(Amounts in Million ₹)

Particulars	Notes	31 March 2021	31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	2,914.123	2844.689
Capital work-in-progress		719.921	480.048
Investment property	4	5.020	5.020
Other intangible assets	3	34.167	38.060
Right to use assets	46	36.845	160.293
Financial assets			
Investments	5	3,364.863	2,915.684
Trade receivables	6	465.541	549.381
Loans	7	51.887	68.865
Other financial assets	8	44.880	49.888
Deferred tax assets (net)	19	330.717	287.784
Other non-current assets	9	992.362	933.332
Total non-current assets		8,960.326	8,333.044
Current assets			
Inventories	10	3,744.928	4,196.971
Financial assets			
Investments	5	1,268.231	450.285
Trade receivables	6	3,491.890	3,390.557
Cash and cash equivalents	11 A	604.319	1,946.069
Other bank balances	11 B	18.107	21.787
Loans	7	1,125.133	1,139.455
Other financial assets	8	27.092	41.460
Other current assets	9	3,241.905	3,872.173
Total current assets		13,521.605	15,058.757
TOTAL ASSETS		22,481.931	23,391.801
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	158.818	158.818
Other equity	13	10,523.413	9,607.906
Total equity		10,682.231	9,766.724
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	14	337.526	592.090
Trade payables	15	87.125	101.308
Other financial liabilities	16	17.395	113.861
Provisions	17	191.022	202.837
Other non-current liabilities	18	215.184	244.367
Total non-current liabilities		848.252	1,254.463
Current liabilities			
Financial liabilities			
Borrowings	14	800.000	2,250.000
Trade payables			
- Micro, small and medium enterprises	15	857.466	673.640
- Others	15	3,825.248	3,832.750
Other financial liabilities	16	1,532.372	1,407.152
Other current liabilities	18	3,611.401	3,778.968
Provisions	17	324.961	428.104
Total current liabilities		10,951.448	12,370.614
Total liabilities		11,799.700	13,625.077
TOTAL EQUITY AND LIABILITIES		22,481.931	23,391.801
Corporate information	1		
Significant accounting policies	2		
See accompanying notes to financial statements	3-47		
The accompanying notes 1 to 47 form an integral part of the financial statements.			

As per our report of even date attached

For and on behalf of the Board of Directors

For SHARP & TANNAN ASSOCIATES

Chartered Accountants
(ICAI Firm Regn. No. 109983W)Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885Rajeev Kher
Director
DIN: 01192524

TIRTHARAJ KHOT

Partner
Membership No: (F) - 037457

Pune : 25 May 2021

Chittaranjan Mate
Chief Financial Officer

Pune : 25 May 2021

Raghunath Apte
Company Secretary

Pune : 25 May 2021

KIRLOSKAR BROTHERS LIMITED

A Kirloskar Group Company



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021

(Amounts in Million ₹)

Particulars	Notes	Year ended 31 March 2021	Year ended 31 March 2020
Income			
Revenue from operations	20	17,998.573	20,970.322
Other income	21	189.651	254.070
Total income		18,188.224	21,224.392
Expenses			
Cost of raw materials consumed	22A	8,696.213	10,324.577
Purchases of stock-in-trade		1,660.503	1,724.260
Changes in inventories of finished goods, stock -in- trade and work-in-progress	22B	345.633	(430.932)
Employee benefits expense	23	2,254.727	2,581.664
Finance costs	24	241.287	302.082
Depreciation and amortization expense	25	382.723	400.365
Other expenses	26	3,317.275	5,058.766
Total expenses		16,898.361	19,960.782
Profit before exceptional items and tax		1,289.863	1,263.610
Exceptional items	5	40.914	63.527
Profit before tax		1,248.949	1,200.083
Tax expenses	19		
(1) Current tax		359.591	355.336
(2) Deferred tax		(42.934)	53.048
Total tax expenses		316.657	408.384
Profit after tax for the year		932.292	791.699
Other comprehensive income	27		
Items that will not be reclassified to profit or loss		33.328	(7.213)
Income tax relating to items that will not be reclassified to profit or loss		(10.409)	0.336
Items that will be reclassified to profit or loss		-	-
Income tax relating to items that will be reclassified to profit or loss		-	-
Other comprehensive income		22.919	(6.877)
Total Comprehensive Income for the year (Comprising of Profit for the year and Other Comprehensive Income for the year)		955.211	784.822
Earnings per equity share	32		
(1) Basic		11.74	9.97
(2) Diluted		11.74	9.97
Corporate information	1		
Significant accounting policies	2		
See accompanying notes to financial statements	3-47		
The accompanying notes 1 to 47 form an integral part of the financial statements.			

As per our report of even date attached

For **SHARP & TANNAN ASSOCIATES**

Chartered Accountants
(ICAI Firm Regn. No. 109983W)

TIRTHARAJ KHOT
Partner
Membership No: (F) - 037457
Pune : 25 May 2021

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Chittaranjan Mate
Chief Financial Officer

Pune : 25 May 2021

For and on behalf of the Board of Directors

Rajeev Kher
Director
DIN: 01192524

Raghunath Apte
Company Secretary

Pune : 25 May 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

(Amounts in Million ₹)

	Particulars	Year ended 31 March 2021	Year ended 31 March 2020
A	Cash flow from Operating Activities		
	Profit before tax	1,248.949	1,200.083
	Adjustments for :-		
1	Depreciation / Amortization	382.723	400.365
2	(Profit) /Loss on sale of Fixed Assets	9.404	(0.283)
3	Bad debts written off	111.983	173.077
4	Advances, deposits and claims written off	7.484	-
5	Liquidated damages	(27.065)	188.910
6	Provision for loss on long term contracts	(17.305)	(3.420)
7	Provision slow-non moving inventory	62.673	10.750
8	Provision for doubtful debts, advances and claims	207.170	51.507
9	Interest Income	(31.422)	(36.459)
10	Dividend Income	(53.334)	(60.084)
11	Interest Expenses	201.708	230.542
12	Unrealized exchange (gain)/ Loss - Others	9.940	37.030
13	Profit on sale of mutual funds	(27.006)	(4.846)
14	Impairment of investment	40.914	63.527
	Operating Profit Before Working capital changes	2,126.816	2,250.699
	Adjustments for :-		
1	(Increase)/ decrease in inventories	389.370	(537.470)
2	(Increase)/ decrease in trade receivables	(327.870)	485.690
3	(Increase)/ decrease in financial assets	53.938	(45.043)
4	(Increase)/ decrease in non-financial assets	469.540	456.580
5	Increase/ (decrease) in trade payable	176.771	(893.333)
6	Increase/ (decrease) in financial liabilities	74.206	564.943
7	Increase/ (decrease) in non-financial liabilities	(196.750)	99.258
8	Increase/ (decrease) in provisions	(70.413)	28.088
	Cash Generated from Operations	2,695.608	2,409.412
9	Income Tax (Paid) / Refunded (Net)	(268.304)	(294.006)
	Net Cash from Operating Activities	2,427.304	2,115.406
B	Cash flow from Investing Activities		
1	Purchase of fixed assets (Including right to use lease assets as per Ind AS 116)	(574.094)	(889.953)
2	Sale of fixed assets	-	0.283
3	Investment in subsidiary company	(490.094)	-
4	Purchase of mutual funds	(8,354.000)	(2,550.000)
5	Sale of mutual funds	7,563.000	2,104.560
6	Interest received	31.346	36.760
7	Dividend received	53.334	60.084
8	Loan given to subsidiaries	-	(150.000)
9	Repayment of loans from subsidiaries	-	2.574
	Net Cash from/ (used in) Investment Activities	(1,770.508)	(1,385.692)
C	Cash flow from Financing Activities		
1	Proceeds from borrowing	800.000	2,857.548
2	Repayment of borrowings	(2,504.564)	(1,358.973)
3	Interest paid	(243.225)	(187.958)
4	Dividend and tax on dividend paid	(43.639)	(421.814)
	Net Cash used in Financing Activities	(1,991.428)	888.803
	Unrealized Exchange Gain / (Loss) in cash and cash equivalents	(7.118)	(5.450)
	Net Increase / (Decrease) in Cash and Cash Equivalents	(1,334.632)	1,618.517
1	Cash & Cash Equivalents at beginning of year	1,946.069	333.002
2	Cash & Cash Equivalents at end of year (refer note 11A)	604.319	1,946.069

Notes :- The above statements of cash flow has been prepared using the "indirect method" as per Ind AS 7.

There are no reconciliation items in relation to financing activities for which disclosure is required as per Ind AS 7.

Refer note 43 for cash outflow on account of corporate social responsibility.

As per our report of even date attachedFor **SHARP & TANNAN ASSOCIATES**Chartered Accountants
(ICAI Firm Regn. No. 109983W)**Sanjay Kirloskar**
Chairman and Managing Director
DIN: 00007885**TIRTHARAJ KHOT**
Partner
Membership No: (F) - 037457
Pune : 25 May 2021**Chittaranjan Mate**
Chief Financial Officer
Pune : 25 May 2021**For and on behalf of the Board of Directors****Rajeev Kher**
Director
DIN: 01192524**Raghunath Apte**
Company Secretary
Pune : 25 May 2021



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

A. Equity Share Capital

(Amounts in Million ₹)

Balance as at 1 April 2019	Changes in equity share capital during the year	Balance as at 31 March 2020
158.818	-	158.818

Balance as at 1 April 2020	Changes in equity share capital during the year	Balance as at 31 March 2021
158.818	-	158.818

B. Other Equity

	Reserves and Surplus					Total
	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	
Balance as at 1 April 2019	0.172	4.000	414.604	5,787.407	3,037.655	9,243.838
Profit for the year					791.699	791.699
Other comprehensive income					(6.877)	(6.877)
Dividend and tax thereon					(420.754)	(420.754)
Any other change - Transition to Ind AS 115					-	-
Balance as at 31 March 2020	0.172	4.000	414.604	5,787.407	3,401.723	9,607.906
Profit for the year					932.292	932.292
Other comprehensive income					22.919	22.919
Dividend and tax thereon					(39.704)	(39.704)
Transfer to retained earnings						-
Balance as at 31 March 2021	0.172	4.000	414.604	5,787.407	4,317.230	10,523.413

As per our report of even date attached

For and on behalf of the Board of Directors

For **SHARP & TANNAN ASSOCIATES**

Chartered Accountants
(ICAI Firm Regn. No. 109983W)

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Rajeev Kher
Director
DIN: 01192524

TIRTHARAJ KHOT
Partner
Membership No: (F) - 037457

Chittaranjan Mate
Chief Financial Officer

Raghunath Apte
Company Secretary

Pune : 25 May 2021

Pune : 25 May 2021

Pune : 25 May 2021

NOTES TO ACCOUNTS :**Significant accounting policies**

Notes to the financial statements for the year ended 31st March 2021

(All amounts are in Indian rupees rounded in millions, unless otherwise stated)

1. Corporate information

Kirloskar Brothers Limited (“KBL” or “the Company”) is a public limited company domiciled in India and incorporated under the provisions of the Indian Companies Act. KBL is engaged in providing fluid management solutions globally. The core products of the company are Engineered Pumps, Industrial Pumps, Agriculture and Domestic Pumps, Valves, and Hydro turbines.

2. Significant accounting policies**2.1 Basis of preparation**

The financial statements have been prepared in accordance with the provisions of Indian Accounting Standards (Ind-AS) notified under the Companies Act, 2013 (“the Act”) (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS have been prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.

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.

Company maintains its accounts on accrual basis following historical cost convention except for certain financial instruments which are measured at fair values. The financial statements have been prepared on accrual and going concern basis.

The financial statements have been approved for issue by the Board of Directors at its meeting held on 25 May 2021.

2.2 Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items, which are measured on an alternative basis in accordance with Ind AS on each reporting date.

Items	Measurement basis
Share based payment transactions	Fair value
Defined benefit plan – plan assets	Fair value

2.3 Current or non-current classification

All assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013.

Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities for product business. In case of project business, operating cycle is dependent on life of specific project/ contract/ service, hence current non-current bifurcation relating to project is based on expected completion date of project which generally exceeds 12 months.

**NOTES TO ACCOUNTS : (CONTD.)****Significant accounting policies (Contd.)****2.4 Functional and presentation currency**

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information is presented in INR MN rounded off to three decimal places, except share and per share data, unless otherwise stated.

2.5 Use of judgements, estimates and assumptions

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

This note provides an overview of the areas that involved a higher degree of judgement or complexity and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Critical estimates and judgements**The areas involving critical estimates or judgements are:**

- **Estimation of defined benefit obligation** - The cost of the defined benefit gratuity and pension plan, and the present value of the gratuity/pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. (Refer note – 34)
- **Estimation of leave encashment provision** - The cost of the leave encashment and the present value of the leave encashment obligation are determined using actuarial valuations. (Refer note 38)
- **Impairment of receivables** - The impairment provisions for financial receivables disclosed are based on assumptions about risk of default and expected credit loss. (Refer note 40)
- **Decommissioning liability** - Initial estimate of dismantling and restoration liability requires significant judgement about cost inflation index and other factors. (Refer note 38)
- **Provision for warranty claims** - Provision is recognised based on the key assumptions about likelihood and magnitude of an outflow of resources. (Refer note 38)
- **Estimation of provision for loss on long term contract** - The provision is recognised when the estimated cost exceeds the estimated revenue for constructions contracts as per Ind AS 115. (Refer note 38)

2.6 Inventories

Inventories are valued at the lower of cost and net realizable value. The cost is calculated on moving weighted average method. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- **Raw materials:** cost includes cost of purchase excluding taxes subsequently recoverable from tax authorities and other costs incurred in bringing the inventories to their present location and condition. However, these items are considered to be realizable at cost if the finished products in which they will be used, are expected to be sold at or above cost.

NOTES TO ACCOUNTS : (CONTD.)**Significant accounting policies (Contd.)**

- **Finished goods and work in progress:** cost includes cost of direct materials, labour and a systematic allocation of fixed and variable production overhead that are incurred in converting raw material into work in progress / finished goods based on the normal operating capacity and actual capacity respectively.
- **Traded goods:** Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Based on ageing of inventory and it's future potential to generate economic benefit, company provides for slow and non-moving inventory using provision matrix. This provision is reversed once such inventory is consumed or expected to be consumed.

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 (each reporting period) 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.

The deposits maintained by the Company with banks and financial institutions comprise time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

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 for the effects of:

- changes during the period in inventories and operating receivables and payables transactions of a non-cash nature;
- non-cash items such as depreciation, provisions, unrealized foreign currency gains and losses; and
- all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as at the date of Balance Sheet.

2.9 Property, plant and equipment (PPE)**Measurement**

Freehold land is carried at historical cost. All other items of PPE are measured at cost of acquisition or construction less accumulated depreciation and accumulated impairment loss, if any.

The cost of an item of PPE comprises its purchase price, including import duties net of credits 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.

**NOTES TO ACCOUNTS : (CONTD.)****Significant accounting policies (Contd.)**

Own manufactured PPE is capitalized at cost including an appropriate share of overheads. Administrative and other general overhead expenses that are specifically attributable to construction or acquisition of PPE or bringing the PPE to working condition are allocated and capitalized as a part of the cost of the PPE.

Borrowing costs directly attributable to the construction or acquisition of a qualifying asset upto completion or acquisition are capitalised as part of the cost. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision is met.

When parts of an item of PPE have different useful lives, they are accounted for as separate items (major components) of PPE.

PPE under construction are disclosed as capital work-in-progress.

Advances paid towards the acquisition of PPE outstanding at each reporting date are disclosed under "Other non-current assets".

Subsequent costs

The cost of replacing a part of an item of PPE is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of PPE are recognised in the statement of profit and loss as incurred.

Disposal

An item of PPE 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 PPE are determined by comparing the proceeds from disposal with the carrying amount of PPE, and are recognised within other income/ expenses in the statement of profit and loss.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

The residual values, useful lives and method of depreciation of PPE is reviewed at each financial year end and adjusted prospectively, if appropriate. Depreciation on additions to/deductions from owned assets is calculated pro rata to the period of use. Further, extra shift depreciation is provided wherever applicable. Depreciation charge for impaired assets if any is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

Depreciation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of PPE as prescribed in Schedule II of the Companies Act 2013 except in the case of patterns as mentioned below where the management based on the technical evaluation have estimated the life to be lower than the life prescribed in schedule II.

Patterns – Useful life 1-7 Years

NOTES TO ACCOUNTS : (CONTD.)**Significant accounting policies (Contd.)****Life of assets considered as per schedule II -**

Particulars	Life
Building	60 Years
Factory Building	30 Years
Plant and Equipment	3-22 Years
Furniture and Fixtures	10 Years
Vehicles	8 Years
Office equipment	5 Years
Railway Siding	15 Years

2.10 Investment property

Investment property is a property, being land or building or part of it, (including those under construction) that is held to earn rental income or for capital appreciation or both but not held for sale in ordinary course of business, use in manufacturing or rendering services or for administrative purposes.

Upon initial recognition, investment property is measured and reported at cost, including transaction costs. The cost of investment property includes its purchase price and directly attributable expenditure, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment loss, if any. The estimated useful life and residual values are reviewed at each financial year end and the effect of any change in the estimates of useful life/ residual value is accounted on prospective basis. Investment property in the form of land is not depreciated.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

2.11 Intangible assets**Recognition and measurement**

Intangible assets are recognised when the asset is identifiable, is within the control of the Company and it is probable that the future economic benefits that are attributable to the asset will flow to the Company and cost of the asset can be reliably measured.

Intangible assets acquired by the Company that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with indefinite useful lives (Goodwill) are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.

Subsequent measurement

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

**NOTES TO ACCOUNTS : (CONTD.)****Significant accounting policies (Contd.)****Amortisation**

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The method of amortisation and useful life is reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Computer software is amortised over the period of three years.

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

Research and development costs –

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss.

During the period of development, the asset is tested for impairment annually.**2.12 Interest in joint operations**

The company as joint operator recognizes in relation to its interest in a joint operation, its share in the assets/ liabilities held / incurred jointly with the other parties of the joint arrangements. Revenue is recognised for its share of revenue from the sale of output by the joint operator. Expenses are recognised for its share of expenses incurred jointly with the other parties of the joint arrangements.

2.13 Borrowing costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences in relation to the foreign currency borrowings to the extent those are regarded as an adjustment to the borrowing costs.

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are expensed in the period in which they are incurred.

2.14 Revenue recognition

Company recognizes revenue from contracts with customers when it satisfies a performance obligation.

Revenue is measured at transaction price i.e. Consideration to which Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and after considering effect of variable consideration, significant financing component, if any.

For contracts with multiple performance obligations, transaction price is allocated to different performance obligations based on their standalone selling price. In such case, revenue recognition criteria is applied 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 control of the goods is transferred to the buyer. For contracts that permit the customer to return an item, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Amounts included in revenue are net of returns, trade allowances, rebates, goods and service tax, value added taxes.

Customer loyalty programs

The Company allocates a portion of the consideration received to loyalty points. This allocation is based on the relative stand-alone selling prices. The amount allocated to the loyalty programs is deferred, and is recognized as revenue when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points becomes remote. The deferred revenue is included in contract liabilities.

Rendering of services

Revenue is recognized over the time as and when customer receives the benefit of company's performance and the company has an enforceable right to payment for services transferred.

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).

**NOTES TO ACCOUNTS : (CONTD.)****Significant accounting policies (Contd.)**

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 (50% of project cost in case of civil projects outside India and 25% of project cost in case of other projects) where the outcome of the contract cannot be ascertained reliably, the Company recognizes revenue equal to actual cost.

Full provision is made for any loss estimated on a contract in the year in which it is first foreseen.

Where the Company is involved in providing operation and maintenance services under a single construction contract, then the consideration is allocated on a relative stand-alone price basis between various obligations of a contract.

For contracts where progress billing exceeds the aggregate of contract costs incurred to-date and recognized profits (or recognized losses, as the case may be), the surplus is shown as the amount due to customers.

For contracts where the aggregate of contract costs incurred to-date and recognized profits (or recognized losses, as the case may be) exceed progress billing, the deficit is shown as the amount due from customers. Amount due from customers is shown as part of other non-financial assets as the contractual right for consideration is dependant on completion of contractual milestones.

Amounts received before the related work is performed are disclosed in the Balance Sheet as a liability towards advance received. Amounts billed for work performed but yet to be paid by the customer are disclosed in the Balance Sheet as trade receivables.

The amount of retention money held by the customers is disclosed as part of other current assets

2.15 Other income

Interest is recognized on a time proportion basis determined by the amount outstanding and the rate applicable using the effective interest rate (EIR) method. Dividend income and export benefits are recognised in the statement of profit and loss on the date that the Company's right to receive payment is established.

Interest receivable on customer dues is recognised as income in the Statement of Profit and Loss on accrual basis provided there is no uncertainty towards its realization

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

2.16 Foreign currencies transactions**Transactions and balances**

Transactions in foreign currency are recorded at exchange rates prevailing at the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss of the year.

Monetary assets and liabilities denominated in foreign currencies which are outstanding, as at the reporting period are translated at the closing exchange rates and the resultant exchange differences are recognised in the statement of profit and loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

NOTES TO ACCOUNTS : (CONTD.)**Significant accounting policies (Contd.)****2.17 Employee benefits****Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering the services are classified as short-term employee benefits. Benefits such as salaries, wages, expected cost of bonus and short term compensated absences, leave travel allowance etc. are recognized in the period in which the employee renders the related service.

Post-employment benefits**Defined contribution plans**

The company's superannuation scheme, state governed provident fund scheme related to Dewas, Kaniyur, Sanand factories and employee state insurance scheme are defined contribution plans. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

Defined Benefit Plans

The employees' gratuity fund schemes and provident fund scheme managed by a trust and pension scheme are the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

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

In case of funded plans, the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on net basis.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The company recognises gains/ losses on settlement of a defined plan when the settlement occurs.

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

**NOTES TO ACCOUNTS : (CONTD.)****Significant accounting policies (Contd.)****Other long-term employee benefit**

Compensated absences liabilities mean, the liabilities for earned leave that are not expected to be settled wholly within twelve months after the end of the reporting period in which the employee render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating the terms of the related obligation. Re-measurements as a result of experience adjustments and change in actuarial assumptions are recognised in the statement of profit and loss.

2.18 Income taxes

Income tax expense comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to a business combination or items recognised directly in equity or in OCI.

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that were enacted at the reporting date in the country where the company operates and generates taxable income. Current tax assets and liabilities are offset only if certain criteria are met and such offsetting is legally enforceable.

Deferred tax

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset only if certain criteria are met.

NOTES TO ACCOUNTS : (CONTD.)**Significant accounting policies (Contd.)****2.19 Share-based payments**

Share based compensation benefits are provided to the employees (including senior executives) of the company under the Company's Employee Stock Option Scheme, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The fair value of the options granted to employees is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2.20 Provisions

A Provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the statement of profit and loss.

Warranty provisions

A provision for warranty is recognised when the underlying products and services are sold to the customer based on historical warranty data and at its best estimate using expected value method. The initial estimate of warranty-related costs is revised annually.

Provision for decommissioning and site restoration

The Company has a legal obligation for decommissioning of windmills and restoring the site back to its original condition. Decommissioning and restoration costs are measured initially at its best estimate using expected value method. The present value of initial estimates is provided as a liability and corresponding amount is capitalised as a part of the windmill. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

**NOTES TO ACCOUNTS : (CONTD.)****Significant accounting policies (Contd.)****Contingent liabilities**

Contingent liability is disclosed when,

- company has a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; or
- present obligation arising from past events, when no reliable estimate is possible; or
- A possible obligation arising from past events where the probability of outflow of resources is not remote.

Provisions and contingent liabilities are reviewed at each Balance Sheet date.

2.21 Leases

Company has adopted Ind AS 116 'Leases' from 1 April 2019. On transition, company 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.

A Company as a Lessee

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

Initial Measurement**Right to use asset**

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

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

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Lease liability

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

NOTES TO ACCOUNTS : (CONTD.)**Significant accounting policies (Contd.)**

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

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

Subsequent measurement**Right to use assets**

Subsequently the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

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.

B Company 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.

**NOTES TO ACCOUNTS : (CONTD.)****Significant accounting policies (Contd.)****2.22 Impairment of non-financial assets**

The company assesses at each balance sheet date whether there is any indication that an asset or cash generating unit (CGU) may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal or its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in the statement of profit and loss.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.23 Fair value measurement

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

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

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

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by

NOTES TO ACCOUNTS : (CONTD.)**Significant accounting policies (Contd.)**

re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.24 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets**Initial recognition and measurement**

All financial assets are recognised initially at fair value. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

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

Financial assets are subsequently measured at amortised cost if,

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Impairment of financial asset

Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Financial assets that are debt instruments and are measured as at FVTOCI



- Lease receivables
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
- Loan commitments which are not measured as at FVTPL
- Financial guarantee contracts which are not measured as at FVTPL

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

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

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

Financial liabilities

Initial recognition and measurement

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

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

Financial guarantee contracts

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

Derecognition

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

Offsetting of financial instruments

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

Derivative financial instruments

Initial recognition and subsequent measurement

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

2.25 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted EPS adjust the figures used in the determination of basic EPS to consider

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

2.26 Segment reporting

Operating segments are reporting in a manner consistent with the internal reporting to the chief operating decision maker (CODM).

The board of directors of the company assesses the financial performance and position of the company and makes strategic decisions. The Board of Directors, which are identified as a CODM, consists of chief executive officer, chief financial officer and all other executive directors.

Company operates in single reporting segment of 'Fluid Machinery and Systems'

2.27 Recent accounting pronouncement

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2020.



NOTES TO ACCOUNTS : (CONTD.)

Note 3: Property, Plant and Equipment and Intangible Assets

(Amounts in Million ₹)

	Property, plant and equipment								Intangible Assets			
	Land Free Hold	Land Lease Hold	Buildings	Plant & Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Railway Siding	Total	Computer Software	Sales Tax Deferral Rights	Total
Gross Block												
As at 1 April 2019	425.049	75.157	1,632.689	4,496.335	142.710	37.620	92.603	1.528	6,903.691	243.134	31.730	274.864
Additions	-	-	68.047	331.240	2.955	3.405	-	-	405.647	33.320	-	33.320
Disposals	-	-	-	19.369	0.092	0.008	0.844	-	20.313	-	-	-
As at 31 March 2020	425.049	75.157	1,700.736	4,808.206	145.573	41.017	91.759	1.528	7,289.025	276.454	31.730	308.184
Additions	-	-	20.349	368.065	2.347	5.985	0.484	-	397.230	15.125	-	15.125
Acquired through business combinations	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	11.462	28.416	1.053	0.058	0.435	-	41.424	0.458	-	0.458
As at 31 March 2021	425.049	75.157	1,709.623	5,147.855	146.867	46.944	91.808	1.528	7,644.831	291.121	31.730	322.851
Depreciation/ Amortisation												
As at 1 April 2019	-	4.631	408.198	3,540.593	113.401	16.267	53.274	1.517	4,137.881	213.671	31.040	244.711
Charge for the year	-	1.003	39.285	266.034	6.098	7.080	7.265	0.003	326.768	24.900	0.513	25.413
Depreciation on disposal	-	-	-	19.369	0.092	0.008	0.844	-	20.313	-	-	-
As at 31 March 2020	-	5.634	447.483	3,787.258	119.407	23.339	59.695	1.520	4,444.336	238.571	31.553	270.124
Charge for the year	-	1.003	40.708	257.083	5.706	6.965	6.924	0.003	318.392	18.841	0.177	19.018
Depreciation on disposal	-	-	2.134	28.342	1.051	0.058	0.435	-	32.020	0.458	-	0.458
As at 31 March 2021	-	6.637	486.057	4,015.999	124.062	30.246	66.184	1.523	4,730.708	256.954	31.730	288.684
Net block												
As at 1 April 2019	425.049	70.526	1,224.491	955.742	29.309	21.353	39.329	0.011	2,765.810	29.463	0.690	30.153
As at 31 March 2020	425.049	69.523	1,253.253	1,020.948	26.166	17.678	32.064	0.008	2,844.689	37.883	0.177	38.060
As at 31 March 2021	425.049	68.520	1,223.566	1,131.856	22.805	16.698	25.624	0.005	2,914.123	34.167	-	34.167

Notes:

- 1) Plants and machines acquired out of proceeds of term loan, are pledged as security against the loan.
- 2) During the year no provision envisaged for impairment loss.
- 3) Refer note no 29 for estimated amount of contract remaining to be executed on capital account.

NOTES TO ACCOUNTS : (CONTD.)**Note 4 : Investment property**

(Amounts in Million ₹)

Particulars	Land
Gross Block	
As at 1 April 2019	5.020
Additions	-
Disposals	-
As at 31 March 2020	5.020
Additions	-
Disposals	-
As at 31 March 2021	5.020
Depreciation and Impairment	
As at 1 April 2019	-
Charge for the year	-
Depreciation on disposals	-
As at 31 March 2020	-
Charge for the year	-
Depreciation on disposals	-
As at 31 March 2021	-
Net block	
As at 1 April 2019	5.020
As at 31 March 2020	5.020
As at 31 March 2021	5.020

Fair Value

The company obtains independent valuations for its investment property. The valuation model considers current prices in active market, discounted cash-flow projections based on reliable estimates of future cash-flows.

The main inputs used are the rental growth rates, expected vacancy rates, terminal yields and discount rates based on comparable transactions and industry data. All resulting fair value estimates for investment properties are included in level 3.

Fair value as at 31 March 2017 was Rs 58.303 MN. and there is no significant movement in fair value over last 4 years.



NOTES TO ACCOUNTS : (CONTD.)

Note 5 : Financial assets: Investments

(Amounts in Million ₹)

Particulars		31 March 2021	31 March 2020
I	Long term investments - at cost		
	Trade Investments	3,364.858	2,915.679
	(a) Investment in Equity instruments	0.005	0.005
	(b) Capital contribution in partnership firm	1,268.231	450.285
	Current investment	4,633.094	3,365.969
	Total		
II			
	Particulars	31 March 2021	31 March 2020
	Aggregate amount of quoted investments	1,268.231	450.285
	Aggregate amount of unquoted investments	3,364.863	2,915.684

Sr No	Particulars	Face Value	Partly Paid / Fully paid	Extent of holding (%)		No. of Shares / Units		Amount in Million ₹	
				31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Non-current investments									
(1)	Investments at fair value through Other comprehensive income								
	Investment in Structured Entities								
	Kirloskar Proprietary Limited *	INR 100	Fully Paid	-	-	2	2	-	-
(2)	Investment in equity shares (unquoted) accounted at cost								
a	Investment in Joint venture								
1	Kirloskar Ebara Pumps Limited	INR 10	Fully Paid	45%	45%	2,25,000	2,25,000	2,747	2,747
b	Investment in Subsidiaries								
1	The Kolhapur Steel Limited	INR 1	Fully Paid	99%	99%	26,63,15,115	26,63,15,115	343.884	343.884
2	Kirloskar Corrocoat Private Limited	INR 10	Fully Paid	65%	65%	32,50,000	32,50,000	94.000	94.000
3	Kirloskar Brothers International B V	Euro 100	Fully Paid	100%	100%	1,98,076	1,98,076	1,398.025	1,057.932
4	Karad Projects & Motors Ltd.	INR 10	Fully Paid	100%	100%	1,39,52,450	1,39,52,450	1,480.643	1,480.643
(3)	Investment in 6% non cumulative convertible preference shares (unquoted) accounted at cost								
1	The Kolhapur Steel Limited	INR 1	Fully Paid	100%	-	15,00,00,000	-	150.000	-
1	Investment in Partnership Firm								
	KBL Synerge LLP**	N A	N A	50%	50%	N A	N A	0.005	(104.441)
	Provision for impairment of investment (##)							(63.527)	-
	Total investment in equity shares of subsidiaries and joint venture							3,364.863	2,915.684
Current investments									
(3)	Investments at fair value through profit and loss								
	Investment in mutual funds							1,268.231	450.285

* The investment in unquoted equity shares is Rs.200/- and therefore not seen in the above table.

All subsidiaries, joint venture and associate companies are incorporated and have place of business as India except the Kirloskar Brothers International B.V. is incorporated and has place of business as Netherland.

** KBL Synerge LLP (presently in-operative) a limited liability partnership was formed in year 2017 between Kirloskar Brothers Ltd, Mrs. Sneha Phatak and Synerge Overseas Pte. Ltd. This LLP has been created for a short term project. Following are the details of total capital and share of each partner in it. Currently KBL Synerge LLP is not operative.

Name of Partner	Capital Contributed (Rs)	Share in Partnership and profit (%)
Kirloskar Brothers Limited	5,000	50
Synerge Overseas Pte. Ltd	2,600	26
Mrs. Sneha Phatak	2,400	24
Total	10,000	100

(##) During the year company has made provision for partial impairment of it's investment in the subsidiary company viz. 'The Kolhapur Steel Limited', which is treated and disclosed as an exceptional item.

