KIRLOSKAR BROTHERS LIMITED

A Kirloskar Group Company

Integrated Annual Report 2019-20

CELEBRATING 100 YEARS OF INCORPORATION

शताब्दी
CENTENARY

1920
2020

The FY 2019-20 Integrated Annual Report is really special for us. After all, it is the 100th Annual Report of KBL. Also, 2020 is a momentous year for all of us as it marks the completion of 100 years of incorporation of KBL as a public limited company.

Kirloskar Brothers, established in 1888, was officially incorporated as Kirloskar Brothers Limited (KBL) on 15th January 1920. We have come a long way over the last 100 years. From a humble beginning in a small factory shed in Kirloskarvadi to its transformation into a global conglomerate, KBL has grown by leaps and bounds over the last century. The KBL brand-name, over the last 100 years, has resonated with nationalism, trust, reliability, innovation, technology, a humanitarian approach and best-in-class products and services.

Incidentally, apart from achieving the centennial feat, we last year also commemorated the 150th birth anniversary of our founder, Shri. Laxmanrao Kirloskar. The ideology and ethics of our founding fathers are deeply engraved in our DNA basis which we have grown from strength to strength over the years. KBL's vision, however, has always gone beyond 'company building' to 'nation building'. Ours is a company that was born out of commitment, to enhance productivity and enrich lives, to prove India's capabilities against the best in the world. And in doing so, to silently contribute to India's progress and growth as a nation both before as well as after independence. Our mission is to ensure that in our field, India is self-reliant in all core sectors and strategic areas. As one of the global market leaders, we constantly strive to provide the world with the best-in-class fluid management solutions for every need. Be it serving the farmer community and thereby contributing towards food security, providing drinking water to millions of households across the globe or essentially turning the wheels of industry, we do it all.

Our glorious journey of over 100 years has helped us establish a rock-solid foundation for a brighter future. With a rich value system, experience and technical preparedness for the future we are confident of scaling newer heights in the coming century. We believe that this historic milestone is simply another temporary stop in our continued success journey as we embark into another century with a rich heritage and promising future.

Your company marked its 100th Year on a promising note by:

- Organising a special commemorative event to celebrate the completion of 100 Years of KBL, which was graced by the Honourable Prime Minister of India, Shri. Narendra Modi
- Continuing to offer value added products like the supply of our largest ever Autoprime pump for a milestone project in Suriname
- Being part of prestigious national projects like the supply of firefighting pumps for the Statue of Unity, world's tallest statue
- Taking various steps to expand our manufacturing prowess like introducing Replicast®, a precision foundry process, and using latest technologies like AR/VR in our day-to-day operations for delivering better customer service
- Strengthening our small pumps range by introducing new products like the K-Booster series as well as submersible pumps with sand fighter features

BOARD OF DIRECTORS	Sanjay C. Kirloskar	Chairman and Managing Director
	Pratap B. Shirke	
	Alok S. Kirloskar	
	Kishor A. Chaukar	Independent Director (upto April 26, 2020) Additional Director (w.e.f. April 27, 2020)
	Rakesh Mohan	
	Rama S. Kirloskar	
	Rajeev V. Kher	
	Tilak Dhar	(Upto July 1, 2019)
	Pradyumna Vyas	
	Shailaja Kher	
	M. S. Unnikrishnan	Additional Director (w.e.f. June 5, 2020)
Chief Financial Officer	Chittaranjan M. Mate	
Company Secretary	Sandeep Phadnis	
Auditors	M/s. Sharp & Tannan Associates - Chartered Accountants	
Bankers	Bank of India Canara Bank HDFC Bank Limited Citibank N.A. Export Import Bank of India (EXIM) ICICI Bank Limited	
Registered Office (From February 14, 2020) & Corporate Office	"Yamuna", Survey No. 98 (3 to 7), Plot No. 3, Baner, Pune - 411 045, Maharashtra (India) Phone: (020) 6721 4444 Fax: (020) 6721 1136 Email: secretarial@kbl.co.in Website: www.kirloskarpumps.com	
Works	Kirloskarvadi, Dewas, Shirwal, Kondhapuri, Coimbatore (Kaniyur), Ahmedabad (Sanand)	

Information for shareholders

Annual General Meeting :

Day & Date	:	Friday, September 25, 2020
Time	:	11.00 a. m
Venue	:	Video Conference/ Other Audio Visual Means ("VC/OAVM")
Deemed Venue	:	Registerd Office : "Yamuna", Survey No. 98 (3 to 7) Plot no. 3, Baner, Pune - 411 045

Table of Contents

TEN YEARS' SUMMARY

(Amount in Million ₹)

Particulars	Ind AS				IGAAP					
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net Sales	20,970	22,235	19,135	17,355	16,387	16,257	17,598	18,724	17,819	19,469
Other Income	254	247	189	182	208	113	55	70	463	129
Material Cost	11,618	13,205	11,288	9,975	9,898	10,471	11,698	13,204	12,661	13,431
Other Expenses	7,704	7,408	6,508	6,318	5,833	4,834	4,504	4,107	4,441	4,386
Interest	302	282	253	315	382	413	409	443	537	453
Depreciation	400	366	352	397	408	497	346	320	303	300
Profit Before Tax	1,200	1,241	923	533	74	55	698	719	340	1,027
Income Tax Provision	408	368	267	203	(33)	(30)	221	285	28	414
Nat Profit After Tax	792	873	656	330	107	85	477	434	312	615
Share Capital	159	159	159	159	159	159	159	159	159	159
Reserves	9,608	9,244	8,796	8,221	7,903	7,804	7,842	7,827	7,378	7,276
Net Worth	9,767	9,403	8,955	8,380	8,062	7,963	8,001	7,786	7,536	7,434
Imports	576	1,042	504	382	403	524	671	473	729	2,026
Exports	2,511	2,199	1,311	1,667	1,245	1,280	1,184	1,544	1,153	1,827
Basic Earnings Per Share (₹) (Face Value of ₹ 2/-)	9.97	11.00	8.26	4.16	1.36	1.07	6.00	5.47	3.93	7.73
Dividend %	125%*	125%	125%	50%	25%	25%	125%	100%	100%	175%
Book Value Per Share (₹)	123.00	118.42	112.78	105.53	101.53	100.30	100.82	98.11	94.99	93.70

Notes :

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

* Interim dividend paid @100% and Final Dividend Recommended @ 25%

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 77 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 10 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 organization'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, 2019 and March 31, 2020 categorized 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 77 covers KBL Corporate Office, manufacturing locations, subsidiaries and associate companies in India as shown below:

1. **Kirloskar Brothers Limited**
   - Corporate Office, Pune
   - Kirloskarvadi Plant, Kirloskarvadi
   - Kondhapuri Plant, Pune
   - Dewas Plant, Dewas
   - Sanand Plant, Ahmedabad
   - Kaniyur Plant, Coimbatore

2. **Subsidiaries and associate companies**
   - Karad Projects and Motors Limited, Karad (KPML)
   - The Kolhapur Steel Limited, Kolhapur (TKSL)
   - Kirloskar Ebara Pumps Limited, Kirloskarvadi (KEPL)
   - Kirloskar Corrocoat Pvt Limited, Kirloskarvadi (KCPL)

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 77 in line with <IR> framework has been independently assured by M/s. Ernst and Young Associates LLP.

CMD Message

It gives me immense pleasure and pride to write about our glorious journey of past several decades, as we celebrate 100 years of incorporation. Our journey began way back in 1888 with a modest bicycle shop started by our founder Shri. Laxmanrao Kirloskar and gradually increasing our footprint in various technologies from Agricultural Implements to Pumps, Machine Tools, Diesel Engines, Electric Motors and Air Compressors, being first to manufacture such products in India.

To commemorate this proud and momentous milestone, we organized a special event in the presence of the Honourable Prime Minister of India, Shri. Narendra Modi, along with various other dignitaries and guests in New Delhi on 6th January 2020. The Hon. Prime Minister stressed on the need for Indian industry to follow the example of KBL to build ethical and sustainable businesses that contribute to nation building over centuries. Congratulating KBL, the Prime Minister said that taking risks and expanding into new areas is a hallmark of great vision and strategy. Elaborating further, he added, "Today, as we are entering a new decade, I have no hesitation in saying that these decades will be for Indian entrepreneurs. KBL's success is a testament to the success of Indian industry and Indian industrialists".

At the momentous juncture, Honourable Prime Minister, Shri. Narendra Modi unveiled the commemorative corporate 'My Stamp' released by the Department of Posts in honour of the historic occasion.

Incidentally, this year also happens to be the 150th birth anniversary year of Shri. Laxmanrao Kirloskar. As a result, the Department of Posts felt it opportune to include Shri. Laxmanrao' s image on the 'My Stamp' along with the special '100 years' KBL logo created to mark the company's centenary year.

This stamp is the fourth such postage stamp released by the Indian Government in honour of KBL and its leaders over the 50 years. All these stamps are a befitting testimony to KBL's contribution in nation building.

Prime Minister also released the Hindi version of the biography of Shri. Laxmanrao Kirloskar, titled 'Yantrik ki Yatra'.

The biography explains Shri. Laxmanrao' s exemplary journey in establishing Kirloskar Brothers Limited as one of the largest and most successful business houses in India, relying on his grit, determination and strict adherence to ethics. It reveals his pioneering contribution in challenging times that stretched across several decades. For the common reader, 'Yantrik ki Yatra' brings to the fore how an individual who understands one's own potential and takes determined steps to walk through tough terrain, can achieve big success.

This biography, which has been published in three languages, has been distributed in various schools across the country to inspire the next generation of entrepreneurs. The Prime Minister, while sharing his views about the book, also expressed how he was really impressed by the title of the book 'Yantrik ki Yatra'. Early this year, the company kicked - off the golden year on a grand note by organizing a special commemorative event in Pune on March 10, 2019, the 109th foundation day of the Kirloskarvadi facility, KBL's mother plant. At the event, KBL had the honour of having Mr. Ratan Tata, the Chairman Emeritus of the Tata group as the chief guest. Apart from Mr. Tata, many other prominent personalities and dignitaries attended this historic event. We are proud that our history of firsts established India's engineering credentials in the world. True to the values of our company, we are thankful we could contribute to India's landmark green revolution. Over the years, Kirloskar Brothers Limited has helmed some of the country's and the world's most important projects.

During the year, KBL also honoured the 116th birth anniversary of our former Chairman, Shri. Shantanurao Laxmanrao Kirloskar.

He was a true visionary who played a vital role in the growth of Indian Industry and agriculture in the 20th century. A man of principles, he was a futurist who worked towards making India globally competitive. He believed that economic preparedness is as vital as military preparedness. He once famously said "Don't worry about the future. Create it". We abide by these words of wisdom.

Our organization started Sustainability Reporting in 2009-10. This is our 2nd annual report aligned to the principles of Integrated Reporting <IR> Framework developed by the International Integrated Reporting Council (IIRC). In addition, 2019-20 annual report is in accordance with Global Reporting Initiative (GRI) standards 'Comprehensive' option and Business Responsibility Report (BRR) requirements of SEBI. KBL has won CII - ITC Sustainability Awards - 2019 for Excellence in Environment Management. Assessment was conducted by a team of CII Assessors in October 2019 in our Corporate Office and manufacturing plants. This award is a great recognition for our commitment and consistency in implementing sustainable measures. We have been focusing on the environment and enhancing renewable energy sources which are clean and non-polluting. To reduce our carbon footprint, we have installed solar PV panels at KBL's manufacturing plants, subsidiaries and the Corporate Office. The total capacity of these solar panels is 4600 kW, which is in addition to the wind power installations of 4000 kW made in the previous years, thus contributing towards green energy. These renewable energy sources contribute to 27% of our total electricity consumption. At our Dewas plant, we have developed a 'Kirloskar Centenary Forest' by taking inputs from the afforestation concept. Our factories are covered under almost 70% green belt. We have implemented extensive daylight harvesting, rainwater harvesting, biogas plants, vermiculture plants, Reduce - Reuse - Recycle concepts and many other sustainability initiatives. In order to minimize impact on environment, we are into continuous product innovations to reduce life cycle cost of our products. Energy excellence assessment and energy audits are carried out by a team of external assessors at all manufacturing locations.

Engaged employees are our strength and we value the passion and enthusiasm they bring to their work. The trust of customers has been the key to our success. We endeavour to create long term stakeholder value.

As a global conglomerate, we are equipped with best technology in the world. Our companies like SPP Pumps (U.K), Rodelta (The Netherlands), SyncroFlo (U.S.A), Braybar Pumps (South Africa), KEPL, KPML, TKSL and KCPL - all synergize their competencies to develop and bring technically best in class solutions to the market.

The company has performed well in 2019-20 despite challenges. Apart from being a partner in the 'Make in India' movement, we will work closely with government bodies in developing countries in the current year as well.

This year too, KBL and its subsidiary companies contributed to corporate social responsibility activities in the areas of health and education through its social arm 'Vikas Charitable Trust'. Our employees took part in flood rescue operations, distribution of food and ensuring medical aid to needy people of local communities during crisis situations.

I would like to take this opportunity to thank all our stakeholders for their unstinting support and association with KBL.

We remain motivated to build a sustainable, long term future, while upholding the values of our founders.

Sanjay C. Kirloskar
Chairman & Managing Director

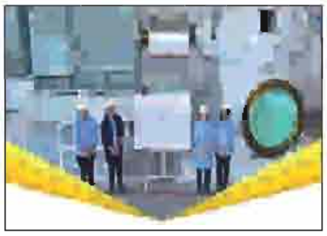
Highlights of the year

Key Financial Figures in Rupees

Sales	21224 Mn
ROI	11.7%
PAT	792 Mn
EBITDA	1902.52 Mn

New Products

Kirloskarvadi


UPH1000/160DV Pump


RKBCV Pump


36UPH2-I Pump


Vertical Volute VV700x700 Pump

Dewas


20 Variants in 5 Model of SP Coupled Pump set with IE4 Motor, (3 Phase, 2 Pole)


16 Variants in 4 Model of SP Coupled Pump set with IE4 Motor (3 Phase, 4 Pole)

Kondhapuri


1500 mm MDNRV


High performance 400 mm BFV

Kaniyur


Mini 50C 1.02 HP


K Booster Pump

TKSL


Swing Jaw


Sprocket

KCPL


Composite Structural Rehabilitation (CSR)

KEPL


Type 600x450 KSM 71 SO/50100661 as per API 610

KPML


BLDC Pump 0.5 HP


GE PUMP

Awards

KBL has won CII - ITC Sustainability Awards - 2019 for Excellence in Environment Management. Assessment was conducted by a team of CII Assessors in October 2019 at our Corporate Office and manufacturing plants. Across India, several organizations participated in this competition. This award is a great recognition for our commitment and consistency in implementing sustainable measures.

KBL has been recognized among "Maharashtra Best Employer Brand Award" for the year 2019 by World HRD Congress

KBL has been recognized among "Pune Best Employer Brand Award" for the year 2019 by World HRD Congress

Dewas

- Dewas team won 'overall winner award' and Quality award in "Reinventing the Future" contest organized by 'Aditya Birla Group' and 'Manufacturing Today' on 26th August 2019 in Indore region.

- Further to winning at Indore regional round, team won 'runner-up award' at national level contest in "Reinventing The Future" contest organized by 'Aditya Birla Group' and 'Manufacturing Today' on 27th September 2019 in Mumbai.

Kaniyur

Kaniyur plant won Gold award at the International Convention on QC Circles 2019 in Tokyo, Japan on 25th September 2019 for the subject on "rectification of impeller noise challenge of Chottu Star Ultra".

Kaniyur plant has won "Best Employer Brand Award-2019" assessed by World HR Congress.

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

Turnover – 21224 Mn

ROCE – 11.7%

PAT – 792 Mn

Manufactured Capital

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

Highlights

No. of Plants – 5 nos

Human Capital

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

Highlights

Total number of employees – 5033 nos.

Retention rate – 89%

Intellectual Capital

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

Highlights

Patents – 22 nos.

Monetary investment made in R & D – 55.4 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 – 719 nos.

No. of ARCs – 4 nos.

No. of APOEM – 1 no.

CSR Investments – 22 Mn

Natural Capital

Renewable and Non-renewable resources utilized by the organization or impacted by its operations.

Highlights

Electricity from renewable sources – 27.3%

Water recycled as a percentage of water withdrawal – 50.5%

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 & defense. 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.

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 m 3/hr discharge.

MISSION

Kirloskar Brothers Limited shall be known globally as a reliable, innovative and cost effective solution provider in hydraulic machines & systems.

VISION

Kirloskar Brothers Limited will be one of the most admired engineering companies in the world.

VALUES

Developing and working with mutual trust.
Building and nurturing teamwork.
Fairness in dealing with stakeholders.
Quality in everything.
Commitment towards environment.

KBL Global Headquarters and Registered Office

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

Location of the subsidiaries headquarters

KCPL	Registered office: Udyog Bhavan, Tilak Road, Pune-411002, Maharashtra, India.
TKSL	Pune - Bangalore Highway, Shiroli (Pulachi), Kolhapur-416122, Maharashtra, India.
KPML	B 67/68, Karad Industrial MIDC Area, Tasawade, Karad, Satara-415109, Maharashtra, India.
KEPL	Registered Office: Pride Kumar Senate Building, Senapati Bapat Road, Pune-411016, Maharashtra, India.

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.

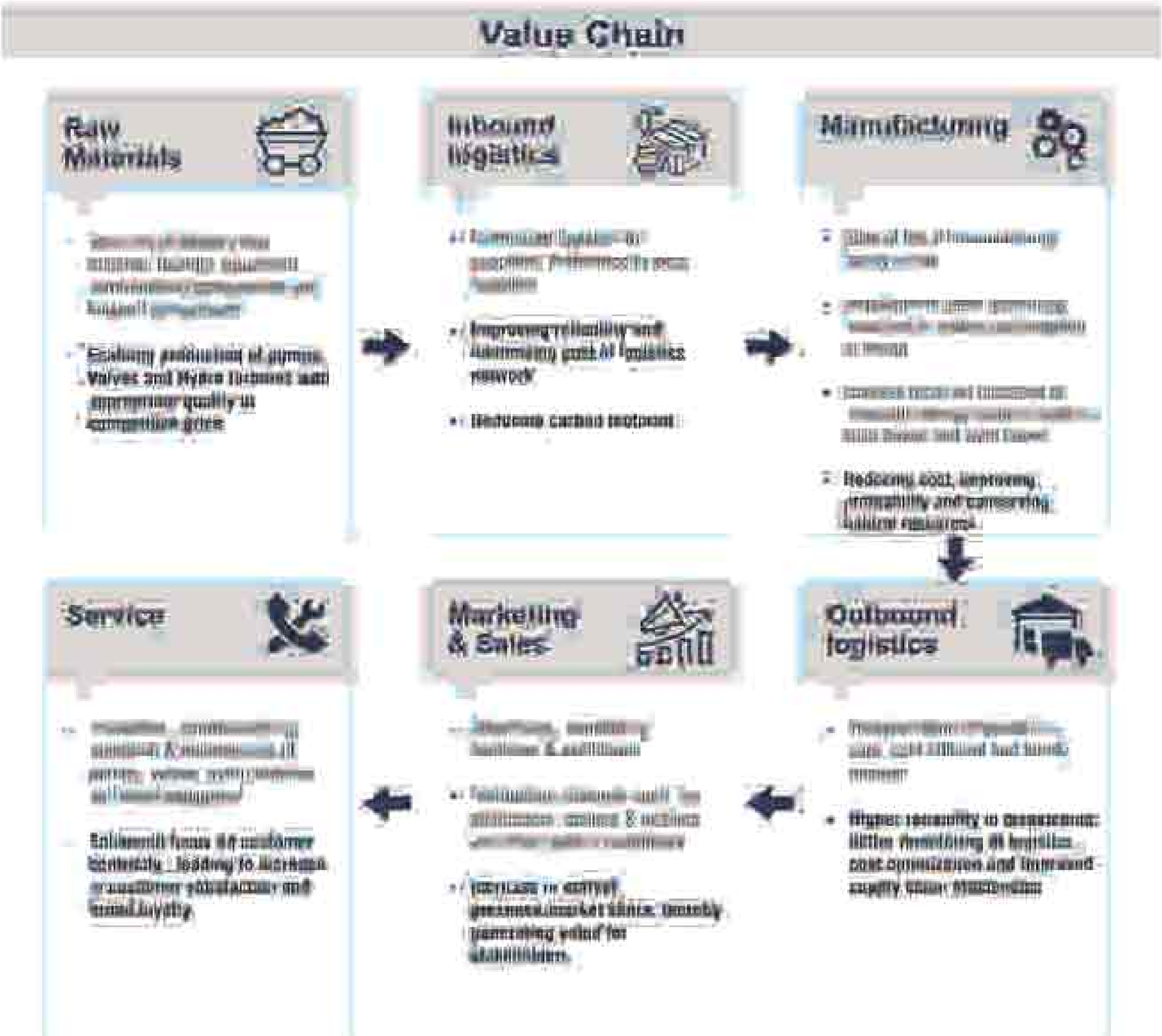
Kirloskar Ebara Pumps Limited

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


Value Chain
Raw Materials
Inbound logistics
Reducing carbon footprint
Manufacturing
Service
Marketing & Sales
Outbound logistics

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 organization for:

- Product and Project Leadership
- Operational efficiency

It is our constant endeavor 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 & Defense
- Oil & Gas
- Industry
- Power
- Water & Irrigation
- Export Excellence Cell
- Valves

Product Portfolio Management (PPM)

The average life of the businesses across the globe is reducing. Being proactive, agile and open to accept new technological advancements in the organizations will not only make businesses sustainable, but will also act as driving force for growth.

All of this needs to be directed towards one core objective, meet customers' stated and implied needs along with growth and profits for the organization. Kirloskar Brothers Limited is a product company with three different business models operating simultaneously, the first one is B2C business model, second one is B2B business model and third B2B2C. Each one of this has its own intricacy and they seamlessly complement each other. In this dynamic environment to drive competitiveness, KBL's Product Portfolio Management function is ensuring profitable offerings for all the business models by proactively identifying & removing non-selling SKUs, identifying & incorporating value added features in the offerings and identifying & eliminating non-value added features in the products. In order to ensure competitive offerings, PPM is required to be on top of real time business happenings and team up with requisite stakeholders to draw, implement and drive programs. This could be related to product improvement and / or process improvement. Process improvement covers wide gamut from processes in factories to processes in supply chain. For product improvements, PPM works as a team with members of design, purchase, industrial engineering, production, etc and detail out a program for implementation.

For process improvements, PPM teams up with sales, after sales and with production as the case for process improvement may be. All of this is with the objective of optimum products and agile processes so as to drive competitiveness.

We strongly believe that things can be improved when they are visible and traceable, so most of our initiatives, may be on the product front or on the process front, are directed towards improving visibility and traceability. PPM thoroughly evaluates products to be developed, closely monitors products being developed and keeps tracking not just till launch but post launch till Return on Investment (ROI) is attained. So, this comprise of product benchmarking for ensuring technical superiority of product being designed, customer validation to ensure error proof product during launch, etc. TPM is one more major initiative which PPM's Industrial Engineering wing is driving towards business excellence which leads to engage operators to improve equipment effectiveness with emphasis on proactive and preventive maintenance.

Along with TPM, PPM's Industrial Engineering wing is also ensuring optimum plant layouts, routings which enable optimum product conversion cost. PPM Product wing is practicing product benchmarking, product value management, modularity and interchangeability to drive competitiveness from the material cost front. PPM's Knowledge Management wing is ensuring right product and process related information documented and available when required in the most pleasing and appealing manner.