NOTES TO ACCOUNTS : (CONTD.)**Note 6 : Financial assets: Trade receivables**

(Amounts in Million ₹)

Particulars	31 March 2021	31 March 2020
Non-current		
Unsecured, considered good	465.541	549.381
Doubtful	803.041	694.197
	1,268.582	1,243.578
Less : Provision for significant increase in credit risk and credit impaired receivables	803.041	694.197
	465.541	549.381
Current		
Unsecured, considered good		
From related parties	822.074	927.560
Others	2,669.816	2,462.997
	3,491.890	3,390.557
Total trade receivables	3,957.431	3,939.938

Trade receivables are non-interest bearing and are generally on terms of 1 to 90 days.

Note 7 : Financial assets: Loans

Particulars	31 March 2021	31 March 2020
Non-current		
(a) Security deposits		
Unsecured, considered good	51.887	68.865
Doubtful	18.274	30.679
	70.161	99.544
Less : Provision for significant increase in credit risk and credit impaired deposits	18.274	30.679
	51.887	68.865
Current		
(a) Security deposits		
Unsecured, considered good	964.719	979.041
(b) Advances to related parties		
Unsecured, considered good	160.414	160.414
	1,125.133	1,139.455
Total loans	1,177.020	1,208.320

Note 8 : Financial assets: Others

Particulars	31 March 2021	31 March 2020
Non-current		
(a) Claims receivable		
Unsecured, considered good		
Other miscellaneous claim	16.743	15.749
Doubtful	12.545	12.157
	29.288	27.906
Less: Provision for doubtful claims	12.545	12.157
	16.743	15.749
(b) Fixed deposits with the original maturity of more than 12 months	28.137	34.139
	44.880	49.888
Current		
(a) Claims receivable		
Unsecured, considered good	26.544	40.988
(b) Interest accrued	0.548	0.472
	27.092	41.460
Total other financial assets	71.972	91.348



NOTES TO ACCOUNTS : (CONTD.)

Note 9 : Other assets

(Amounts in Million ₹)

Particulars	31 March 2021	31 March 2020
Non-current		
(a) Capital advances	198.103	44.664
(b) Advances to supplier and others		
Unsecured, considered good	16.480	34.306
Doubtful	72.576	68.168
	89.056	102.474
Less : Provision for significant increase in credit risk and credit impaired advances	72.576	68.168
	16.480	34.306
(c) Prepaid expenses	2.883	2.191
(d) Retention (Net of provision)	458.690	434.269
(e) Advance income tax (Net of provision)	316.206	417.902
	992.362	933.332
Current		
(a) Advances to supplier and others		
Unsecured, considered good		
Advances to related parties	80.020	87.487
Others	426.382	371.850
	506.402	459.337
(b) Prepaid expenses	156.147	141.412
(c) Gross amount due from customer for project related work	231.799	304.795
(d) Retention	1,195.388	1,606.368
(e) Balances with government authorities	1,152.169	1,360.261
	3,241.905	3,872.173
Total other assets	4,234.267	4,805.505

Note 10 : Inventories

Particulars	31 March 2021	31 March 2020
(a) Raw Materials *	822.184	920.303
(b) Work-in-progress	1,391.149	1,491.540
(c) Finished goods	1,090.530	1,326.962
(d) Stock-in-trade	350.730	359.540
(e) Stores and spares	90.335	98.626
(Mode of valuation refer note 2.6)		
	3,744.928	4,196.971

* Include goods in transit - Rs. 47 MN (PY 2020 : Rs. 46.448 MN)

Amounts recognised in profit or loss statement

Write-down/(back) of inventories to net realizable value/ any loss due to it's obsolete nature (net of reversal) amounted to Rs.64.623 MN (PY 2019-20: Rs. 11.685 MN) These were recognised as expenses during the year.

NOTES TO ACCOUNTS : (CONTD.)**Note 11 A : Cash and cash equivalents**

(Amounts in Million ₹)

Particulars	31 March 2021	31 March 2020
(a) Balances with bank		
In current account	420.692	591.227
In EEFC accounts	174.594	146.860
Fixed deposits with less than 3 months	8.374	1,206.761
(b) Cash on hand	0.650	1.056
(c) Cheques on hand	0.009	0.165
	604.319	1,946.069

Note 11 B : Other bank balances

Particulars	31 March 2021	31 March 2020
(a) Earmarked balances with bank		
Unpaid dividend accounts	14.880	18.815
(b) Margin money	3.227	2.972
	18.107	21.787

Note 12: Equity share capital

Particulars	31 March 2021	31 March 2020
Authorised		
250,000,000 (250,000,000) equity shares of Rs.2/- each (Rs.2/-) each	500.000	500.000
Issued, subscribed & fully paid up		
79,408,926 (79,408,926) equity shares of Rs.2/- each (Rs.2/-) each	158.818	158.818
	158.818	158.818

(a) Terms/rights attached to equity shares

The company has only one class of equity shares, having par value of Rs. 2/- per share. Each holder of equity share is entitled to one vote per share and has a right to receive dividend as recommended by the board of directors subject to the necessary approval from the shareholders. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

For the year ended 31 March 2021 the board of directors have proposed final dividend of Rs 3.00 (2020: Rs 0.50) per share subject to shareholders' approval.



NOTES TO ACCOUNTS : (CONTD.)

(b) Reconciliation of share capital

Particulars	31 March 2021		31 March 2020	
	Number	Amount (Million ₹)	Number	Amount (Million ₹)
Shares outstanding at the beginning of the year	7,94,08,926	158.818	7,94,08,926	158.818
Shares Issued during the year under ESOS		-		-
Shares outstanding at the end of the year	7,94,08,926	158.818	7,94,08,926	158.818

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

(Amounts in Million ₹)

Particulars	31 March 2021		31 March 2020	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Kirloskar Industries Limited	1,89,88,038	23.91%	1,89,88,038	23.91%
Mr. Sanjay Chandrakant Kirloskar *	1,78,47,465	22.48%	1,78,47,465	22.48%
Mrs. Pratima Sanjay Kirloskar	1,38,49,488	17.44%	1,38,40,488	17.43%
Nippon Life India Trustee Ltd. (A/C Nippon India Small Cap Fund)	42,78,923	5.39%	40,54,476	5.11%

* includes 1,761,919 (1,761,919), 2% (2%) shares held in the capacity of a trustee.

For the period of five years immediately preceding the date as at which the balance sheet is prepared, no shares are

- i. allotted as fully paid up pursuant to contracts without payment being received in cash
- ii. allotted as fully paid shares by way of bonus shares
- iii. bought back.

NOTES TO ACCOUNTS : (CONTD.)**Note 13: Other equity**

Particulars	31 March 2021	31 March 2020
(a) Capital reserve	0.172	0.172
(b) Capital redemption reserve	4.000	4.000
(c) Securities premium	414.604	414.604
(d) General reserves	5,787.407	5,787.407
(e) Retained Earning		
Opening balance	3,401.723	3,037.655
Add: Total comprehensive income for the year	955.211	784.822
Balance available for appropriation	4,356.934	3,822.477
Less: Appropriations :		
Final dividend paid including tax	39.704	420.754
Sub total	39.704	420.754
Closing balance	4,317.230	3,401.723
	10,523.413	9,607.906

Capital Reserve:

The company had recognised profit or loss on purchase, sale, issue or forfeiture/ cancellation of own equity instrument to capital reserve.

Capital redemption reserve:

The Company had recognised capital redemption reserve on redemption of preference shares from its retained earnings as per the then applicable provisions of Companies Act, 1956.

Securities premium :

The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium.

General reserve:

The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

Retained earnings:

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.



NOTES TO ACCOUNTS : (CONTD.)

Note 14 : Financial Liabilities: Borrowings

(Amounts in Million ₹)

Particulars	31 March 2021	31 March 2020
Non-current		
Secured		
(a) Term loan from ICICI bank (Terms of loan: Term loan is repayable in 17 quarterly instalments starting from 31 March 2018. The loan carries interest as MCLR+ 3 months spread. The loan is secured against fixed asset purchased out of this borrowing.)	117.647	235.294
Less- Current maturities of non-current borrowings disclosed under the head 'Other current financial liabilities (refer note 16)	117.647	117.647
	-	117.647
(b) Term loan from HDFC bank (Terms of loan: Term loan is repayable in 19 quarterly instalments starting from 31 March 2020. The loan carries interest as 8.5% p.a. The loan is secured against fixed asset purchased out of this borrowing.)	472.537	607.548
Less- Current maturities of non-current borrowings disclosed under the head 'Other current financial liabilities (refer note 16)	135.011	135.011
	337.526	472.537
	337.526	590.184
Unsecured		
(a) Deferral payment liabilities under sales tax deferral scheme (Terms of loans: Rs. 52.883 MN to be repaid in 9 yearly instalments starting from April 2013. Other loan carries market interest rate and are paid till December 2020)	-	1.906
	-	1.906
	337.526	592.090
Current		
Secured		
1) Loans repayable on demand from bank		
(i) Working capital demand loans/ Short term loans (Terms of loans: Loan carries interest @ 5.00% to 8.05% per annum and secured against the inventory and receivables)	800.000	1,750.000
(ii) Commercial paper (Terms of loans: Loan carries interest @ 6.85% per annum and secured against the inventory and receivables)	-	500.000
Total secured loan - Current	800.000	2,250.000
Total current borrowings	800.000	2,250.000
Total borrowings	1,137.526	2,842.090

NOTES TO ACCOUNTS : (CONTD.)**Note 15 : Financial liabilities: Trade payables**

(Amounts in Million ₹)

Particulars	31 March 2021	31 March 2020
Non-current		
(a) Total outstanding dues of creditors other than micro enterprises & small enterprises	87.125	101.308
	87.125	101.308
Current		
(a) Total outstanding dues of micro enterprises & small enterprises (refer note 42)	857.466	673.640
(b) Total outstanding dues of creditors other than micro enterprises & small enterprises	3,825.248	3,832.750
	4,682.714	4,506.390
Total trade payable	4,769.839	4,607.698

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 60-day terms except dues to micro and small enterprises which are settled in 45 days or contractual term whichever is earlier.

Note 16: Other financial liabilities

Particulars	31 March 2021	31 March 2020
Non-current		
(a) Financial guarantee contracts with banks for subsidiary company	2.123	7.169
(b) Lease liability (Refer note 46)	15.272	106.692
	17.395	113.861
Current		
(a) Current maturities of long term loan (refer note 14)"	252.658	252.658
(b) Investor Education & Protection fund (will be credited as and when due). Unclaimed dividends	14.880	18.815
(c) Others		
Trade deposits	102.157	85.538
Interest accrued	19.450	60.967
Salary and reimbursements	352.823	436.153
Payables on account of purchases of fixed assets	38.005	24.293
Provision for expenses	716.478	454.378
Financial guarantee contracts with bank for subsidiaries	12.080	11.512
Lease liability (Refer note 46)	23.841	62.838
	1,264.834	1,135.679
	1,532.372	1,407.152
Total other financial liabilities	1,549.767	1,521.013

Terms and conditions of the above financial liabilities:

- Other payables are non-interest bearing.
- For explanations on the Company's credit risk management processes, (refer note 40)



NOTES TO ACCOUNTS : (CONTD.)

Note 17: Provisions

(Amounts in Million ₹)

Particulars	31 March 2021	31 March 2020
Non-current		
Provision for employee benefits		
(a) Compensated absences (refer note 38)	132.347	135.693
(b) Pension scheme (refer note 34)	23.811	25.505
	156.158	161.198
Other provision (refer note 38)		
(a) Provision for product warranty	26.646	34.044
(b) Provision for decommissioning and restoration costs	8.218	7.595
	34.864	41.639
	191.022	202.837
Current		
Provision for employee benefits		
(a) Compensated absences (refer note 38)	140.156	160.905
(b) Gratuity (refer note 34)	-	36.059
(c) Provident fund (refer note 34)	24.267	9.386
	164.423	206.350
Other provision (refer note 38)		
(a) Provision for product warranty	141.003	184.915
(b) Provision for loss on long term contracts	19.535	36.839
	160.538	221.754
	324.961	428.104
Total provisions	515.983	630.941

Note 18: Other liabilities

Particulars	31 March 2021	31 March 2020
Non-current		
(a) Gross amount due to customers for project related contract work	64.859	72.683
(b) Deferred revenue	150.325	171.684
	215.184	244.367
Current		
(a) Gross amount due to customers for project related contract work	1,620.061	1,668.483
(b) Advance from customer	1,856.328	1,868.406
(c) Contribution to PF and superannuation	19.461	19.842
(d) Statutory dues	24.525	55.834
(e) Deferred revenue	91.026	166.403
	3,611.401	3,778.968
Total other non-financial liabilities	3,826.585	4,023.335

NOTES TO ACCOUNTS : (CONTD.)**Note 19 : Income tax**

- (1) The major components of income tax expense for the year ended 31 March 2021 and 31 March 2020 are:

(a) **Statement of profit and loss**

(Amounts in Million ₹)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Current income tax:		
Current income tax charge	359.591	355.336
Deferred tax:		
Relating to origination and reversal of temporary differences	(42.934)	53.048
Income tax expense reported in the statement of profit or loss	316.657	408.384

(b) **Statement of other comprehensive income (OCI)**

Current tax related to items recognised in OCI during in the year:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Income tax charged to OCI	10.409	(0.336)

- (2) **Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31 March 2021 and 31 March 2020:**

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Accounting profit before tax	1,248.949	1,200.083
At India's statutory income tax rate of 25.168% (PY-25.63%) (a)	314.335	307.581
Adjustments		
Add: Exempt income		
Dividend and income from sale of mutual fund	53.334	64.930
Subtotal (b)	53.334	64.930
Less : Non deductible expenses		
Provision for advances/ deposits and write off	0.210	(1.955)
Interest payable to MSMED vendors	2.025	2.025
Fines and penalties	0.302	0.029
Donation	24.030	23.185
Provision for impairment of investment	40.914	63.527
Subtotal (c)	67.481	86.811
Sub total (d) = (b-c)	(14.147)	(21.881)
Tax impact of above adjustments	(3.561)	(5.607)
Rate difference on opening DTA/ DTL	5.188	(90.846)
Other items	(3.949)	(4.350)
Total (e)	(2.322)	(100.803)
Tax expenses at effective rate (a-e)	316.657	408.384
Tax expenses recorded in books	316.657	408.384



NOTES TO ACCOUNTS : (CONTD.)

(3) Movement in deferred tax

(a) Balance sheet

(Amounts in Million ₹)

Deferred tax relates to the following: DTL/ (DTA)	31 March 2021	31 March 2020
Property, plant and equipment (Depreciation)	69.720	73.551
Employee benefits	(74.576)	(82.555)
Provision for doubtful debts and advances	(325.961)	(279.324)
Others - DTA / DTL	0.100	0.544
	(330.717)	(287.784)
Net deferred tax liabilities/(assets)	(330.717)	(287.784)

Reflected in balance sheet as	31 March 2021	31 March 2020
Deferred tax asset	400.537	361.879
Deferred tax liability	69.820	74.095
Net deferred tax asset	330.717	287.784

(b) Statement of profit and loss

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Property, plant and equipment (Depreciation)	(3.831)	(48.678)
Employee benefits	7.979	24.908
Provision for doubtful debts and advances	(46.637)	77.626
Others	-	(0.808)
Deferred tax expense/(income)	(42.489)	53.048

(4) Movement in Current tax

(a) Balance sheet

Reflected in Balance Sheet as	31 March 2021	31 March 2020
Non- current advance tax	316.206	417.902

NOTES TO ACCOUNTS : (CONTD.)**(b) Statement of profit and loss and other comprehensive income**

(Amounts in Million ₹)

Movement in current tax	Year ended 31 March 2021	Year ended 31 March 2020
Current tax (asset)/ liability as at beginning of year	(417.902)	(478.896)
Add: Additional provision during the year - Statement of Profit and loss account	359.591	355.336
Add: Additional provision during the year - Other comprehensive income	10.409	(0.336)
Less: Current tax paid during the year (Net of refund received for previous year and adjustment for TDS receivable for previous years)	311.264	(294.006)
Non Current tax (asset)/ liability as at end of year	263.362	(417.902)

Note 20: Revenue from operations

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(a) Sale of products (Refer note 30 for the construction contract revenue)	17,463.112	20,315.835
(b) Sale of services	391.233	442.898
	17,854.345	20,758.733
(c) Other operating revenues (majorly includes scrap sales and exports benefits)	144.228	211.589
	17,998.573	20,970.322

Note 21: Other income

Particulars	Year ended 31 March 2021	Year ended 31 March 2021
(a) Interest Income		
From customers and others	52.412	92.955
On income tax and sales tax refund	28.374	26.402
(b) Release of deferred income	17.341	0.611
(c) Profit on sale of mutual fund investment	27.006	4.846
(d) Dividend income from subsidiary companies	53.334	60.084
(e) Foreign exchange difference (net)	-	48.217
(f) Other non-operating income	11.184	20.955
	189.651	254.070



NOTES TO ACCOUNTS : (CONTD.)

Note 22: Cost of raw materials consumed , Changes in inventories of finished goods, stock -in- trade and work-in-progress

(Amounts in Million ₹)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(A) Cost of raw material consumed	8,696.213	10,324.577
(B) Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening Stock		
Finished goods	1,326.962	1,014.251
Work-in- progress	1,491.540	1,413.973
Stock in trade	359.540	318.886
	3,178.042	2,747.110
Closing Stock		
Finished goods	1,090.530	1,326.962
Work-in- progress	1,391.149	1,491.540
Stock in trade	350.730	359.540
	2,832.409	3,178.042
	345.633	(430.932)

Note 23: Employee benefits expense

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(a) Salaries, wages and bonus*	2,014.416	2,295.389
(b) Defined contribution plans		
Contribution to provident fund, superannuation fund and ESIC	33.353	44.412
(c) Defined benefit plans		
Gratuity, Provident fund and Pension	113.976	106.695
(d) Welfare expenses	92.982	135.168
	2,254.727	2,581.664

* Includes payment on account of Voluntary Retirement Scheme Rs. 13.930 ML. (PY 2019-20 NIL)

Note 24: Finance costs

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(a) Interest expense (at effective interest rate/ market rate of interest)	201.708	230.542
(b) Other borrowing costs (includes bank guarantee commission, LC charges, loan processing charges)	39.579	71.540
	241.287	302.082

NOTES TO ACCOUNTS : (CONTD.)**Note 25: Depreciation and amortization expense**

(Amounts in Million ₹)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(a) Depreciation on property, plant and equipment	318.392	326.768
(b) Amortization of intangible assets	19.018	25.413
(c) Amortisation of right to use assets (Lease)	45.313	48.184
	382.723	400.365

Note 26: Other expenses

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Other Manufacturing Expenses		
Stores and spares consumed	523.789	827.670
Processing charges	251.371	412.667
Power & fuel	256.168	302.386
Repairs and maintenance		
Plant and machinery	79.718	100.792
Buildings	30.290	40.811
Other	32.406	53.951
Other expenses		
Subvention charges	1.096	185.375
Rent	13.587	20.023
Rates and taxes	49.761	97.989
Travel and conveyance	60.318	249.054
Communication expenses	74.133	74.750
Insurance	44.461	76.171
Directors' sitting fees	5.565	4.725
Royalties and fees *	44.258	50.987
Freight and forwarding charges	331.861	436.640
Brokerage and commission	12.250	61.207
Advertisements and publicity	173.821	454.465
Provision for product warranty	112.623	226.911
Loss on sale/disposal of fixed assets	9.404	-
Provision for doubtful debts, advances and claims	206.886	59.819
Bad debts written off	111.983	173.077
Advances, deposits and claims written off	7.484	-
Auditor's remuneration (refer note 31)	8.000	8.536
Professional, consultancy and legal expenses	321.393	438.803
Security services	46.573	57.205
Computer services	163.183	160.806
Non-executive directors remuneration	12.000	10.240
Stationery & Printing	6.161	10.356
Training course expenses	0.339	7.609
Outside labour charges	189.156	301.972
Corporate social responsibility expenses (refer note 43)	24.763	22.278
Other miscellaneous expenses	112.474	131.491
	3,317.275	5,058.766

* As specified in note given in the Board's Report in respect of a legal proceeding pending against KPL, the Company has in the interim, without prejudice to all its rights and contentions, including those in the pending proceedings, in compliance with the order of the Hon'ble Commercial Court, Pune has deposited the claimed Royalty amount by way of cheque in safe custody of the Ld. Nazir, District Court, Pune from the quarter ended October 2018 onwards until 3rd Quarter 2020-21.



NOTES TO ACCOUNTS : (CONTD.)

Note 27: Other comprehensive income

(Amounts in Million ₹)

Particulars	Year ended 31 March 2021	Year ended 31 March 2021
Items that will not be reclassified to profit or loss		
Remeasurements gains and losses on post employments benefits	33.328	(7.213)
Tax on remeasurements gains and losses	(10.409)	0.336
	22.919	(6.877)

Note 28 : Contingent liabilities

Particulars	31 March 2021	31 March 2020
Other money for which the company is contingently liable for (Matter Subjudice)		
a) Central Excise and Service tax	1,040.727	1,040.727
b) Sales Tax	385.789	386.858
c) Income Tax	706.217	643.183
d) Labour Matters	48.733	39.826
e) Other Legal Cases	156.228	153.671
	2,337.694	2,264.265

The company does not expect any reimbursement in respect of the above contingent liabilities. It is not practicable to estimate the timing of cash flow if any with respect to above matters.

Note 29 : Commitments

Particulars	31 March 2021	31 March 2020
i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	192.126	339.979
ii) Letters of credit outstanding	734.617	689.507

NOTES TO ACCOUNTS : (CONTD.)**Note 30 : Construction contracts****A) Additional details in relation to contracts satisfied over the period**

(Amounts in Million ₹)

Particulars	31 March 2021	31 March 2020
a) Contract revenue recognised as revenue for the year	1,122.462	1,133.471
b) Advances received	1,188.916	1,180.300
c) Amount of retentions	1,654.078	2,040.637
d) Gross amount due from customer		
Contract costs incurred	7,803.484	9,034.557
Recognised profits less recognised losses	2,383.279	2,471.152
Less: Progress billing	9,849.565	11,038.902
Less: Provision for gross amount due from customer	105.399	162.012
	231.799	304.795
e) Gross amount due to customer		
Contract costs incurred	27,590.155	30,575.754
Recognised profits less recognised losses	4,752.598	5,336.560
Less: Progress billing	34,027.673	37,653.480
	(1,684.920)	(1,741.166)

B) Disaggregation of revenue

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
a) Within India	16,500.345	18,208.971
b) Outside India	1,354.000	2,549.762
	17,854.345	20,758.733

C) Reconciliation of revenue from sale of products with the contracted price

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
a) Contracted price	18,041.755	21,032.733
b) Less - trade discounts, volume rebates, late delivery charges etc	187.410	274.000
	17,854.345	20,758.733



NOTES TO ACCOUNTS : (CONTD.)

Note 31: Remuneration to auditors

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
a) Audit fees	5.200	5.200
b) Limited review fees	2.100	2.100
c) Certification services	0.397	0.675
d) Expenses reimbursed	0.303	0.561
	8.000	8.536

Note 32 : Earning per Share (Basic and diluted)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(a) Profit before tax	1,248.949	1,200.083
Less : Tax expenses	316.657	408.384
Profit after tax	932.292	791.699
(b) Weighted average number of equity shares used as denominator	7,94,08,926	7,94,08,926
(c) Basic earning per share of nominal value of Rs 2/- each	11.74	9.97

Note 33: Expenditure on research & development activities

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
a) Revenue expenditure	166.517	253.226
b) Capital Expenditure	1.475	55.179
Total expenses on research and development	167.992	308.405

NOTES TO ACCOUNTS : (CONTD.)**Note 34 : Employee benefits****i. Defined Contribution Plans:**

Amount of Rs.33.353 MN. Rs (44.412 MN.) is recognised as an expense towards defined contribution plan and included in Employees benefits expense (Note-23 in the Profit and Loss Statement.)

ii. Defined Benefit Plans:**a) The amounts recognised in Balance Sheet are as follows: Funded Plan** (Amounts in Million ₹)

Particulars	31 March 2021		31 March 2020	
	Gratuity Plan*	Provident Fund	Gratuity Plan	Provident Fund
	(Funded)	(Funded)	(Funded)	(Funded)
A. Amount to be recognised in Balance Sheet				
Present Value of Defined Benefit Obligation	465.490	60.609	486.197	52.986
Less: Fair Value of Plan Assets	469.110	36.344	450.137	43.600
Amount to be recognised as liability or (asset)	(3.620)	24.265	36.060	9.386
B. Amounts reflected in the Balance Sheet				
Liabilities	-	24.265	36.060	9.386
Assets	(3.620)	-	-	-
Net Liability/(Assets)	(3.620)	24.265	36.060	9.386

* On conservative basis the company has not recognised the gratuity plan asset in the financials.

b) The amounts recognised in the Profit and Loss Statement are as follows: Funded Plan

Particulars	2020-21		2019-20	
	Gratuity Plan	Provident Fund	Gratuity Plan	Provident Fund
	(Funded)	(Funded)	(Funded)	(Funded)
1 Current Service Cost	35.894	7.021	36.872	2.855
2 Acquisition (gain)/ loss	-	-	-	-
3 Past Service Cost	-	-	-	-
4 Net Interest (income)/expenses	1.100	0.573	0.996	(2.226)
5 Actuarial Losses/(Gains)	-	-	-	-
6 Curtailment (Gain)/ loss	-	-	-	-
7 Settlement (Gain)/loss	-	-	-	-
8 Others (Transfer In / (Out))	-	-	0.645	-
Net periodic benefit cost recognised in the statement of profit & loss- (Employee benefit expenses - Note 23)	36.994	7.594	38.513	0.629



NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

c) The amounts recognised in the statement of other comprehensive income (OCI) : Funded Plan

Particulars	2020-21		2019-20	
	Gratuity Plan	Provident Fund	Gratuity Plan	Provident Fund
	(Funded)	(Funded)	(Funded)	(Funded)
1 Opening amount recognised in OCI outside profit and loss account	-	-	-	-
2 Remeasurements for the year - Obligation (Gain)/loss	(31.909)	(2.630)	(6.861)	25.746
3 Remeasurement for the year - Plan assets (Gain) / Loss	(8.705)	9.916	4.617	12.689
4 Total Remeasurements Cost / (Credit) for the year recognised in OCI	(40.614)	7.286	(2.244)	38.435
5 Less: Accumulated balances transferred to retained earnings	(40.614)	7.286	(2.244)	38.435
Closing balances (remeasurement (gain)/loss recognised OCI	-	-	-	-

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

Particulars	31 March 2021		31 March 2020	
	Gratuity Plan	Provident Fund	Gratuity Plan	Provident Fund
	(Funded)	(Funded)	(Funded)	(Funded)
1 Balance of the present value of Defined benefit Obligation at the beginning period	486.197	52.986	459.728	22.684
2 Acquisition adjustment	-	-	-	-
3 Transfer in/ (out)	-	-	0.645	-
4 Interest expenses	28.049	3.232	33.117	1.701
5 Past Service Cost	-	-	-	-
6 Current Service Cost	35.894	7.021	36.872	2.855
7 Curtailment Cost / (credit)	-	-	-	-
8 Settlement Cost/ (credit)	-	-	-	-
9 Benefits paid	(52.741)	-	(37.304)	-
10 Remeasurements on obligation - (Gain) / Loss	(31.909)	(2.630)	(6.861)	25.746
Present value of obligation as at the end of the period	465.490	60.609	486.197	52.986

NOTES TO ACCOUNTS : (CONTD.)**e) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows: Funded Plan** (Amounts in Million ₹)

Particulars	31 March 2021		31 March 2020	
	Gratuity Plan	Provident Fund	31 March 2017	Provident Fund
	(Funded)	(Funded)	(Funded)	(Funded)
1 Fair value of the plan assets as at beginning of the period	450.137	43.600	433.920	52.362
2 Acquisition adjustment	-	-	-	-
3 Transfer in/(out)	-	-	-	-
4 Interest income	26.950	2.660	32.121	3.927
5 Contributions	36.059	-	26.018	-
6 Benefits paid	(52.741)	-	(37.305)	-
7 Amount paid on settlement	-	-	-	-
8 Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	8.705	(9.916)	(4.617)	(12.689)
Fair value of plan assets as at the end of the period	469.110	36.344	450.137	43.600

f) Net interest (Income) /expenses: Funded Plan

Particulars	31 March 2021		31 March 2020	
	Gratuity Plan	Provident Fund	Gratuity Plan	Provident Fund
	(Funded)	(Funded)	(Funded)	(Funded)
1 Interest (Income) / Expense – Obligation	28.049	3.232	33.117	1.701
2 Interest (Income) / Expense – Plan assets	(26.950)	(2.660)	(32.121)	(3.927)
3 Net Interest (Income) / Expense for the year	1.099	0.572	0.996	(2.226)

g) The broad categories of plan assets as a percentage of total plan assets of Employee's Gratuity Scheme are as under:

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.



NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

h) The amounts pertaining to defined benefit plans are as follows: Funded Plan

Particulars	31 March 2021		31 March 2020	
	Gratuity Plan	Provident Fund	Gratuity Plan	Provident Fund
	(Funded)	(Funded)	(Funded)	(Funded)
Defined Benefit Obligation	465.490	60.609	486.197	52.986
Plan Assets	469.110	36.344	450.137	43.600
Surplus/(Deficit)	3.620	(24.265)	(36.060)	(9.386)

i) The amounts recognised in Balance Sheet are as follows: Non-Funded Plan

Particulars	31 March 2021	31 March 2020
	Pension Scheme	Pension Scheme
	(Non-Funded)	(Non-Funded)
A. Amount to be recognised in Balance Sheet		
Present Value of Defined Benefit Obligation	23.811	25.507
Less: Fair Value of Plan Assets	-	-
Amount to be recognised as liability or (asset)	23.811	25.507
B. Amounts reflected in the Balance Sheet		
Liabilities	23.811	25.507
Assets	-	-
Net Liability/(Assets)	23.811	25.507

j) The amounts recognised in the Profit and Loss Statement are as follows: Non-Funded Plan

Particulars	31 March 2021	31 March 2020
	Pension Scheme	Pension Scheme
	(Non-Funded)	(Non-Funded)
1 Current Service Cost	-	-
2 Acquisition (gain)/ loss	-	-
3 Past Service Cost	-	-
3 Net Interest (income)/expenses	1.622	1.921
5 Actuarial Losses/(Gains)	-	-
6 Curtailment (Gain)/ loss	-	-
7 Settlement (Gain)/loss	-	-
8 Others		
Net periodic benefit cost recognised in the statement of profit & loss- (Employee benefit expenses - Note 19)	1.622	1.921

NOTES TO ACCOUNTS : (CONTD.)**k) The amounts recognised in the statement of other comprehensive income (OCI) : Non Funded Plan**

(Amounts in Million ₹)

Particulars	31 March 2021	31 March 2020
	Pension Scheme	Pension Scheme
	(Non-Funded)	(Non-Funded)
1 Opening amount recognised in OCI outside profit and loss account	-	-
2 Remeasurements for the year - Obligation (Gain)/loss	(0.022)	0.700
3 Remeasurement for the year - Plan assets (Gain) / Loss	-	-
4 Total Remeasurements Cost / (Credit) for the year recognised in OCI	(0.022)	0.700
5 Less: Accumulated balances transferred to retained earnings	(0.022)	0.700
Closing balances (remeasurement (gain)/loss recognised OCI	-	-

l) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows: Non Funded Plan

Particulars	31 March 2021	31 March 2020
	Pension Scheme	Pension Scheme
	(Non-Funded)	(Non-Funded)
1 Balance of the present value of Defined benefit Obligation as at beginning of the period	25.507	26.371
2 Acquisition adjustment	-	-
3 Transfer in/ (out)	-	-
4 Interest expenses	1.622	1.921
5 Past Service Cost	-	-
6 Current Service Cost	-	-
7 Curtailment Cost / (credit)	-	-
8 Settlement Cost/ (credit)	-	-
9 Benefits paid	(3.296)	(3.485)
10 Remeasurements on obligation - (Gain) / Loss	(0.022)	0.700
Present value of obligation as at the end of the period	23.811	25.507



NOTES TO ACCOUNTS : (CONTD.)

m) Net interest (Income) /expenses Non Funded Plan

(Amounts in Million ₹)

Particulars	Pension (Non Funded)	
	2020-21	2019-20
1 Interest (Income) / Expense – Obligation	1.622	1.921
2 Interest (Income) / Expense – Plan assets	-	-
3 Net Interest (Income) / Expense for the year	1.622	1.921

n) The amounts pertaining to defined benefit plans are as follows:Non Funded Plan

Particulars	Pension (Non Funded)	
	2020-21	2019-20
Defined Benefit Obligation	23.811	25.507
Plan Assets	-	-
Surplus/(Deficit)	(23.811)	(25.507)

Basis used to determine the overall expected return:

The net interest approach effectively assumes an expected rate of return on plan assets equal to the beginning of the year Discount Rate. Expected return of 6.1% (PY 7.5%) has been used for the valuation purpose.