It is also proactively searching for competition activities in the market place on the product, supply chain and technology front. In PPM, recently one more wing 'Emerging Technologies' got added, with an objective to scout for new upcoming technologies for different use cases again to drive competitiveness and this wing has evaluated technologies like Augmented Reality, etc. That's how PPM is trying to keep KBL on the forefront of its business.

Glimpse of KBL products

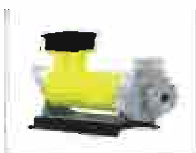
Mini-series pump

Open well submersible pump

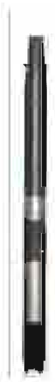
Magnetic drive pump

Air-cooled thermic fluid pump

Hydropneumatic system



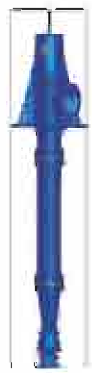
Canned motor pump



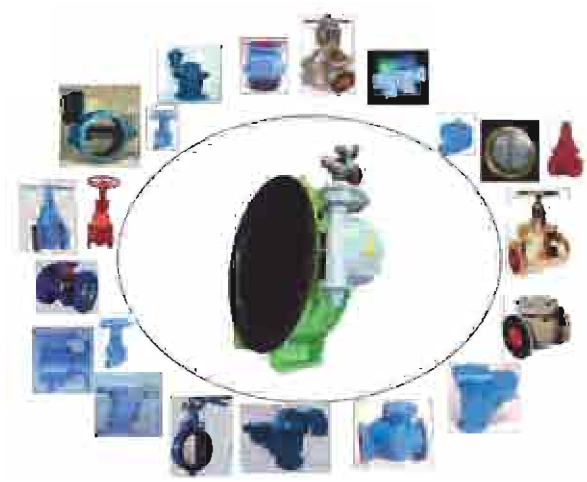
Bore well water filled submersible pump

Multi-stage Multi-outlet pump

Bore well oil filled submersible pump



Vertical turbine pump



Range of Valves

Pelton Turbine

Francis Turbine

Kaplan Turbine

I-HT

i-NS

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.

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

Corroglass series for Pump, Valves coating & refurbishment

Polyglass series for internal of Pipelines, vessels coating

Plasmet series for external of structures, pipeline, vessels coating

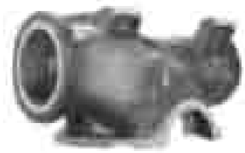
Fluiglide series for Energy conservation / Energy efficient coating of Pumps

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.

Turbine Casting

Runner Blade



Pump Casing

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	Tiler	Centre Case
Turbine Housing	Runner Blade	Enclosed Impeller	Valve Disc	Gear Wheel	Sprocket
Nozzle Chest	Guide vane	Pump Casing	-	Front / Back Frame	Rear Case

KEPL range of products

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

- Hydrocarbon Industries
- Process and Energy Industries
- Customer Service and Spares

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 Back pressure Turbine Extraction cum Back pressure
Between bearing type- KBSD (KS) Pumps -BB2 series KBTS / KBTD (R2 / R2D) Pumps -BB2 series KBSS / KBSD 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	—	—	—

API-610 Pump – Model-R2 R2D

Power Turbine

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	—	—

Stator for
Health Application

Auto electric
lamination stack

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 started 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 Program 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 30% 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 energy audit, 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 align with your plant to conserve energy.

Fully equipped with sophisticated instruments like Thermodynamic Instrument, Ultrasound Flow Meter, Power Analyzer, Stroboscope, Vibration meter, Noise level meter, Pressure gauge, Compound gauge, Temperature Gun etc.

KPML services

Fully equipped Motor Performance Testing Dynamo meter 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

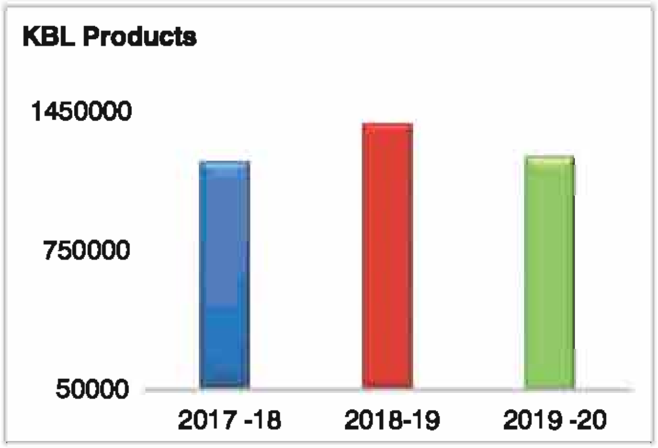
TKSL has been a pioneer in heavy steel castings since the year 1965.

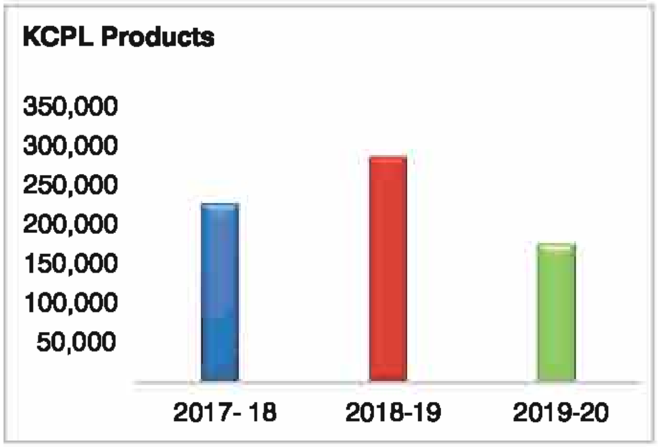
We supply a wide variety of complex steel casting to reputed OEMs in India and across the globe in various segments such as pumps, valves, earth moving and crushers, shipping and marine, power, general engineering etc.

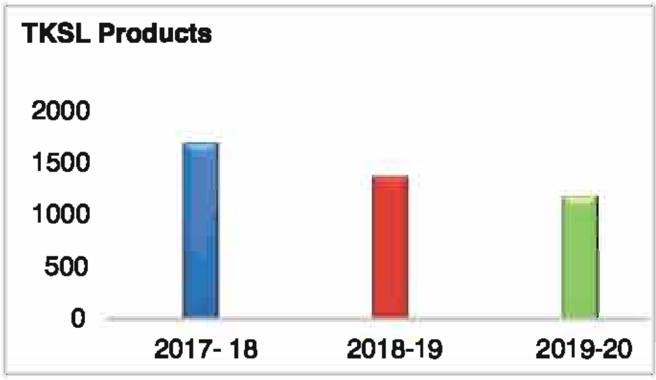
Scale of the Organization

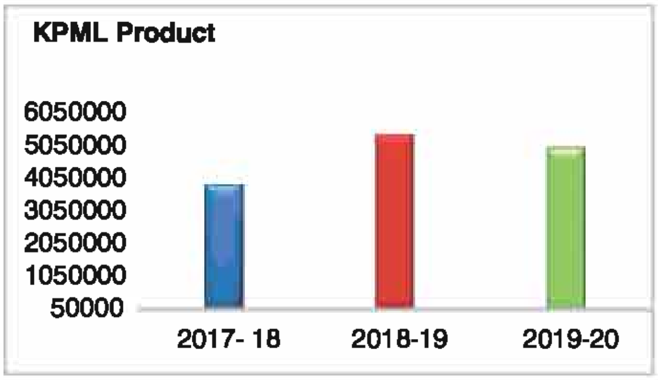
Description	KBL	KCPL	TKSL	KPML	KEPL
No. of employees	5033	212	205	537	549
No. of manufacturing plants	5	1	1	3	1
Net Sales (Rs. Mn)	21224	243	309	3219	1625

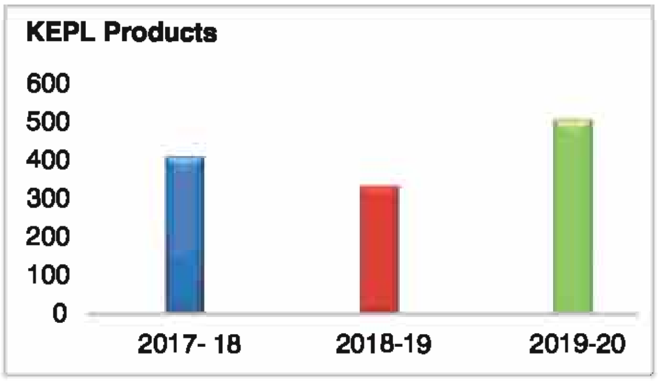
Quantity of products sold (in numbers)











Supply chain

Main objective of our supply chain is to improve overall organizational performance and customer satisfaction by improving product and service delivery to customer. Table given below describes the categories of channel partner 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 organization and its supply chain

There are no significant changes in the organization 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
Authorized 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

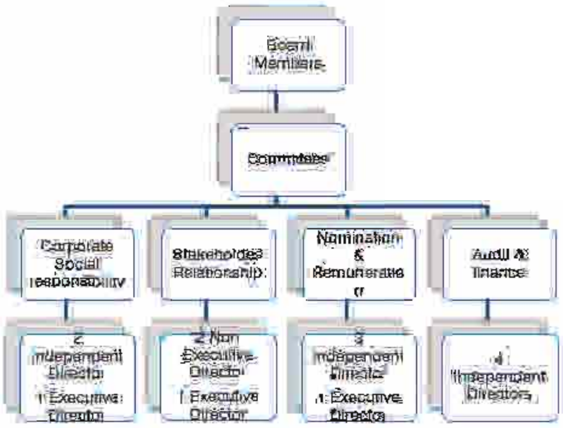
KBL has procedures in place for sustainable sourcing and accordingly 100% of inputs are sourced sustainably. We encourage procurement from small producers of local communities surrounding us and influence them to join us in our quest for inclusive and sustainable growth. KBL is committed to purchase 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 optimized 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
- Labor 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 organization and has a major role in defining its purpose, values and strategy. Senior Leadership team has developed the Mission, Vision and Values of the organization. The Mission, Vision and Values are communicated to all levels of employee through various channels of communication. Each new entrant is also made aware of Mission, Vision and Values during induction program. 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 organization'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 his 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	-----	4 Independent Directors 1 Non-Executive Director	2 Independent Directors 1 Non-Executive Director
Nomination & Remuneration	-----	4 Independent Directors 1 Non-Executive Director	2 Independent Directors 1 Non-Executive Director
Corporate Social Responsibility	2 Non-Executive Directors 1 Executive Director	4 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:
http://www.kirloskarpumps.com/we-are-kbl-value-proposition-code-ethics.aspx

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 100 years.

All our employees are trained in organizations 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.

Company also has ethics committee at its head office and plant locations with regional ethics counselor. Any internal concerns can be communicated to regional ethics counselor. Company has a dedicated mail id for reporting any concern:
ethics.helpdesk@kbl.co.in

Incidents of ethics violation, bribery & corruption and actions taken

No incidence has been reported. There were no stakeholder complaints received in financial year 2019-20.