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

- 1 Discount rate as at 31-03-2021 - 6.30% (PY- 6.10%)
- 2 Expected return on plan assets as at 31-03-2021- 6.1%(PY- 7.5%)
- 3 Salary growth rate : For Gratuity Scheme - 7% (PY - 7%)
- 4 Attrition rate: For gratuity scheme the attrition rate is taken at 7% (PY - 7%)
- 5 The estimates of future salary increase considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

p) General descriptions of defined plans:

1 Gratuity Plan:

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

2 Company's Pension Plan:

The company operates a Pension Scheme for specified ex-employees wherein the beneficiaries are entitled to defined monthly pension.

q) The Company expects to fund Rs NIL (PY Rs 36.060 MN) towards its gratuity plan in the year 2021-22

NOTES TO ACCOUNTS : (CONTD.)**r) Sensitivity analysis**

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

(Amounts in Million ₹)

Change in Assumption	Effect on Gratuity Obligation	
	31 March 2021	31 March 2020
1 Discount rate		
Increase by 1% to 7.3% (PY -7.1%)	438.508	458.238
Decrease by 1% to 5.3% (PY- 5.1%)	495.765	517.645
2 Salary increase rate		
Increase by 1% to 8% (PY- 8%)	491.123	512.866
Decrease by 1% to 6% (PY- 6%)	442.114	461.929
3 Withdrawal rate		
Increase by 1% to 8.0% (PY - 8%)	464.477	484.829
Decrease by 1% to 6.0% (PY - 6%)	466.604	487.702

Change in Assumption	Effect on Provident Fund Obligation	
	31 March 2021	31 March 2020
1 Discount rate		
Increase by 0.5% to 6.8% (PY- 6.6%)	39.114	32.770
Decrease by 0.5% to 5.8% (PY- 5.6%)	83.262	74.335
2 Interest rate		
Increase by 0.50% to 9% (PY- 8.75%)	81.454	72.447
Decrease by 050% to 8% (PY -7.75%)	39.765	33.524

Change in assumption	Effect on Pension obligation	Effect on Pension obligation
	31 March 2021	31 March 2020
1 Discount rate		
Increase by 1% to 7.9% (PY -7.8%)	22.578	24.158
Decrease by 1% to 5.9% (PY- 5.8%)	25.180	27.008



NOTES TO ACCOUNTS : (CONTD.)

Note 35 :Related Party Disclosures

(A) Names of the related party and nature of relationship where control exists

Sr. No.	Name of the Related Party	Nature of Relationship
1	Karad Projects and Motors Limited	Subsidiary Company
2	The Kolhapur Steel Limited	Subsidiary Company
3	Kirloskar Corrocoat Private Limited	Subsidiary Company
4	Kirloskar Brothers International BV	Subsidiary Company
5	SPP Pumps Limited	Subsidiary of Kirloskar Brothers International B.V.
6	Kirloskar Brothers(Thailand) Limited	Subsidiary of Kirloskar Brothers International B.V.
7	SPP Pumps (MENA) LLC	Subsidiary of Kirloskar Brothers International B.V.
8	Kirloskar Pompen BV	Subsidiary of Kirloskar Brothers International B.V.
9	Micawber 784 Proprietary Limited	Subsidiary of Kirloskar Brothers International B.V.
10	SPP Pumps International Proprietary Limited	Subsidiary of Kirloskar Brothers International B.V.
11	Rotaserve Limited	Subsidiary of Kirloskar Brothers International B.V.
12	SPP France S.A.S	Subsidiary of SPP Pumps Limited
13	SPP Pumps Inc	Subsidiary of SPP Pumps Limited
14	SPP Pumps South Africa Proprietary Limited	Subsidiary of SPP Pumps International Proprietary Limited
15	Braybar Pumps Proprietary Limited	Subsidiary of SPP Pumps International Proprietary Limited
16	Rodelta Pumps International BV	Subsidiary of Kirloskar Brothers International B.V.
17	Rotaserve BV	Subsidiary of Kirloskar Pompen BV
18	SPP Pumps Real Estate LLC	Subsidiary of SPP Pumps Inc
19	SyncroFlo Inc.	Subsidiary of SPP Pumps Inc
20	SPP Pumps (Asia) Ltd	Subsidiary of Kirloskar Brothers (Thailand) Ltd
21	SPP Pumps (Singapore) Ltd	Subsidiary of SPP Pumps (Asia) Ltd
22	Rotaserve Mozambique	Subsidiary of SPP Pumps International Proprietary Limited
23	SPP Neziv Pumps Solutions Pty Ltd (Upto 03rd July 2020)	Joint venture of SPP Pumps International Proprietary Limited
24	KBL synerge LLP	Associate of Kirloskar Brothers Limited
25	Kirloskar Ebara Pumps Limited	Joint venture of Kirloskar Brothers Limited

NOTES TO ACCOUNTS : (CONTD.)**Note 35 :Related Party Disclosures****(B) : Names of related parties with whom transactions have been entered into:**

1)	Subsidiary Companies	Karad Projects and Motors Limited The Kolhapur Steel Limited Kirloskar Corrocoat Private Limited SPP Pumps Limited SPP France SAS SPP Pumps (MENA) LLC SPP Pumps Inc. Kirloskar Pompen B.V. Braybar Pumps Proprietary Limited Kirloskar Brothers (Thailand) Limited Rodelta Pumps International B.V. SPP Pumps International Proprietary Limited SyncroFlo Inc. Rotaserve B.V. Kirloskar Brothers International B.V.
2)	Joint Venture	Kirloskar Ebara Pumps Limited
3)	Key Management Personnel	Mr. Sanjay Kirloskar Mr. Pratap Shirke Mr. Alok Kirloskar Mr. Kishor Chaukar Ms. Rama Kirloskar Dr. Rakesh Mohan Mr. Rajeev Kher Mrs. Shailaja Kher Mr. Pradyumna Vyas Mr. M.S. Unnikrishnan
4)	Relatives of Key Management Personnel	Mrs. Pratima Kirloskar (wife of Mr. Sanjay Kirloskar) Ms. Suman Kirloskar (mother of Mr. Sanjay Kirloskar)
5)	Post Employee Benefit Plans	Kirloskar Brothers Ltd. Employees Prov. Fund For Engg. Factory Kirloskar Brothers Ltd. Staff Members Prov. Fund Kirloskar Brothers Limited, Kirloskarvadi Employee Gratuity Fund Kirloskar Brothers Executive Staff Superannuation Fund



NOTES TO ACCOUNTS : (CONTD.)

Note 35 :Related Party Disclosures

(c) Disclosure of related parties transactions

(Amounts in Million ₹)

Sr. No.	Nature of Transaction / Relationship / Major Parties	2020-21		2019-20	
		Amount	Amount for Major Parties *	Amount	Amount for Major Parties *
1	Purchase of goods & services Subsidiary/Fellow subsidiary Companies Karad Projects and Motors Limited	2,703.957	2,421.239	2,823.009	2,559.126
2	Sale of goods/contract revenue Subsidiary/Fellow subsidiary Companies SPP Pumps Limited Kirloskar Brothers (Thailand) Ltd. SPP Pumps Inc. Rodelta Pumps International BV	844.402	174.813 273.246 181.434 17.665	890.125	197.196 188.140 172.615 122.424
3	Rendering Services Subsidiary/Fellow subsidiary Companies/ Joint venture Kirloskar Corrocoat Private Limited Kirloskar Ebara Pumps Limited SPP Pumps Limited	108.401	7.992 29.238 39.396	108.770	10.800 34.323 31.727
4	Receiving Services Subsidiary/Fellow subsidiary Companies / Joint Venture Kirloskar Brothers (Thailand) Ltd. Rodelta Pumps International BV Kirloskar Ebara Pumps Limited Karad Projects and Motors Limited Kirloskar Pompen B.V.	125.583	15.587 53.546 12.752 22.104 12.910	98.996	11.427 7.211 15.605 33.059 19.314
5	Interest Received The Kolhapur Steel Limited	12.715	12.715	5.081	5.081
6	Interest Paid Karad Projects and Motors Limited	-	-	29.601	-

NOTES TO ACCOUNTS : (CONTD.)**Note 35 :Related Party Disclosures****(c) Disclosure of related parties transactions (Contd.)**

(Amounts in Million ₹)

Sr. No.	Nature of Transaction / Relationship / Major Parties	2020-21		2019-20	
		Amount	Amount for Major Parties *	Amount	Amount for Major Parties *
7	Purchase of fixed assets Subsidiary/Fellow subsidiary Companies/ Joint venture Kirloskar Ebara Pumps Limited	51.500	51.500	-	-
8	Investment Made Subsidiary/Fellow subsidiary Companies Kirloskar Brothers International B.V The Kolhapur Steel Limited	490.093	340.093 150.000	-	- -
9	Dividend Paid Key Management Personnel Mr. Sanjay Kirloskar (**) Relatives of Key Management Personnel Mrs. Pratima Kirloskar	14.672	8.254 6.405	142.676	80.276 62.282
10	Dividend Received Subsidiary/Fellow subsidiary Companies/ Joint Venture Karad Projects & Motors Limited Kirloskar Ebara Pumps Limited	53.334	48.834 4.500	60.084	48.834 11.250

(**) Includes dividend received in capacity of trustee of Rs 0.814 Mn. (PY- Rs 7.929 Mn.)



NOTES TO ACCOUNTS : (CONTD.)

Note 35 :Related Party Disclosures

(c) Disclosure of related parties transactions (Contd.)

(Amounts in Million ₹)

Sr. No.	Nature of Transaction / Relationship / Major Parties	2020-21		2019-20	
		Amount	Amount for Major Parties *	Amount	Amount for Major Parties *
11	Remuneration Paid	96.996		71.653	
	Key Management Personnel				
	Short Term Employee Benefit				
	Mr. Sanjay Kirloskar		50.258		51.055
	Commission on profits				
	Mr. Pratap Shirke		1.300		1.300
	Mr. Alok Kirloskar		1.300		1.300
	Mr. Kishor Chaukar		0.650		1.300
	Dr. Rakesh Mohan		1.300		1.300
	Ms. Rama Kirloskar		1.300		1.300
	Mr. Rajeev Kher		1.300		1.300
	Mrs. Shailaja Kher		1.300		1.140
	Mr. Pradyumna Vyas		1.300		1.300
	Mr. M.S. Unnikrishnan		1.300		-
	Sitting Fees				
	Mr. Pratap Shirke		0.810		0.750
	Mr. Alok Kirloskar		0.375		0.450
	Mr. Kishor Chaukar		0.270		1.050
	Dr. Rakesh Mohan		1.020		0.675
	Ms. Rama Kirloskar		0.570		0.525
	Mr. Rajeev Kher		1.155		0.825
Mrs. Shailaja Kher		0.375		0.225	
Mr. Pradyumna Vyas		0.495		0.225	
Mr. M.S. Unnikrishnan		0.495			
Post Employment Benefit					
Mr. Sanjay Kirloskar			30.123		5.633
12	Reimbursement Received	26.753		22.793	
	Subsidiary/ Fellow Subsidiary Company/ Joint Venture				
	Kirloskar Ebara Pumps Limited		5.444		2.971
	SPP Pumps Limited		13.496		2.991
	Spp Pumps Inc		0.674		3.669
	Rodelta Pumps International BV		0.641		6.065
	Rotaserve B.V.		4.285		2.966

NOTES TO ACCOUNTS : (CONTD.)**Note 35 :Related Party Disclosures****(c) Disclosure of related parties transactions (Contd.)**

(Amounts in Million ₹)

Sr. No.	Nature of Transaction / Relationship / Major Parties	2020-21		2019-20	
		Amount	Amount for Major Parties *	Amount	Amount for Major Parties *
13	Reimbursement Paid	8.562		55.444	
	Subsidiary/ Fellow Subsidiary Company				
	Kirloskar Brothers (Thailand) Ltd. Rodelta Pumps International BV		5.671 0.005		16.342 28.853
14	Business Advance/ Loan Given	105.643		168.950	
	Subsidiary/ Fellow Subsidiary Company				
	Karad Projects and Motors Limited		42.387		-
	The Kolhapur Steel Limited SPP Pumps Limited		37.633 17.534		168.950
15	Advance/Loan Repaid/Utilised/Written off	-		67.611	
	Subsidiary/ Fellow Subsidiary Company				
	The Kolhapur Steel Limited Karad Projects and Motors Limited		- -		46.727 19.109
16	Contribution Paid for Post Employment Benefit Plan	84.289		87.800	
	Provident Fund		39.575		41.801
	Superannuation Trust		8.504		19.981
	Gratuity		36.210		26.017
17	Corporate Guarantees Given	880.595		2,543.606	
	The Kolhapur Steel Limited		85.500		-
	Kirloskar Corrocoat Private Limited		204.850		-
	SPP Pumps Limited		-		2,543.606
	SPP Pumps International Proprietary Limited		105.112		-
	Kirloskar Brothers(Thailand) Limited		485.133		-

* Major parties denote entities who account for 10% or more of the aggregate for that category of transaction. The above transaction have been entered at arms length price.



NOTES TO ACCOUNTS : (CONTD.)

Note 35 :Related Party Disclosures

(D) Amount due to/from related parties

(Amounts in Million ₹)

Sr. No.	Nature of Transaction / Relationship / Major Parties	31 March 2021		31 March 2020	
		Amount	Amount for Major Parties	Amount	Amount for Major Parties
1	Accounts receivable				
	Subsidiary/Fellow subsidiary Companies/ Joint Venture	846.901		1,122.125	
	SPP Pumps Ltd.		56.816		186.924
	Kirloskar Brothers (Thailand) Ltd.		302.966		143.386
	SPP Pumps (MENA) L.L.C.		1.424		8.454
	Braybar Pumps Proprietary Limited		0.052		2.101
	SPP Pumps South Africa Proprietary Limited		0.827		2.373
	Spp Pumps Inc.		24.977		46.389
	Kirloskar Ebara Pumps Limited		11.296		34.041
	SyncroFlo Inc.		0.018		-
	Rodelta Pumps International BV		92.320		128.489
	The Kolhapur Steel Ltd		120.634		249.306
	SPP Pumps International Proprietary Limited		35.789		78.797
	Kirloskar Brothers Pompen BV		197.311		216.671
	Rotaserve B.V.		0.655		16.271
Karad Projects And Motors Limited		1.816		8.823	
SPP France S A S		-		0.100	
2	Amount Due				
	Subsidiary/Fellow subsidiary Companies/ Joint Venture	941.351		994.906	
	Karad Projects And Motors Limited		820.119		836.587
	Kirloskar Corrocoat Pvt Ltd.		5.081		4.462
	Rodelta Pumps International BV		11.248		9.206
	SPP Pumps Ltd.		21.227		10.522
	Kirloskar Brothers (Thailand) Ltd.		8.028		17.466
	Spp Pumps Inc.		14.705		2.946
	Kirloskar Brothers Pompen BV		53.898		72.654
	Rotaserve B.V.		0.287		7.212
	SPP Pumps International Proprietary Limited		6.758		-
Kirloskar Ebara Pumps Limited		-		33.851	
3	Key Management Personnel (#)	45.050		42.343	
	Mr. Sanjay Kirloskar		34.000		32.000
	Mr. Pratap Shirke		1.300		1.300
	Mr. Alok Kirloskar		1.300		1.300
	Mr. Kishor Chaukar		0.650		1.300
	Dr. Rakesh Mohan		1.300		1.403
	Ms. Rama Kirloskar		1.300		1.300
	Mr. Rajeev Kher		1.300		1.300
	Mrs. Shailaja Kher		1.300		1.140
	Mr. Pradyumna Vyas		1.300		1.300
	Mr. M.S. Unnikrishnan		1.300		-

(#) Commission to Chairman- Managing Director and Non-Executive Directors is approved in board meeting held on 25th May 2021. Payment will be made in the year 2021-22

NOTES TO ACCOUNTS : (CONTD.)**Note 35: Related Party Disclosures**

(E) Corporate Guarantees: Below mentioned guarantees have been provided by the company to banks on behalf of subsidiary companies for availing financial facilities.

(Amounts in Million ₹)

Sr. No.	Particulars	31 March 2021	31 March 2020
i)	By the company to ICICI Bank Ltd. on behalf of Kirloskar Pompen B.V. (EURO 7,350,000)	632.828	610.638
ii)	By the company to Citi Bank on behalf of SPP Pumps Ltd.(USD 2,000,000)	147.009	150.720
iii)	By the company to Citi Bank on behalf of Kirloskar Brothers (Thailand) Ltd. (USD 5,750,000)	422.652	433.320
iv)	By the company to Citi Bank on behalf of Kirloskar Pompen B.V. (USD 1,750,000)	128.633	131.880
v)	By the company to Citi Bank on behalf of Kirloskar Brothers International Pty. Ltd. (USD 2,500,000)	183.762	188.400
vi)	By the company to ICICI Bank Ltd. on behalf of The Kolhapur Steel Limited.	185.500	100.000
vii)	By the company to ICICI Bank Ltd. on behalf of SPP Pumps Ltd. (GBP 23,100,000)	2,331.970	2,168.166
viii)	By the company to HDFC Bank Ltd. on behalf of SPP Pumps Ltd. (GBP 40,00,000)	-	375.440
ix)	By the company to ICICI Bank Ltd. on behalf of The Kirloskar Corrocoat Private Limited.	190.000	-
x)	By the company to Sinhan Bank Ltd. on behalf of The Kirloskar Corrocoat Private Limited.	14.850	-
xi)	By the company to Axis Bank on behalf of SPP Pumps International Proprietary Limited (USD 14,30,000)	105.112	-
xii)	By the company to Axis Bank on behalf of Kirloskar Brothers (Thailand) Ltd. (USD 66,00,000)	485.133	-



NOTES TO ACCOUNTS : (CONTD.)

Note 36 : Disclosure pursuant to Schedule V read with regulations 34(3) and 53(f) of the SEBI(Listing Obligations And Disclosure Requirements) Regulations,2015 :

A Loans and advances in the nature of loans for working capital requirements :

(Amounts in Million ₹)

Name of the Company	Balance as at		Maximum outstanding	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
To Subsidiary Companies				
The Kolhapur Steel Limited	160.414	160.414	160.414	160.414
To Associate				
KBL Synerge LLP	-	-	-	1.775

B Loans and advances in the nature of loans to firms/companies in which directors are interested: NIL

C Investment by the loanee (borrower) in the shares of the Company or subsidiary of the Company : NIL

Note:- Loans to employees under various schemes of the company (such as housing loan, furniture loan, education loan etc.) have been considered to be outside the purview of this disclosure requirements.

Note 37 : Joint Venture and Jointly controlled operations

a) List of Joint Venture

Sr No	Name of the Joint Venture	Description	Ownership Interest	Country of Incorporation
1	Kirloskar Ebara Pumps Limited	Jointly controlled entity	45%	India

b) Financial Interest in Jointly controlled entities

Sr. No	Name of the Joint Venture	Summarized financial information		
			31 March 2021	31 March 2020
1	Kirloskar Ebara Pumps Limited	Assets	2,119.749	2,104.067
		Liabilities	607.666	786.256
			2020-21	2019-20
		Income	1,909.661	1,668.945
		Expenses(including tax expenses)	1,707.005	1,588.592
		Profit after tax	202.656	80.353
		Other comprehensive income	1.615	(6.735)
	Total comprehensive income	204.271	73.618	

c) Contingent liabilities , if any , incurred in relation to interest in Joint Ventures: For income tax - Rs. 13.282 Million (Rs. 13.282 Million)

d) Capital commitments , if any , in relation to interest in Joint Ventures : Rs 15.837 Million (Rs.3.831 Million)

NOTES TO ACCOUNTS : (CONTD.)**Note 37 : Joint Venture and Jointly controlled operations (Contd.)****e) List of Jointly controlled operations :**

Sr. No.	Name of the Jointly controlled operation	Description	Ownership Interest	Country of Incorporation
1	HCC - KBL	Jointly controlled operations	N A	India
2	KBL – MCCL	Jointly controlled operations	N A	India
3	KCCPL – IHP – BRC – TAIPL – KBL JV	Jointly controlled operations	N A	India
4	IVRCL – KBL JV	Jointly controlled operations	N A	India
5	Maytas – KBL JV	Jointly controlled operations	N A	India
6	Larsen & Toubro – KBL JV	Jointly controlled operations	N A	India
7	KBL-MEIL-KCCPL JV	Jointly controlled operations	N A	India
8	KBL – PLR JV	Jointly controlled operations	N A	India
9	KBL – Koya – VA Tech JV	Jointly controlled operations	N A	India
10	KBL – PIL Consortium	Jointly controlled operations	N A	India
11	Larsen & Toubro – KBL – Maytas JV	Jointly controlled operations	N A	India
12	IVRCL – KBL – MEIL JV	Jointly controlled operations	N A	India
13	Pioneer – Avantica – ZVS – KBL JV	Jointly controlled operations	N A	India
14	AMR – Maytas – KBL – WEG JV	Jointly controlled operations	N A	India
15	Indu – Shrinivasa Constructions – KBL – WEG JV	Jointly controlled operations	N A	India
16	MEIL – KBL – IVRCL JV	Jointly controlled operations	N A	India
17	MEIL – Maytas – KBL JV	Jointly controlled operations	N A	India
18	KCCPL – TAIPL – KBL JV	Jointly controlled operations	N A	India
19	KBL-SPML JV	Jointly controlled operations	N A	India
20	MEIL - KBL JV	Jointly controlled operations	N A	India
21	MAYTAS – MEIL – KBL JV	Jointly controlled operations	N A	India
22	Gondwana - KBL JV	Jointly controlled operations	N A	India
23	MEIL -PRASAD-KBL CONSORTIUM	Jointly controlled operations	N A	India
24	JCPL - MEIL - KBL CONSORTIUM	Jointly controlled operations	N A	India
25	KBL -PTIL UJV	Jointly controlled operations	N A	India
26	KBL - RATNA - JOINT VENTURE	Jointly controlled operations	N A	India
27	MEIL-KBL-WEG CONSORTIUM	Jointly controlled operations	N A	India
28	MEIL-KBL- (KDWSP) JV	Jointly controlled operations	N A	India
29	KBL and TCIPL JOINT VENTURE	Jointly controlled operations	N A	India
30	ACPL & KBL JV	Jointly controlled operations	N A	India
31	Kirloskar Brothers Ltd. JV	Jointly controlled operations	N A	India
32	ITD CEMENTATION INDIA LIMITED JV	Jointly controlled operations	N A	India
33	GSJ - KBL JV	Jointly controlled operations	N A	India
34	JBL-KBL-GSJ JV	Jointly controlled operations	N A	India



NOTES TO ACCOUNTS : (CONTD.)

Note 38 : Details of provisions and movements in each class of provisions

(Amounts in Million ₹)

Particulars	Provision for Compensated Absences	Provision for Product Warranty	Provision for Decommissioning and Restoration Cost	Provision for Loss on Long Term Contracts
Carrying amount as at 1 April 2019	281.158	242.099	7.018	40.259
Add: Provision during the year 2019-20 (net of excess/ short provision of earlier year)	38.340	226.911	-	12.391
Add: Unwinding of discounts	-	10.894	0.577	
Less: Amount utilized during the year 2019-20	(22.900)	(260.945)	-	(15.811)
Carrying amount as at 31 March 2020	296.598	218.959	7.595	36.839
Add: Provision during the year 2020-21 (net of excess/ short provision of earlier year)	11.970	112.623	-	0.554
Add: Unwinding of discounts		5.220	0.623	
Less: Amount utilized during the year 2020-21	(36.065)	(169.153)	-	(17.858)
Carrying amount as at 31 March 2021	272.503	167.649	8.218	19.535
Non-current provision	132.347	26.646	8.218	-
Current provision	140.156	141.003	-	19.535

Compensated absences

The cost of the leave encashment and the present value of the leave encashment obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates.

Provision for warranty

Provision for warranty is made for estimated warranty claims in respect of products sold, which are under warranty at the end of the reporting period. These claims are expected to be settled as per schedule of warranty i.e. upto 18 months. Management records the provision based on the historical warranty claims information and any recent trends that may suggest future claims could differ historical amount.

Provision for decommissioning and restoration cost

A provision has been recognised for decommissioning and restoration costs associated with windmills on lease hold land. The company is committed to restore the site at the end of useful life of windmills.

Provision for long term contract

A provision is made for the expected loss of the projects, where the estimated cost is more than the estimated revenue. Changes in estimated cost and estimated revenue are assessed by the management at the end of reporting period based on the price variation received/ given, change in the scope of project and revision of estimates regarding date of completion, expected costs to be incurred, changes in external circumstances such as applicable tax rates etc.

NOTES TO ACCOUNTS : (CONTD.)**Note 39 : Fair Value Measurements**

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

The Company has not performed a fair valuation of its investment in unquoted ordinary shares which are classified as FVOCI (refer Note 5), as the Company believes that impact of change on account of fair value is insignificant.

(Amounts in Million ₹)

Sr. No.	Particulars	Carrying value	
		31 March 2021	31 March 2020
	Non-current borrowings		
	Financial Asset		
	Levelled at Level 1		
a)	Carried at fair value through profit and loss	1,268.231	450.285
	Investment in mutual funds		
	Levelled at Level 2		
b)	Carried at amortized cost		
	Trade receivable	3,957.431	3,939.938
	Security deposits	1,016.606	1,047.906
	Advances to subsidiaries	160.414	160.414
	Other financial assets	71.972	91.348
	Cash and cash equivalent	604.319	1,946.069
	Other bank balances	18.107	21.787
	Levelled at Level 3		
c)	Investments in unquoted equity shares (FVOCI) *	0.000	0.000
	Financial Liabilities		
	Levelled at Level 2		
a)	Carried at amortized cost		
	Non-current borrowings	337.526	592.090
	Current borrowings	800.000	2,250.000
	Trade payable	4,769.839	4,607.698
	Other current financial liabilities	1,496.451	1,332.802
	Lease liability	39.113	169.530
	Financial guarantee contracts	14.203	18.681

* The investment in unquoted equity shares is Rs. 200/- and therefore not seen in the above table.



NOTES TO ACCOUNTS : (CONTD.)

Note 40: Financial risk management policy and objectives

Company's principal financial liabilities, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance company's operations and to provide guarantees to support its operations. Company's principal financial assets include advances to subsidiaries, trade and other receivables, security deposits and cash and cash equivalents, that derive directly from its operations.

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

Risk	Exposure arising from	Measurement	Management
Credit risk	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
Market risk- Interest rate risk	Long term borrowings at variable rate	Sensitivity Analysis	Mixed portfolio of fixed and variable interest rate loans
Market risk -Foreign Currency Risk	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Sensitivity Analysis	Management follows established risk management policies, including use of derivatives like foreign exchange forward contracts, where the economic conditions match the company's policy.

The company's risk management is carried out by management, under policies approved by the board of directors. Company's treasury identifies, evaluates and hedges financial risks in close cooperation with the company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, and investment of excess liquidity. No major change in assumptions and methods used for risk assessments is made during the year.

(A) Credit Risk

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

Credit risk management

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

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

- (i) Actual or expected significant adverse changes in business,
- (ii) Actual or expected significant changes in the operating results of the counterparty,

NOTES TO ACCOUNTS : (CONTD.)**Note 40: Financial risk management policy and objectives (Contd.)**

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

The company provides for expected credit loss in case of trade receivables, claims receivable and security deposits when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the company etc. For the security deposits and claims receivable, provision for expected loss is made considering 12 months expected credit loss. Provision for lifetime credit loss is made if there is significant increase in credit risk for such financial assets.

In respect of trade receivable, company uses the simplified approach for the provision for expected loss. The lifetime expected loss provision is recognised based on the provision matrix as decided by the management, based on the historical experience of recoverability. The company categorizes a receivable for provision for doubtful debts/write off when a debtor fails to make contractual payments greater than 1 year past due in case product business and 4 years past due in case of project business. In addition to this company also provides the expected loss based on the overdue number of days for receivables as per the provision matrix. Where loans or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Provision for expected credit loss

Financial assets for which loss allowance is measured using Expected Credit Losses (ECL) model as per Ind AS 109, (Amounts in Million ₹)

Exposure to risk	31 March 2021	31 March 2020
Trade Receivables	4,760.472	4,634.135
Less : Expected Loss	803.041	694.197
	3,957.431	3,939.938
Security Deposits	1,034.880	1,078.585
Less : Expected Loss	18.274	30.679
	1,016.606	1,047.906
Claims Receivable	55.832	68.894
Less : Expected Loss	12.545	12.157
	43.287	56.737

Trade receivable ageing used in the provision matrix for life time expected credit loss is as -

	31 March 2021	31 March 2020
Trade Receivables		
Neither past due nor impaired	1,801.837	1,003.420
Past due but not impaired		
Less than 180 days	515.709	1,199.277
181 - 365 days	513.551	575.869
More than 365 days	1,126.334	1,161.372
Total	3,957.431	3,939.938



NOTES TO ACCOUNTS : (CONTD.)

Note 40: Financial risk management policy and objectives (Contd.)

Reconciliation of loss provision

(Amounts in Million ₹)

	Trade Receivables	Others
Loss allowance as at 1 April 2019	832.823	33.374
Changes in loss allowance	(138.626)	9.462
Loss allowance as at 31 March 2020	694.197	42.836
Changes in loss allowance	108.844	(12.017)
Loss allowance as at 31 March 2021	803.041	30.819

(B) Liquidity risk

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

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

Exposure to Risk	31 March 2021	31 March 2020
Interest bearing borrowings		
On demand	-	-
Less than 180 days	800.000	2,250.000
181 - 365 days	-	-
More than 365 days	337.526	592.090
Total	1,137.526	2,842.090
Other financial liabilities excluding lease liability		
On demand	117.037	104.353
Less than 180 days	1,259.125	1,107.876
181 - 365 days	132.372	132.085
More than 365 days	2.12	7.17
Total	1,510.654	1,351.484
Lease liability		
On demand	-	-
Less than 180 days	11.921	31.419
181 - 365 days	11.921	31.419
More than 365 days	15.271	106.691
Total	39.113	169.529
Trade & other payables		
Not due	3,090.747	2,237.355
Less than 180 days	490.137	1,130.599
181 - 365 days	15.081	134.386
More than 365 days	1,173.874	1,105.357
Total	4,769.839	4,607.697

NOTES TO ACCOUNTS : (CONTD.)**Note 40: Financial risk management policy and objectives (Contd.)**

The company has access to following undrawn facilities at the end of the reporting year
(Interest rates 6.8% - 10.1%) (Amounts in Million ₹)

	31 March 2021	31 March 2020
Expiring within one year	1,019.810	9,591.300
Expiring beyond one year	-	-

(C) Market risk - Interest rate risk

The company's exposure to the risk of changes in market interest rates relates to borrowings with floating interest rates. To manage the risk, company has created balance portfolio of fixed and variable interest rate borrowings.

Change of 0.5%, in the base rates will have effect of INR 6.951 MN on the company's profitability.

(D) Foreign Currency Risk

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

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

Foreign currency exposure :

Financial Assets	Currency	Amount in Foreign Currency (MN)		Amount in INR (MN)	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
Trade Receivables	EUR	2.278	2.134	196.083	177.318
	GBP	0.249	1.271	25.156	119.254
	USD	8.933	11.733	656.555	884.226
Bank Accounts	EGP	0.478	0.092	2.224	0.441
	EUR	0.099	0.006	8.499	0.484
	GBP	0.244	0.596	24.601	55.926
	USD	2.068	1.301	152.012	98.007
	VND	-	-	-	-
	XOF	1.835	0.170	0.239	0.022
Other Deposits	XOF	0.500	0.500	0.065	0.063
Amount Due from Employees	EGP	0.002	0.002	0.009	0.010
	EUR	0.006	0.007	0.486	0.608
	GBP	-	0.002	-	0.172
	XOF	-	0.010	-	0.001
	USD	0.047	0.114	3.444	8.561



NOTES TO ACCOUNTS : (CONTD.)

Note 40: Financial risk management policy and objectives (Contd.)

Financial Liabilities	Currency	Amount in Foreign Currency (MN)		Amount in INR (MN)	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
Trade Payables	EGP	0.731	0.731	3.397	3.492
	EUR	2.912	1.468	250.682	121.995
	GBP	0.200	0.295	20.216	27.674
	USD	4.773	4.788	350.819	360.839
	JPY	0.375	0.026	0.249	0.018
	VND	15,649.974	15,932.596	49.610	49.391
	XOF	155.666	202.042	20.237	25.599
	AED	-	-	-	-
Amount Due to Employees	EUR	(0.005)	-	(0.440)	-
	XOF	-	0.001	-	-
	USD	(0.002)	0.071	(0.125)	5.384

Currency wise net exposure assets (liabilities)

Particulars	Amount in Foreign Currency (MN)		Amount in INR (MN)	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
EGP	(0.250)	(0.636)	(1.164)	(3.042)
EUR	(0.535)	0.679	(45.615)	56.416
GBP	0.293	1.573	29.541	147.678
USD	6.276	8.288	461.316	624.570
JPY	(0.375)	(0.026)	(0.249)	(0.018)
VND	(15,649.974)	(15,932.596)	(49.610)	(49.391)
XOF	(153.331)	(201.363)	(19.933)	(25.513)

Sensitivity Analysis

Currency	Amount in INR (MN)		Sensitivity % (*) (2020-21)	Sensitivity % (*) (2019-20)
	2020-21	2019-20		
EGP	(1.164)	(3.042)	4.74%	5.25%
EUR	(45.615)	56.416	3.11%	2.98%
GBP	29.541	147.678	1.67%	0.20%
USD	461.316	624.570	2.18%	3.34%
JPY	(0.249)	(0.018)	2.54%	4.51%
VND	(49.610)	(49.391)	1.36%	1.14%
XOF	(19.933)	(25.513)	1.64%	1.41%
AED	-	-	0.00%	4.06%

NOTES TO ACCOUNTS : (CONTD.)**Note 40: Financial risk management policy and objectives (Contd.)**

(Amounts in Million ₹)

Currency	Impact on Profit (Strengthen)		Impact on profit (Weakening)	
	2020-21	2019-20	2020-21	2019-20
EGP	0.055	0.160	(0.055)	(0.160)
EUR	1.419	(1.681)	(1.419)	1.681
GBP	(0.493)	(0.295)	0.493	0.295
USD	(10.057)	(20.861)	10.057	20.861
JPY	0.006	0.001	(0.006)	(0.001)
VND	0.675	0.563	(0.675)	(0.563)
XOF	0.327	0.360	(0.327)	(0.360)
Total	(8.068)	(21.753)	8.068	21.753

(EGP- Egyptian Pound, GBP - Great Britain Pound, EUR- Euro, USD - US Dollar, VND- Vietnamese Dong, JPY - Japanese Yen, XOF- CFA Franc)

* Sensitivity % are derived based on variation in the exchange rates over the period of last 5 years.

Note 41: Capital management**(a) Risk management**

The company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

-Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, change debt. Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' plus net debt.

The company's strategy is to maintain a gearing ratio within 30%. The gearing ratios were as follows:

Particulars	31 March 2021	31 March 2020
Loans and borrowings (Including current maturities of long term debt)	1,390.184	3,094.748
Less: Cash and cash equivalents (Including other bank balances)	622.426	1,967.856
Net debt	767.758	1,126.892
Equity	10,682.231	9,766.724
Equity and net debt	11,449.989	10,893.616
Gearing ratio	6.71%	10.34%

(b) Dividend

Particulars	31 March 2021	31 March 2020
Equity Shares		
(i) Interim dividend for the year	Nil	158.818
(ii) Dividends not recognised at the end of the reporting year	238.227	39.704

Since year end the directors have recommended the payment of a final dividend of INR 3 per fully paid equity share (31 March 2020 - INR 0.5). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.



NOTES TO ACCOUNTS : (CONTD.)

Note 42 : Disclosure in respect of Micro, small and medium enterprises

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at March 31, 2021. The disclosure pursuant to the said Act is as under:

(Amounts in Million ₹)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Total outstanding amount in respect of micro, small and medium enterprises	857.466	673.640
Other disclosures in respect of micro and small enterprises		
Principal amount due and remaining unpaid	0.276	1.406
Interest due on above and unpaid interest	0.050	0.243
Interest paid	-	-
Payment made beyond appointment day	141.439	1,128.246
Interest due and payable for the period of delay	1.134	1.782
Interest accrued and remaining unpaid (excluding interest accrued for earlier years)	1.184	2.025
Amount of further interest remaining due and payable in succeeding years	-	-

The identification of suppliers as micro, small and medium enterprise as defined under the Micro, Small and Medium Enterprises Development Act 2006, was done on the basis of information to the extent provided by the suppliers of company.

Note 43 : Corporate Social Responsibility expenditures

- (a) Amount required to be spent by the Company during the current year is Rs 24.216 Million (PY - Rs 21.624 Million)
- (b) Amount spent by the Company during the current year is Rs. 24.763 Million (PY - Rs 22.278 Million)

The company as per its policy on Corporate Social Responsibility (CSR) and recommendation and approval of the CSR committee has contributed Rs. 13 Million towards education through its implementing agency Vikas Charitable Trust in the current financial year and balance amount on various projects for students and society at large (Including assistance during Covid-19 outbreak, water management (Project Jal Dakshata) , WASH activity for students and donation to charitable organisation such as Annamitra foundation etc.) The company has not spent any amount towards construction or acquisition of asset.

Note 44 : Disclosure of impact of COVID- 19 pandemic on the financials of the Company for the year ending on 31 March 2021

During the year, the Company's operations recovered further from the economic slowdown caused by the COVID-19 pandemic. The Company will continue to evaluate the pandemic related uncertainty and will take appropriate actions.

NOTES TO ACCOUNTS : (CONTD.)**Note 45: Segment Reporting**

Company operates in single reporting segment of 'Fluid Machinery and Systems'. Information in respect of other disclosures as required by 'Ind AS 108-Operating Segments' is given in consolidated financial statements.

Note 46: Disclosure in respect of Ind AS 116, 'Leases'

(Amounts in Million ₹)

Right-to-use asset	For the year ended 31 March 2021	For the year ended 31 March 2020
Opening right-to-use asset	160.293	167.287
Net addition / (deletion) during the year	(78.135)	41.190
Depreciation charged during the year	(45.313)	(48.184)
Closing right-to-use asset	36.845	160.293
Increase / (decrease) in right-to-use asset	(123.448)	160.293
Increase / (decrease) in non-current lease liability	(91.420)	106.692
Increase / (decrease) in current lease liability	(38.997)	62.838
Increase in depreciation	45.313	48.184
Increase in finance cost	9.363	15.712
Decrease in rent expenses	51.427	54.659

1. Short term leases and leases for low value assets are continued to be accounted for as rent expenses.
2. Total cash outflow for lease arrangements during the year is Rs 65.014 Mn
3. Company has not entered into any sublease arrangements.

Note 47: Others

Previous year's figure have been regrouped, wherever required.

For and on behalf of the Board of Directors

SANJAY KIRLOSKAR

Chairman and Managing Director
DIN: 00007885

Rajeev Kher

Director
DIN: 01192524

Chittaranjan Mate

Chief Financial Officer
Pune : 25 May 2021

Raghunath Apte

Company Secretary
Pune : 25 May 2021



Financial Statements (Consolidated)

INDEPENDENT AUDITOR'S REPORT

To the members of KIRLOSKAR BROTHERS LIMITED

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of **Kirloskar Brothers Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which includes Group's share of profit/loss in its associates and its joint-ventures, which comprise the consolidated balance sheet as at 31 March 2021, the consolidated statement of profit and loss (including other comprehensive income), the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and notes to consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on financial statements (separate/consolidated) of subsidiaries including associates and joint-ventures as was audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (hereinafter referred to as "the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including and Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended, of consolidated state of affairs (financial position) of the Group including its associates and joint-ventures as at 31 March 2021, the consolidated profit (financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year then ended.

Basis for opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group including associates and joint-ventures in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence obtained by us along with the consideration of audit report of the other auditors referred to in "Other matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements taken as a whole, in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the key audit matter as described below:

**Accounting treatment for customer contracts where performance obligations are satisfied over time****Description of key audit matter:**

Revenue amounting to Rs. 1,122 million reported in the company's standalone financial statements pertains to customer specific long-term contracts and the same are required to satisfy the recognition and measurement criteria as enunciated in Ind AS 115, 'Revenue from Contracts with Customers'. In case of these contracts the revenue is recognised over time and is based on a percentage completion method (POC) for each of such contracts. The stage of project completion is determined based on a ratio of project costs actually incurred till the period / year end to the planned / estimated total cost to complete the said project. This necessarily involves estimations and certain assumptions to be made by the management in determining the total planned costs and an appropriate allocation of costs actually incurred on each project. This inherently creates certain uncertainties and results in complexities in accounting treatment wherein incorrect assumptions and estimates can lead to revenue being recognised in incorrect accounting periods thereby impacting the results. In addition, in POC method revenue recognition and respective collections do not follow a linear trend irrespective of stage completion determined by the company. Collections do depend on satisfaction of certain other performance obligations as laid down in the respective project agreements. Consequently, those amounts that remain as receivables whose due dates for payments depend on other conditions give rise to certain receivables that are due and others not due for payment, requiring the company to adopt a differential accounting classification and treatment. While assessing the contractual obligations as at any period close, change orders and / or cancellations are required to be considered by the company to adopt an appropriate accounting treatment for revenues already recognised, valuation of work in progress and respective receivables. Considering these factors, in the context of our audit this matter was of significance and hence a key audit matter (Refer note 30 to the consolidated financial statements).

Description of Auditor's response:

With a view to verify the alignment of the company's project accounting system with the actual progress of the project and its status at any period close, we designed our audit procedures related to this area to obtain an understanding of project acceptance and execution process and the related accounting controls including verification of compliance with IND AS 115 – 'Revenue from contracts with customers'. These included inter-alia, reading through the material contracts and formation of a standard checklist to note the terms and conditions and considerations required to be taken note of for appropriate financial accounting till a project is finally executed and closed. We discussed with the management the risks associated with the project execution to understand requirement of any specific recognition of financial accounting considerations and developed requisite key controls requiring audit attention and review. The Company has automated through its accounting software the method of calculating the percentage of completion method which we have verified on test basis. We reviewed planned costs, their latest estimates, rationale for revision in estimates based on information shared by the management in our discussions, approvals to such revisions in the estimates and compared them with latest costs to complete, related mathematical accuracy and, on a sample, basis validated resulting recognition of revenue. We discussed with management the status of amount receivable and have verified the evidence supporting the recoverability in sample cases. We verified the calculations of expected credit loss provisions and corroborated with specific management discussions on major projects.

Information other than the consolidated financial statements and auditor's report thereon

The Holding Company's Management and Board of Directors are responsible for the preparation of other information. The other information comprises the Board's report and management discussion and analysis included in the Holding Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/audit reports of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's responsibility for the consolidated financial statements

The Holding Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to preparation and presentation of these consolidated financial statements in term of the requirements of the Act, that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates and joint-ventures in accordance with the accounting principles generally accepted in India, including the Ind AS. The respective management and Board of Directors of the companies included in the consolidated financial statements are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of each Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements/consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group including its Associates and joint-ventures are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless respective Management and Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group including its associates and joint-ventures are responsible for overseeing the financial reporting process of each Company.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statement and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group including its associates and joint-ventures to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group including its associates and joint-ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

- A. The consolidated financial statements include the Ind AS financial statements of three domestic subsidiaries, whose Ind AS financial statements reflect total assets of Rs. 3,113 million as at 31 March 2021; as well as the total revenue of Rs. 3,494 million, total comprehensive income of Rs. 228 million and net cash inflow of Rs. 198 million for the year then ended. The Statement also includes the Group's share of profit of Rs. 68.37 million for the year then ended 31 March 2021, in respect of a joint venture, whose financial statements have not been audited by us. These Ind AS financial statements have been audited by their respective independent auditors whose audit reports have been furnished to us by the management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.
- B. One domestic associate is a non-operative entity and its financial information as at 31 March 2021 is unaudited. This financial information is provided by the management in whose opinion it is not material to the group.
- C. The Statement includes the consolidated Ind AS financial statements of one foreign subsidiary, whose consolidated Ind AS financial statements reflect total assets of Rs. 6,274 million as at 31 March 2021; as well as the total revenue of Rs. 9,368 million, total comprehensive income of Rs. 380 million and net cash outflow of Rs. 336 million for the year then ended. These consolidated Ind AS financial statements have been reviewed by other auditor whose special purpose report has been furnished to us, and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this entity, is based solely on the report of such auditor and the procedures performed by us as stated in paragraph above.

Consolidated Ind AS financial statements as mentioned in above paragraph contains eighteen step-down foreign subsidiaries and one joint venture. These components follow different reporting date being 31 December. Their financial statements have been audited by their respective auditors for the year ended 31 December 2020. Respective management of these components have prepared financial information for the period from 1 January 2021 to 31 March 2021 only for the purpose of consolidation with the Ultimate Holding Company.

- Financial information of fifteen foreign subsidiaries has been prepared by the respective management for the period from 1 January 2021 to 31 March 2021 only for the purpose of consolidation with the Ultimate Holding Company. It reflects total assets of Rs. 2,987 million as at 31 March 2021; as well as the total revenue of Rs. 1,302 million, total comprehensive income of Rs. 60 million and net cash inflow of Rs. 51 million for the said period.
- Financial information of one foreign subsidiary for the period from 1 January 2021 to 31 March 2021 has been reviewed by their respective auditor and issued a limited review report on which we have placed our reliance. It reflects total assets of Rs. 3,287 million as at 31 March 2021; as well as the total revenue of Rs. 880 million, total comprehensive income of Rs. 4 million and net cash outflow of Rs. 1 million for the said period.
- According to the information and explanations given to us by the Holding Company's management, two foreign subsidiaries and one joint venture are non-operative and their financial information of total assets as at 31 December 2020 and 31 March 2021, total revenue, total comprehensive income and net cash inflow for the year/period then ended are not material to the group.



- D. These step-down subsidiaries and JV are located outside India and their separate/consolidated financial statements have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by local auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of these step-down subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. These conversion adjustments made by the Holding Company's management have been reviewed by other auditor.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in the other matter paragraph, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Our opinion on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the management.

Report on other legal and regulatory requirements

As required by section 143 (3) of the Act, based on our audit and on the consideration of report of other auditors on financial statements (separate/consolidated) of such companies as was audited by them and as mentioned in the 'Other Matters' paragraph, we report, to the extent applicable, that:

- A. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- B. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of other auditors.
- C. The consolidated balance sheet, the consolidated statement of profit and loss, the consolidated cash flow statement and consolidated statement of changes in equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- D. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
- E. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of subsidiary companies including associates and joint-ventures which are companies incorporated in India, none of the directors of the subsidiary companies, associates and joint-ventures which are companies incorporated in India, is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;
- F. With respect to the adequacy of internal financial controls over financial reporting of the Group including its associates and joint ventures which are companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in "**Annexure A**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting.
- G. With respect to the other matters to be included in the auditor's report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Group including associates and joint-ventures, which are companies incorporated in India, where applicable, to its directors during the year is in accordance with the provisions of section 197 of the Act.

- H. With respect to the other matters to be included in the auditor's report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the consolidated financial statements disclose the impact of pending litigations as at 31 March 2021 on the consolidated financial position of the Group including its associates and joint-ventures (refer note 28 to the consolidated financial statements);
 - ii. the Group including associates and joint-ventures have made provision in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long term contracts including derivative contracts (refer note 38 to the consolidated financial statements);
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group including its associates and joint-ventures, which are companies incorporated in India.

For Sharp & Tannan Associates
Chartered Accountants
Firm's registration no. 109983W
by the hand of

Tirtharaj Khot
Partner
Membership no.(F) 037457
UDIN: 21037457AAAAAT5950

Pune, 25 May 2021

**Annexure A to the Independent Auditor's Report**

(Referred to in paragraph (F) under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date)

Report on the Internal Financial Controls**Under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")****Opinion**

We have audited the Internal Financial Controls over Financial Reporting of **Kirloskar Brothers Limited** (hereinafter referred as "the Holding Company"), its subsidiary companies (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and joint-ventures, which are companies incorporated in India, as of 31 March 2021 in conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended on that date.

In our opinion and to the best of our information and according to the explanations given to us and based on consideration of reports of other auditors referred to in other matters paragraph below, the Group including its associates and joint-ventures, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2021, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI').

Management's responsibility for internal financial controls

The respective Company's Management and Board of Directors of the of the Holding company and its subsidiary companies, associates and joint-ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' responsibility

Our responsibility is to express an opinion on the Group's including its associates and joint ventures, which are companies incorporated in India, internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the

auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary companies, associates and joint-ventures, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group's including its associates and joint-ventures which are companies incorporated in India, internal financial controls system over financial reporting.

Other matter

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to three subsidiaries and a joint-venture, which are companies incorporated in India, is solely based on corresponding reports of the auditors of such Companies.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For Sharp & Tannan Associates

Chartered Accountants

Firm's registration no. 109983W

by the hand of

Tirtharaj Khot

Partner

Membership no.(F) 037457

UDIN: 21037457AAAAAT5950

Pune, 25 May 2021



CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2021

(Amounts in Million ₹)

Particulars	Notes	31 March 2021	31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	4,284.421	4,294.090
Capital work-in-progress		728.833	507.899
Investment property	4	25.088	25.194
Goodwill	3	141.200	141.941
Other intangible assets	3	53.932	68.439
Right to use assets	46	301.712	484.058
Financial assets			
Investments accounted using equity method	5	680.442	593.453
Investments	5	0.005	0.005
Trade receivables	6	595.852	644.640
Loans	7	81.182	97.929
Other financial assets	8	84.484	56.026
Deferred tax assets (net)	19	472.248	320.195
Other non-current assets	9	1,036.495	964.227
Total non-current assets		8,485.894	8,198.096
Current assets			
Inventories	10	6,028.435	6,156.829
Financial assets			
Current investment	5	1,268.231	450.285
Trade receivables	6	4,636.866	4,896.584
Cash and cash equivalents	11 A	1,735.306	3,169.576
Other bank balances	11 B	18.615	38.586
Loans	7	971.218	983.108
Other financial assets	8	30.891	44.725
Current tax assets (net)	19	65.753	62.003
Other current assets	9	3,904.632	4,479.035
Total current assets		18,659.947	20,280.731
TOTAL ASSETS		27,145.841	28,478.827
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	158.818	158.818
Other equity	13	10,888.096	9,271.753
Equity attributable to owners of parents		11,046.914	9,430.571
Non-controlling interest		25.491	28.821
Total equity		11,072.405	9,459.392
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	14	840.218	1,170.211
Trade payables	15	89.440	102.992
Other financial liabilities	16	97.407	215.447
Provisions	17	245.374	257.213
Other non-current liabilities	18	215.184	244.367
Total non-current liabilities		1,487.623	1,990.230
Current liabilities			
Financial liabilities			
Borrowings	14	1,882.215	4,329.342
Trade payables			
- Micro, small and medium enterprises	15	875.852	676.794
- Others	15	4,621.710	4,673.193
Other financial liabilities	16	2,566.043	2,490.012
Other current liabilities	18	4,087.110	4,232.496
Provisions	17	552.883	627.368
Total current liabilities		14,585.813	17,029.205
Total liabilities		16,073.436	19,019.435
TOTAL EQUITY AND LIABILITIES		27,145.841	28,478.827
Corporate information	1		
Significant accounting policies	2		
See accompanying notes to financial statements	3-48		
The accompanying notes 1 to 48 form an integral part of the financial statements.			

As per our report of even date attached

For and on behalf of the Board of Directors

For SHARP & TANNAN ASSOCIATES

Chartered Accountants
(ICAI Firm Regn. No. 109983W)Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885Rajeev Kher
Director
DIN: 01192524

TIRTHARAJ KHOT

Partner
Membership No: (F) - 037457

Pune : 25 May 2021

Chittaranjan Mate
Chief Financial Officer

Pune : 25 May 2021

Raghunath Apte
Company Secretary

Pune : 25 May 2021

KIRLOSKAR BROTHERS LIMITED

A Kirloskar Group Company



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021

(Amounts in Million ₹)

Particulars	Notes	Year ended 31 March 2021	Year ended 31 March 2020
Revenue from operations	20	27,165.402	31,354.304
Other income	21	537.329	375.444
Total Income		27,702.731	31,729.748
Expenses			
Cost of raw materials consumed	22 A	12,321.289	14,600.386
Purchases of stock-in-trade		2,131.849	1,835.145
Changes in inventories of finished goods, stock-in-trade and work-in progress	22 B	42.100	(16.243)
Employee benefits expense	23	4,887.691	5,311.066
Finance costs	24	441.509	520.535
Depreciation and amortization expense	25	679.925	711.882
Other expenses	26	5,377.595	7,553.689
Total expenses		25,881.958	30,516.460
Profit before tax		1,820.773	1,213.288
Tax expenses	19		
(1) Current tax		459.843	410.279
(2) Deferred tax		(2.301)	132.219
(3) MAT entitlement for earlier years		(174.245)	-
(4) (Excess)/ Short provision of earlier years		(1.605)	(11.983)
Total Tax expenses		281.692	530.515
Profit after tax but before share in profit of joint venture company for the year		1,539.081	682.773
Share in profit of joint venture company		68.373	36.098
Profit for the year		1,607.454	718.871
Attributable to			
Non-controlling interest		(3.457)	(0.120)
Equity holder's of parent		1,610.911	718.991
Other Comprehensive Income	27		
Items that will not be reclassified to profit or loss			
Remeasurement gains and losses		34.693	2.131
Income tax relating to remeasurement gains and losses		(10.816)	(1.171)
Share in other comprehensive income of joint venture company		0.727	(2.977)
Items that will be reclassified to profit or loss			
Gains/ losses on currency translation for foreign subsidiaries		20.660	55.781
Other Comprehensive Income		45.264	53.764
Total Comprehensive Income for the year (Comprising of net profit after tax and other comprehensive income for the year)		1,652.718	772.635
Attributable to			
Non-controlling interest		(3.330)	(0.098)
Equity holder's of parent		1,656.048	772.733
Earnings per equity share	32		
(1) Basic		20.29	9.05
(2) Diluted		20.29	9.05
Corporate information	1		
Significant accounting policies	2		
See accompanying notes to financial statements	3-48		
The accompanying notes 1 to 48 form an integral part of the financial statements.			

As per our report of even date attached

For and on behalf of the Board of Directors

For SHARP & TANNAN ASSOCIATES

Chartered Accountants
(ICAI Firm Regn. No. 109983W)

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Rajeev Kher
Director
DIN: 01192524

TIRTHARAJ KHOT

Partner
Membership No: (F) - 037457
Pune : 25 May 2021

Chittaranjan Mate
Chief Financial Officer

Pune : 25 May 2021

Raghunath Apte
Company Secretary

Pune : 25 May 2021

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

(Amounts in Million ₹)

	Particulars	Year ended 31 March 2021	Year ended 31 March 2020
A	Cash flows from Operating Activities		
	Net Profit before taxation and extraordinary items	1,820.773	1,213.288
	Adjustments for :-		
1	Depreciation / Amortization	679.925	711.882
2	(Profit)/ Loss on sale of Fixed Assets	9.449	(1.329)
3	Bad debts written off	124.398	184.992
4	Advances, deposits and claims written off	7.484	-
5	Provision for loss on long term contracts	(27.550)	47.215
6	Provision for doubtful debts, advances and claims	164.036	74.271
7	Interest Income	(62.762)	(95.924)
8	Interest Expenses	314.635	344.466
9	Excess provision written back	-	(1.066)
10	Unrealized exchange (gain)/ Loss	39.133	18.057
11	Profit on sale of mutual funds	(27.006)	(4.846)
	Operating Profit Before Working capital changes	3,042.515	2,491.006
	Adjustments for :-		
1	(Increase)/ decrease in inventories	128.393	9.839
2	(Increase)/ decrease in trade receivables	20.072	602.926
3	(Increase)/ decrease in financial assets	28.818	72.808
4	(Increase)/ decrease in non-financial assets	398.108	821.878
5	Increase/ (decrease) in trade payable	134.023	(1,455.349)
6	Increase/ (decrease) in financial liabilities	(19.525)	942.479
7	Increase/ (decrease) in non-financial liabilities	(173.769)	(26.731)
8	Increase/ (decrease) in provisions	(34.896)	(47.027)
	Cash Generated from Operations	3,523.739	3,411.829
9	Income Tax (Paid) / Refunded	(357.961)	(359.542)
	Net Cash from Operating Activities	3,165.778	3,052.287
B	Cash flows from Investing Activities		
1	Purchase of Fixed Assets (Including right to use assets)	(758.898)	(1,446.737)
2	Sale of Fixed Assets	46.234	72.627
3	Investment in subsidiaries, associates and joint venture	-	-
4	Purchase of Mutual funds	(8,354.000)	(2,550.000)
5	Sale of Mutual funds	7,563.060	2,104.560
6	Interest Received	60.445	96.189
7	Dividend received	4.500	11.250
	Net Cash from Investment Activities	(1,438.659)	(1,712.111)
C	Cash Flows from Financing Activities		
1	Proceeds from borrowing	1,671.181	5,114.936
2	Repayment of borrowings	(4,447.099)	(3,131.183)
3	Interest Paid	(334.306)	(301.882)
4	Dividend and tax on dividend paid	(43.719)	(434.242)
5	Loans and advances to joint venture/ associate	-	2.659
	Net Cash used in Financing Activities	(3,153.943)	1,250.288
a	Net Increase in Cash and Cash Equivalents (A+B+C)	(1,426.824)	2,590.464
b	Cash & Cash Equivalents at beginning of year	3,169.576	583.862
c	Unrealized Exchange Gain / (Loss) in cash and cash equivalents	(7.446)	(4.750)
d	Cash & Cash Equivalents at end of year (refer note 9) (a+b+c)	1,735.306	3,169.576

Notes :- The above statements of cash flow has been prepared using the "indirect method" as per Ind AS 7.

There are no reconciliation items in relation to financing activities for which disclosure is required as per Ind AS 7.

Refer note 43 for cash outflow on account of corporate social responsibility.

As per our report of even date attached

For and on behalf of the Board of Directors

For SHARP & TANNAN ASSOCIATES

Chartered Accountants
(ICAI Firm Regn. No. 109983W)

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Rajeev Kher
Director
DIN: 01192524

TIRTHARAJ KHOT

Partner
Membership No: (F) - 037457

Pune : 25 May 2021

Chittaranjan Mate
Chief Financial Officer

Pune : 25 May 2021

Raghunath Apte
Company Secretary

Pune : 25 May 2021



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

A. Equity Share Capital

(Amounts in Million ₹)

Balance as at 1 April 2019	Changes in equity share capital during the year	Balance as at 31 March 2020
158.818	-	158.818

Balance as at 1 April 2020	Changes in equity share capital during the year	Balance as at 31 March 2021
158.818	-	158.818

B. Other Equity

Particulars	Reserves and Surplus						Total Reserves and Surplus	Non-Controlling interest	Total
	Capital Reserve	Capital redemption reserve	Securities Premium	General reserve	Foreign currency translation reserve	Retained Earnings			
Balance as at 1 April 2019	5.237	9.237	414.700	6,334.597	221.437	1,949.046	8,934.254	28.918	8,963.172
Profit for the year						718.991	718.991	(0.120)	718.871
Other comprehensive income					55.782	(4.169)	51.613	0.024	51.637
Dividends and tax thereof						(433.105)	(433.105)		433.105
Balance as at 31 March 2020	5.237	9.237	414.700	6,334.597	277.219	2,230.763	9,271.753	28.822	9,300.575
Profit for the year						1,610.911	1,610.911	(3.457)	1,607.454
Other comprehensive income					20.659	24.477	45.136	0.126	45.263
Dividends and tax thereof						(39.704)	(39.704)		(39.704)
Balance as at 31 March 2021	5.237	9.237	414.700	6,334.597	297.878	3,826.447	10,888.096	25.491	10,913.587

As per our report of even date attached

For **SHARP & TANNAN ASSOCIATES**

Chartered Accountants
(ICAI Firm Regn. No. 109983W)

TIRTHARAJ KHOT
Partner
Membership No: (F) - 037457
Pune : 25 May 2021

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Chittaranjan Mate
Chief Financial Officer

Pune : 25 May 2021

For and on behalf of the Board of Directors

Rajeev Kher
Director
DIN: 01192524

Raghunath Apte
Company Secretary

Pune : 25 May 2021

NOTES TO ACCOUNTS :

Significant accounting policies

Notes to the financial statements for the year ended 31st March 2021

(All amounts are in Indian rupees rounded in millions, unless otherwise stated)

1. Corporate information

Kirloskar Brothers Limited (“KBL”) is a public limited Company domiciled in India and incorporated under the provisions of the Indian Companies Act. KBL, its Subsidiaries and Joint Ventures (“Group”) are engaged in providing fluid management solutions globally. The core products of the company are Engineered Pumps, Industrial Pumps, Agriculture and Domestic Pumps, Valves, and Hydro turbines.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with the provisions of Indian Accounting Standards (Ind-AS) notified under the Companies Act, 2013 (“the Act”) (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS have been prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.

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.

Group maintains its accounts on accrual basis following historical cost convention except for certain financial instruments which are measured at fair values. The financial statements have been prepared on accrual and going concern basis.

The financial statements have been approved for issue by the Board of Directors at its meeting held on 25 May 2021.

2.2 Basis of consolidation and equity accounting

i. Subsidiaries

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

The consolidated financial statements relate to Kirloskar Brothers Limited (KBL) and its majority owned subsidiary companies, consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group transactions and the unrealized profit /losses on intra-group transactions, and are presented to the extent possible, in the manner as the Company’s independent financial statements.



CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

The names of the subsidiary companies, country of incorporation, and proportion of ownership interest considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	Proportion of ownership Interest of KBL
Karad Projects and Motors Limited (KPML)	India	100.0%
The Kolhapur Steel Limited (TKSL)	India	99.78%
Kirloskar Corrocoat Private Limited (KCPL)	India	65%
Kirloskar Brothers International B V	The Netherlands	100%
SPP Pumps Limited	United Kingdom	100%
Kirloskar Brothers(Thailand) Limited	Thailand	100%
SPP Pumps (MENA) L.L.C.	Egypt	100%
Kirloskar Pompen B.V	The Netherlands	100%
Micawber 784 Proprietary Limited	South Africa	100%
SPP Pumps International PTY Limited	South Africa	100%
SPP France S A S	France	100%
SPP Pumps Inc.	USA	100%
SPP Pumps South Africa Proprietary Limited	South Africa	100%
Braybar Pumps Limited	South Africa	100%
Rodelta Pumps International BV	The Netherlands	100%
Rotaserve B.V.	The Netherlands	100%
SPP Pumps Real Estate LLC	U S A	100%
SyncroFlo Inc.	U S A	100%
SPP Pumps (Asia) Ltd	Thailand	100%
SPP Pumps (Singapore) Ltd	Singapore	100%
Rotaserve Limited	United Kingdom	100%
Rotaserve Mozambique	South Africa	100%

Reporting date for Indian subsidiaries and joint venture is 31 March and that to for foreign subsidiaries is 31 December, which is as per the local laws in the respective countries of incorporation. However, in order to have uniform accounting policies management drawn financials of 3 months ended 31 March 2021 are also consolidated. Accordingly, consolidated financials ended 31 March 2021, considers results for foreign subsidiaries for 12 months ended March 2021 only.

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. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries

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.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)**Significant accounting policies (Contd.)****iii) Loss on control**

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date when the control is lost. Any resulting gain or loss is recognised in profit or loss.

iv) Equity accounted investees

A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Company has accounted 'Investment in Associate and joint venture' under the equity method as per Ind AS 28, whereby the investment is initially recorded at cost, identifying any goodwill/capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the Company's share of net assets of the associates/ Joint Venture.

The excess of cost to the Company of its investment in the joint venture/ associates entity is set off against the adjusted carrying amount of the investment. Distributions received from the joint venture/ associates reduce the carrying amount of the investment.

The consolidated statement of profit and loss reflects the Company's share of the results of the operations of the joint venture company.

Unrealized profits and losses resulting from transactions between the joint venture / associates and the Company are eliminated to the extent of Company's interest in the joint venture/associates.

The names of the associates and joint ventures entities, country of incorporation, and proportion of ownership interest considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	Proportion of ownership Interest of KBL
KBL Synerge LLP	India	50%
Kirloskar Ebara Pumps Ltd.	India	45%

v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2.3 Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items, which are measured on an alternative basis in accordance with Ind AS on each reporting date.

Items	Measurement basis
Derivative financial instruments at fair value through profit or loss	Fair value
Defined benefit plan – plan assets	Fair value

**CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)****Significant accounting policies (Contd.)****2.4 Current or non-current classification**

All assets and liabilities have been classified as current or non-current as per the group's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013.

Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities for product business. In case of project business, operating cycle is dependent on life of specific project/ contract/ service, hence current non-current bifurcation relating to project is based on expected completion date of project which generally exceeds 12 months.

2.5 Functional and presentation currency

Functional currency of KBL, KPML, TKSL and KCPL is Indian currency. The functional currency of other foreign subsidiaries is their respective local currency. These financial statements are presented in Indian Rupees (INR).

All financial information is presented in INR rounded off to three decimal places, except share and per share data, unless otherwise stated.

2.6 Use of judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, current 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 these estimates.

This note provides an overview of the areas that involved a higher degree of judgement or complexity and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Critical estimates and judgements

The areas involving critical estimates or judgements are:

- **Estimation of defined benefit obligation** – The cost of the defined benefit gratuity and pension plan, and the present value of the gratuity/pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. (Refer note – 34)
- **Estimation of leave encashment provision** – The cost of the leave encashment and the present value of the leave encashment obligation are determined using actuarial valuations. (Refer note 38)
- **Impairment of goodwill** – The group estimates the value in use of a cash generating unit (CGU) based on the future cash flows after considering the current economic conditions and trends, estimated future operating results and growth rate. The estimated cash flows are developed using internal forecasts. The discount rate used for the CGU's represent the weighted average cost of capital based on historical market returns of comparable companies.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

- **Impairment of receivables** – The impairment provisions for financial receivables disclosed are based on assumptions about risk of default and expected credit loss (Refer note 40)
- **Decommissioning liability** – Initial estimate of dismantling and restoration liability requires significant judgement about cost inflation index and other factors. (Refer note 38)
- **Provision for warranty claims** – Provision is recognised based on the key assumptions about likelihood and magnitude of an outflow of resources. (Refer note 38)
- **Estimation of provision for loss on long term contract** – The provision is recognised when the estimated cost exceeds the estimated revenue for constructions contracts as per Ind AS 115. (Refer note 38)

2.7 Inventories

Inventories are valued at the lower of cost and net realizable value. The cost is calculated on moving weighted average method. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- **Raw materials:** cost includes cost of purchase excluding taxes subsequently recoverable from tax authorities and other costs incurred in bringing the inventories to their present location and condition. However, these items are considered to be realizable at cost if the finished products in which they will be used, are expected to be sold at or above cost.
- **Finished goods and work in progress:** cost includes cost of direct materials, labor and a systematic allocation of fixed and variable production overhead that are incurred in converting raw material into work in progress/ finished goods based on the normal operating capacity and actual capacity respectively.
- **Traded goods:** Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Based on ageing of inventory and it's future potential to generate economic benefit, group provides for slow and non-moving inventory using provision matrix. This provision is reversed once such inventory is consumed or expected to be consumed.