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:
http://www.kirloskarpumps.com/we-are-kbl-sustainability-policy.aspx

Strategy

Our strategy gives direction and scope for long-term value creation. This enables the organization 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 utilization 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 digitalization, Component tracking system	
Environment Protection	Minimize environmental footprint of the organization	Optimum utilization of resources such as energy, water and raw material. Adopt environmentally friendly processes and materials. Increase dependence on renewable energy sources. Minimize wastage through reduce- reuse -recycle	

Risk and Opportunity

KBL has an Enterprise Risk Management (ERM) process in place. The objective of our ERM process is to enhance our ability to manage the uncertainties faced by our business keeping in view both internal and external environment. In line with our Vision, we have decided that our organization 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

Categorization	Risk Type	Strategic Response	Capitals Impacted
Strategic Risk	Customer Loyalty	• 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	• Technological upgradation of operations • Cost competitiveness	
	Innovation	New product / Fluid solutions development	
	Capitalization on Brand value	• Creating awareness on product and after-market differentiation. • Enhancing competence of sales and marketing network • Customer engagement through knowledge sessions, seminars, exhibitions	
Strategic Risk	Enhance Global Footprint	• Identify potential markets • Go-to market strategy	
	Sustenance of Power sector Business	Focus on pump business for Nuclear Power	
Financial Risk	Profitability	• Working Capital Management • Inventory Control	
	Revenue from Projects	• On-time completion of project execution • Positive cash flow	

Categorization	Risk Type	Strategic Response	Capitals Impacted
Operational Risk	Talent Management	• Optimum utilization of human resource • Attracting and retaining talent • Building required skill set	
	Knowledge Management	Maintenance of knowledge repository	
	Supplier Management	• Supplier Quality Improvement Programme • Supplier Satisfaction Survey	
	Environment Management	• Increased dependence on renewable energy sources • Carbon footprint assessment and offsetting	

Opportunity

Opportunity	Outcome	Capitals Impacted
Alternative for declining fossil fuel dependent power plant business	Pumps for Nuclear Power business and Solar Power pump	
Capitalizing on Government Projectss	Smart city infrastructural project	
Capitalizing 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	• To communicate company's financial status, outlook, policies and strategies to build trust of investors • Adherence to Corporate Governance principles	• 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	• Transparency in operations and management • Returns in form of regular dividend
Customer	• Customer Satisfaction, their perception and expectations	• Perception Survey • Special events • Technical seminars, exhibitions • Dealer meets and regular meeting	• Quality products, order execution and delivery on time, Service in time • Technology up gradation (energy efficiet products) • Meeting needs and expectations of customers
Dealers and Distributors	• To develop understanding about business operations and implement business plans into action • Meet the expectations of next generation • To increase footprint in ISC countries	• Apex dealers meet • One to one meet, (regular), Dealer portal (Regular), Dealer Survey • Dealer audits • Gen-Next Program	• Enhancement in Business opportunities • Improved Channel management process, Implement channel partner intimacy program
Employees	• 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	• 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 programs • Outbound training programs and competency mapping	• Reward and recognition • Functional & soft skill development programs • Career development activities • Work life balance

Stakeholder	Purpose	Mode and Frequency of Engagement	Value Creation for Stakeholders
Suppliers	• Understand needs and expectations of suppliers • Upgrade suppliers' capabilities	• Supplier meet, Supplier perception Surveys • Supplier improvement programs	• 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 utilization
Society	• To know the needs, expectations requirements and concerns of the society • Develop action plans	• Perception survey, • Interactions with local community • Awareness programs • Activities through Vikas Charitable Trust • Summer internships, Industrial visits for students	• Community development in nearby areas • Employability of local people • Increased awareness about health, education and environment

Materiality

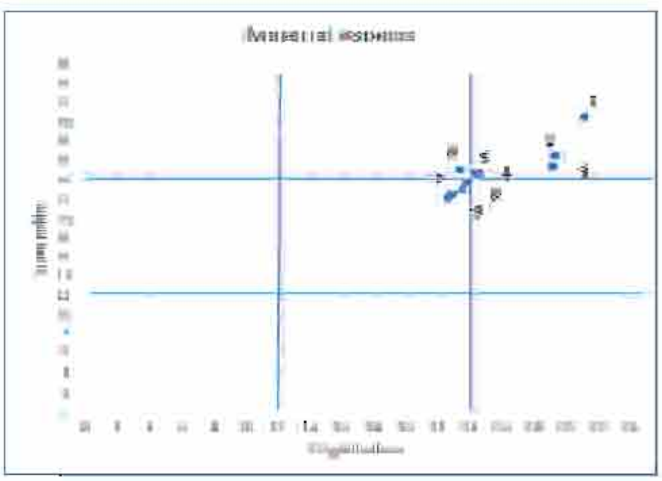
We use Materiality Assessment for identification of key issues which affect the performance of our organization in the long term. The expectations and concerns of our identified stakeholders help in evaluation and prioritization of strategy, policies and action plans across the Financial Capital, Manufactured Capital, Intellectual Capital, Human Capital, Natural Capital, Social and Relationship 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 organization to create value. KBL's Materiality Matrix has guided the content of this report to provide a reasonable and balanced picture of the organization's Triple Bottom Line impacts and performance. KBL's materiality analysis is based upon the following three-pronged approach:

Identification of material aspects	• Relevance of defined aspects in terms of boundary of impacts • Identification of aspects relevant to the stakeholders through survey • Categorization of aspects relevant to KBL based on its impact on business and impact on the relevant stakeholders
Prioritization	• 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
Validation	• 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.

Below table indicates the correlation between the material aspects and the shareholders.



Material issues and management approach

Focus Issues	Approach
1. Customer Satisfaction	• 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	• Our endeavor 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	Competency development is one of our key focus areas to enhance employee performance and organizational growth
4. Occupational Health & Safety of employees and contractors and emergency preparedness	• 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	• 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	• 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 27.3% of total electrical energy consumption
7. Natural resource conservation and material management	• KBL is practicing Reduce-Reuse-Recycle concept for conservation of natural resources. • Optimum utilization of resources is aiding our efforts towards carbon abatement while improving productivity and profitability.
8. Sustainability of Supply chain	• 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	• 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 • 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

Value Creation Model

USING THE SIX CAPITALS TO CREATE VALUE

We create value for our 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 the resources and relationships that are critical to our ability to create value. We refer to these as the six capitals. Input of each capital is needed for the effective production and delivery of KBL Products & services, thereby generating value for all our stakeholders

INPUTS

FINANCIAL CAPITAL
- Capital Expenditure: Rs. 438.97 Mn
- Interest Bearing Liabilities: Rs. 6094.75 Mn
- Debt to Equity Ratio – 0.32

MANUFACTURED CAPITAL
- No. of Manufacturing Facilities – 8

HUMAN CAPITAL
- No. of Employees – 5033
- Employee training – average 11.8 hours per employee

INTELLECTUAL CAPITAL
- R&D Investment – Rs. 55.4 Mn
- R&D Personnel Employed – 182 nos

SOCIAL AND RELATIONSHIP CAPITAL
- Spend on Corporate Social responsibility – Rs. 22 Mn
- Key focus areas of CSR projects:
  - Rescue Operation Support during flood
  - Blood donation camp
  - KBL WASH Project
  - Tree plantation
  - Financial help to needy schools
  - Free medical checkup camps
  - Menstrual Hygiene workshops
- Partnerships with educational institutions – 7 nos
- [illegible]
- Spend on local sourcing – Rs. 88.5 Mn

NATURAL CAPITAL
- Input Metal used – 20552 MT
- Recycled Material Used – 7398 MT
- Fresh Water Consumption – 340635 kL
- Energy Consumption – 143177.89 GJ

KEY PROCESSES

- Order Generation
- Design & Development
- Supply Chain Management
- Manufacturing
- Product Testing
- Packaging & Dispatch

We manufacture Pumps, Valves, Hydro Turbines and packaged systems

OUTPUTS

FINANCIAL CAPITAL
- Revenue – Rs. 21224 Mn
- EBITDA – Rs. 1902.5 Mn
- PAT – Rs. 792 Mn
- EPS – 9.97 Rs
- Return on Capital Employed – 11.7 %

MANUFACTURED CAPITAL
- Number of products Sold – 1222295 nos.
- Inventory – Rs. 4196.07 Mn

HUMAN CAPITAL
- No. of Work-related fatalities – 0
- Reportable accidents – 1 no.
- Accident frequency rate – 0.11
- No. of Complaints Related to Human Rights – 0
- POSH grievance – 0

INTELLECTUAL CAPITAL
- Patents obtained – 22 nos.
- Papers published in peer-reviewed journals – 4 nos.

SOCIAL & RELATIONSHIP CAPITAL
- Beneficiaries of CSR WASH Project – 3916 students

NATURAL CAPITAL
- GHG & other air emissions: Scope 1 & 2 – 32746 MT
- Hazardous waste disposal – 98 MT
- Non hazardous waste disposal – 2828 MT
- Water Recycling – 172018 kL

OUTCOMES

FINANCIAL CAPITAL
- Dividend Distributed – Rs. 421 Mn
- Market Cap – Rs. 12887.3 Mn
- Contribution to exchequer – Rs. 453.38 Mn

MANUFACTURED CAPITAL
- No. of Markets Served – 8 nos.
- Inventory Turnover Ratio – 4.05 times

HUMAN CAPITAL
- Motivated, Engaged and Healthy Employees with Improved Productivity

INTELLECTUAL CAPITAL
- Better Performing Products with Desirable Characteristics (quality, performance, environmental attributes)
- Pumps certified by special standards
- Initial Design Mark (IDM) for the products

SOCIAL & RELATIONSHIP CAPITAL
- Enhanced brand value & reputation
- CII-ITC Sustainability Excellence Award
- Best Employer Awards
- National & International Quality Awards
- Grievances addressed – 100 %

NATURAL CAPITAL
- Recycled water – 50 %
- Renewable energy – 27.3 % (electricity from renewable sources)

Financial Capital

Financial Capital is used for long term facilities like machines, computers, patterns, buildings as well as purchase of materials, extending credit for customers where necessary. This ensures that the organization is well equipped to develop new products and technologies, grow its businesses and sustain its market position as well as ability to generate money. KBL also studies the needs of its subsidiaries and makes funds available to them.

Our organization is conscious of the fact that it's 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 maintain its ratings. It is presently rated as AA- for long term and A1+ for short term periods. AAA is the highest level for long term and P+ is the highest for short term. The rating depends on various risks associated with the company like the Management Risk, Business Risk and 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 organization 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 optimization 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	2017-18	2018-19	2019-20
Revenues	19534	22482	21224
Economic Value Distributed			
Operating Costs			
Material cost and other expenses	15733	18205	16677
Employee benefit & wages			
Employee expenses	2273	2407	2582
Payment to Providers of Capital			
Dividend	90	231	421
Finance Cost	253	262	302
Payments to Government			
Income taxes (excluding Deferred Tax)	366	433	355
Community Investments			
Expenditure under CSR	7.5	14.55	22
Total	18517	21244	20039
Economic Value Retained			
Depreciation	352	366	400
Retained Earnings	665	872	785
Total	1017	1238	1185

Economic value distributed (Figures in Million Rupees)

Description	KPML	KCPL	KEPL	TKSL
Materials	2322	58	841	163
Operation	519	139	431	157
Employee Expenses	184	35	280	94
Finance Cost	4	7	15	16
Taxes and Duties	35	1	28	0
Dividend	49	0	25	0

Coverage of the organization'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 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 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 recognized 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 recognized 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 trust in respect of above mentioned PF schemes.

Financial assistance received from government: Our organization has not received any financial assistance from government in 2019-20.

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: Candidates hired in senior management category from the local community.

Location	Number of employees hired
Dewas	2
Sanand	0
Kirloskarvadi	1
Corporate Office	2
Kaniyur	1

Spending on local suppliers

Location	Percentage of Spending
KBL	96.5%
KPML	97%
KCPL	70%
KEPL	95%
TKSL	100%

Manufactured Capital

Manufactured capital is vital for Kirloskar Brothers Limited as our Vision is to be one of the most admired engineering companies in the world. It supports productivity, quality, cost effectiveness, delivery performance and research & development. It also guarantees investment for the future and enables our organization 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 & defense.

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, 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 centralized pattern shop, mechanized sand processing system, automatic molding 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. The KBL 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 technology 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.