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 (each reporting period) and at change of events.

2.8 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks, cash on hand and highly liquid short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

The deposits maintained by the Group with banks and financial institutions comprise time deposits, which can be withdrawn by the Group at any point without prior notice or penalty on the principal.

While other bank balances include, margin money, deposits, earmarked balances with bank, and other bank balances with bank which have restrictions on repatriation.

**CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)****Significant accounting policies (Contd.)****2.9 Statement of Cash Flows**

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method, adjusting the profit before tax for the effects of:

- (1) changes during the period in inventories and operating receivables and payables transactions of a non-cash nature;
- (2) non-cash items such as depreciation, provisions, unrealized foreign currency gains and losses; and
- (3) all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as at the date of Balance Sheet.

2.10 Property, plant and equipment (PPE)**Measurement**

Freehold land is carried at historical cost. All other items of PPE are measured at cost of acquisition or construction less accumulated depreciation and accumulated impairment loss, if any.

The cost of an item of PPE comprises its purchase price, including import duties net of credits and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any discounts and rebates are deducted in arriving at the purchase price.

Own manufactured PPE is capitalized at cost including an appropriate share of overheads. Administrative and other general overhead expenses that are specifically attributable to construction or acquisition of PPE or bringing the PPE to working condition are allocated and capitalized as a part of the cost of the PPE.

Borrowing costs directly attributable to the construction or acquisition of a qualifying asset up to completion or acquisition are capitalized as part of the cost. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision is 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.

PPE 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 PPE 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 PPE are recognised in the statement of profit and loss as incurred.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

Disposal

An item of PPE 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 PPE are determined by comparing the proceeds from disposal with the carrying amount of PPE, and are recognised within other income/ expenses in the statement of profit and loss.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

The residual values, useful lives and method of depreciation of PPE reviewed at each financial year end and adjusted prospectively, if appropriate. Depreciation on additions to/deductions from, owned assets is calculated pro rata to the period of use. Further, extra shift depreciation is provided wherever applicable. Depreciation charge for impaired assets if any is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

Depreciation is recognised in the statement of profit and loss generally on a straight-line basis over the estimated useful lives of each part of an item of PPE and in some cases based on the technical evaluation made by the management.

2.11 Investment property

Investment property is a property, being land or building or part of it, (including those under construction) that is held to earn rental income or for capital appreciation or both but not held for sale in ordinary course of business, use in manufacturing or rendering services or for administrative purposes.

Upon initial recognition, investment property is measured and reported at cost, including transaction costs. The cost of investment property includes its purchase price and directly attributable expenditure, if any. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The estimated useful life and residual values are reviewed at each financial year end and the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

Investment property in the form of land is not depreciated. Investment properties in the form of building are stated at cost less accumulated depreciation on straight line basis, calculated as per provisions of Schedule II to Companies Act, 2013.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

**CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)****Significant accounting policies (Contd.)****2.12 Goodwill and intangible assets****Recognition and measurement**

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less impairment losses. Goodwill is allocated to the CGUs for the purpose of impairment testing. The allocation is made to those CGUs or group of CGUs that are expected to benefit from the business combination in which goodwill arose.

Other intangible assets are recognised when the asset is identifiable, is within the control of the Group, it is probable that the future economic benefits that are attributable to the asset will flow to the Group and cost of the asset can be reliably measured.

Intangible assets acquired by the Group that have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level.

Subsequent measurement

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortization

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortization is recognised in statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The method of amortization and useful life is reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

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

Research and development costs –

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization expense is recognised in the statement of profit and loss.

During the period of development, the asset is tested for impairment annually.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)**Significant accounting policies (Contd.)****2.13 Interest in joint operations**

The company as joint operator recognizes in relation to its interest in a joint operation, its share in the assets/ liabilities held / incurred jointly with the other parties of the joint arrangements. Revenue is recognised for its share of revenue from the sale of output by the joint operator. Expenses are recognised for its share of expenses incurred jointly with the other parties of the joint arrangements.

2.14 Borrowing costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences in relation to the foreign currency borrowings to the extent those are regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized in the cost of that asset. Qualifying assets are those assets which necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are expensed in the period in which they are incurred.

2.15 Revenue recognition

Group recognizes revenue from contracts with customers when it satisfies a performance obligation.

Revenue is measured at transaction price i.e. Consideration to which 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, if any.

For contracts with multiple performance obligations, transaction price is allocated to different performance obligations based on their standalone selling price. In such case, revenue recognition criteria are applied 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 is transferred to the buyer. For contracts that permit the customer to return an item, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Amounts included in revenue are net of returns, trade allowances, rebates, goods and service tax, value added taxes.

Customer loyalty programs

Group allocates a portion of the consideration received to loyalty points. This allocation is based on the relative stand-alone selling prices. The amount allocated to the loyalty programs is deferred, and is recognized as revenue when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points becomes remote. The deferred revenue is included in contract liabilities.

**CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)****Significant accounting policies (Contd.)****Rendering of services**

Revenue is recognized over the time as and when customer receives the benefit of company's performance and the company has an enforceable right to payment for services transferred.

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 (50% of project cost in case of civil projects outside India and 25% of project cost in case of other projects) where the outcome of the contract cannot be ascertained reliably, the Group recognizes revenue equal to actual cost.

Full provision is made for any loss estimated on a contract in the year in which it is first foreseen.

Where the group is involved in providing operation and maintenance services under a single construction contract, then the consideration is allocated on a relative stand-alone price basis between various obligations of a contract.

For contracts where progress billing exceeds the aggregate of contract costs incurred to-date and recognized profits (or recognized losses, as the case may be), the surplus is shown as the amount due to customers.

For contracts where the aggregate of contract costs incurred to-date and recognized profits (or recognized losses, as the case may be) exceed progress billing, the deficit is shown as the amount due from customers. Amount due from customers is shown as part of other non-financial assets as the contractual right for consideration is dependent on completion of contractual milestones.

Amounts received before the related work is performed are disclosed in the Balance Sheet as a liability towards advance received. Amounts billed for work performed but yet to be paid by the customer are disclosed in the Balance Sheet as trade receivables.

The amount of retention money held by the customers is disclosed as part of other current assets.

2.16 Other income

Interest is recognized on a time proportion basis determined by the amount outstanding and the rate applicable using the effective interest rate (EIR) method. Dividend income and export benefits are recognised in the statement of profit and loss on the date that the Group's right to receive payment is established.

Interest receivable on customer dues is recognised as income in the Statement of Profit and Loss on accrual basis provided there is no uncertainty towards its realization.

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

2.17 Foreign currencies transactions

Transactions and balances

Transactions in foreign currency are recorded at exchange rates prevailing at the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss of the year.

Monetary assets and liabilities denominated in foreign currencies which are outstanding, as at the end of reporting period are translated at the closing exchange rates and the resultant exchange differences are recognised in the statement of profit and loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the date of that balance sheet
- Income and expenses are translated at average exchange rates, and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

2.18 Employee benefits

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the services are classified as short term employee benefits. Benefits such as salaries, wages, expected cost of bonus and short term compensated absences, leave travel allowance etc. are recognized in the period in which the employee renders the related service.

Post-employment benefits

Defined contribution plans

The Group's superannuation scheme, state governed provident fund schemes and employee state insurance scheme are defined contribution plans. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

Defined Benefit Plans

The employees' gratuity fund schemes and provident fund scheme managed by a trust and pension scheme are the Group's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

**CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)****Significant accounting policies (Contd.)**

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

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

In case of funded plans, the fair value of the plan's assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of profit and loss. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes gains/ losses on settlement of a defined plan when the settlement occurs.

The Group pays contribution to a recognized provident fund trusts in respect of above mentioned PF schemes.

Other long term employee benefits

Compensated absences liabilities means, the liabilities for earned leave that are not expected to be settled wholly within twelve months after the end of the reporting period in which the employee render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating the terms of the related obligation. Re-measurements as a result of experience adjustments and change in actuarial assumptions are recognised in the statement of profit and loss.

2.19 Income taxes

Income tax expense comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to a business combination or items recognised directly in equity or in OCI.

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that were enacted at the reporting date in the country where the Group operates and generates taxable income. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

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

Deferred tax liabilities are recognized for all timing differences including temporary differences associated with investment in subsidiaries and associates and interest in joint venture. Deferred tax assets are recognized for deductible timing differences only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset only if certain criteria are met.

2.20 Share-based payments

Share based compensation benefits are provided to the employees (including senior executives) of the Group under the Group's Employee Stock Option Scheme, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The fair value of the options granted to employees is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

**CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)****Significant accounting policies (Contd.)****2.21 Provisions**

A Provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the statement of profit and loss.

Warranty provisions

A provision for warranty is recognised when the underlying products and services are sold to the customer based on historical warranty data and at its best estimate using expected value method. The initial estimate of warranty-related costs is revised annually.

Provision for decommissioning and site restoration

The Group has a legal obligation for decommissioning of windmills and restoring the site back to its original condition. Decommissioning and restoration costs are measured initially at its best estimate using expected value method. The present value of initial estimates is provided as a liability and corresponding amount is capitalized as a part of the windmill. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Contingent liability is disclosed when Group has:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; or
- present obligation arising from past events, when no reliable estimate is possible; or
- a possible obligation arising from past events where the probability of outflow of resources is not remote.

Provisions and contingent liabilities are reviewed at each Balance Sheet date.

2.22 Leases

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.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)**Significant accounting policies (Contd.)****A Group as a Lessee**

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

Initial Measurement**Right to use asset**

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

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

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Lease liability

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

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

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

Subsequent measurement**Right to use assets**

Subsequently the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

**CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)****Significant accounting policies (Contd.)****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.

B 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.

2.23 Impairment of non-financial assets

The Group assesses at each balance sheet date whether there is any indication that an asset or cash generating unit (CGU) may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal or its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in the statement of profit and loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

2.24 Fair value measurement

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

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

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

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

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

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

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.25 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

**CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)****Significant accounting policies (Contd.)****Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

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

Financial assets are subsequently measured at amortized cost if,

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Impairment of financial asset

Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Financial assets that are debt instruments and are measured as at FVTOCI
- Lease receivables
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
- Loan commitments which are not measured as at FVTPL
- Financial guarantee contracts which are not measured as at FVTPL

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

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

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

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Significant accounting policies (Contd.)

Financial liabilities

Initial recognition and measurement

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

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

Financial guarantee contracts

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

Derecognition

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

Offsetting of financial instruments

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

Derivative financial instruments

Initial recognition and subsequent measurement

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

**CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)****Significant accounting policies (Contd.)****2.26 Earnings per share (EPS)**

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Group by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted EPS adjust the figures used in the determination of basic EPS to consider

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

2.27 Segment reporting

Operating segments are reporting in a manner consistent with the internal reporting to the chief operating decision maker (CODM).

The board of directors of the company assesses the financial performance and position of the group and makes strategic decisions. The Board of Directors, which are identified as a CODM, consists of chief executive officer, chief financial officer and all other executive directors.

Group operates in single reporting segment of 'Fluid Machinery and Systems'

2.28 Recent accounting pronouncement

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2020.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 3: Property, Plant and Equipment, Goodwill and Intangible assets

(Amounts in Million ₹)

Particulars	Property, plant and equipment						Intangible Assets						
	Land free hold	Land lease hold	Buildings	Plant & equipment	Furniture & fixtures	Office equipment	Vehicles	Railway siding	Total	Goodwill	Computer software	Other intangible assets*	Total
Gross Block													
As at 1 April 2019	635.143	83.675	2,527.827	6,337.551	660.197	47.601	124.619	1.714	10,418.327	140.848	289.983	192.775	482.758
Additions	-	1.722	138.394	376.256	15.462	3.854	1.785	-	537.473	-	33.836	2.951	36.787
Disposals / impairment	69.672	-	1.252	39.231	0.750	0.008	3.199	-	114.112	-	-	-	-
Exchange difference	13.908	(0.069)	26.471	34.170	24.245	0.011	(1.068)	-	97.668	1.093	(0.769)	9.563	8.794
As at 31 March 2020	579.379	85.328	2,691.440	6,708.746	699.154	51.458	122.137	1.714	10,939.356	141.941	323.050	205.289	528.339
Additions	-	-	23.258	527.790	17.229	6.440	2.853	-	577.570	-	15.727	0.410	16.138
Disposals / impairment	-	-	11.462	77.630	6.614	0.061	3.990	-	99.757	-	13.859	-	13.859
Exchange difference	(4.464)	0.004	34.090	38.726	24.738	0.007	2.271	-	95.371	(0.741)	1.717	1.232	2.949
As at 31 March 2021	574.915	85.332	2,737.326	7,197.632	734.507	57.844	123.271	1.714	11,512.540	141.200	326.635	206.931	533.567
Depreciation/ Amortisation													
As at 1 April 2019	-	6.166	664.426	4,768.297	540.581	21.844	79.400	1.617	6,082.331	-	254.363	164.024	418.387
Charge for the year	-	1.593	89.941	410.929	34.618	8.130	9.399	0.012	554.622	-	25.283	6.560	31.843
Depreciation on disposal	-	-	0.141	39.157	0.807	0.008	2.701	-	42.814	-	-	-	-
Exchange difference	-	(0.113)	11.980	21.714	18.677	0.004	(1.135)	-	51.127	-	(0.439)	10.109	9.670
As at 31 March 2020	-	7.646	766.206	5,161.783	593.069	29.970	84.963	1.629	6,645.266	-	279.207	180.693	459.900
Charge for the year	-	1.088	71.812	430.172	28.494	7.991	8.348	0.085	547.990	-	19.863	6.369	26.232
Depreciation on disposal	-	-	2.134	32.064	6.357	0.059	3.003	-	43.616	-	0.458	-	0.458
Exchange difference	-	0.352	10.022	40.701	26.888	(0.056)	0.571	-	78.479	-	(7.930)	1.891	(6.039)
As at 31 March 2021	-	9.086	845.906	5,600.592	642.094	37.846	90.879	1.714	7,228.119	-	290.682	188.953	479.635
Net block													
As at 1 April 2019	635.143	77.509	1,863.401	1,569.254	119.616	25.757	45.219	0.097	4,335.996	140.848	35.620	28.751	64.371
As at 31 March 2020	579.379	77.682	1,925.234	1,546.963	106.085	21.488	37.174	0.085	4,294.090	141.941	43.843	24.596	68.439
As at 31 March 2021	574.915	76.246	1,891.420	1,597.040	92.413	19.998	32.392	(0.000)	4,284.421	141.200	35.953	17.978	53.932

Notes:

- 1) Plants and machines acquired out of proceeds of term loan, are pledged as security against the loan.
 - 2) Refer note no 29 for estimated amount of contract remaining to be executed on capital account.
- * Other intangible assets includes sales tax deferral rights, trade marks, patents and licenses.



CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 4 : Investment property

(Amounts in Million ₹)

Particulars	Land
Gross Block	
As at 1 April 2019	25.724
Additions	-
Disposals	-
As at 31 March 2020	25.724
Additions	-
Disposals	-
As at 31 March 2021	25.724
Depreciation and Impairment	
As at 1 April 2019	0.424
Charge for the year	0.106
Depreciation on disposals	-
As at 31 March 2020	0.530
Charge for the year	0.106
Depreciation on disposals	-
As at 31 March 2021	0.636
Net block	
As at 1 April 2019	25.300
As at 31 March 2020	25.194
As at 31 March 2021	25.088

Information regarding income and expenditure of investment property

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Rental Income derived from investment property	0.035	0.035
Less: Direct operating expenses *		
Profit arising from investment properties before depreciation and indirect expenses	0.035	0.035
Less - Depreciation	0.106	0.106
Profit/ (loss) arising from investment properties after depreciation and indirect expenses	(0.071)	(0.071)

* Considering the materiality, operating expenses are not apportioned to investment property.

Fair Value

The group obtains independent valuations for its investment properties. The valuation model considers current prices in active market, discounted cash-flow projections based on reliable estimates of future cash-flows.

The main inputs used are the rental growth rates, expected vacancy rates, terminal yields and discount rates based on comparable transactions and industry data. All resulting fair value estimates for investment properties are included in level 3.

Fair value as at 31 March 2017 was Rs 187.681 Mn. and there is no significant movement in fair value.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 5 : Financial assets: Investments

(Amounts in Million ₹)

Particulars	31 March 2021	31 March 2020
I Long term investments - at cost		
Trade Investments		
(a) Investment in Equity instruments	680.442	593.453
(b) Capital contribution in partnership firm	0.005	0.005
Total	680.447	593.458
Current investment	1,268.231	450.285
Total	1,268.231	450.285

Particulars	31 March 2021	31 March 2020
Aggregate amount of quoted investments	1,268.231	450.285
Aggregate amount of unquoted investments	680.447	593.458

Sr No	Particulars	Face Value	Partly Paid / Fully paid	Extent of holding (%)		No. of Shares / Units		Amount in Million ₹	
				31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Non-current investments									
(1)	Investments at fair value through Other comprehensive income								
(a)	Kirloskar Proprietary Limited *	INR 100	Fully Paid	-	-	512	512	0.005	0.005
(2)	Investment accounted using equity method								
a	Kirloskar Ebara Pumps Limited	INR 10	Fully Paid	45%	45%	2,25,000	2,25,000	680.437	593.015
b	KBL Synerge LLP*	N A	N A	50%	50%	-	-	0.005	0.005
c	SPP Neziv Pump Solution Proprietary Limited	Rand 1	Fully Paid	49%	49%	49	49	-	0.433
	Total investments accounted using equity method							680.442	593.453
	Total Investments							680.447	593.458
Current investments									
(3)	Investments at fair value through profit and loss								
	Investment in mutual funds							1,268.231	450.285

All joint ventures and associate companies are incorporated and have place of business as India except, the SPP Neziv Pump Solution Proprietary Limited, which is joint venture of step down subsidiary SPP Pumps International PTY Ltd, incorporated and has place of business as South Africa.

* KBL Synerge LLP a limited liability partnership was formed in year 2017 between Kirloskar Brothers Ltd, Mrs. Sneha Phatak and Synerge Overseas Pte. Ltd. This LLP has been created for a short term project. Following are the details of total capital and share of each partner in it. Currently KBL Synerge LLP is not operative.

Name of Partner	Capital Contributed (Rs)	Share in Partnership and profit (%)
Kirloskar Brothers Limited	5,000	50
Synerge Overseas Pte. Ltd	2,600	26
Mrs. Sneha Phatak	2,400	24
Total	10,000	100



CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 6 : Financial assets: Trade receivables

(Amounts in Million ₹)

Particulars	31 March 2021	31 March 2020
Non-current		
Unsecured, considered good	595.852	644.640
Doubtful	675.177	604.293
	1,271.029	1,248.933
Less : Provision for significant increase in credit risk and credit impaired receivables	675.177	604.293
	595.852	644.640
Current		
Unsecured, considered good	4,636.866	4,896.584
Doubtful	93.465	137.187
	4,730.331	5,033.771
Less : Provision for significant increase in credit risk and credit impaired receivables	93.465	137.187
	4,636.866	4,896.584
Total trade receivables	5,232.718	5,541.224

Trade receivables are non-interest bearing and are generally on terms of 1 to 90 days..

Note 7 : Financial assets: Loans

Particulars	31 March 2021	31 March 2020
Non-current		
(a) Security deposits		
Unsecured, considered good	81.182	97.929
Doubtful	18.273	30.679
	99.455	128.608
Less : Provision for significant increase in credit risk and credit impaired deposits	18.273	30.679
	81.182	97.929
Current		
(a) Security deposits		
Unsecured, considered good	971.218	983.108
	971.218	983.108
Total loans	1,052.400	1,081.037

Note 8 : Financial assets: Others

Particulars	31 March 2021	31 March 2020
Non-current		
(a) Claims receivable		
Unsecured, considered good	17.968	16.974
Doubtful	12.545	12.157
	30.513	29.131
Less : Provision for significant increase in credit risk and credit impaired claims	12.545	12.157
	17.968	16.974
(b) Fixed deposits with the original maturity of more than 12 months	66.479	39.019
(c) Interest accrued	0.037	0.033
	84.484	56.026
Current		
(a) Claims receivable		
Unsecured, considered good	27.688	43.839
(b) Interest accrued	3.203	0.886
	30.891	44.725
Total other financial asset	115.375	100.751

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)**Note 9 : Other assets**

(Amounts in Million ₹)

Particulars	31 March 2021	31 March 2020
Non-current		
(a) Capital advances	215.201	51.694
(b) Advances to supplier and others		
Unsecured, considered good	28.388	46.214
Doubtful	72.576	68.168
	100.964	114.382
Less : Provision for doubtful advances	72.576	68.168
	28.388	46.214
(c) Prepaid expenses	9.935	3.744
(d) Retention	458.690	434.269
(e) Advance income tax (net of provision)	324.117	428.144
(f) Claims receivable	0.164	0.162
	1,036.495	964.227
Current		
(a) Advances to supplier and others		
Unsecured, considered good	597.535	542.197
(b) Prepaid expenses	295.980	253.684
(c) Gross amount due from customer for project related contract work	231.799	304.795
(d) Retention	1,413.932	1,847.310
(e) Claims receivable	1,365.386	1,531.049
	3,904.632	4,479.035
Total other assets	4,941.127	5,443.262

Note 10 : Inventories

Particulars	31 March 2021	31 March 2020
(a) Raw Materials (*)	1,747.756	1,822.583
(b) Work-in-progress	2,313.191	2,164.018
(c) Finished goods	1,483.708	1,671.288
(d) Stock-in-trade (*)	359.146	362.839
(e) Stores and spares	124.634	136.101
(Mode of valuation refer note 2.7)		
	6,028.435	6,156.829

(*) 'Include goods in transit - Rs 90.116 MN (PY 2019-20 : Rs 81.685 MN)

Amounts recognised in profit or loss statement

Write-down of inventories to net realizable value/ any loss due to it's obsolete nature (net of reversal) amounted to Rs. 65.892 MN (PY 2019-20 Rs.24.996 MN) was recognised as an expense during the year.



CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 11 A : Cash and cash equivalents

(Amounts in Million ₹)

Particulars	31 March 2021	31 March 2020
(a) Balances with bank		
In current and EEFC account (Including cheques on hand)	1,197.024	1,825.519
‘Other bank deposits (including fixed deposits with original maturity of less than 3 months)	536.159	1,342.144
(b) Cash on hand	2.123	1.913
	1,735.306	3,169.576

Note 11 B : Other bank balances

Particulars	31 March 2021	31 March 2020
(a) Earmarked balances with bank		
Unpaid dividend accounts	14.880	18.894
(b) Other deposits	0.508	3.464
(b) Margin money	3.227	16.228
	18.615	38.586

Note 12: Equity share capital

Particulars	31 March 2021	31 March 2020
Authorised		
250,000,000 (250,000,000) equity shares of Rs.2/- each (Rs.2/-) each	500.000	500.000
Issued, subscribed & fully paid up		
79,408,926 (79,408,926) equity shares of Rs.2/- each (Rs.2/-) each	158.818	158.818
	158.818	158.818

(a) Terms/rights attached to equity shares

The company has only one class of equity shares, having par value of Rs. 2/- per share. Each holder of equity share is entitled to one vote per share and has a right to receive dividend as recommended by the board of directors subject to the necessary approval from the shareholders. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

For the year ended 31 March 2021 the board of directors have proposed final dividend of Rs. 3.00 (2020: Rs. 0.50) per share subject to shareholders' approval.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)**(b) Reconciliation of share capital**

(Amounts in Million ₹)

Particulars	31 March 2021		31 March 2020	
	Number	Amount (Million ₹)	Number	Amount (Million ₹)
Shares outstanding at the beginning of the year	7,94,08,926	158.818	7,94,08,926	158.818
Shares Issued during the year under ESOS		-		-
Shares outstanding at the end of the year	7,94,08,926	158.818	7,94,08,926	158.818

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

(Amounts in Million ₹)

Particulars	31 March 2021		31 March 2020	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Kirloskar Industries Limited	1,89,88,038	23.91%	1,89,88,038	23.91%
Mr. Sanjay Chandrakant Kirloskar *	1,78,47,465	22.48%	1,78,47,465	22.48%
Mrs. Pratima Sanjay Kirloskar	1,38,49,488	17.44%	1,38,40,488	17.43%
Nippon Life India Trustee Ltd. A/C Nippon India Small Cap Fund	42,78,923	5.39%	40,54,476	5.11%

* includes 1,761,919 (1,761,919), 2% (2%) shares held in the capacity of a trustee.

For the period of five years immediately preceding the date as at which the balance sheet is prepared, no shares are

- i. allotted as fully paid up pursuant to contracts without payment being received in cash
- ii. allotted as fully paid shares by way of bonus shares
- iii. bought back.



CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 13: Other equity

(Amounts in Million ₹)

Particulars	31 March 2021	31 March 2020
(a) Capital reserve	5.237	5.237
(b) Capital redemption reserve	9.237	9.237
(c) Securities premium	414.700	414.700
(d) General reserves	6,334.597	6,334.597
(e) Foreign Currency Translation Reserve		
Opening balance	277.219	221.437
Add: Current year transfer	20.659	55.782
Closing balance	297.878	277.219
(f) Retained Earning		
Opening balance	2,230.763	1,949.046
Add : Net profit for the year	1,610.911	718.991
Other comprehensive income for the year	24.477	(4.169)
Balance available for appropriation	3,866.151	2,663.868
Less : Appropriations :		
Final dividend paid including tax	39.704	433.105
Sub total	39.704	433.105
Closing balance	3,826.447	2,230.763
	10,888.096	9,271.753

Capital reserve:

The company has recognised profit or loss on purchase, sale, issue or forfeiture/ cancellation of own equity instrument to capital reserve.

Capital Redemption Reserve:

The Company has recognised Capital Redemption Reserve on redemption of preference shares from its retained earnings as per the applicable provisions of Companies Act, 1956.

Securities Premium :

The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium.

General reserve:

The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

Retained Earnings:

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

Foreign currency translation reserve

Exchange differences arising on translation of foreign operations are recognised in other comprehensive income and are accumulated in separate reserve within equity. The cumulative amount is reclassified to profit and loss, when the investment is disposed off.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)**Note 14 : Financial Liabilities: Borrowings**

(Amounts in Million ₹)

Particulars	31 March 2021	31 March 2020
Non-current		
Secured		
Term loan from various banks	1,120.893	1,449.574
(Terms of loans: Term loans are availed by the group from various banks across the world. Loans are repayable over the period of 3 to 10 years and carry interest rates varying from 1% to 10.5%. Loans are secured against fixed assets purchased from proceeds of loan and corporate guarantees given by holding company)		
Less- Current maturities of non- current borrowings disclosed under the head 'Other Current financial Liabilities (refer note 16)	282.470	281.269
	838.423	1,168.305
Unsecured		
Other unsecured borrowings	1.795	1.906
(Terms of loans: It includes deferral payment liabilities under sales tax deferral scheme and finance lease obligations. The sale tax deferral loan is to be repaid in 9 yearly installments starting from April 2013. Other loan carries market interest rate and are repaid till December 2020.)		
Less- Current maturities of non -current borrowings disclosed under the head 'Other Current financial Liabilities (refer note 16)	-	-
	1.795	1.906
	840.218	1,170.211
Current		
Secured		
Loans repayable on demand from bank		
(i) Cash / export credit facilities	170.081	353.317
(ii) Working capital demand loans		
(Terms of loans: Loan carries interest @ 2% to 10.5% per annum and secured against the inventory, receivables and mortgage of plant & machinery in some cases)	1,712.134	3,476.025
(ii) Commercial paper	-	500.000
(Terms of loans: Loan carries interest @ 6.85% per annum and secured against the inventory and receivables)		
Total secured loan - Current	1,882.215	4,329.342
Total current borrowings	1,882.215	4,329.342
Total borrowings	2,722.433	5,499.553



CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 15 : Financial liabilities: Trade payables

(Amounts in Million ₹)

Particulars	31 March 2021	31 March 2020
Non-current		
Total outstanding dues of creditors other than micro enterprises & small enterprises	89.440	102.992
	89.440	102.992
Current		
Total outstanding dues of micro enterprises & small enterprises (refer note 42)	875.852	676.794
Total outstanding dues of creditors other than micro enterprises & small enterprises	4,621.710	4,673.193
	5,497.562	5,349.987
Total trade payable	5,587.002	5,452.979

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 60-day terms except dues to micro and small enterprises which are settled in 45 days or contractual term whichever is earlier.