Key Capex Projects

Key Manufactured Capital input	Outcomes of our activities on Manufactured Capital
Kirloskarvadi plant	
New Advanced Technology Product Division (ATPD) plant	Dedicated world class infrastructure is being developed for the manufacturing, assembly and performance testing of pumps.
Split Case Pump Division (SCPD) Line 4 – HMC, VMC, BFW & VTL SC	Latest Technology HMC Doosan, VMC Kiehung & BFW CNC VTL machines were installed to cater to rising demand of SCPD products.
New Replicast project	50 TPM Replicast® plant with all activities like pattern moulding, gating & assembly, shell dipping & ceramic coating, shell drying oven & burn off, mould pouring, shot & grit blasting, sections of replicast foundry were integrated under one roof for steel grade castings.
Semi-Automatic Test Pump performance testing set up for split case pumps	Quick changeover of pumps during TPI. Set up is with SCADA system using National Instrument hardware & Lab View Software. Use of Data Acquisition system to avoid manual data entry. NPSHR test carried out more precisely & scientifically due to provision of positive suction head which is requirement from major customers.
Upgradation of existing incoming 33/11KVA substation by replacing old transformers and adding one new transformer	Installed 3 numbers of 3.15 MVA, 33/11 kVA transformers with flexibility to operate them in parallel as well as independently to the existing ones by adding new bay with built in protection system at incoming stage.
Kondhapuri Plant	
HBM Machine	For machining of valves body, discs and diaphragms of 600 mm and above size to meet increased demand.
Thyristor switched RTPFC	For power factor improvement & harmonic suppression.
Kaniyur Plant	
Automatic packing setup	Automatic direct box printing of MRP sticker, warranty card and pump packing activities with scanner.
Creche building	To provide the necessary welfare facility for children of female employees.
Sanand Plant	
5 numbers HVLS fans	About 60 conventional air circulation fans have been replaced with 5 numbers of HVLS fans. These fans are energy efficient with high area coverage and have much better air circulation.
Waste heat recovery system for compressor	This concept is heat exchanging process which takes waste heat of air compressor & use that to heat water.

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, organizing and controlling the flow of materials from their initial purchase through internal operations to the service point.

Materials	KBL	KPML	KCPL	KEPL	TKSL
	Weight/ volume	Weight/ volume	Weight/ volume	Weight/ volume	Weight/ volume
Metals (MT)	25552	10505	25.1	1586.1	1184.3
Non-metals (MT)	1303	2105	906.1	17.8	185.2
Sand (MT)	13556	0	0	0	2560.2
Lubricants (kg)	83996	10121.8	0	4538.2	0
Paint, Primer, Thinner (kL)	451	44.1	0	40.8	0
Coolant (kL)	5	10.3	0	1.5	0
Corrugated Box (MT)	1062	9.0	1.9	0	0
Argon (m3)	0	0	0	1960	0

Note: Material consumption of 100 kg/month and above has been considered for reporting.

Reuse or Recycling of materials: Recycling of material in foundry helps us reduce material cost.

Materials	KBL	TKSL
	Weight	Weight
Recycle Input Metal (MT)	2368	612
Total Input Metal (MT)	25552	1184
% of Recycle Metal used	9	52

Materials	Units	KBL	KOV	KEPL
Wood	Numbers	-	99929	-
Wood	MT	903.1	-	452.4
Wood Recycled	MT	161.3	-	45.8

Reclaimed products & their packaging materials

Health of our customers and channel partners are of prime importance. KBL & its subsidiaries manufacture's pumps, motors & turbines. We are making efforts to increase the use of material which are recyclable. We use recyclable products for packaging in our plants. In this regards we 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.

HUMAN CAPITAL

What matters the most to any business is people. They are the most essential contributors toward profits and shareholder value. All our intangible assets including processes and intellectual property are created by our people. Our people are our strategic partner in our journey of achieving organizational excellence. We enable our workforce to achieve their full potential and accomplish organizational goals by providing a safe and conducive environment that nurtures their capabilities.

Our organization believes in transparency and shares appropriate and relevant information with all the employees. This is steered by our Value system to enrich a culture of mutual trust, teamwork, fairness, commitment towards environment and quality.

Various development programs for our middle level managers and leaders are continuously organised to ensure that much needed directions and guidance is available consistently for business to grow. We consistently strive to revisit our organisation design, job contents so that people capabilities and business opportunities remains best aligned all the time. With the launch of new LMS platform, online learning or e-learning has shifted ownership of learning to people themselves and we are working on to create opportunities for them where their newly acquired skills could be utilised properly.

We also make efforts to communicate through skills gap analysis various new competencies needed for future business and organisation growth.

Our commitment to society is well established and we are frontrunners in responding to the need of communities where we do business. Our efforts are noteworthy and were widely covered for restoring life during calamities or pandemics like situation, be it saving lives or rescue of stranded people during floods in Maharashtra villages or providing food or shelter to the needy at the same time.

We strive to offer a culture that encourages the generation and acknowledgement of innovative ideas, suggestions and creations through people participation at all levels. This helps in addressing the business needs of today and tomorrow.

KBL

Role/level wise distribution	2017-18			2018-19			2019-20		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent & Probationer	2375	94	2469	2100	109	2209	2531	117	2648
Trainees & Apprentice	209	14	223	168	15	183	201	16	217
Temporary/FTE	351	54	405	137	40	177	115	50	165
Third party contract	0	0	1885	1989	149	2138	1875	128	2003
Total Manpower	2935	162	4982	4394	313	4707	4722	311	5033

Description	Numbers / Percentage
Total number of employees hired on temporary / contractual / casual basis	1005 nos.
Number of permanent employees with disabilities	8 nos.
Percentage of permanent employees who are members of recognized 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/levelwise distribution	KCPL			TKSL			KPML			KEPL		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent & Probationer	33	1	34	35	2	35	106	9	115	233	14	247
Trainees & Apprentice	0	0	0	10	0	10	71	3	74	42	14	56
Temporary/FTE	0	0	0	3	0	3	3	2	5	25	0	25
Third party contract	174	0	174	1	0	1	119	0	119	177	0	177
Workmen	4	0	4	156	0	156	224	0	224	44	0	44
Total Manpower	211	1	212	203	2	205	523	14	537	521	28	549

New employees hired - KBL

Age wise distribution	2017-18			2018-19			2019-20		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	320	33	353	290	22	312	281	35	316
Between 31-50 years	95	11	106	184	7	191	96	20	116
Greater than 50 years	4	1	5	10	0	10	3	0	3

New employees hired - KCPL

Age wise distribution	2017-18			2018-19			2019-20		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	6	0	6	5	0	5	1	0	1
Between 31-50 years	6	0	6	3	0	3	0	0	0
Greater than 50 years	0	0	0	0	0	0	0	0	0

New employees hired - TKSL

Age wise distribution	2017-18			2018-19			2019-20		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	1	0	1	1	0	1	5	1	6
Between 31-50 years	2	0	2	12	0	12	3	0	3
Greater than 50 years	0	0	0	0	0	0	1	0	1

New employees hired - KPML

Age wise distribution	2017-18			2018-19			2019-20		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	47	1	48	18	0	18	13	0	13
Between 31-50 years	68	0	68	4	2	6	3	1	4
Greater than 50 years	0	0	0	1	0	1	0	0	0

New employees hired - KEPL

Age wise distribution	2017-18			2018-19			2019-20		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	10	1	11	33	3	36	36	13	49
Between 31-50 years	11	1	12	22	2	24	16	2	18
Greater than 50 years	2	0	2	4	0	4	1	0	1

Attrition data - KBL

Age wise distribution	2017-18			2018-19			2019-20		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	210	23	233	87	11	98	65	7	72
Between 31-50 years	94	8	102	55	3	58	84	5	89
Greater than 50 years	28	0	28	5	2	7	2	0	2

Attrition data - KCPL

Age wise distribution	2017-18			2018-19			2019-20		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	2	0	2	3	0	3	0	0	0
Between 31-50 years	4	0	4	2	0	2	1	0	1
Greater than 50 years	0	0	0	0	0	0	0	0	0

Attrition data - TKSL

Age wise distribution	2017-18			2018-19			2019-20		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	0	0	0	1	0	1	0	0	0
Between 31-50 years	4	0	4	12	0	12	14	1	15
Greater than 50 years	7	0	7	13	0	13	10	0	10

Attrition data - KPML

Age wise distribution	2017-18			2018-19			2019-20		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	5	3	8	2	0	2	3	0	3
Between 31-50 years	5	1	6	7	0	7	4	0	4
Greater than 50 years	1	0	1	2	0	2	1	0	1

Attrition data - KEPL

Age wise distribution	2017-18			2018-19			2019-20		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Less than or equal to 30 years	11	1	12	15	1	16	16	2	18
Between 31-50 years	25	1	26	15	5	20	23	1	24
Greater than 50 years	0	0	0	32	6	38	5	0	5

Training and Education

Our knowledge management sets targets 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

Category	Female	Male
Senior Management	0.50	5.44
Middle Management	17.00	13.56
Professionals	22.70	19.13
Paraprofessionals	13.12	7.68
Associates	13.45	5.46

Subsidiaries and associate companies

Description	KCPL		TKSL		KEPL		KPML	
Category	Female	Male	Female	Male	Female	Male	Female	Male
Senior Management	0	49.5	0	0	2.69	2.33	0	5.46
Middle Management	0	18	0	45	6.22	2.61	2	4.48
Professionals	12	19.8	0	0	17.34	5.34	1.16	2.49
Paraprofessionals	0	0	0	0	0	0.11	0.58	0.58
Associates	0	27.75	15	70	0	1.15	0	0.14

Programs for upgrading employee skills and transition assistance

KBL	KCPL	TKSL	KPML	KEPL
5S & Continuous Improvement	Six Sigma Green Belt	Safety in Foundry Operation	Problem Solving	API 610 (Suction strainer, Heat tracing/ jacketing / insulating pumps / Seal Plan)
8D Awareness through SAP	CIP NACE Level 1	Magma Software Review	BSS & Incident Tracking System	Bank Guarantee, LC & Commercial Terms
Accident Prevention	Technical Training of Composite Structural rehabilitation at Corrocoat UK	Safe Material handling	2S Safety Awareness	Basic of Wireless Instrumentation
Advanced Bolting Technology	Leadership at Workplace	NDT / QA	Production Planning In SAP	CAM Programming
B & C Product Training: HYPN & HVAC	SAP Plant maintenance Module	POSH	Balance Score Card & Smart Goal	Cavitation & Various types of pump performance
Continuous Performance Management	Employee Retention Strategy & Effective Employee Engagement	Energy conservation techniques at shop floor	SAP - QM Module	Cisco CCNA Routing and Switching
Geometric Dimensioning & Tolerancing (GD & T)	Pump Refurbishment & Testing	Fire Emergency Control	Stock Removal from Storage location and Place in Storage location	Creo - Basics of Relations and Baseplate program Utility & Creo Parametric
Pump Fundamentals	CSR Product & Application Awareness	Welding electrodes & welding Process	Stacker Operation	Customer Service Excellence
Pump As Turbine	Safety Trainings	----	Stores Activities	Drawing Reading

Programs for upgrading employee skills and transition assistance

KBL	KCPL	TKSL	KPML	KEPL
NDT Awareness	High Performance Team	Conservation of natural resources	EMS & OHSAS Awareness	Material Handling & Preservation
QA Matrix	Spray Pump (Theory & Practical)	----	Awareness Program "LAKAKI" Award	Effect of viscosity on pump performance & Bearing selection in pump
Rudiments of Traction Motor Design	Fundamental of Coating & Lining	----	PPE Awareness Training	Execution Process Overview
Behavioral Based Safety	FGD & Chimney - Market Potential	----	Subcontracting Process in SAP	Fundamental of Coating
SAP: Different Modules	Customer Relationship Management	----	Grinding Machine Operation Safely	Hydraulic Coupling
TPM: Various Modules	----	----	Effective Utilization of Time	Instrumentation
Welding Inspection Certification Course	----	----	Behavioral Training	Behavioral Training
System Resistance Curve & Torque Speed Curve	----	----	Awareness Program of "Six Sigma"	International Commercial Terms 2020
Site performance testing of VT & HSC pumps	----	----	Gauges Calibration through SAP	Inventory Management
Product Trainings	----	----	----	----