Note 16: Other financial liabilities

Particulars	31 March 2021	31 March 2020
Non-current		
(a) Lease liabilities	80.801	202.160
(b) Other liabilities	16.606	13.287
	97.407	215.447
Current		
(a) Current maturities of long term loan and other borrowings (refer note 14)"	282.470	281.269
(b) Forward contract liability	-	73.852
(c) Investor Education & Protection fund (will be credited as and when due). Unclaimed dividends	14.880	18.894
(d) Others		
Trade deposits	103.528	86.839
Salary and reimbursements	511.870	580.792
Payables on account of purchases of fixed assets	42.526	29.989
Provision for expenses and other liabilities	1,386.473	1,114.356
Lease liability	224.296	304.021
	2,268.693	2,115.997
	2,566.043	2,490.012
Total other financial liabilities	2,663.450	2,705.459

Terms and conditions of the above financial liabilities:

- 1) Other payables are non-interest bearing.
- 2) For explanations on the Group's credit risk management processes, (refer note 40)

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)**Note 17: Provisions**

(Amounts in Million ₹)

Particulars	31 March 2021	31 March 2020
Non-current		
Provision for employee benefits		
(a) Compensated absences (refer note 38)	147.134	152.293
(b) Pension scheme (refer note 34)	36.286	35.336
(c) Gratuity (refer note 34)	25.013	25.997
	208.433	213.626
Other provision		
(a) Provision for product warranty (refer note 38)	28.723	35.992
(b) Provision for decommissioning and restoration costs (refer note 38)	8.218	7.595
	36.941	43.587
	245.374	257.213
Current		
Provision for employee benefits		
(a) Compensated absences (refer note 38)	156.049	175.442
(b) Gratuity (refer note 34)	8.285	46.463
(c) Provident fund (refer note 34)	24.265	9.386
	188.599	231.291
Other provision (refer note 38)		
(a) Provision for product warranty	322.924	327.167
(b) Provision for loss on long term contracts	41.360	68.910
	364.284	396.077
	552.883	627.368
Total provisions	798.257	884.581

Note 18: Other liabilities

Particulars	31 March 2021	31 March 2020
Non-current		
(a) Gross amount due to customers for project related contract work	64.859	72.683
(b) Deferred revenue	150.325	171.684
	215.184	244.367
Current		
(a) Gross amount due to customers for project related contract work	1,620.061	1,668.483
(b) Advance from customer	2,157.982	2,228.361
(c) Contribution to PF and superannuation	134.679	85.677
(d) Statutory dues	71.280	83.572
(e) Deferred revenue	103.108	166.403
	4,087.110	4,232.496
Total other non-financial liabilities	4,302.294	4,476.863



CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 19 : Income tax

- (1) The major components of income tax expense for the year ended 31 March 2021 and 31 March 2020 are:

(a) Statement of profit and loss

(Amounts in Million ₹)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Current income tax:		
Current income tax charge	459.843	410.279
Adjustments in respect of current income tax of previous year	(175.850)	(11.983)
Deferred tax:		
Relating to origination and reversal of temporary differences	(2.301)	132.219
Income tax expense reported in the statement of profit or loss	281.692	530.515

(b) Statement of other comprehensive income (OCI)

Tax related to items recognised in OCI during in the year:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Related to remeasurement gains and losses		
Tax charged to OCI	10.816	1.171

- (2) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31 March 2021 and 31 March 2020:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Accounting profit before tax	1,820.773	1,213.288
At India's statutory income tax rate of 25.168%/ (25.63%) (a)	458.252	310.966
Adjustments		
Non deductible expenses (b) (Including provisions for advances, Interest on TDS, donation, penalties etc.)	(92.166)	(61.092)
Tax impact of above adjustments	(23.196)	(15.658)
MAT credit assets (not recorded) / Utilized	-	7.442
MAT entitlement for earlier years and other credits of earlier years	174.794	-
Rate difference on opening DTA/ DTL/ different tax rates from holding company	94.733	(141.044)
Tax impact of B/F losses (Tax losses on which DTA is not recognised)	(67.248)	(72.105)
Other items	(4.128)	(9.296)
Effect of overseas branch exemption	-	(2.256)
Earlier year excess / short provision	1.605	13.368
Reversal of deferred tax recognised in earlier years		
Total (c)	176.560	(219.553)
Tax expenses at effective rate (a-c)	281.692	530.515
Tax expenses recorded in books	281.692	530.515

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)**(3) Movement in deferred tax****(a) Balance sheet**

(Amounts in Million ₹)

Deferred tax relates to the following: DTL/ (DTA)	31 March 2021	31 March 2020
Property, plant and equipment (Depreciation)	84.068	94.599
Employee benefits	(114.355)	(119.425)
Provision for doubtful debts and advances	(332.294)	(290.852)
Others - (DTA) /DTL (Including deferred tax on undistributed profits of joint venture and carry forwarded losses)	37.026	(4.517)
	(325.555)	(320.195)
MAT credit	(146.693)	-
	(472.248)	(320.195)
Reflected in balance sheet as		
Deferred tax asset	472.248	320.195

(b) Statement of profit and loss

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Property, plant and equipment (Depreciation)	(10.531)	(49.504)
Employee benefits	5.070	32.652
Provision for doubtful debts and advances	(41.442)	109.157
Others - (DTA) /DTL (Including deferred tax on undistributed profits of joint venture and carry forwarded losses)	41.543	42.269
	(5.360)	134.575
MAT Credit utilised and forex difference	-	(3.790)
Deferred tax expense/(income)	(5.360)	130.785

(4) Movement in Current tax**(a) Balance sheet**

Reflected in Balance Sheet as	31 March 2021	31 March 2020
Non- current advance tax	324.117	428.144
Current advance tax	65.753	62.003
	389.870	490.147



CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(b) Statement of profit and loss and other comprehensive income

(Amounts in Million ₹)

Movement in current tax	Year ended 31 March 2021	Year ended 31 March 2020
Current tax (asset)/ liability as at beginning of year	(490.147)	(528.901)
Add: Additional provision during the year - Statement of Profit and loss account	283.993	398.296
Add: Additional provision during the year - Other comprehensive income	10.816	(0.263)
Less: Current tax paid during the year (Net of refund received for previous years)	(194.532)	(359.279)
Non Current tax (asset)/ liability as at end of year	(389.870)	(490.147)

Note 20: Revenue from operations

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(a) Sale of products (Refer note 30 for the construction contract revenue)	26,239.855	30,364.159
(b) Sale of services	603.224	493.740
	26,843.079	30,857.899
(c) Other operating revenues (majorly includes scrap sales and exports benefits)	322.323	496.405
	27,165.402	31,354.304

Note 21: Other income

Particulars	Year ended 31 March 2021	Year ended 31 March 2021
(a) Interest Income		
From customers and others	62.762	95.924
On income tax and sales tax refund	28.570	27.784
(b) Release of deferred income	17.372	0.633
(c) Profit on sale of mutual fund investment	27.006	4.846
(d) Other non-operating income	242.155	222.859
(e) Foreign exchange gain	159.464	23.398
	537.329	375.444

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)**Note 22: Cost of raw materials consumed , Changes in inventories of finished goods, stock -in- trade and work-in-progress**

(Amounts in Million ₹)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(A) Cost of raw material consumed	12,321.289	14,600.386
(B) Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening Stock (Refer note 10)		
Finished goods	1,671.288	1,353.153
Work-in- progress	2,164.018	2,489.090
Stock in trade	362.839	339.659
	4,198.145	4,181.902
Closing Stock (Refer note 10)		
Finished goods	1,483.708	1,671.288
Work-in- progress	2,313.191	2,164.018
Stock in trade	359.146	362.839
	4,156.045	4,198.145
	42.100	(16.243)

Note 23: Employee benefits expense

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(a) Salaries, wages and bonus*	4,411.449	4,796.977
(b) Defined contribution plans		
Contribution to provident fund, superannuation fund and ESIC	198.398	217.068
(c) Defined benefit plans		
Gratuity, Provident fund and Pension	141.522	121.372
(d) Welfare expenses	136.322	175.649
	4,887.691	5,311.066

* Includes Payment on account of Voluntary Retirement Scheme Rs. 20.927 ML. (PY 2019-20 - Nil)

Note 24: Finance costs

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(a) Interest expense (at effective interest rate/ market rate of interest)	314.635	344.466
(b) Other borrowing costs (includes bank guarantee commission, LC charges, loan processing charges)	126.874	176.069
	441.509	520.535



CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 25: Depreciation and amortization expense

(Amounts in Million ₹)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(a) Depreciation on property, plant and equipment	548.096	554.728
(b) Amortization of intangible assets	26.232	31.843
(c) Amortisation of right to use assets (Lease)	105.597	125.311
	679.925	711.882

Note 26: Other expenses

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Other Manufacturing Expenses		
Stores and spares consumed	750.440	1,100.276
Processing charges	616.155	716.756
Power & fuel	397.211	447.941
Repairs and maintenance		
Plant and machinery	133.742	152.884
Buildings	63.042	95.052
Other	47.841	73.177
Other expenses		
Subvention charges	-	185.375
Rent	38.082	55.120
Rates and taxes	113.725	147.320
Travel and conveyance	136.624	453.832
Communication expenses	109.703	111.308
Insurance	169.230	199.843
Directors' sitting fees	5.923	5.065
Royalties and fees *	52.268	60.038
Freight and forwarding charges	538.609	726.729
Brokerage and commission	146.022	245.365
Advertisements and publicity	193.225	486.319
Provision for product warranty	173.428	299.011
Loss on sale/disposal of fixed assets	9.449	1.598
Provision for doubtful debts, advances and claims	164.036	74.271
Bad debts written off	124.398	184.992
Advances, deposits and claims written off	7.484	-
Auditor's remuneration (refer note 31)	41.794	47.954
Professional, consultancy and legal expenses	441.565	596.223
Security services	62.084	72.588
Computer services	252.454	238.405
Non-executive directors remuneration	12.000	10.240
Stationery & Printing	30.010	34.506
Training course expenses	16.649	22.263
Outside labour charges	205.810	378.978
Corporate social responsibility expenses (refer note 43)	29.723	26.132
Other miscellaneous expenses	294.869	304.128
	5,377.595	7,553.689

* As specified in note given in the Board's Report in respect of a legal proceeding pending against KPL, the Company has in the interim, without prejudice to all its rights and contentions, including those in the pending proceedings, in compliance with the order of the Hon'ble Commercial Court, Pune has deposited the claimed Royalty amount by way of cheque in safe custody of the Ld. Nazir, District Court, Pune from the quarter ended October 2018 onwards until 3rd Quarter 2020-21.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)**Note 27: Other comprehensive income**

(Amounts in Million ₹)

Particulars	Year ended 31 March 2021	Year ended 31 March 2021
Items that will not be reclassified to statement of profit and loss		
Remeasurements gains and losses on post employments benefits	34.693	2.131
Tax on Remeasurements gains and losses	(10.816)	(1.171)
Share in other comprehensive income of joint venture company	0.727	(2.977)
Items that will be reclassified to statement of profit and loss		
Gains/ losses on currency translation for foreign subsidiaries	20.659	55.781
	45.263	53.764

Note 28 : Contingent liabilities

Particulars	31 March 2021	31 March 2020
Other money for which the company is contingently liable for (Matter Subjudice)		
i) Central Excise and Service tax (Matter Subjudice)	1,043.720	1,043.720
ii) Sales Tax (Matter Subjudice)	401.073	401.417
iii) Income Tax (Matter Subjudice)	726.756	655.209
iv) Labour Matters (Matter Subjudice)	64.763	54.576
v) Other Legal Cases (Matter Subjudice)	491.925	524.118
	2,728.237	2,679.040

The company does not expect any reimbursement in respect of the above contingent liabilities. It is not practicable to estimate the timing of cash flow if any with respect to above matters.

Note 29 : Commitments

Particulars	31 March 2021	31 March 2020
i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	273.840	367.815
ii) Letters of credit outstanding	739.936	807.419
iii) Rental commitments		
Commitments for minimum lease payments in relation to non-cancellable operating leases are as		
Less than 1 year	59.908	57.873
1 to 5 years	30.147	86.996
	1,103.831	1,320.103



CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 30 : Additional disclosures as required by Ind AS 115 'Revenue from contracts with customers'

A) Additional details in relation to contracts satisfied over the period

(Amounts in Million ₹)

Particulars	31 March 2021	31 March 2020
a) Contract Revenue recognised as revenue for the year	1,122.462	1,133.471
b) Advances received	1,188.919	1,180.303
c) Amount of retentions	1,872.623	2,281.580
d) Gross amount due from customer		
Contract costs incurred	7,803.484	9,183.321
Recognised Profits less recognised Losses	2,383.279	2,457.461
Less: Progress Billing	9,849.566	11,173.976
Less: Provision for gross amount due from customer	105.398	162.011
Net	231.799	304.795
e) Gross amount due to customer		
Contract costs incurred	27,590.155	30,575.754
Recognised Profits less recognised Losses	4,752.598	5,336.560
Less: Progress Billing	34,027.673	37,653.480
Net	(1,684.920)	(1,741.166)

b) Reconciliation of revenue from sale of products / services with the contracted price

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
a) Contracted price	27,238.395	31,345.479
b) Less - trade discounts, volume rebates, late delivery charges etc	395.316	487.580
Total revenue	26,843.079	30,857.899

Note 31: Remuneration to auditors

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Statutory Auditors :		
a) Audit Fees	29.611	37.059
b) Tax Audit Fees	4.625	3.350
c) VAT/ GST Audit Fees	0.262	0.394
d) Limited review fees	2.100	2.100
e) Certification services	0.424	0.178
f) Other services	4.444	4.077
g) Expenses reimbursed	0.328	0.796
Sub total	41.794	47.954

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)**Note 32 : Earning per Share (Basic and diluted)**

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
a) Profit for the year before tax	1,820.773	1,213.288
Less : Attributable Tax thereto	281.692	530.515
Add: Share of profit / (loss) in joint venture company	68.373	36.098
	1,607.454	718.871
Less: Attributable to Non-controlling interest	(3.457)	(0.120)
Profit attributable to owners of equity	1,610.911	718.991
b) Weighted average number of equity shares used as denominator	7,94,08,926	7,94,08,926
c) Basic earning per share of nominal value of Rs 2/- each	20.29	9.05

Note 33: Expenditure on research & development activities

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
a) Revenue expenditure	173.405	258.995
b) Capital Expenditure	2.427	70.199
	175.832	329.194



CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 34 : Employee benefits

i. Defined Contribution Plans:

Amount of Rs. 198.398 Mln.(PY 2019-20 Rs 217.068 Mln) is recognised as an expense towards defined contribution plan and included in Employees benefits expense (Note-23 in the Profit and Loss Statement.)

ii. Defined Benefit Plans:

a) The amounts recognised in Balance Sheet are as follows: Funded Plan (Amounts in Million ₹)

Particulars	31 March 2021		31 March 2020	
	Gratuity Plan*	Provident Fund	Gratuity Plan	Provident Fund
	(Funded)	(Funded)	(Funded)	(Funded)
A. Amount to be recognised in Balance Sheet				
Present Value of Defined Benefit Obligation	495.533	60.609	516.202	52.986
Less: Fair Value of Plan Assets	496.952	36.344	475.604	43.600
Amount to be recognised as liability or (asset)	(1.419)	24.265	40.598	9.386
B. Amounts reflected in the Balance Sheet				
Liabilities	(1.419)	24.265	40.598	9.386
Assets	-	-	-	-
Net Liability/(Assets)	(1.419)	24.265	40.598	9.386

* On conservative basis the company has not recognised the gratuity plan asset in the financials.

b) The amounts recognised in the Profit and Loss Statement are as follows: Funded Plan

Particulars	2020-21		2019-20	
	Gratuity Plan	Provident Fund	Gratuity Plan	Provident Fund
	(Funded)	(Funded)	(Funded)	(Funded)
1 Current Service Cost	40.025	7.021	40.421	2.855
2 Acquisition (gain)/ loss	-	-	-	-
3 Past Service Cost	-	-	-	-
3 Net Interest (income)/expenses	1.254	0.573	1.195	(2.226)
5 Actuarial Losses/(Gains)	-	-	-	-
6 Curtailment (Gain)/ loss	-	-	-	-
7 Settlement (Gain)/loss	-	-	-	-
8 Others				
Net periodic benefit cost recognised in the statement of profit & loss- (Employee benefit expenses - Note 23)	41.279	7.594	41.616	0.629

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

c) The amounts recognised in the statement of other comprehensive income (OCI) : Funded Plan

Particulars	2020-21		2019-20	
	Gratuity Plan	Provident Fund	Gratuity Plan	Provident Fund
	(Funded)	(Funded)	(Funded)	(Funded)
1 Opening amount recognised in OCI outside profit and loss account	-	-	-	-
2 Remeasurements for the year - Obligation (Gain)/loss	(33.640)	(2.630)	(7.152)	25.746
3 Remeasurement for the year - Plan assets (Gain) / Loss	(9.058)	9.916	4.611	12.689
4 Total Remeasurements Cost / (Credit) for the year recognised in OCI	(42.698)	7.286	(2.541)	38.435
5 Less: Accumulated balances transferred to retained earnings	(42.698)	7.286	(2.541)	38.435
Closing balances (remeasurement (gain)/loss recognised OCI	-	-	-	-

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

Particulars	31 March 2021		31 March 2020	
	Gratuity Plan	Provident Fund	Gratuity Plan	Provident Fund
	(Funded)	(Funded)	(Funded)	(Funded)
1 Balance of the present value of Defined benefit Obligation at the beginning year	516.202	52.986	490.566	22.684
2 Acquisition adjustment	-	-	-	-
3 Transfer in/ (out)	-	-	0.645	-
4 Interest expenses	29.927	3.232	35.225	1.701
5 Past Service Cost	-	-	-	-
6 Current Service Cost	40.025	7.021	40.421	2.855
7 Curtailment Cost / (credit)	-	-	-	-
8 Settlement Cost/ (credit)	-	-	-	-
9 Benefits paid	(56.982)	-	(43.503)	-
10 Remeasurements on obligation - (Gain) / Loss	(33.640)	(2.630)	(7.152)	25.746
Present value of obligation as at the end of the year	495.532	60.609	516.202	52.986



CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

e) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows: Funded Plan

Particulars	31 March 2021		31 March 2020	
	Gratuity Plan	Provident Fund	Gratuity Plan	Provident Fund
	(Funded)	(Funded)	(Funded)	(Funded)
1 Fair value of the plan assets as at beginning of the year	475.604	43.600	460.623	52.362
2 Acquisition adjustment	-	-	-	-
3 Transfer in/(out)	-	-	-	-
4 Interest income	28.673	2.660	34.030	3.927
5 Contributions	40.599	-	29.065	-
6 Benefits paid	(56.983)	-	(43.503)	-
7 Amount paid on settlement	-	-	-	-
8 Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	9.058	(9.916)	(4.611)	(12.689)
Fair value of plan assets as at the end of the year	496.951	36.344	475.604	43.600

f) Net interest (Income) /expenses: Funded Plan

Particulars	31 March 2021		31 March 2020	
	Gratuity Plan	Provident Fund	Gratuity Plan	Provident Fund
	(Funded)	(Funded)	(Funded)	(Funded)
1 Interest (Income) / Expense – Obligation	29.927	3.232	35.225	1.701
2 Interest (Income) / Expense – Plan assets	(28.673)	(2.660)	(34.030)	(3.927)
3 Net Interest (Income) / Expense for the year	1.254	0.572	1.195	(2.226)

g) The broad categories of plan assets as a percentage of total plan assets of Employee's Gratuity Scheme are as under:

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

h) The amounts pertaining to defined benefit plans are as follows: Funded Plan

Particulars	31 March 2021		31 March 2020	
	Gratuity Plan	Provident Fund	Gratuity Plan	Provident Fund
	(Funded)	(Funded)	(Funded)	(Funded)
Defined Benefit Obligation	495.532	60.609	516.202	52.986
Plan Assets	496.951	36.344	475.604	43.600
Surplus/(Deficit)	1.419	(24.265)	(40.598)	(9.386)

i) The amounts recognised in Balance Sheet are as follows: Non-Funded Plan

Particulars	31 March 2021		31 March 2020	
	Gratuity scheme	Pension Scheme	Gratuity scheme	Pension Scheme
	(Non Funded)	(Non Funded)	(Non Funded)	(Non Funded)
A. Amount to be recognised in Balance Sheet				
Present Value of Defined Benefit Obligation	31.097	36.285	31.862	35.337
Less: Fair Value of Plan Assets	-	-	-	-
Amount to be recognised as liability or (asset)	31.097	36.285	31.862	35.337
B. Amounts reflected in the Balance Sheet				
Liabilities	31.097	36.285	31.862	35.337
Assets		-		-
Net Liability/(Assets)	31.097	36.285	31.862	35.337

j) The amounts recognised in the Profit and Loss Statement are as follows: Non Funded Plan

Particulars	31 March 2021		31 March 2020	
	Gratuity scheme	Pension Scheme	Gratuity scheme	Pension Scheme
	(Non Funded)	(Non Funded)	(Non Funded)	(Non Funded)
1 Current Service Cost	1.922	2.375	2.200	2.538
2 Acquisition (gain)/ loss	-	-	-	-
3 Past Service Cost	-	0.041	-	0.397
3 Net Interest (income)/expenses	1.955	1.778	2.647	0.267
5 Actuarial Losses/(Gains)	-	-	-	1.921
6 Curtailment (Gain)/ loss	-	-	-	-
7 Settlement (Gain)/loss	-	-	-	-
8 Others				
Net periodic benefit cost recognised in the statement of profit & loss- (Employee benefit expenses - Note 23)	3.877	4.194	4.847	5.123



CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

k) The amounts recognised in the statement of other comprehensive income (OCI) : Non Funded Plan

Particulars	31 March 2021		31 March 2020	
	Gratuity	Pension Scheme	Gratuity	Pension Scheme
	(Non Funded)	(Non Funded)	(Non Funded)	(Non Funded)
1 Opening amount recognised in OCI outside profit and loss account	-	-	-	-
2 Remeasurements for the year - Obligation (Gain)/loss	0.718	(0.022)	(5.511)	(2.848)
3 Remeasurement for the year - Plan assets (Gain) / Loss	-	-	-	-
4 Total Remeasurements Cost / (Credit) for the year recognised in OCI	0.718	(0.022)	(5.511)	(2.848)
5 Less: Accumulated balances transferred to retained earnings	0.718	(0.022)	(5.511)	(2.848)
Closing balances (remeasurement (gain)/loss recognised OCI	-	-	-	-

l) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows: Non Funded Plan

Particulars	31 March 2021		31 March 2020	
	Gratuity	Pension Scheme	Gratuity	Pension Scheme
	(Non Funded)	(Non Funded)	(Non Funded)	(Non Funded)
1 Balance of the present value of - Defined benefit Obligation as at beginning of the year	31.862	35.337	37.144	33.669
2 Acquisition adjustment	-	-	-	-
3 Transfer in/ (out)	-	-	-	-
4 Interest expenses	1.955	1.778	2.647	2.188
5 Past Service Cost	-	0.041	-	0.397
6 Current Service Cost	1.922	2.375	2.200	2.538
7 Curtailment Cost / (credit)	-	-	-	-
8 Settlement Cost/ (credit)	-	-	-	-
9 Benefits paid	(5.361)	(3.296)	(4.618)	(7.033)
10 Remeasurements on obligation - (Gain) / Loss	0.718	3.950	(5.511)	3.578
Present value of obligation as at the end of the year	31.096	40.185	31.862	35.337

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million ₹)

m) Net interest (Income) /expenses Non Funded Plan

Particulars	31 March 2021		31 March 2020	
	Gratuity	Pension Scheme	Gratuity	Pension Scheme
	(Non Funded)	(Non Funded)	(Non Funded)	(Non Funded)
1 Interest (Income) / Expense – Obligation	1.955	1.778	2.647	2.188
2 Interest (Income) / Expense – Plan assets	-	-	-	-
3 Net Interest (Income) / Expense for the year	1.955	1.778	2.647	2.188

n) The amounts pertaining to defined benefit plans are as follows:Non Funded Plan

Particulars	31 March 2021		31 March 2020	
	Gratuity	Pension Scheme	Gratuity	Pension Scheme
	(Non Funded)	(Non Funded)	(Non Funded)	(Non Funded)
Defined Benefit Obligation	31.097	36.285	31.862	35.337
Plan Assets	-	-	-	-
Surplus/(Deficit)	(31.097)	(36.285)	(31.862)	(35.337)

Basis used to determine the overall expected return:

The net interest approach effectively assumes an expected rate of return on plan assets equal to the beginning of the year Discount Rate. Expected return of 6.1 % (PY 2019-20 7.5%) has been used for the valuation purpose.

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

- 1 Discount rate as at 31-03-2021 - 6.30% (PY- 6.10%)
- 2 Expected return on plan assets as at 31-03-2021- 6.1%(PY- 7.5%)
- 3 Salary growth rate : For Gratuity Scheme - 7% (PY - 7%)
- 4 Attrition rate: For gratuity scheme the attrition rate is taken at 7% (PY - 7%)
- 5 The estimates of future salary increase considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

p) General descriptions of defined plans:**1 Gratuity Plan:**

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

2 Company's Pension Plan:

The company operates a Pension Scheme for specified ex-employees wherein the beneficiaries are entitled to defined monthly pension.

q) The Company expects to fund Rs NIL (PY 2019-20 Rs 40.599 Million) towards its gratuity plan in the year 2021-22



CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

Note 35 :Related Party Disclosures

(A) Names of the related party and nature of relationship where control/ significant influence exists

Sr. No.	Name of the related party	Nature of relationship
1	Karad Projects and Motors Limited	Subsidiary Company
2	The Kolhapur Steel Limited	Subsidiary Company
3	Kirloskar Corrocoat Private Limited	Subsidiary Company
4	Kirloskar Brothers International BV	Subsidiary Company
5	SPP Pumps Limited	Subsidiary of Kirloskar Brothers International B.V.
6	Kirloskar Brothers(Thailand) Limited	Subsidiary of Kirloskar Brothers International B.V.
7	SPP Pumps (MENA) LLC	Subsidiary of Kirloskar Brothers International B.V.
8	Kirloskar Pompen BV	Subsidiary of Kirloskar Brothers International B.V.
9	Micawber 784 Proprietary Limited	Subsidiary of Kirloskar Brothers International B.V.
10	SPP Pumps International Proprietary Limited	Subsidiary of Kirloskar Brothers International B.V.
11	Rotaserve Limited	Subsidiary of Kirloskar Brothers International B.V.
12	SPP France S.A.S	Subsidiary of SPP Pumps Limited
13	SPP Pumps Inc	Subsidiary of SPP Pumps Limited
14	SPP Pumps South Africa Proprietary Limited	Subsidiary of SPP Pumps International Proprietary Limited
15	Braybar Pumps Proprietary Limited	Subsidiary of SPP Pumps International Proprietary Limited
16	Rodelta Pumps International BV	Subsidiary of Kirloskar Brothers International B.V.
17	Rotaserve BV	Subsidiary of Kirloskar Pompen BV
18	SPP Pumps Real Estate LLC	Subsidiary of SPP Pumps Inc
19	SyncroFlo Inc.	Subsidiary of SPP Pumps Inc
20	SPP Pumps (Asia) Ltd	Subsidiary of Kiroskar Brothres (Thailand) Ltd
21	SPP Pumps (Singapore) Ltd	Subsidiary of SPP Pumps (Asia) Ltd
22	Rotaserve Mozambique	Subsidiary of SPP Pumps International Proprietary Limited
23	SPP Neziv Pumps Solutions Pty Ltd (Upto 03rd July 2020)	Joint venture of SPP Pumps International Proprietary Limited
24	KBL synerge LLP	Associate of Kirloskar Brothers Limited
25	Kirloskar Ebara Pumps Limited	Joint venture of Kirloskar Brothers Limited

CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)**Note 35 :Related Party Disclosures****(B) : Names of related parties with whom transactions have been entered into:**

1)	Joint Venture	Kirloskar Ebara Pumps Limited	
2)	Key Management Personnel	Mr. Sanjay Kirloskar	Dr. Rakesh Mohan
		Mr. Ravindra Samant	Mr. Rajeev Kher
		Ms. Rama Kirloskar	Mr. Pradyumna Vyas
		Mr. Alok Kirloskar	Ms. Shailaja Kher
		Mr. Pratap Shirke	Mr. Achyut Gokhale
		Mr. Kishor Chaukar	Mr. K.Taranath
		Mr. Stefan Apel	Mr. Clive Harper
		Mr. Remko Dubois	Ms. Prabha Kulkarni
		Mr. Ajeet Kulkarni	Mr. Yokporn Tantisawetrat
		Mr. Owen Shevlin	Mr. Achyut Dhadphale
		Mr. Mohammed Hassan	Mr. Anant Sathe
		Mr. John Kahren	Mr. S.G. Khare
		Mr. Chittranjan Mate	Mr. S.R.Yadwadkar
		Mr. M.S. Unnikrishnan	Mr. Bob Tichband
3)	Relatives of Key Management Personnel	Mrs. Pratima Kirloskar	Wife of Mr. Sanjay Kirloskar
4)	Post Employee Benefit Plans	Kirloskar Brothers Ltd Employees Prov. Fund For Engg.Factory Kirloskar Brothers Ltd Staff Members Prov. Fund Kirloskar Brothers Limited,Kirloskarvadi Employee Gratuity Fund Kirloskar Brothers Executive Staff Superannuation fund	
5)	Substantial Interest	Corrocoat Limited, UK	



CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

Note 35 :Related Party Disclosures

(C) Disclosure of related parties transactions

(Amounts in Million ₹)

Sr. No.	Nature of Transaction / Relationship / Major Parties	2020-21		2019-20	
		Amount	Amount for Major Parties*	Amount	Amount for Major Parties*
1	Purchase of goods & services	97.405		62.459	
	Joint Venture Kirloskar Ebara Pumps Limited		90.605		57.750
	Substantial Interest Corrocoat Limited, UK		6.800		4.709
2	Sale of goods/contract revenue & services	6.896		28.945	
	Joint Venture Kirloskar Ebara Pumps Limited		6.896		28.945
3	Rendering Services	62.087		16.706	
	Joint Venture Kirloskar Ebara Pumps Limited		62.087		16.706
4	Receiving Services	18.281		61.001	
	Joint Venture Kirloskar Ebara Pumps Limited		12.752		56.927
	Substantial Interest Corrocoat Limited, UK		0.112		0.116
	Relatives of Key Management Personnel Mrs. Pratima Kirloskar		5.417		3.525
	Entities controlled or jointly controlled by KMP or relatives of KMP: Sanjay Kirloskar HUF		-		0.433
5	Reimbursement of expenses by KBL	0.002		2.810	
	Joint Venture Kirloskar Ebara Pumps Limited		0.002		2.178
	Substantial Interest Corrocoat Limited, UK		-		0.632
6	Dividend received	4.500		11.250	
	Joint Venture Kirloskar Ebara Pumps Limited		4.500		11.250

CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)**Note 35 :Related Party Disclosures****(c) Disclosure of related parties transactions (Contd.)**

(Amounts in Million ₹)

Sr. No.	Nature of Transaction / Relationship / Major Parties	2020-21		2019-20	
		Amount	Amount for Major Parties*	Amount	Amount for Major Parties*
7	Dividend paid	15.117		143.788	
	Mr. Sanjay Kirloskar (*)		8.542		80.994
	Mr. Alok Kirloskar		0.078		0.215
	Mr. Pratap Shirke		0.009		0.090
	Ms. Rama Kirloskar		0.075		0.188
	Relatives of Key Management Personnel				
	Mrs. Pratima Kirloskar		6.413		62.301
8	Remuneration Paid	208.310		182.629	
	Key Management Personnel				
	Short Term Employee Benefit				
	Mr. Sanjay Kirloskar		50.258		51.055
	Mr. Ravindra Samant		6.392		5.993
	Ms. Rama Kirloskar		12.437		10.327
	Mr. Alok Kirloskar		26.020		20.122
	Mr. Varinder Dhoot		-		6.953
	Mr. Stefan Apel		19.222		10.779
	Mr. Remko Dubois		22.451		19.885
	Mr. Ajeet Kulkarni		10.245		5.879
	Mr. Owen Shevlin		17.028		17.340
	Mr. Mohammed Hassan		1.626		1.690
	Mr. John Kahren		27.326		21.653
	Mr. Bob Tichband		15.305		-
	Mr. Gérald Verjat		-		10.953
		11.050		10.240	
	Key Management Personnel				
	Commission on profits				
	Mr. M.S Unnikrishnan		1.300		-
	Mr. Pratap Shirke		1.300		1.300
	Mr. Alok Kirloskar		1.300		1.300
	Mr. Kishor Chaukar		0.650		1.300
	Ms. Rama Kirloskar		1.300		1.300
	Dr. Rakesh Mohan		1.300		1.300
	Mr. Rajeev Kher		1.300		1.300
	Mr. Pradyumna Vyas		1.300		1.300
	Ms. Shailaja Kher		1.300		1.140

(*) Includes dividend received in capacity of trustee of Rs 0.814 Mn. (PY- Rs 7.929 Mn.)



CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

Note 35 :Related Party Disclosures

(c) Disclosure of related parties transactions (Contd.)

(Amounts in Million ₹)

Sr. No.	Nature of Transaction / Relationship / Major Parties	2020-21		2019-20	
		Amount	Amount for Major Parties*	Amount	Amount for Major Parties*
	Key Management Personnel Sitting Fees	6.133		7.341	
	Mr. Padmakar Jawadekar		0.030		0.030
	Mr. Pratap Shirke		0.810		2.849
	Mr. Alok Kirloskar		0.405		0.480
	Mr. Kishor Chaukar		0.270		1.050
	Mr. K.Taranath		0.133		0.113
	Mr. Clive Harper		0.030		0.015
	Mr. Graham Greenwood Sole		-		0.015
	Mr. Chittranjan Mate		0.030		0.030
	Mr. S.G. Khare		-		0.013
	Mr. S.R.Yadwadkar		0.013		0.033
	Mr. Sanjay Kirloskar		0.055		0.038
	Ms. Rama Kirloskar		0.570		0.525
	Dr. Rakesh Mohan		1.020		0.675
	Mr. Rajeev Kher		1.155		0.825
	Mr. M.S Unnikrishnan		0.495		-
	Mr. Achyut Dhadphale		0.140		0.105
	Mr. Anant Sathe		0.062		0.073
	Ms. Prabha Kulkarni		0.045		0.023
	Mr. Pradyumna Vyas		0.495		0.225
	Ms. Shailaja Kher		0.375		0.225
	Post Employment Benefit	40.508		11.782	
	Mr. Sanjay Kirloskar		30.123		5.633
	Ms. Rama Kirloskar		1.665		1.990
	Mr. Ravindra Samant		1.299		0.734
	Mr. Alok Kirloskar		2.581		0.838
	Mr. Bob Tichband		3.969		-
	Mr. Ajeet Kulkarni		-		0.413
	Mr. Varinder Dhoot		-		0.168
	Mr. Mohammed Hassan		0.025		-
	Mr. Stefan Apel		-		1.079
	Mr. John Kahren		0.846		0.927
9	Contribution paid to post Employment benefit plans	84.289		69.815	
	Provident Fund		39.575		41.800
	Superannuation Fund		8.504		1.998
	Gratuity Trust		36.210		26.017

CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)**Note 35 :Related Party Disclosures****(c) Disclosure of related parties transactions (Contd.)**

(Amounts in Million ₹)

Sr. No.	Nature of Transaction / Relationship / Major Parties	2020-21		2019-20	
		Amount	Amount for Major Parties*	Amount	Amount for Major Parties*
10	Reimbursement received Joint Venture Kirloskar Ebara Pumps Limited	15.704	15.704	3.263	3.263
11	Purchase of asset Joint Venture Kirloskar Ebara Pumps Limited	51.500		51.500	

(D) Amount due to/from related parties

(Amounts in Million ₹)

Sr. No.	Nature of Transaction / Relationship / Major Parties	31 March 2021		31 March 2020	
		Amount	Amount for Major Parties	Amount	Amount for Major Parties
1	Accounts receivable Joint Venture Kirloskar Ebara Pumps Limited	29.720	29.720	44.814	44.814
2	Amount Due Joint Venture Kirloskar Ebara Pumps Limited	37.847		37.592	
	Substantial Interest Corrocoat Limited, UK		0.255		1.346
	Key Management Personnel (#)	48.862		44.249	
	Mr. Sanjay Kirloskar		34.000		32.000
	Mr. M.S Unnikrishnan		1.300		-
	Mr. Pratap Shirke		1.300		1.300
	Mr. Alok Kirloskar		1.300		1.300
	Mr. Kishor Chaukar		0.650		1.300
	Dr. Rakesh Mohan		1.300		1.403
	Ms. Rama Kirloskar		5.088		3.192
	Mr. Rajeev Kher		1.300		1.300
	Mr. Pradymana Vyas		1.300		1.300
	Ms. Shailaja Kher		1.300		1.140
	Mr. K.Taranath		0.012		0.007
	Mr. Achyut Dhadphale		0.012		0.007

(#) Commission to Chairman- Managing Director and Non-Executive Directors is approved in board meeting held on 25th May 2021. Payment will be made in the year 2021-22



CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

Note 36 : Disclosure pursuant to Schedule V read with regulations 34(3) and 53(f) of the SEBI(Listing Obligations And Disclosure Requirements) Regulations, 2015 :

A Loans and advances in the nature of loans for working capital requirements :

(Amounts in Million ₹)

Name of the Company	Balance as at		Maximum outstanding	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
To Subsidiary Companies				
The Kolhapur Steel Limited	160.414	160.414	160.414	160.414
To Associate				
KBL Synerge LLP	-	-	-	1.775

B Loans and advances in the nature of loans to firms/companies in which directors are interested: NIL

C Investment by the loanee (borrower) in the shares of the Company or subsidiary of the Company : NIL

Note:- Loans to employees under various schemes of the company (such as housing loan, furniture loan, education loan etc.) have been considered to be outside the purview of this disclosure requirements.