Employees receiving regular performance and career development reviews

KBL

Location	Female	Male	Grand Total
Sanand	1	34	35
Kaniyur	8	12	20
Dewas	6	102	108
Kirloskarvadi	15	302	317
Kondhapuri	0	46	46
Pune	54	404	458
Grand Total	84	900	984

Subsidiaries and associate Companies

Location	Female	Male	Grand Total
KCPL	1	33	34
TKSL	2	25	27
KPML	8	82	90
KEPL	11	227	238

Employee benefits

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

1. Group Health Insurance Program – A best in class tailor made Health Insurance program with flexible option available in the hands of employees to choose health cover for family and parent up to 10 lakhs per year.
2. Parivar Suraksha Yojana – An innovative way of putting up Group Term Life Plan, where in the regular income benefit is extended to deceased employee's family for the period of 5 years.
3. Group Personal Accident Plan covers employees globally, 24x7 for any accidents, disability or death.
4. KBL Benevolent Fund – A fund maintained through employees' contribution to extend financial help to employee's family in case of death in service.
5. Superannuation Fund Schemes.
6. KBL has launched "KBL well-being", health and lifestyle platform to focus on employee's physical and mental health.
7. Sodexo Meal Benefit Program has been provided across KBL which offers tax free meal benefits and host of other features like meal / grocery shopping, online meal discounts etc at Retail Outlets / Grocery shops / Restaurants / Food Malls having affiliation with Sodexo on PAN India basis. Employees can integrate their meal card with Zeta mobile app to avail the online benefits, track usage, on line payments etc. Since the Sodexo meal card is a tax free perquisite, employees can get tax exemptions on the amount uploaded into their Meal Card directly through payroll.
8. 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 organization 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 Program (SQIP).

Occupational Health and Safety

Our manufacturing plants at Kirloskarvadi, Dewas, Kondhapuri, Sanand & Kaniyur 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 any activity carried out at any of our locations which has high incidence or high risk of specific diseases, which prevents to maintain the organization's social license.

We have a safety committee as per a 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
- Group Personal Accident Insurance Policy
- Mediclaim / Hospitalization Policy
- Group Term Insurance Policy
- Death Benevolent Fund
- WC Insurance Policy
- Safety at Workplace
- Use of PPEs
- ESIC

Safety data for KBL

Safety Parameters	Gender	2017-18	2018-19	2019-20
Number of fatalities	Male	1	0	0
	Female	0	0	0
Number of lost time incidence cases (LTI)	Male	0	3	1
	Female	0	1	0
Number of minor injuries including first aid cases	Male	104	154	77
	Female	53	22	19
Frequency rate	Male	14.20	0.33	0.11
	Female	0	1.98	0
Severity rate	Male	732	44.97	8.13
	Female	0	321.3	0
Man days lost	Male	7017	427	74
	Female	0	162	0
Number of occupational disease	Male	0	0	0
	Female	0	0	0

Safety data for subsidiaries and associate companies

Locations/Sector	Male Female	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	1	0	1	1
	Female	0	0	0	0
Number of minor injuries including first aid cases	Male	6	1	14	45
	Female	0	0	0	0
Number of man days lost (reported, exc. fatal)	Male	154	0	60	11
	Female	0	0	0	0
Cumulative FR (reported)	Male	1.97	0	1.37	0.71
	Female	0	0	0	0
Cumulative SR (reportable)	Male	303.33	0	82.25	7.85
	Female	0	0	0	0

Intellectual Capital

Having completed 100 years of incorporation, 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. A testimony to this fact is that KBL has many first to its credit such as:

- The first centrifugal pump manufacturing company in India in 1926.
- India's first solar-powered pump in 1986.
- The first canned-motor pump manufacturer in India in 1986.
- The first pump manufacturing company to be certified for ISO 9001 (in the year 1991) in India.
- The first concrete volute pump manufacturer in India in 1994.
- The first Indian pump manufacturing company to be certified for Integrated Management System (ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 50001:2018) in March 2020.

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 capitalize on our engineering expertise and innovation capabilities to design products that fulfill market requirements and increase our market share.

We have 22 patents for innovative technology, including 2 US patents. 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.

Technology Absorption

The efforts made towards technology absorption	The benefits derived like product improvement, cost reduction, product development or import substitution
• Developed 29 models of 4”, 6” and 7” submersible pumps to complement existing range with sand fighter feature. • Released 20 models of SP coupled pump sets with Ie4 motors. • Developed 6 models of Mini pumps reducing dependence on traded products. • In-house development of 2 models of lifter pumps • Developed MVP 2000/180 pump for cooling water application. Similarly developed low NPSHR 20 UPH3 M2DV pump, 360 UPH2, UPH 1000 / 160 and UPH 600 / 96 L pumps. • For Russian market developed VV800X800H Vertical Volute type end Suction pump, with oil lubrication high speed back Pull out design • For Dubai market, developed RKB 150 / 34, 7 stage pump with engine and base plate mounted on cradle to achieve portable installation design. • Developed KPD 250 / 50F, KPD 250/40F back pull-out design conforming to DIN 24256 & ISO 2858. • Developed 23 models of KW series vertical inline long coupled radial split having rigid coupling. • Developed DN1600 PN16 main inlet valve, DN 400 DF CL300 High Performance BFV. • Implemented new improved design of BFV with ebonite lining for PN10 and PN6 rating models. • Augmented Reality Experience created for pumps and Butterfly Valve. • Dolphin System Introduced for Valves. • Completed various CFD analysis, structural analysis to verify and optimize pumps and pump intakes. • Concept to commissioning of the world's largest pumping station. • Testing facility at one of Asia's largest Hydraulic Research Centre at Kirloskarvadi.	• Fulfill product gaps. • Enhancement of Product range to meet the application. • Capability enhancement to meet customer requirements. • Competitive edge over other pump manufacturers. • Reduction in product development time and cost. • Ease of training for product, service and application engineers.

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 standards	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 fluid machinery including pump
Central Water and Power Research Station	For sharing the knowledge related to pumps, turbines and pumping systems

KBL has received the prestigious India Design Mark (IDM) - a design standard granted by the IDC (India Design Council) to products that are aesthetically appealing and socially responsible, for five of our prominent products, reaffirming our position as a design and innovation leader in the industry.

The first Indian pump manufacturing company to be certified for Integrated Management System, (ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 50001:2018) in March 2020.

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 organization, 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 minimize the health and safety aspects of our products, KBL provides operation and maintenance manuals and conducts training program 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 2019-20.

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, labor standards and health and safety.
We strive to find business partners that share our values concerning human rights, labor standards and health and safety.

For KBL suppliers, labor 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 labor practices requirement are asked to implement the same. A supplier re-evaluation process is done for existing suppliers for monitoring of labor practices through assessments and the potential impacts within our supply chain. We continue to ensure that suppliers are adhering to human rights and labor 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 marginalized stakeholders. We conduct programmes for deaf & dumb and mentally challenged students. We prepare a planner for CSR initiatives and organize activities. The initiatives are implemented by our employees or by agencies in the KBL fold like Vikas Charitable trust, Sou. Radhabai Maternity hospital trust and external NGO's. In addition, the following activities are carried out:

- Tree plantation
- Financial help for developing infrastructure to nearby schools.
- Water sanitation and hygiene (WaSH) awareness Programme to school children
- Free medical checkup camps.
- Menstrual hygiene workshops

We have Mahila Udyog, a foundry core making organization for women empowerment.

Kirloskarvadi

Rescue Operation Support during flood

Cleaning, fogging, dusting, medical camp (roads, temples, schools, samaj mandirs, govt. hospitals,public places etc.) rendered at effected villages Tupari, Dhayari, Dudhondi, Ghogao etc.



Dewas

KBL - Dewas, CSR team handed over 'Care Packets' with basic food essentials to families in need. Each Care Packet contained Atta15 kg, Rice 5 Kg, Dal 3 Kg, Salt 1 Kg, Potato 5 Kg, Onion 3 Kg. The activity was initiated to support the Dewas city administrations effort to fight the Covid-19 pandemic with the donation of Care Packets to 246 identified families. The families have been identified with support of NGO - Dewas Jila Seva Bharti Samati.

Areas of distribution	Number of families benefitted
Under Ujjain Road bridge near KBL plant	18
Slum near Apex hospital	12
Industrial area including Sarodaya Nagar, Jaisingh Nagar	81
Slum in Moti Bungalow area	10
Slum area of Ambedkar Nagar i.e. behind sewage line of KBL	10
Needy people near Rajoda road area	10
Shivaji Slum area near railway track	9
Daily wage worker identified by Government School	10
Total	**160**


KBL WaSH Project

KBL WaSH project is a part of KBL CSR program that covers, 'Health, Hygiene and Cleanliness'. WaSH in schools aims to improve the health by reducing water and sanitation related diseases.

KOV-Z P School no. 1 & 2 Amnapur

Dewas-Shaskiya Madhyamik Vidyalaya Mendkichok

Total number of schools	21
Total strength of students	3916
Total number of volunteers	78
Total man-hours spent	765

WaSH Project Outreach

Environmental Conservation Awareness Initiatives

KOV-Environment rally taken on environment day

KPML-Tree plantation on environment day

KPML-Constructed wall around the graveyard of village Talbid

Employee Engagement

Kaniyur-International Yoga day celebrated for Staff and Associates

Sanand-Annual day celebration - Garba for all

KCPL-Visit to Panhala, Kolhapur under team bound activity celebration

Dealer/Retailer Engagement activities

Annual Dealers Conference was held at Corporate Office in February 2020.

24 dealers visited Sanand plant in July 2019

KBL launched its flagship product for RO plants in Jaipur

East Zone conducted Annual Dealer Meet at Kalimpong in June 2019

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.

Energy Consumption

We acknowledge the global concern on climate change and hence recognize 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.

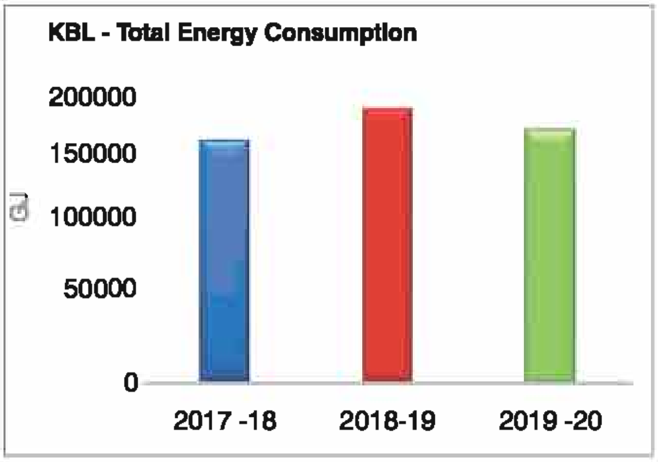
KBL plants are certified for ISO 50001:2018 (Energy Management System) standard.

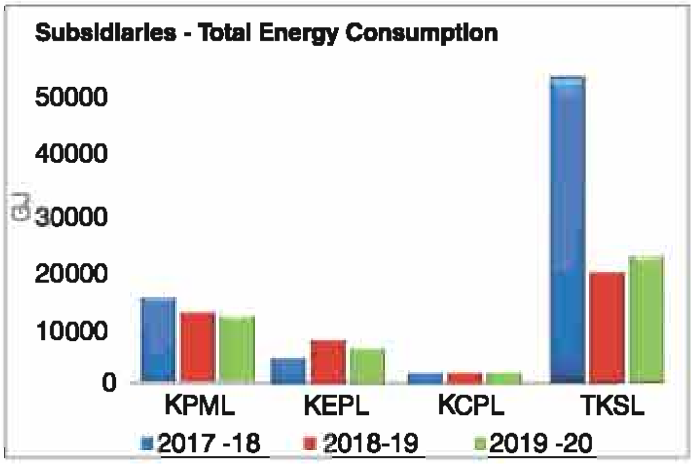
Our Goals

- Optimizing energy consumption, conserving natural resources and maximizing 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 at plants and subsidiaries with capacity of 4600 kW.
- We use wind power with capacity of 4000 kW.

At our Dewas plant, we have developed 'Kirloskar Centenary Forest' by taking input from Miyawaki afforestation concept.

Total Energy Consumption

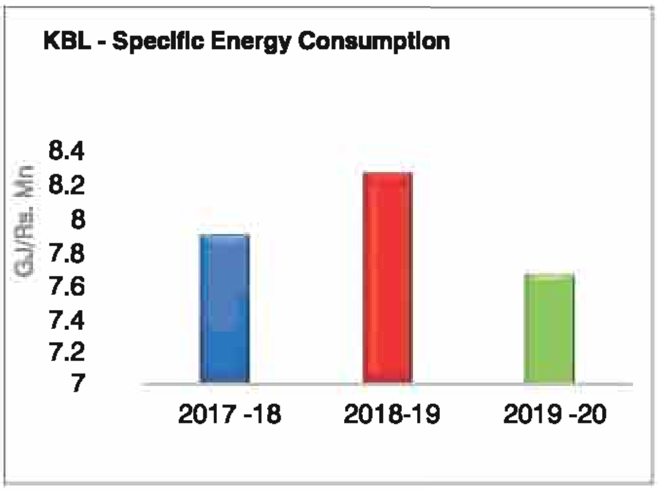


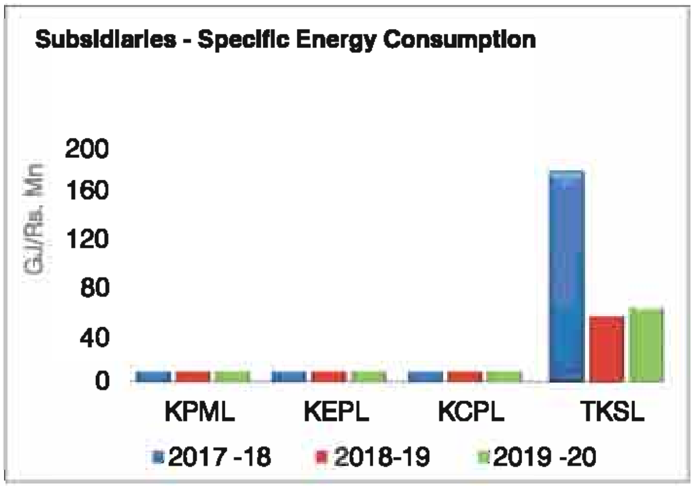


Energy consumption outside of the organization

KBL is not monitoring energy consumption outside the organization.

Energy Intensity

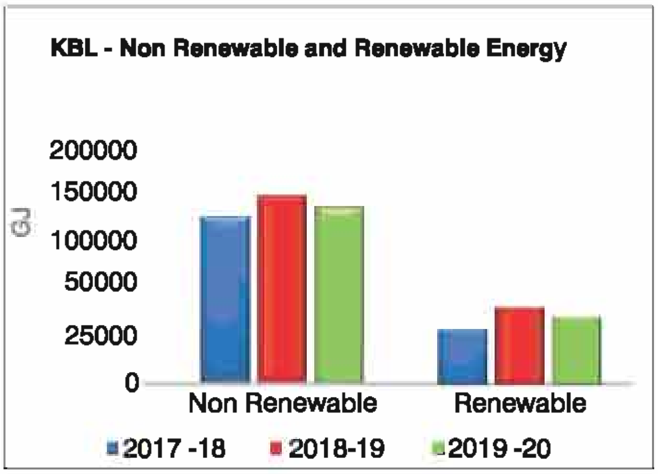


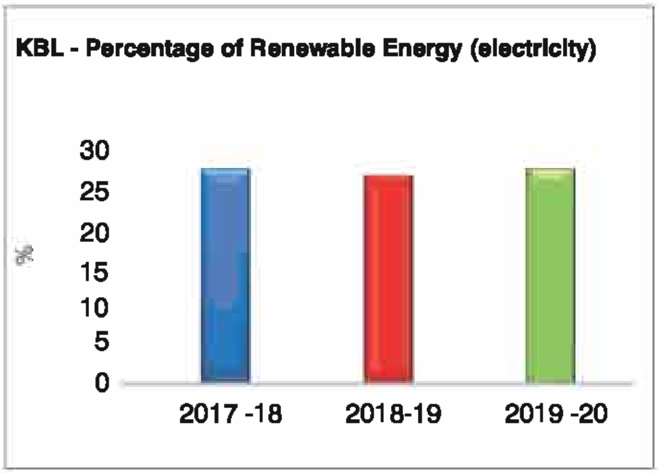


Reduction of energy consumption

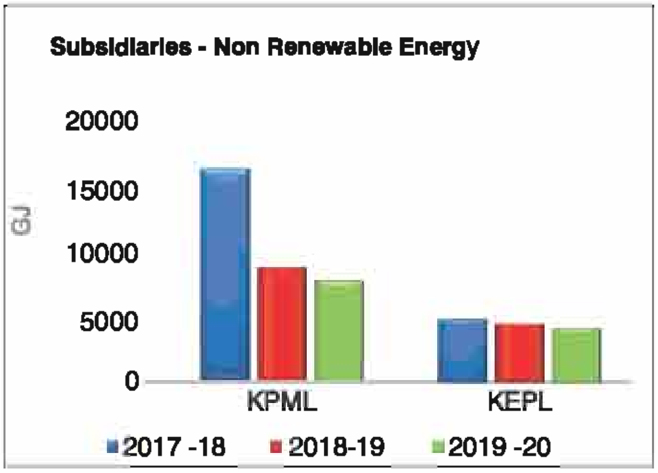
For the purpose of optimum utilization of resources and continual improvement, we monitor and review the important parameters impacting the environment such as Carbon footprint, Energy consumption, Water consumption, Material Consumption and Waste generation. To encourage our manufacturing plants to implement more and more energy conservation projects, we have KBL group level energy conservation competition (ENCON) and award scheme.

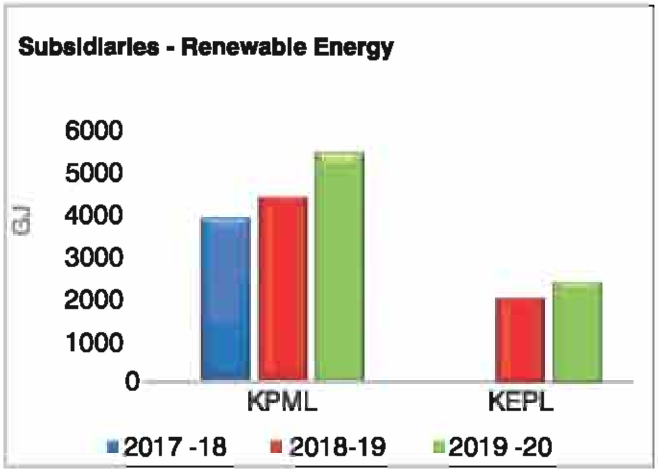
Given below is the breakup of renewable and non-renewable energy consumption for KBL





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.

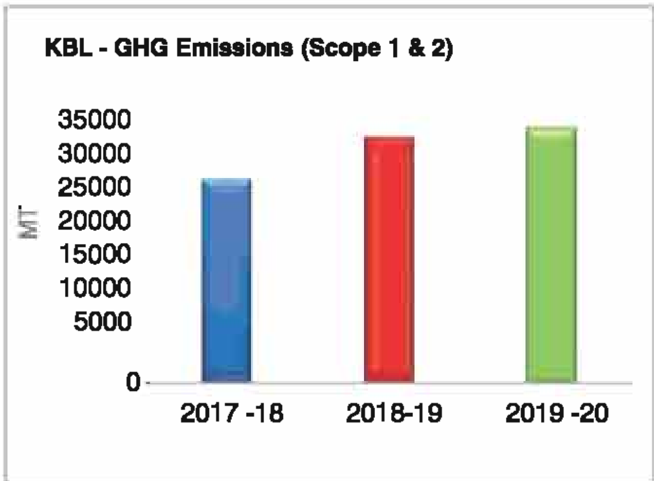
Star label is the label given for energy efficient products. Sanand plant has received star labelling for 38 pump models and Dewas plant for 71 pump models.

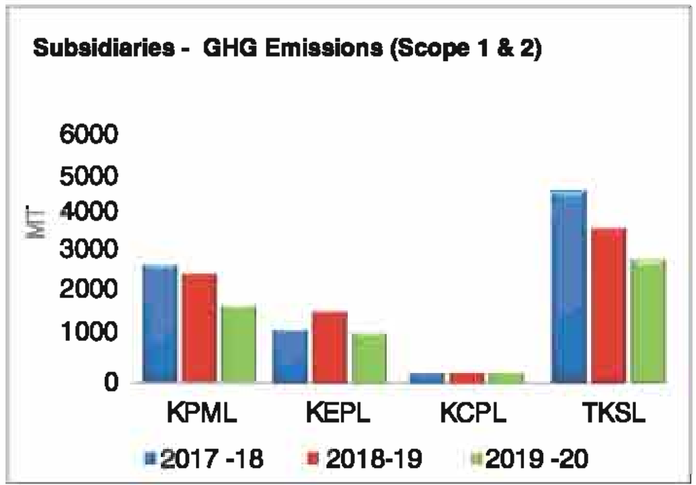
Kirloskarvadi plant has developed the Low life cycle cost (LLC) series with 5 energy efficient pump models.

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).





Nox, SOx and other significant air emissions

The air emission stacks are monitored regularly as prescribed in the consent.

Emissions Type	Stack Emissions (MT/year)				
	KBL	KCPL	TKSL	KPML	KEPL
SPM	52.3963	1.0994	0.3521	2.4686	0.0013
Sox	1.5611	0.0029	0.1290	1.3545	0.0010
NOx	1.7752	0	0.1445	0.3360	0.0007

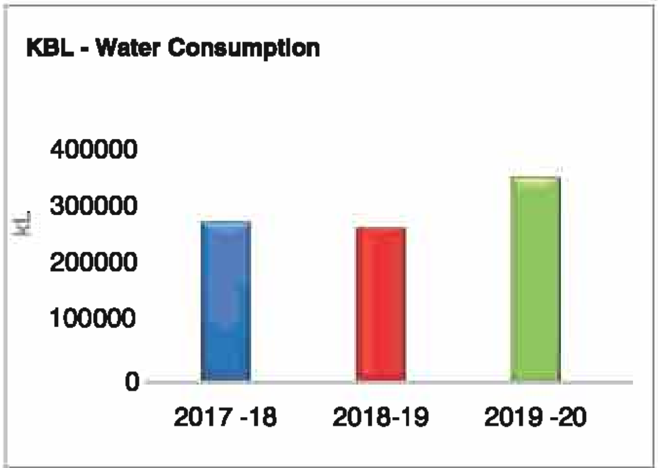
Water Consumption

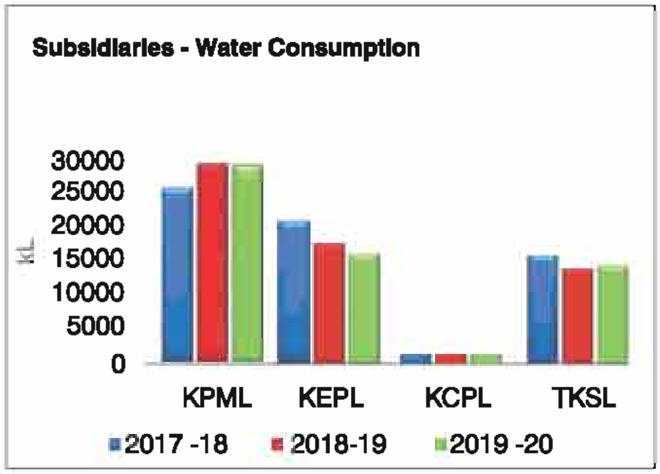
Water is requisite resource for our business. We as an organization takes ownership for its responsible usage and implement an integrated water stewardship approach that will create value for all stakeholders. As a responsible organization, we are trying to manage water issues by identifying the risks and means to save the water.