Note 37 : Joint Venture and Jointly controlled operations

a) List of Joint Venture

Sr No	Name of the Joint Venture	Description	Ownership Interest	Country of Incorporation
1	Kirloskar Ebara Pumps Limited	Jointly controlled entity	45%	India

b) Financial Interest in Jointly controlled entities

Sr. No	Name of the Joint Venture	Summarized financial information		
			31 March 2021	31 March 2020
1	Kirloskar Ebara Pumps Limited	Assets	2,119.749	2,104.067
		Liabilities	607.666	786.256
			2020-21	2019-20
		Income	1,909.661	1,668.945
		Expenses(including tax expenses)	1,707.005	1,588.592
		Profit after tax	202.656	80.353
		Other comprehensive income	1.615	(6.735)
		Total comprehensive income	204.271	73.618

c) Contingent liabilities, if any , incurred in relation to interest in Joint Ventures: For income tax - Rs. 13.282 Million (Rs. 13.282 Million)

d) Capital commitments , if any , in relation to interest in Joint Ventures : Rs 15.837 Million (Rs.3.831 Million)

CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)**Note 37 : Joint Venture and Jointly controlled operations (Contd.)****e) List of Jointly controlled operations :**

Sr. No.	Name of the Jointly controlled operation	Description	Ownership Interest	Country of Incorporation
1	HCC - KBL	Jointly controlled operations	N A	India
2	KBL – MCCL	Jointly controlled operations	N A	India
3	KCCPL – IHP – BRC – TAIPPL – KBL JV	Jointly controlled operations	N A	India
4	IVRCL – KBL JV	Jointly controlled operations	N A	India
5	Maytas – KBL JV	Jointly controlled operations	N A	India
6	Larsen & Toubro – KBL JV	Jointly controlled operations	N A	India
7	KBL-MEIL-KCCPL JV	Jointly controlled operations	N A	India
8	KBL – PLR JV	Jointly controlled operations	N A	India
9	KBL – Koya – VA Tech JV	Jointly controlled operations	N A	India
10	KBL – PIL Consortium	Jointly controlled operations	N A	India
11	Larsen & Toubro – KBL – Maytas JV	Jointly controlled operations	N A	India
12	IVRCL – KBL – MEIL JV	Jointly controlled operations	N A	India
13	Pioneer – Avantica – ZVS – KBL JV	Jointly controlled operations	N A	India
14	AMR – Maytas – KBL – WEG JV	Jointly controlled operations	N A	India
15	Indu – Shrinivasa Constructions – KBL – WEG JV	Jointly controlled operations	N A	India
16	MEIL – KBL – IVRCL JV	Jointly controlled operations	N A	India
17	MEIL – Maytas – KBL JV	Jointly controlled operations	N A	India
18	KCCPL – TAIPPL – KBL JV	Jointly controlled operations	N A	India
19	KBL-SPML JV	Jointly controlled operations	N A	India
20	MEIL - KBL JV	Jointly controlled operations	N A	India
21	MAYTAS – MEIL – KBL JV	Jointly controlled operations	N A	India
22	Gondwana - KBL JV	Jointly controlled operations	N A	India
23	MEIL -PRASAD-KBL CONSORTIUM	Jointly controlled operations	N A	India
24	JCPL - MEIL - KBL CONSORTIUM	Jointly controlled operations	N A	India
25	KBL -PTIL UJV	Jointly controlled operations	N A	India
26	KBL - RATNA - JOINT VENTURE	Jointly controlled operations	N A	India
27	MEIL-KBL-WEG CONSORTIUM	Jointly controlled operations	N A	India
28	MEIL-KBL- (KDWSP) JV	Jointly controlled operations	N A	India
29	KBL and TC IPL JOINT VENTURE	Jointly controlled operations	N A	India
30	ACPL & KBL JV	Jointly controlled operations	N A	India
31	Kirloskar Brothers Ltd. JV	Jointly controlled operations	N A	India
32	ITD CEMENTATION INDIA LIMITED JV	Jointly controlled operations	N A	India
33	GSJ - KBL JV	Jointly controlled operations	N A	India
34	JBL-KBL-GSJ JV	Jointly controlled operations	N A	India



CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

Note 38 : Details of provisions and movements in each class of provisions

(Amounts in Million ₹)

Particulars	Provision for compensated Absences	Provision for product Warranty	Provision for decommissioning and restoration cost	Provision for Loss on Long Term Contracts
Carrying amount as at 1 April 2019	314.785	344.876	7.018	116.125
Add: Provision during the year 2019-20 net of reversal of excess provision for earlier years	39.184	300.191	-	-
Add: Unwinding of discounts	-	10.929	0.577	-
Less: Amount utilized during the year 2019-20	(26.094)	(298.031)	-	-
Less: Amount reversed during the year 2019-20	(0.140)	-	-	-
Add: Foreign exchange difference	-	5.194	-	3.292
Carrying amount as at 31 March 2020	327.736	363.159	7.595	68.910
Add: Provision during the year 2020-21 net of reversal of excess provision for earlier years	13.640	186.503	-	0.554
Add: Unwinding of discounts	-	5.204	0.623	-
Less: Amount utilized during the year 2020-21	(38.193)	(209.559)	-	-
Less: Amount reversed during the year 2020-21	-	(0.120)	-	-
Add: Foreign exchange difference	-	6.461	-	1.400
Carrying amount as at 31 March 2021	303.183	351.647	8.218	41.360
Non-current provision	147.134	28.723	8.218	-
Current provision	156.049	322.924	-	41.360

Compensated absences

The cost of the leave encashment and the present value of the leave encashment obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates.

Provision for warranty

Provision for warranty is made for estimated warranty claims in respect of products sold, which are under warranty at the end of the reporting period. These claims are expected to be settled in the next 18 months. Management records the provision based on the historical warranty claims information and any recent trends that may suggest future claims which could differ from historical amount.

Provision for decommissioning and restoration cost

A provision has been recognised for decommissioning and restoration costs associated with windmills on lease hold land. The Company is committed to restore the site at the end of useful life of windmills.

Provision for long term contract

A provision is made for the expected loss of the projects, where the estimated cost is more than the estimated revenue. Changes in estimated cost and estimated revenue are assessed by the management at the end of reporting period based on the price variation received/ given, change in the scope of project and revision of estimates regarding date of completion, expected costs to be incurred, changes in external circumstances such as applicable tax rates etc.

CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)**Note 39 : Fair Value Measurements**

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

The Company has not performed a fair valuation of its investment in unquoted ordinary shares which are classified as FVOCI (refer Note 5), as the Company believes that impact of change on account of fair value is insignificant.

(Amounts in Million ₹)

Sr. No.	Particulars	Carrying value	
		31 March 2021	31 March 2020
(a)	Levelled at Level 1		
	Carried at fair value through Profit and loss (FVTPL)		
	Investment in Mutual funds	1,268.231	450.285
(b)	Levelled at Level 2		
	Carried at amortised cost		
	Trade receivable	5,232.718	5,541.224
	Security deposits	1,052.400	1,081.042
	Other financial assets	115.375	100.751
	Cash and cash equivalent	1,735.306	3,169.576
	Other bank balances	18.615	38.586
(c)	Levelled at Level 3		
	Investments in unquoted equity shares (FVOCI)	0.005	0.005
	Financial Liabilities		
(a)	Levelled at Level 1		
	Carried at fair value through Profit and loss (FVTPL)		
	Forward contract liability	-	73.852
(b)	Levelled at Level 2		
	Carried at amortised cost		
	Non-current borrowings	840.218	1,170.211
	Current borrowings	1,882.215	4,329.342
	Trade payable	5,587.002	5,452.979
	Lease liability	305.098	506.181
	Other current financial liabilities	2,260.945	1,909.979

Note 40: Financial risk management policy and objectives

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

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



CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Ageing analysis, External credit rating (wherever available)	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk -Foreign Currency Risk	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Sensitivity Analysis	Management follows established risk management policies, including use of derivatives like foreign exchange forward contracts, where the economic conditions match the Group's policy.

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

(A) Credit Risk

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

Credit risk management

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

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

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

The Group provides for expected credit loss in case of trade receivables, claims receivable and security deposits when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Group etc.

For the security deposits and claims receivable, provision for expected loss is made considering 12 months expected credit loss. Provision for lifetime credit loss is made if there is significant increase in credit risk for such financial assets.

In respect of trade receivable, Group uses the simplified approach for the provision for expected loss. The lifetime expected loss provision is recognised based on the provision matrix as decided by the management, based on the historical experience of recoverability. The Group categorizes a receivable

CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

for provision for doubtful debts/write off when a debtor fails to make contractual payments greater than 1 year past due in case product business and 4 years past due in case of project business. In addition to this Group also provides the expected loss based on the overdue number of days for receivables as per the provision matrix. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Provision for expected credit loss

Financial assets for which loss allowance is measured using Expected Credit Losses (ECL) model as per Ind AS 109,

(Amounts in Million ₹)

Exposure to Risk	31 March 2021	31 March 2020
Trade Receivables	6,001.360	6,282.704
Less : Expected Loss	768.642	741.479
	5,232.718	5,541.225
Security Deposits	1,070.673	1,111.715
Less : Expected Loss	18.273	30.678
	1,052.400	1,081.037
Claims Receivable	58.201	72.970
Less : Expected Loss	12.545	12.157
	45.656	60.813

Trade receivable ageing used in the provision matrix for life time expected credit loss is as -

	31 March 2021	31 March 2020
Trade Receivables		
Neither past due nor impaired	2,208.228	1,073.739
Past due but not impaired		
Less than 180 days	1,172.314	2,433.464
181 - 365 days	557.277	812.875
More than 365 days	1,294.898	1,221.146
Total	5,232.718	5,541.224

Reconciliation of loss provision

	Trade Receivables	Others
Loss allowance as at 1 April 2019	926.591	33.374
Changes in loss allowance	(185.112)	9.461
Loss allowance as at 31 March 2020	741.479	42.835
Changes in loss allowance	27.163	(12.017)
Loss allowance as at 31 March 2021	768.642	30.818

(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



CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

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.

(Amounts in Million ₹)

Exposure to Risk	31 March 2021	31 March 2020
Interest bearing borrowings		
On demand	1,092.629	2,089.757
Less than 180 days	800.000	2,250.000
181 - 365 days	-	-
More than 365 days	829.804	1,159.796
Total	2,722.433	5,499.553
Other financial liabilities		
On demand	118.104	105.370
Less than 180 days	2,099.878	1,895.149
181 - 365 days	138.250	155.780
More than 365 days	2.119	42.981
Total	2,358.351	2,199.280
Lease liability		
On demand	-	-
Less than 180 days	44.976	152.011
181 - 365 days	44.976	152.011
More than 365 days	215.148	202.159
Total	305.100	506.181
Trade & other payables		
On demand	3,090.747	2,274.887
Less than 180 days	1,265.150	1,773.779
181 - 365 days	54.919	294.626
More than 365 days	1,176.189	1,109.692
Total	5,587.005	5,452.984

The Group has access to following undrawn facilities at the end of the reporting year (Interest rates 6.8% - 10.1%)

	31 March 2021	31 March 2020
Expiring within one year	1,210.821	9,823.361
Expiring beyond one year	-	-

(C) Market risk - Interest rate risk

The company's exposure to the risk of changes in market interest rates relates to borrowings with floating interest rates. To manage the risk, company has created balance portfolio of fixed and variable interest rate borrowings.

Change of 0.5%, in the base rates will have effect of INR 6.951 MN on the company's profitability.

CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)**(D) Foreign Currency Risk**

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

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

Foreign currency exposure :

Financial Assets	Currency	Amount in Foreign Currency (MN)		Amount in INR (MN)	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
Trade Receivables	EUR	0.081	0.339	6.906	28.178
	GBP	0.040	0.322	4.025	30.198
	USD	11.072	15.060	809.443	1,134.957
	SGD	0.194	0.450	10.567	24.311
	AED	0.034	0.502	0.704	10.311
	MYR	-	0.106	-	1.841
	IDR	-	61.634	-	0.307
Bank Accounts	EGP	0.478	0.092	2.221	0.441
	EUR	0.099	0.006	8.469	0.484
	GBP	0.273	0.625	27.471	58.700
	USD	2.405	4.088	175.852	308.088
	VND	12.254	9.580	0.038	0.030
	XOF	1.835	0.170	0.232	0.022
	SGD	0.004	0.043	0.213	2.339
	AED	0.009	0.496	0.184	10.178
	IDR	107.529	-	0.553	-
	CZK	1.933	1.656	6.632	5.503
Other Deposits Amount Due from Employees	XOF	0.500	0.500	0.063	0.063
	EGP	0.002	0.002	0.009	0.010
	EUR	0.006	0.007	0.484	0.608
	SGD	-	-	-	-
	GBP	-	0.118	-	11.095
	XOF	-	0.017	-	-
	USD	0.047	2.722	3.426	205.151
	IDR	-	56.402	-	0.281



CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

Foreign currency exposure :

Financial Liabilities	Currency	Amount in Foreign Currency (MN)		Amount in INR (MN)	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
Trade Payables	EGP	0.731	0.731	3.391	3.492
	EUR	2.088	0.567	179.112	47.125
	GBP	0.032	0.206	3.223	19.376
	USD	4.539	4.242	331.816	319.702
	JPY	0.375	0.026	24.793	1.804
	VND	15,649.974	15,932.596	48.515	49.391
	XOF	155.666	202.042	19.723	25.599
	SGD	0.023	-	1.255	-
	AED	0.069	-	1.416	-
Amount Due to Employees	EUR	(0.005)	-	(0.438)	-
	XOF	-	0.001	-	0.000
	USD	(0.002)	0.071	(0.124)	5.384

Currency wise net exposure (assets - liabilities)

Particulars	Amount in Foreign Currency (MN)		Amount in INR (MN)	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
EGP	(0.250)	(0.636)	(1.162)	(3.042)
EUR	(1.898)	(0.215)	(162.815)	(17.855)
GBP	0.281	0.859	28.273	80.617
USD	8.987	17.557	657.029	1,323.110
JPY	(0.375)	(0.026)	(24.793)	(1.804)
VND	(15,637.720)	(15,923.016)	(48.477)	(49.361)
XOF	(153.331)	(201.356)	(19.427)	(25.514)
SGD	0.175	0.493	9.525	26.650
CZK	1.933	1.656	6.632	5.503
AED	(0.026)	0.998	(0.528)	20.489
IDR	107.529	118.036	0.553	0.588
MYR	-	0.106	-	1.841

CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)**Sensitivity Analysis**

Currency	Amount in INR (MN)		Sensitivity % 2020-21	Sensitivity % 2019-20
	2020-21	2019-20		
EGP	(1.162)	(3.042)	4.78%	5.25%
EUR	(162.815)	(17.855)	3.11%	2.98%
GBP	28.273	80.617	1.67%	0.20%
USD	657.029	1,323.110	2.18%	3.34%
JPY	(24.793)	(1.804)	2.54%	4.51%
VND	(48.477)	(49.361)	0.91%	1.14%
XOF	(19.427)	(25.514)	1.12%	1.41%
SGD	9.525	26.650	2.13%	3.17%
CZK	6.632	5.503	4.91%	5.89%
AED	(0.528)	20.489	2.68%	4.06%
IDR	0.553	0.588	0.72%	3.77%
MYR	-	1.841	1.58%	9.70%

Currency	Impact on profit (strengthen)		Impact on profit (weakening)	
	2020-21	2019-20	2020-21	2019-20
EGP	0.055	0.160	(0.055)	(0.160)
EUR	5.059	0.532	(5.059)	(0.532)
GBP	(0.472)	(0.161)	0.472	0.161
USD	(14.316)	(44.194)	14.316	44.194
JPY	0.629	0.081	(0.629)	(0.081)
VND	0.440	0.563	(0.440)	(0.563)
XOF	0.218	0.361	(0.218)	(0.361)
SGD	(0.203)	(0.845)	0.203	0.845
CZK	(0.325)	(0.324)	0.325	0.324
AED	0.014	(0.832)	(0.014)	0.832
IDR	(0.004)	(0.022)	0.004	0.022
MYR	-	(0.179)	-	0.179
Total	(8.904)	(44.861)	8.904	44.861

* Sensitivity % are derived based on variation in the exchange rates over the period of last 5 years.

(EGP- Egyptian Pound, GBP - Great Britain Pound, EUR- Euro, USD - US Dollar, VND- Vietnamese Dong, SGD- Singapore Dollar, JPY - Japanese Yen, AED-Arab emirates Dirham, XOF- CFA Franc, IDR- Indonesian rupiah, MYR- Malaysian Ringgit, CZK - Czech Koruna)



CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

Note 41: Capital management

(a) Risk management

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

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, change debt mix. Consistent with others in the industry, the group monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (including non-controlling interest) plus net debt.

The group's strategy is to maintain a gearing ratio within 30%. The gearing ratios were as follows:

Particulars	31 March 2021	31 March 2020
Loans and borrowings (Including current maturities of long term debt)	3,004.903	5,780.822
Less: Cash and cash equivalents (Including other bank balances)	1,753.921	3,208.162
Net debt	1,250.982	2,572.660
Equity	11,072.405	9,459.392
Equity and net debt	12,323.387	12,032.052
Gearing ratio	10.151%	21.382%

(b) Dividend

Particulars	31 March 2021	31 March 2020
Equity Shares		
(i) Interim dividend for the year	-	158.818
(ii) Dividends not recognised at the end of the reporting year	238.227	39.704
(iii) Dividends not recognised at the end of the reporting year payable to non-controlling interest	-	-

Since year end the directors have recommended the payment of a final dividend of INR 3.0 per fully paid equity share (31 March 2020 - INR 0.50). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)**Note 42 : Disclosure in respect of Micro, small and medium enterprises**

Group has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act] as at March 31, 2019. The disclosure pursuant to the said Act is as under:

(Amounts in Million ₹)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Total outstanding amount in respect of Micro, small and medium enterprises	875.852	676.794
Other disclosures in respect of micro and small enterprises		
Principal amount due and remaining unpaid	3.965	3.274
Interest due on above and unpaid interest	0.050	0.243
Interest paid	-	-
Payment made beyond appointment day	141.439	1,128.246
Interest due and payable for the period of delay	1.170	3.179
Interest accrued and remaining unpaid (excluding interest accrued for earlier years)	1.275	3.426
Amount of further interest remaining due and payable in succeeding years	0.004	-

The identification of suppliers as micro, small and medium enterprise as defined under the Micro, Small and Medium Enterprises Development Act 2006, was done on the basis of information to the extent provided by the suppliers of group.

Note 43 : Corporate Social Responsibility expenditures

- (a) Amount required to be spent by the group during the current year is Rs. 29.176 MN (Rs 25.477 MN)
 (b) Amount spent by the group during the current year is Rs. 29.723 Million (Rs. 26.132 Million)

The company and its subsidiaries as per policy on Corporate Social Responsibility(CSR) and recommendation and approval of the CSR committee has contributed Rs. 13 MN towards education through its implementing agency Vikas Charitable Trust and balance amount on various projects for students and society at large (Including assistance during flood in Maharashtra and Kerala/ Covid-19 outbreak, water mangement, WASH activity for students and donation to charitable organisation such as Rotary club, Annamitra foundation etc.) The group has not spent any amount towards construction or acquisition of asset.

Note 44: Note on impact of Covid -19

During the year the Group's operations recovered further from the economic slowdown caused by the COVID-19 pandemic. The Group will continue to evaluate the pandemic related uncertainty and will take appropriate actions.



CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)

Note 45: Segment Reporting

(Amounts in Million ₹)

Group operates in single reporting segment of 'Fluid Machinery and Systems' Group is not having single major customer having transactions more than 10% of total revenue of group.

	Within India		Outside India		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
a) Segment Revenue Geographic Segment by location of customer	17,400.758	19,163.559	9,764.644	12,190.746	27,165.402	31,354.305
b) Carrying Amount of non-current assets other than deferred tax asset and financial assets	5,289.908	5,106.518	1,280.773	1,379.336	6,570.681	6,485.854

Note 46: Disclosure in respect of Ind AS 116, 'Leases'

Right-to-use asset	For the year ended 31 March 2021	For the year ended 31 March 2020
Opening right-to-use asset	484.058	571.037
Net addition during the year	(78.134)	41.190
Depreciation charged during the year	(105.597)	(125.313)
Forex difference	1.384	(2.856)
Closing right-to-use asset	301.712	484.058
Increase/ (decrease) in right-to-use asset	(182.346)	484.058
Increase / (decrease) in non-current lease liability	(121.359)	202.160
Increase / (decrease) in current lease liability	(79.725)	304.021
Increase / (decrease) in depreciation	105.597	125.313
Increase / (decrease) in finance cost	16.412	28.454
Decrease in rent expenses	106.399	133.515

1. Short term leases and leases for low value assets are continued to be accounted for as rent expenses.
2. Total cash outflow for lease arrangements during the year is Rs 144.481 Mn
3. Group has not entered into any sublease arrangements.

CONSOLIDATED NOTES TO ACCOUNTS (CONTD.)**Note 47: Additional information regarding subsidiaries as per Schedule III of The Companies Act, 2013**

Name of the Entity	Net Assets		Share in Profits or Loss		Other comprehensive income (OCI)		Total comprehensive income	
	As % of consolidated P&L	Amount	As % of consolidated P&L	Amount	As % of consolidated P&L	Amount	As % of consolidated P&L	Amount
Parent								
Kirloskar Brothers Limited (including effect of consolidation, elimination and other adjustment)	98.600%	10917.403	58.204%	935.607	96.277%	43.578	59.247%	979.185
Subsidiaries								
Indian								
1. Karad Projects and Motors Pvt Ltd	3.437%	380.507	23.295%	374.456	2.497%	1.130	22.725%	375.586
2. The Kolhapur Steel Limited	(5.194%)	(575.102)	(8.891%)	(142.921)	(1.185%)	(0.536)	(8.680%)	(143.457)
3. Kirloskar Corrocoat Private Limited	(0.388%)	(42.954)	(0.398%)	(6.395)	0.526%	0.238	(0.373%)	(6.157)
Foreign								
Kirloskar Brothers International B V (Consolidated)	(2.640%)	(292.298)	23.528%	378.207	0.000%	0.000	22.884%	378.207
Non-controlling interest in all Subsidiaries								
Indian	0.230%	25.492	0.008%	0.127	0.281%	0.127	0.015%	0.254
Foreign	0.000%	0.000	0.000%	0.000	0.000%	0.000	0.000%	0.000
Joint Ventures (investment as per the equity method)								
Indian								
Kirloskar Ebara Pumps Limited	5.955%	659.357	4.253%	68.373	1.606%	0.727	4.181%	69.100
TOTAL	100.000%	11072.405	100.000%	1607.454	100.000%	45.264	100.000%	1652.718

Note 48: Others

Previous year's figure have been regrouped, wherever required.

For and on behalf of the Board of Directors

SANJAY KIRLOSKAR

Chairman and Managing Director
DIN: 00007885

Rajeev Kher

Director
DIN: 01192524

Chittaranjan Mate

Chief Financial Officer
Pune : 25 May 2021

Raghunath Apte

Company Secretary
Pune : 25 May 2021



First-of-its-kind
Fish-friendly
Pump supplied in Europe



Kirloskar Lowest Life Cycle Cost
(LLC™) Pump series
receives two Patents



Becoming the first pump
manufacturing company in India
to be certified for Integrated
Management System consisting
of four different standards, viz,
ISO 9001:2015, ISO 14001:2015,
ISO 45001:2018 & ISO 50001:2018



Kirloskar KVM Pump received
the India Design Mark



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KIRLOSKAR BROTHERS LIMITED

Established 1888

A Kirloskar Group Company

OUR COMPANIES



United Kingdom



U.S.A.



South Africa



India



The Netherlands

Registered office & Global Headquarters: Yamuna, Survey No. 98 (3 to 7), Plot no. 3, Baner, Pune 411045.
Email: marketing@kbl.co.in | Website: www.kirloskarpumps.com | CIN No.: L29113PN1920PLC000670



KIRLOSKAR BROTHERS LIMITED

A Kirloskar Group Company

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NOTICE

NOTICE is hereby given that the 101st Annual General Meeting (AGM) of the Members of **KIRLOSKAR BROTHERS LIMITED** will be held on Thursday, the 9th day of September, 2021 at 11.00 a.m., Indian Standard Time (IST), through Video Conferencing/ Other Audio Visual Means (VC/OAVM) facility to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt Audited Financial Statements of the Company for the Financial Year ended on March 31, 2021 together with the Reports of Auditors and Board thereon and Audited Consolidated Financial Statements of the Company for the Financial Year ended on March 31, 2021 together with the Reports of Auditors thereon.
2. To declare Dividend on equity shares of the Company for the Financial Year 2020 - 21.
3. To appoint a Director in place of Ms. Rama Kirloskar (DIN 07474724), who retires by rotation and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 including any statutory modification(s) or re-enactment thereof for the time being in force and pursuant to the recommendation of the Audit and Finance Committee, the remuneration amounting to ₹ 825,000/- (Rupees Eight Lakhs Twenty Five Thousand Only) excluding GST and other taxes as may be applicable and out of pocket and travelling expenses, if any, payable to M/s. Parkhi Limaye & Co., Cost Accountants (Firm Reg. No. 000191), ‘Aabha’, Plot No. 16, Siddhakala CHS, Warje, Pune – 411 058, appointed by the Board of Directors of the Company as Cost Accountants to conduct the audit of the cost records of the Company for the Financial Year 2021 - 22, be and is hereby ratified and confirmed.”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Schedule IV of the Act the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force) and applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) (‘SEBI Listing Regulations, 2015’), Mr. Shrinivas V. Dempo (DIN 00043413), who was appointed by the Board of Directors as an Additional Director with effect from May 25, 2021 in terms of the provisions of Section 161 of the Act read with Article 166 of the Articles of Association of the Company and who holds office as such up to the date of this Annual General Meeting and who has submitted the declaration in accordance with Section 149 (7) of the Act and Regulation 25 (8) of the SEBI Listing Regulations, 2015 that he meets the requisite criteria of independence as provided under Section 149 (6) of the Act and Regulation 16 (1) (b) of the SEBI Listing Regulations, 2015 and in respect of whom the Company has received a notice under Section 161 (1) of the Act in writing from a Member



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proposing Mr. Dempo's candidature for the office of director and further pursuant to the recommendation of the Nomination and Remuneration Committee and the Board, approval of the shareholders be and is hereby accorded to appoint Mr. Shrinivas V. Dempo an Independent Director of the Company to hold the office for the term of 5 consecutive years up to May 24, 2026.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and any other applicable provisions of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Shrinivas V. Dempo be paid such fees and remuneration and profit related commission as the Nomination and Remuneration Committee and Board of Directors may approve from time to time and subject to such limits prescribed or as may be prescribed from time to time.

RESOLVED FURTHER THAT Mr. Shrinivas V. Dempo shall not be considered as a director liable to retire by rotation in terms of Section 152 of the Act unless he is disqualified to act as an Independent Director of the Company before the expiry of the term of 5 years as per the provisions contained in Sections 149 and 152 of the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company including its Committee thereof and /or Company Secretary of the Company be and are hereby authorized to do all the acts, deeds and things and take all such steps as may be incidental, necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule IV of the Act the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force) and applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time), (SEBI Listing Regulations, 2015), Mr. Shobinder Duggal (DIN 00039580), who was appointed by the Board of Directors as an Additional Director with effect from May 25, 2021 in terms of provisions of Section 161 of the Act read with Article 166 of the Articles of Association of the Company and who holds office as such up to the date of this Annual General Meeting and who has submitted the declaration that in accordance with Section 149 (7) of the Act and Regulation 25 (8) of the SEBI Listing Regulations, 2015, he meets the requisite criteria of independence as provided under Section 149 (6) of the Act and Regulation 16 (1) (b) of the SEBI Listing Regulations, 2015 and in respect of whom the Company has received a notice under Section 161 (1) of the Act in writing from a Member proposing Mr. Duggal's candidature for the office of director and further pursuant to the recommendation of the Nomination and Remuneration Committee and the Board, approval of the shareholders be and is hereby accorded to appoint Mr. Shobinder Duggal as an Independent Director of the Company to hold the office for the term of 5 consecutive years up to May 24, 2026.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and any other applicable provisions of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Shobinder Duggal be paid such fees and remuneration and profit related commission as the Nomination and Remuneration Committee and the Board of Directors may approve from time to time and subject to such limits prescribed or as may be prescribed from time to time.



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RESOLVED FURTHER THAT Mr. Shobinder Duggal shall not be considered as a director liable to retire by rotation in terms of Section 152 of the Act unless he is disqualified to act as an Independent Director of the Company before the expiry of the term of 5 years as per the provisions contained in Sections 149 and 152 of the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company including its Committee thereof and /or Company Secretary of the Company be and are hereby authorized to do all the acts, deeds and things and take all such steps as may be incidental, necessary, proper or expedient to give effect to this resolution.”

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Schedule IV the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force) and applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time), (SEBI Listing Regulations, 2015), Ms. Ramni Nirula (DIN 00015330), who was appointed by the Board of Directors as an Additional Director with effect from May 25, 2021 in terms of provisions of Section 161 of the Act read with Article 166 of the Articles of Association of the Company and who holds office as such up to the date of this Annual General Meeting and who has submitted the declaration in accordance with Section 149 (7) of the Act and Regulation 25 (8) of SEBI Listing Regulations, 2015 that he meets the requisite criteria of independence as provided under Section 149 (6) of the Act and Regulation 16 (1) (b) of the SEBI Listing Regulations, 2015 and in respect of whom the Company has received a notice under Section 161 (1) of the Act in writing from a Member proposing Ms. Nirula’s candidature for the office of director and further pursuant to the recommendation of the Nomination and Remuneration Committee and the Board, approval of the shareholders be and is hereby accorded to appoint Ms. Ramni Nirula as an Independent Director of the Company to hold the office for the term of 5 consecutive years up to May 24, 2026.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and any other applicable provisions of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Ms. Ramni Nirula be paid such fees and remuneration and profit related commission as the Nomination and Remuneration Committee and Board of Directors may approve from time to time and subject to such limits prescribed or as may be prescribed from time to time.

RESOLVED FURTHER THAT Ms. Ramni Nirula shall not be considered as a director liable to retire by rotation in terms of Section 152 of the Companies Act, 2013 unless she is disqualified to act as an Independent Director of the Company before the expiry of the term of 5 years as per the provisions contained in Sections 149 and 152 of the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company including its Committee thereof and /or Company Secretary of the Company be and are hereby authorized to do all the acts, deeds and things and take all such steps as may be incidental, necessary, proper or expedient to give effect to this resolution.”



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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and any other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the rules framed thereunder [including the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014], the Articles of Association of the Company, the relevant regulations under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations, 2015’), including any statutory modification(s) or re-enactment(s) thereof for the time being in force, and subject to such other approvals as may be required and as recommended by the Nomination and Remuneration Committee and the Board, the approval of the shareholders be and is hereby accorded to appoint Ms. Rama Sanjay Kirloskar (DIN 07474724) as a Joint Managing Director of the Company with effect from August 3, 2021 for a period of 5 years i.e. upto August 2, 2026 (both days inclusive), in addition to her being presently acting as the Managing Director of Kirloskar Ebara Pumps Limited (KEPL) and to perform the duties that may be delegated by the Board from time to time, subject to overall supervision and control of the Board of Directors and subject to all other terms and conditions as set out in the contract of employment / service to be entered into between the Company and Ms. Rama Kirloskar and on the remuneration as set out below :-

Salary:

Rs. 500,000/- (Rupees Five Lakhs only) per month.

Perquisites:

- a. Fully furnished/unfurnished residential accommodation. Where no accommodation is provided by the Company, suitable House Rent Allowance in lieu thereof may be paid.
- b. The expenses on furnishings, gas, electricity, water and other utilities and repairs, if any, shall be borne by the Company.
- c. Reimbursement of all medical expenses incurred for self and family.
- d. Leave Travel Assistance for self and family as per Company rules.
- e. Fees of clubs which will include admission and life membership fees.
- f. Personal accident insurance, premium whereof does not exceed Rs. 25,000/- per annum.
- g. Provision of service staff at residence.
- h. A car with driver for official and personal purpose.
- i. Telephone and other communication facilities at residence.
- j. Contribution to Provident Fund, Superannuation Fund or Annuity Fund.
- k. Gratuity at the rate not exceeding 30 days salary for each completed year of service and
- l. Leave at the rate of one month for every eleven months of service. Leave not availed of may be encashed.

There would be no duplication of the perquisites provided by both the Companies.

“Family” for the above purpose means the spouse, dependent children and dependent parents of a Joint Managing Director.

Perquisites shall be valued as per the provisions of the Income Tax Rules.



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Commission:

Commission shall be decided by the Board of Directors based on the net profits of the Company and as recommended by the Nomination and Remuneration Committee of the Board, for each year subject to the condition that the aggregate remuneration of the Joint Managing Director shall not exceed the limit laid down under Section 197 of the Act read with Schedule V of the Act. Ms. Rama Kirloskar in her capacity as a Joint Managing Director will not be entitled for any sitting fees for attending the meeting of the Board and its Committee thereof.

RESOLVED FURTHER THAT in terms of provisions of Section 152 (6) of the Act and the Articles of Association of the Company, Ms. Rama Kirloskar shall be liable to retire by rotation in case the number of rotational directors, liable to retired are less than the requirement.

RESOLVED FURTHER THAT in terms of provisions of Sections 198, 203 read with Schedule V of the Act, and applicable provision of SEBI Listing Regulation, 2015, Ms. Rama Kirloskar shall draw remuneration from the Company and / or KEPL provided that the total remuneration drawn from these Companies do not exceed the higher maximum limit admissible from any one of the companies of which she is a Managerial person.

RESOLVED FURTHER THAT in the event in any Financial Year during the tenure of Ms. Rama Kirloskar as a Joint Managing Director, the Company does not earn any profits or earns inadequate profits as contemplated under the provisions of Schedule V of the Act, the Company may pay to Ms. Rama Kirloskar the fixed pay and perquisites (subject to annual review from time to time) as approved by the Nomination and Remuneration Committee and the Board of Directors and which shall be the minimum remuneration payable to Ms. Rama Kirloskar and subject to receipt of requisite approvals, if any, as may be required.

RESOLVED FURTHER THAT the scope and quantum of remuneration specified herein above, may be enhanced, enlarged, widened, altered, or varied by the Board, considering and in conformity with any amendment to the relevant provisions of the Act and/or Income Tax Act, 1961 and/or the rules and regulations made thereunder and/or such guidelines, as may be announced by the Central Government, from time to time.

RESOLVED FURTHER THAT any one of the Directors of the Company be and is hereby authorized to execute all such agreements, documents, instruments and writings as may be deemed necessary, file requisite forms or applications with statutory/regulatory authorities, with the power to settle all questions, difficulties or doubts that may arise, in this regard, as it may in its sole and absolute discretion deem fit and to do all such acts, deeds, matters and things and take such steps and actions as may be considered necessary and appropriate and to delegate all or any of its powers herein conferred to any Director(s) / Company Secretary of the Company, to give effect and to implement this Resolution.”

By order of the Board of Directors
For **KIRLOS KAR BROTHERS LIMITED**

Raghunath Apte
Company Secretary
ICSI Membership No. A17619

Pune: August 3, 2021



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NOTES:

1. The Statement of Material Facts pursuant to Section 102 of the Companies Act, 2013 (the Act) setting out material facts concerning the business under Item Nos. 4 to 8 of the accompanying Notice, is annexed hereto. The Board of Directors of the Company at its meetings held on August 3, 2021 considered that the Special Business under Item Nos. 4 to 8 being considered unavoidable, be transacted at the 101st AGM of the Company.
2. **General instructions for accessing and participating in the 101st AGM through VC/OAVM facility and voting through electronic means including remote e-Voting.**
 - a. In view of the outbreak of the COVID-19 pandemic, social distancing norms to be followed and the continuing restrictions on movement of persons at several places in the country and pursuant to General Circular Nos.14/2020, 17/2020 and 20/2020 dated April 8, 2020, April 13, 2020 and May 5, 2020, General Circular No. 22/2020 dated June 15, 2020, General Circular No.33/2020 dated September 28, 2020 and General Circular No. 39/ 2020 dated December 31, 2020 and General Circular No. 02/2021 dated January 13, 2021 respectively, issued by the Ministry of Corporate Affairs (collectively referred to as MCA Circulars) read with Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 issued by the Securities and Exchange Board of India, (collectively referred to as SEBI Circulars) and in compliance with the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations, 2015), the AGM of the Company is being conducted through VC/OAVM facility, which does not require physical presence of members at a common venue. The deemed venue for the AGM shall be the Registered Office of the Company.
 - b. In terms of the MCA Circulars, the physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for the AGM. However, in pursuance of Section 113 of the Act, representatives of the Members may be appointed for the purpose of voting through remote e-Voting, for participation in the AGM through VC/OAVM facility and e-Voting during the AGM.
 - c. In line with the aforementioned MCA Circulars and SEBI Circulars, the Notice of the AGM along with the Integrated Annual Report is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depository Participants. Members may note that, the notice of the AGM and the Integrated Annual Report for the Financial Year 2020-21 is also available on the website of the Company at www.kirloskarpumps.com, on the website of BSE Limited (BSE) at www.bseindia.com, on the website of National Stock Exchange of India Limited (NSE) at www.nseindia.com and also on the website of National Securities Depositories Limited (NSDL) at www.evoting.nsdl.com.
 - d. Since the AGM will be held through VC/OAVM facility, the Route Map is not annexed in this Notice.
 - e. NSDL will be providing facility for voting through remote e-Voting, for participation in the AGM through VC/OAVM facility and e-Voting during the AGM.
 - f. Members may join the AGM through VC/OAVM facility by following the procedure as mentioned below which shall be kept open for the Members from 10:30 a.m. IST i.e. 30 minutes before the



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time scheduled to start the AGM and the Company may close the window for joining the VC/OAVM facility 30 minutes after the scheduled time to start the AGM.

- g. Members may note that the VC/OAVM facility, provided by NSDL, allows participation of 1,000 Members on a first-come-first-serve basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. can attend the AGM without any restriction on account of first-come-first-serve principle.
- h. Attendance of the Members participating in the AGM through VC/OAVM facility shall be counted for the purpose of considering the quorum under Section 103 of the Act.
- i. Pursuant to the provisions of Section 108 of the Act and any other applicable provisions, if any, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI) and Regulation 44 of SEBI Listing Regulations, 2015 read with MCA Circulars and SEBI Circulars, the Company is providing remote e-Voting facility to its Members in respect of the business to be transacted at the AGM and facility for those Members participating in the AGM to cast vote through e-Voting system during the AGM.

3. Instructions for Members for remote e-Voting are as under:-

- a. The remote e-Voting period will commence on Monday, September 6, 2021 (9:00 am IST) and end on Wednesday, September 8, 2021 (5:00 pm IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 2, 2021, may cast their vote by remote e-Voting. The remote e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast, the Member shall not be allowed to change it subsequently.
- b. A person who is not a Member as on the cut-off date should treat this Notice of AGM for information purpose only.
- c. The details of the process and manner for remote e-Voting are explained herein below:

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.



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Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none">Existing IDeAS user can visit the e-Services website of NSDL viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jspVisit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience. <p>NSDL Mobile App is available on</p> <p> App Store  Google Play</p> <div style="display: flex; justify-content: space-around;"></div>



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<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
<p>Individual Shareholders (holding securities in demat mode) login through their Depository Participants</p>	<p>You can also login using the login credentials of your Demat Account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forgot User ID and Forgot Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
<p>Individual Shareholders holding securities in demat mode with NSDL</p>	<p>Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30</p>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<p>Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022 - 23058738 or 022-23058542-43</p>



B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-Services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDeAS login. Once you log-in to NSDL e-Services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	User ID
a) For Members who hold shares in Demat Account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example - if your DP ID is IN300*** and Client ID is 12***** then your User ID is IN300***12*****.
b) For Members who hold shares in Demat Account with CDSL.	16 Digit Beneficiary ID Forexample-if your Beneficiary ID is 12***** then your User ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example - if Folio Number is 001*** and EVEN is 101456 then User ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
 - c) How to retrieve your ‘initial password’?
 - (i) If your email ID is registered in your demat account or with the Company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.



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- (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**
6. If you are unable to retrieve or have not received the “initial password” or have forgotten your password:
 - a) Click on “**Forgot User Details/Password?**”(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) “**Physical User Reset Password?**” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join General Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
8. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 / 1800 224 430 or send a request at evoting@nsdl.co.in or contact Mr. Amit Vishal, Senior Manager or Ms. Pallavi Mhatre, Manager, National Securities Depository Ltd., at the designated email ID: evoting@nsdl.co.in or



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at telephone nos. : +91-22-24994360 or 91-99202 64780 or 1800 1020 990 / 1800 224 430 who will also address the grievances connected with the voting by electronic means. Members may also write to the Company Secretary at the Company's email address grievance.redressal@kbl.co.in

4. Process for those Members whose email ids are not registered for procuring User ID and password and registration of email ids for e-Voting on the resolutions set out in this Notice:

- a. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), Aadhar (self-attested scanned copy of Aadhar Card) by e-mail to grievance.redressal@kbl.co.in
- b. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account Statement, PAN (self attested scanned copy of PAN card), Aadhar (self-attested scanned copy of Aadhar Card) to grievance.redressal@kbl.co.in. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
- c. Alternatively shareholders/members may send a request to evoting@nsdl.co.in for procuring User ID and password for e-voting by providing above mentioned documents.
- d. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

5. Instructions for Members for participating in the AGM through VC/OAVM are as under:

- a. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to **NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under **"Join General Meeting"** menu against company name. You are requested to click on VC/OAVM link placed under **Join General Meeting** menu. The link for VC/OAVM will be available in Shareholders/ Members login where the EVEN of Company will be displayed. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
- b. Members are encouraged to join the Meeting through Laptops for better experience.
- c. Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- d. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.



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- e. Members can submit questions in advance with regard to the financial statements or any other matter to be placed at the AGM, from their registered email address, mentioning their name, DP ID and Client ID number /folio number and mobile number, to reach the Company's email address i.e. grievance.redressal@kbl.co.in at least 48 hours in advance before the start of the meeting i.e. by September 7, 2021 by 11:00 a.m. IST. Such questions by the Members shall be taken up during the meeting and replied by the Company suitably.
- f. Members, who would like to ask questions during the AGM with regard to the financial statements or any other matter to be placed at the AGM, need to register themselves as speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID number/folio number and mobile number, to reach the Company's email address i.e. grievance.redressal@kbl.co.in at least 48 hours in advance before the start of the AGM i.e. by September 7, 2021 by 11:00 a.m. IST. Those Members who have registered themselves as speakers shall be allowed to ask questions during the AGM, on first-come-first-serve basis and subject to availability of time.
- g. Institutional Investors who are Members of the Company, are encouraged to attend and vote in the AGM through VC/OAVM Facility.

6. Instructions for Members for e-Voting during the AGM are as under:

- a. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- b. Only those Members/ Shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
- c. Members who have voted through remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- d. The details of the persons who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same persons mentioned for remote e-voting i.e. Mr. Amit Vishal, Senior Manager - NSDL or Ms. Pallavi Mhatre, Manager - NSDL at the designated email ID: evoting@nsdl.co.in or at toll free no. 1800 1020 990 / 1800 224 430.

7. Other Guidelines for Members

- a. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Log in to the e-Voting website will be disabled upon 5 unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
- b. The voting rights of Members shall be in proportion to their share in the paid up equity share capital of the Company as on the cut-off date of September 2, 2021.



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- c. Any person, who acquires shares of the Company and becomes Member of the Company after the Company sends the Notice of the AGM by e-mail and holds shares as on the cut-off date i.e. August 6, 2021, may obtain the User ID and password by sending a request to the Company's e-mail address grievance.redressal@kbl.co.in. However, if you are already registered with NSDL for remote e-Voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "forget User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com.
 - d. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting or casting vote through e-Voting system during the AGM. Mr. Shyamprasad Limaye, Practicing Company Secretary from Pune, has been appointed as the Scrutinizer to scrutinize the remote e-Voting process and vote cast through e-Voting system during the AGM in a fair and transparent manner.
 - e. During the AGM, the Chairman shall, after response to the questions raised by the Members in advance or as a speaker at the AGM, formally propose to the Members participating through VC/OAVM Facility to vote on the resolutions as set out in the Notice of the AGM and announce the start of the casting of vote through e-Voting system. After the Members participating through VC/OAVM Facility, eligible and interested to cast votes, have cast the votes, the e-Voting will be closed with the formal announcement of closure of the AGM.
 - f. The Scrutinizer shall after the conclusion of e-Voting at the AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-Voting and shall make a Consolidated Scrutinizer's Report of the total votes cast in favour or against, invalid votes, if any, and whether the resolution has been carried or not, and such Report shall then be sent to the Chairman within 2 working days from the conclusion of the AGM, who shall then countersign and declare the result of the voting forthwith.
 - g. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company at www.kirloskarpumps.com and on the website of NSDL at www.evoting.nsdl.com immediately after the declaration of Results by the Chairman. The Results shall also be immediately forwarded to the BSE and NSE.
- 8.** Pursuant to the MCA Circulars and SEBI Circular, in view of the prevailing situation, owing to the difficulties involved in dispatching of physical copies of the Notice of the AGM and the Integrated Annual Report for the Financial Year 2020 -21 are being sent only by email to the Members. Therefore, Members, whose email addresses are not registered with the Company or with their respective Depository Participant/s and who wish to receive the Notice of the AGM and the Integrated Annual Report for the Financial Year 2020 - 21 and all other communication sent by the Company, from time to time, can get their email address registered by following the steps as given below: -
- a. For Members holding shares in physical form, please send scan copy of a signed request letter mentioning your folio number, complete address, email address to be registered along with scanned self-attested copy of the PAN and any document (such as Driving Licence, Passport, Bank Statement, Aadhar) supporting the registered address of the Member, by email to the Company's email address grievance.redressal@kbl.co.in



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- b. For the Members holding shares in demat form, please update your email address through your respective Depository Participant/s.
9. The Notice of the AGM and the Integrated Annual Report for the Financial Year 2020-21, will be available on the website of the Company at www.kirloskarpumps.com and the website of BSE and NSE. The Notice of AGM will also be available on the website of NSDL at www.evoting.nsdl.com.
10. Income tax on Dividend will be deducted as per the prescribed rates in the Income Tax Act, 1961 ("the IT Act"). In general, to enable compliance with TDS requirements, Members are requested to complete and / or update their Residential Status, PAN, Category as per the IT Act with their Depository Participants or in case shares are held in physical form, with the Company by sending email to the Company's email address at grievance.redressal@kbl.co.in
11. Pursuant to the provisions of Section 124 of the Act, Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended ("IEPF Rules") read with the relevant circulars and amendments thereto, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund ("IEPF"), constituted by the Central Government.

The Company has been sending reminders to the Members having unpaid/ unclaimed dividends before transfer of such dividend(s) to IEPF. Details of the unpaid/ unclaimed dividend are also uploaded on the website of the Company at www.kirloskarpumps.com. Members who have not encashed Final Dividend 2013-14 or any subsequent dividend declared by the Company, are advised to write to the Company immediately.

12. The unclaimed dividend for the Financial Year 2012-13 has been transferred to IEPF, pursuant to the applicable provisions of Section 124 of the Act. In terms of the said Section read with relevant rules, the amount transferred to the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of 7 (seven) consecutive years or more from the date of such transfer, shall be transferred by the Company to IEPF. Accordingly, the unpaid/ unclaimed dividend for the Financial Years 2013-14 onwards will become transferable at the end of 7 years from the respective dates of transfer of such amount to the Unclaimed Dividend Account to IEPF.

As per the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the underlying shares in respect of which the dividend has remained unclaimed / unpaid for 7 years or more will be transferred to IEPF. Accordingly, the Company has transferred underlying shares, in respect of which the dividend remained unpaid / unclaimed for consecutive 7 years up to the Financial Year 2012-13.

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



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The details of transfer of unpaid/unclaimed dividend to IEPF are given below:

Year	Type of dividend	Dividend in ₹ per share	Date of declaration	Due Date of transfer to the IEPF Account
2013 - 14	Final	2.50	25-Sep-14	October, 2021
2014 - 15	Final	0.50	27-Jul-15	September, 2022
2015 - 16	Interim	0.50	14-Mar-16	April, 2023
2016 - 17	Final	1.00	27-Jul-17	September, 2024
2017 - 18	Final	2.50	27-Jul-18	September, 2025
2018 - 19	Final	2.50	12-Aug-19	September, 2026
2019 - 20	Interim	2.00	14-Feb-20	March, 2027
2019 - 20	Final	0.50	25-Sep-20	October, 2027

In terms of the IEPF (Uploading of information regarding unpaid dividend amount lying with the Companies) Rules, 2012, the details of unclaimed dividend up to 2019-20 (Interim) have been uploaded on the Company's website www.kirloskarpumps.com. This will facilitate the Members to claim their unclaimed dividend. Members are therefore, requested to check and send their claims if any, for the relevant Financial Years from 2013-14 onwards before the respective amounts become due for transfer to IEPF.

13. In terms of the SEBI Listing Regulations, 2015, securities of listed companies can only be transferred in dematerialized form with effect from April 1, 2019. In view of the above, Members are advised to dematerialize shares held by them in physical form.
14. Electronic copy of all the documents referred to in the accompanying Notice of the AGM and the Statement of material facts shall be available for inspection in the Investor Section of the website of the Company at www.kirloskarpumps.com.
15. During the AGM, Members with prior intimation of 48 hours, may access the scanned copy of Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts and Arrangements in which Directors are interested, maintained under Section 189 of the Act, upon Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com>.



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ANNEXURE TO THE NOTICE OF 101st ANNUAL GENERAL MEETING

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

Item No. 3

Ms. Rama Kirloskar (DIN 07474724) age 31, is a Director on the Board of the Company, from 28th July 2017.

Brief Profile:

She currently serves as the Managing Director of Kirloskar Ebara Pumps Limited (KEPL), a joint venture between Kirloskar Brothers Limited, parent company of the 133-year-old Kirloskar Group and Ebara Corporation, Japan. She has been instrumental in the turnaround of KEPL into a debt free company. Previously, she was General Manager and Head of the Product Portfolio Management at Kirloskar Brothers Limited, where she was responsible for driving the Go-to-market strategy, product value management and restructuring for the mass production business; material grade rationalization and streamlining for the foundry business and product rationalization for the made-to-order business.

She holds a double major in Mathematics and Biology from Bryn Mawr College, USA. After graduation, she went on to work at Polaris Partners, a multi-stage venture capital firm that principally invests in technology, healthcare and consumer products, headquartered at Boston, MA, USA. Subsequently, she worked at the Koch Institute at Massachusetts Institute of Technology (MIT), USA. Her research led her and the team to begin working with Visterra Inc., an MIT biotechnology start-up company that currently uses its proprietary platform to design therapeutics for infectious diseases.

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

She is also on the Board of Karad Projects and Motors Limited and Prakar Investments Private Limited. She is on the Executive Council of AGNli (Accelerating Growth of New India's Innovation), a programme of the Office of the Principal Scientific Adviser to the Government of India and a Mission under the Prime Minister's Science, Technology and Innovation Advisory Council (PM-STIAC).

She is a member of Corporate Social Responsibility Committee. She has attended 7 Board meetings held during the Financial Year 2020-21.

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

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

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

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



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

Item No. 4

In terms of Section 148 of the Act read with The Companies (Cost Records and Audit) Rules, 2014 including any statutory modification(s) or re-enactment thereof, for the time being in force, the Company is required to get its cost records audited by a Cost Accountant and the remuneration to be paid to such Cost Accountant would be required to be approved by the Members of the Company. The Board of Directors of the Company has appointed M/s. Parkhi Limaye & Co., Pune, as Cost Auditors in terms of the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, for the purpose of auditing the cost records of the Company for the Financial Year 2021-22 on a yearly remuneration of ₹ 825,000/- p.a. (Rupees Eight Lacs Twenty Five Thousand Only) excluding GST and other taxes as may be applicable and out of pocket and travelling expenses, if any.

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

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

III. Details of Directors seeking Appointment as required under Regulation 36 of the Listing Regulations, 2015 and Secretarial Standards (SS-2)

Item No. 5

Mr. Shrinivas Dempo (DIN 00043413) age 52, was appointed as an Additional Director of the Company with effect from May 25, 2021 on the recommendation of the Nomination and Remuneration Committee of the Board of Directors of the Company.

Mr. Shrinivas Dempo is the Chairman of the Goa-based Dempo Group of Companies, which has diversified interests in industries such as calcined petroleum coke, shipbuilding, food processing, real estate and newspaper publishing. He has been Chairman of the Western Region of the largest industry lobby in India, the Confederation of Indian Industry. In 2013, Mr. Dempo was named Honorary Vice Consul of Italy in Goa, India. He was appointed Chairman (Independent Director) of Automobile Corporation of Goa Ltd, a Tata Group Company.

Mr. Dempo has a long association with football, having patronized a premier football club. He was named amongst the 50 most influential people in Indian sports in the 2010 Sports Illustrated Power list as the President and Chairman of Dempo Sports Club.

Mr. Dempo is on the Executive Council of Goa University, besides being associated with a number of Non-Governmental Organizations performing yeoman services to society such as, the Charles Correa Foundation and the President of the Goa Cancer Society. He continues his multi-generational engagement with the Goan society, which covers institutions and programmes of higher education, cultural enrichment, environmental conservation, sporting excellence and affirmative action, under the Dempo Charities Trust and Vasant Rao Dempo Education & Research Foundation. He has recently been elected as the Vice President of AIMA on 12th March, 2021.

In his capacity as the Chairman of the prominent petroleum coke manufacturing listed company, Goa Carbon Ltd, Mr. Dempo was honoured in the year 2014 with the Asia Pacific Outstanding Entrepreneurship Award India, 2014 in recognition of his pursuit of responsible business practices by the Asia-wide organization, Enterprise Asia, dedicated to management development and ethical business.



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Mr. Dempo earned his Bachelor's and Master's degrees from the University of Mumbai in 1990 and 1992 respectively. He later took a Master of Science degree in Industrial Administration & Finance from Carnegie Mellon University, Pittsburgh, Pennsylvania, USA in 1995 and in 2019 he was elected as a member on their Board of Trustees. In 2020, he received the Tepper Achievement Award, in recognition of his influential role as the Chairman and Managing Director of the Dempo Group and in professional associations and civic organizations in India.

Currently, he is on the Board of Dempo Sports Club Private Limited, Dempo Shipbuilding and Engineering Private Limited, V. S. Dempo Holdings Private Limited, Goa Medical Research Private Limited, Automobile Corporation of Goa Limited, V. S. Dempo Mining Corporation Private Limited, Hindustan Foods Limited, Dempo Industries Private Limited, Goa Carbon Limited, West Coast Hotels Private Limited, Dempo Travels Private Limited, Marmagoa Shipping and Stevedoring Company Private Limited and is also acting as a designated partner in Esmeralda International Exports Limited LLP, Devashri Nirman LLP, Challengers Table Tennis Club LLP, Dempo Biz Nest LLP and as individual partner in Argent Trading LLP.

Mr. Dempo has rich and varied experience in industrial administration and his appointment will be in the best interest of the Company.

Mr. Dempo does not hold any share of the Company either singly or jointly with others.

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

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

The Company has received a notice under Section 160 (1) of the Act from a shareholder proposing his candidature to the office of a director. The Board is of the opinion that, he fulfils the conditions regarding his appointment as an Independent Director.

On the recommendation of the Nomination and Remuneration Committee, and as per the requirements of Sections 149 read with 152 of the Act, the Board recommends passing of this resolution as an Ordinary Resolution appointing him as an Independent Director of the Company for a term up to May 24, 2026.

Item No. 6

Mr. Shobinder Duggal (DIN 00039580) age 63, was appointed as an Additional Director of the Company with effect from May 25, 2021 on the recommendation of the Nomination and Remuneration Committee of the Board of Directors of the Company.

Mr. Shobinder Duggal is a Bachelor's in Economics (Hons.) from St. Stephens College, Delhi University and a member of Institute of Chartered Accountants of India. He has completed a programme for Executive Development from IMD Lausanne, Switzerland and done several international courses from the Nestle Training Centre, Switzerland and the London Business School, UK.

Mr. Shobinder Duggal is a recipient of many prestigious awards, such as the "Best CFO" of Large MNC by Business Today and Business World India, the "Best CFO" of MNC by Dalal Street India, the "Business World CFO" award recognised Nestle India for its best financial performance for MNC, a large MNC.

He has about 35 years of work experience with the Nestle group in India and Switzerland. He was the CFO of the South Asia Region of Nestle from May 2004 to February 2020 and has also handled procurement and IT/IS responsibilities. He was also the Executive Director and CFO in Nestle India Limited and a Board



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member of Nestle Lanka PLC. Before becoming the CFO, Mr. Duggal had handled various responsibilities including Financial Planning, Direct Taxes, Consolidation & Reporting to the Group and for India entity, Assisting on Investor Relations, Insurance, Controlling, Costing, Overseeing the Treasury function, Payroll, Fixed Assets Management, Operational & Financial Audits, Due Diligence Audit etc. He had led an international team for the due diligence of a major acquisition in India.

Currently, Mr. Duggal is on the Board of SBI Life Insurance Company Limited, as an Independent Director.

Mr. Duggal has more than 36 years rich experience in procurement, IT/IS field and also in the Finance fraternity as well and his appointment will be in the best interest of the Company.

Mr. Duggal does not hold any share of the Company either singly or jointly with others.

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

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

The Company has received a notice under Section 160 (1) of the Act from a shareholder proposing his candidature to the office of a director. The Board is of the opinion that he fulfills the conditions regarding his appointment as an Independent Director.

On the recommendation of Nomination and Remuneration Committee and as per the requirements of Sections 149 read with 152 of the Act, the Board recommends the passing of this resolution as an Ordinary Resolution appointing him as an Independent Director of the Company for a term up to May 24, 2026.

Item No.7

Ms. Ramni Nirula (DIN 00015330) age 69, was appointed as an Additional Director of the Company with effect from May 25, 2021 on the recommendation of the Nomination and Remuneration Committee of the Board of Directors of the Company.

Ms. Ramni Nirula, retired as the Senior General Manager of ICICI Bank Limited. She has more than 4 decades of experience in the financial services sector, beginning her career with the erstwhile ICICI Limited in the project appraisal division. Since then, she has held various leadership positions in areas of Project Financing, Strategy, Planning & Resources and Corporate Banking. She was part of the top management team instrumental in transforming ICICI Bank from a term lending institution into a technology led diversified financial services group with a strong presence in India's retail financial services market. She was also part of the top-level task force, which successfully planned and implemented ICICI Bank's entry into the Rural Banking, Microfinance & Agriculture Business group, identified by the Bank as a key thrust area. Ms. Nirula also held a key position as the Managing Director & CEO of ICICI Securities Limited, the Investment Banking arm of ICICI Bank Limited. She also headed the Corporate Banking Group for ICICI Bank. In addition, she was also responsible for setting up the Government Banking / Corporate Agri Group based out of New Delhi within the bank.

Ms. Nirula helped to set up / take forward I-Banks' CSR initiative through the ICICI Foundation set up with a focus on delivery of primary health, primary education and access to finance.

Ms. Nirula has been a member of the Board of many ICICI group and associate companies i.e. ICICI



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Securities Limited, ICICI Direct and 3i Infotech. Additionally, she has been a member of the Board of leading companies in India.

Ms. Nirula has also been on the Board of non-corporates like a leading residential school for girls, a Micro Finance Institution in India and Advisory Council Member of ICICI Knowledge Park Trust. In addition to the Corporate Boards, Ms. Nirula was on the India Advisory Board of a Boston based global PE fund for advising on investment opportunities in India and supporting investee companies in their biz growth.

Ms. Nirula holds a Bachelor's Degree in Economics and a Master's degree in Business Administration from Delhi University.

Currently, Ms. Nirula is on the Boards of DCM Shriram Limited, P.I. Industries Limited, HEG Limited, Usha Martin Limited.

Ms. Nirula has rich experience in the areas like Project Financing, Strategy, Planning and Resources and Corporate Banking and her appointment will be in the best interest of the Company.

Ms. Nirula does not hold any share of the Company either singly or jointly with others.

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

Apart from Ms. Nirula, none of the other Directors, Key Managerial Personnel of the Company and/or their relatives are concerned or interested, directly or indirectly, financially or otherwise, in the proposed resolution.

The Company has received a notice under Section 160 (1) of the Act from a shareholder proposing her candidature to the office of a director. The Board is of the opinion that, she fulfils the conditions regarding her appointment as an Independent Director.

On the recommendation of Nomination and Remuneration Committee, and as per the requirements of Sections 149 read with 152 of the Companies Act, 2013, the Board recommends the passing of this resolution as an Ordinary Resolution appointing her as an Independent Director of the Company for a term up to May 24, 2026.

Item No. 8

Appointment of Ms. Rama Kirloskar (DIN 07474724) age 31 years as a Joint Managing Director of the Company for a period of 5 years with effect from August 3, 2021.

Based on the recommendations of Nomination and Remuneration Committee, the Board of Directors, at its meeting held on August 3, 2021, had unanimously approved the appointment of Ms. Rama Kirloskar as a Joint Managing Director for a tenure of 5 years from August 3, 2021 to August 2, 2026 (both days inclusive), subject to the approval of Members of the Company. Her appointment as a Joint Managing Director in the Company will be in addition to her current position as Managing Director of Kirloskar Ebara Pumps Limited (KEPL).

Further, the Board at its meeting held on August 3, 2021, also unanimously approved the terms and conditions of appointment of Ms. Rama Kirloskar as mentioned in the draft resolution, which are as under:

Salary:

Rs. 500,000/- (Rupees Five Lakhs only) per month.



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Perquisites:

- a. Fully furnished/unfurnished residential accommodation. Where no accommodation is provided by the Company, suitable House Rent Allowance in lieu thereof may be paid.
- b. The expenses on furnishings, gas, electricity, water and other utilities and repairs, if any, shall be borne by the Company.
- c. Reimbursement of all medical expenses incurred for self and family.
- d. Leave Travel Assistance for self and family as per Company rules.
- e. Fees of clubs which will include admission and life membership fees.
- f. Personal accident insurance, premium whereof does not exceed ₹ 25,000/- per annum.
- g. Provision of service staff at residence.
- h. A car with driver for official and personal purpose.
- i. Telephone and other communication facilities at residence.
- j. Contribution to Provident Fund, Superannuation Fund or Annuity Fund.
- k. Gratuity at the rate not exceeding 30 days salary for each completed year of service, and
- l. Leave at the rate of one month for every eleven months of service. Leave not availed of may be encashed.

There would be no duplication of the perquisites provided by both the Companies.

“Family” for the above purpose means the spouse, dependent children and dependent parents of a Joint Managing Director.

Perquisites shall be valued as per the provisions of the Income Tax Rules.

Commission:

Commission shall be decided by the Board of Directors based on the net profits of the Company and as recommended by the Nomination and Remuneration Committee of the Board, for each year subject to the condition that the aggregate remuneration of the Joint Managing Director shall not exceed the limit laid down under Section 197 of the Act read with Schedule V of the said Act. Ms. Rama Kirloskar in her capacity as a Joint Managing Director will not be entitled for any sitting fees for attending the meeting of the Board and its Committee thereof.

Ms. Rama Kirloskar shall draw remuneration from the Company and KEPL, provided that the total remuneration drawn from both the Company and KEPL does not exceed the higher maximum limit admissible from any one of the companies in accordance with Schedule V of the Act.

Ms. Rama Kirloskar is not disqualified from being appointed as a Joint Managing Director in terms of Section 164 of the Act and has given her consent to act as a Joint Managing Director of the Company. In the opinion of the Board, she fulfils the conditions for the said appointment as prescribed under the relevant provisions of the Act and the relevant Rules made thereunder. Ms. Rama Kirloskar, apart from being qualified, she has been on the Board of the Company since 2017.

In view of the relevant provisions of Section 203(3) of the Act, Ms. Rama Kirloskar can be appointed as a Joint Managing Director of the Company.



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For brief Profile of Ms. Rama Kirloskar one can refer to Item No. 3 in Details of Director seeking re-appointment.

She does not hold any share of the Company, either singly or jointly with others.

Ms. Rama Kirloskar has attended 7 (seven) Board Meetings of the Company held during the year.

A copy of the contract of employment/ service setting out the terms of appointment including her powers, functions, role, responsibility / duties and remuneration payable, proposed to be entered into with Ms. Rama Kirloskar will be available for inspection on request without payment of fee.

Except Ms. Rama Kirloskar, Mr. Sanjay Kirloskar and Mr. Alok Kirloskar, none of the Director, Key Managerial Personnel of the Company and or their relatives are concerned or interested, directly or indirectly, financially or otherwise in this resolution.

Considering her knowledge of various aspects of the Company's affairs and the scope of its business expansion and varied industrial experience, the Board recommends the resolution regarding appointment of Ms. Rama Kirloskar as a Joint Managing Director of the Company for consideration and approval of the Members of the Company by way of an Ordinary Resolution.

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

A handwritten signature in black ink, appearing to be "RA", with a long horizontal stroke extending to the right.

Raghunath Apte
Company Secretary
ICSI Membership No – A17619

Pune: August 3, 2021

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