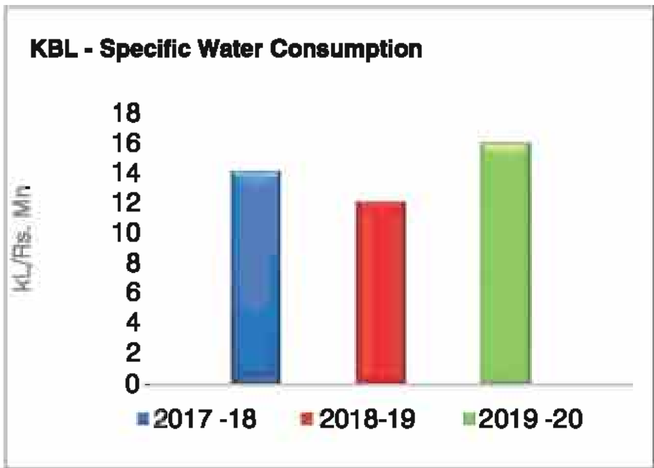
Water withdrawal by source (in kL)

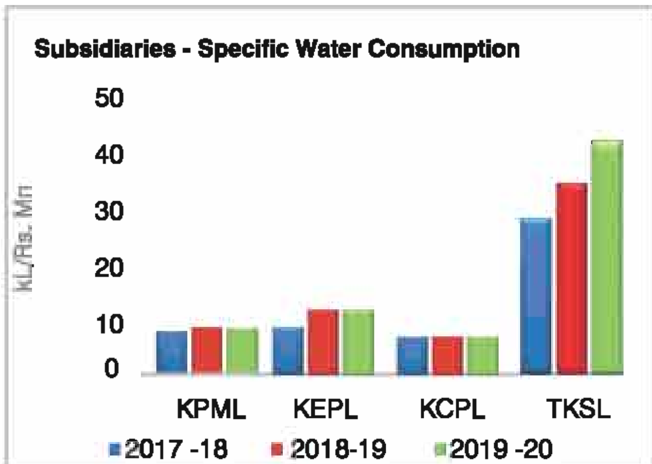
Location	Open well	River water	Surface water	Bore Well	Tankers	Bottle	Total
KBL	233576	87380	0	15393.22	3742	544.02	340635.24
KCPL	1770	0	0	0	0	0	1770
TKSL	12294	0	0	429	0	0	12723
KPML	0	0	28000	582.45	0	0	28582.45
KEPL	0	0	0	15872.25	0	0	15872.25

Total water consumption

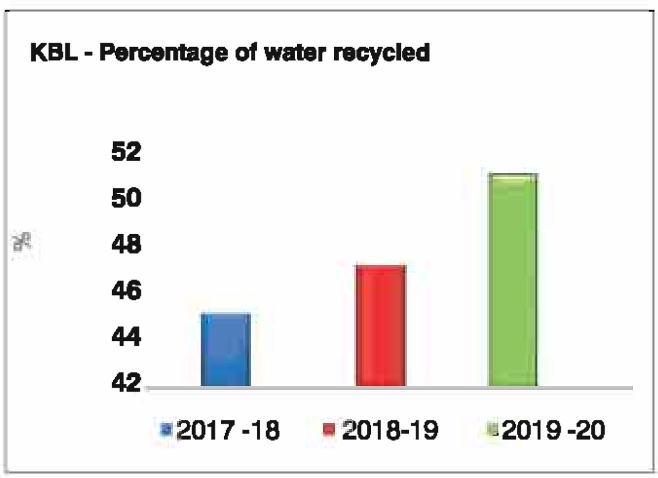


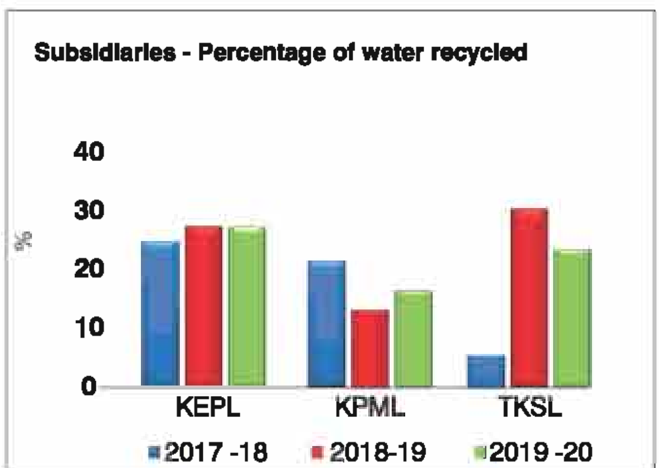






Recycle water graph





Waste data

Waste						
Hazardous Waste	**Unit**	**KBL**	**KCPL**	**KEPL**	**KPML**	**TKSL**
Paint sludge	MT	67	0	2	0	0
Used oil	kL	12	0.03	17	0	0
Oil soaked cotton waste	MT	14	0	21	6	0
Used batteries	MT	0	0	0	0	0
E-waste	MT	0	0	0	0	0
Used containers	MT	0	16	0	0	4
Processed waste	MT	0	14	0	0	0
Boiler ash	MT	0	0	3.05	0	0
Thermocol	MT	3.91	0	0.07	0	0
Glass wool	MT	0	0	1	0	0
Used batteries	Numbers	0	0	0	0	10
Non Hazardous						
Corrugated box	MT	55	1	0	16	1
Food waste	MT	11	0	1	0	1
Metal waste	MT	1101	0	69	5900	0
Paper waste	MT	120	0	0	0	0
Plastic & paper waste	MT	40	0	0	0	0
Burnt sand	MT	943	0	0	0	2988
Wood scrap	MT	555	3	133	47	0
Rubber waste	MT	3	0	0	0	0
Plastic waste	MT	0	0	0	4	0

Supplier Environmental Assessment

KBL supplier evaluation process involves assessment of suppliers for environmental performance. This criterion is a part of evaluation format. This process of assessment of environmental performance will be extended for the subsidiaries from current year.

We create awareness on energy conservation at supplier end. We share our knowledge and ENCON experience with them, motivating them for energy conservation. As mentioned in other sections, we have supplier screening mechanism where environment conservation is one of the aspects. Only suppliers having proper processes in place are considered and continued as supplier for KBL. We have extended this process to our subsidiaries from current year.

GRI Content Index

Foundation

GRI Standard	Disclosure Number /Title	Page No.	Status/ Omission	External Assurance
GRI 102-1	Name of the organization.	4	Fully	Yes
GRI 102-2	Activities, brands, products, and services.	15-23	Fully	Yes
GRI 102-3	Location of the organization's headquarters	12	Fully	Yes
GRI 102-4	Location of operations	12	Fully	Yes
GRI 102-5	Ownership and legal form.	15	Fully	Yes
GRI 102-6	Markets served	15	Fully	Yes
GRI 102-7	Scale of the organization	21	Fully	Yes
GRI 102-8	Information on employees and other workers	39-43	Fully	Yes
GRI 102-9	Supply chain	22	Fully	Yes
GRI 102-10	Significant changes to the organization and its supply chain	22	Fully	Yes
GRI 102-11	Precautionary approach or principle	22	Fully	Yes
GRI 102-12	External initiatives	22	Fully	Yes
GRI 102-13	Memberships of associations	22	Fully	Yes
GRI 102-14	Statement from senior decision-maker	5	Fully	Yes
GRI 102-15	Key impacts, risks, and opportunities	27-28	Fully	Yes
GRI 102-16	Values, principles, standards, and norms of behavior	11	Fully	Yes
GRI 102-17	Mechanisms for advice and concerns about ethics	25-26	Fully	Yes
GRI 102-18	Governance structure	24	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.	24	Fully	Yes
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	24	Fully	Yes
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	24	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	24-25	Fully	Yes
GRI 102-27	Collective knowledge of highest governance body	25	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	25	Fully	Yes
GRI 102-30	Effectiveness of risk management processes	* CGR	Fully	Yes
GRI 102-31	Review of economic, environmental, and social topics	25	Fully	Yes
GRI 102-32	Highest governance body's role in sustainability reporting	25	Fully	Yes
GRI 102-33	Communicating critical concerns	* CGR	Fully	Yes
GRI 102-34	Nature and total number of critical concerns	25	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	25	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	29-30	Fully	Yes
GRI 102-41	Collective bargaining agreements	46	Fully	Yes
GRI 102-42	Identifying and selecting stakeholders	29-30	Fully	Yes
GRI 102-43	Approach to stakeholder engagement	29-30	Fully	Yes
GRI 102-44	Key topics and concerns raised	29-30	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	31-32	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	26	Fully	Yes
GRI 102-54	Claims of reporting in accordance with the GRI Standards	4	Fully	Yes
GRI 102-55	GRI content index	62	Fully	Yes
GRI 102-56	External assurance	4	Fully	Yes
GRI 103-1	Explanation of the material topic and its Boundary	31-32	Fully	Yes
GRI 103-2	The management approach and its components	31-32	Fully	Yes
GRI 104-3	Evaluation of the management approach	31-32	Fully	Yes

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	34-35	Fully	No
GRI-201-2	Financial implications and other risks and opportunities due to climate change	27-28	Fully	No
GRI-201-3	Defined benefit plan obligations and other retirement plans	35	Fully	No
GRI-201-4	Financial assistance received from government	35	Fully	No
GRI-202-1	Ratios of standard entry level wage by gender compared to local minimum wage	35	Fully	No
GRI-202-2	Proportion of senior management hired from the local community	36	Fully	No
GRI-204-1	Proportion of spending on local suppliers	36	Fully	No
GRI 205 -1	Operations assesses for Risk related to Corruption	26	Fully	No
GRI 205 -2	Communication and training about anti-corruption policies Procedures	25	Fully	No
GRI 205 -3	Confirmed incidents of correction and action taken	25	Fully	No

Environmental Performance

GRI Standard	Disclosure Number /Title	Page No.	Status/ Omission	External Assurance
GRI 301-1	Materials used by weight or volume	38	Fully	Yes
GRI 301-2	Recycled input materials used	38	Fully	Yes
GRI 301-3	Reclaimed products and their packaging materials	38	Fully	Yes
GRI 302-1	Energy consumption within the organization	57	Fully	Yes
GRI 302-2	Energy consumption outside of the organization	57	Partially	Yes
GRI 302-3	Energy intensity	57	Fully	Yes
GRI 302-4	Reduction of energy consumption	57	Fully	Yes
GRI 302-5	Reductions in energy requirements of products and services	58	Fully	Yes
GRI 303-1	Water withdrawal by source	59	Fully	Yes

Environmental Performance

GRI Standard	Disclosure Number /Title	Page No.	Status/ Omission	External Assurance
GRI 303-2	Water sources significantly affected by withdrawal of water	59	Fully	Yes
GRI 303-3	Water recycled and reused	60	Fully	Yes
GRI 305-7	Nitrogen Oxides and Sulfur Oxides and other significant air emissions	59	Fully	Yes
GRI 308-1	New suppliers that were screened using environmental criteria	61	Fully	Yes
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	61	Partially	Yes

Social Performance

GRI Standard	Disclosure Number /Title	Page No.	Status/ Omission	External Assurance
GRI 403-1	Workers representation in formal joint management –worker health and safety committees	47-48	Fully	Yes
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	47-48	Fully	Yes
GRI 403-3	Workers with high incidence or high risk of diseases related to their occupation	47-48	Fully	Yes
GRI 403-4	Health and safety topics covered in formal agreements with trade unions	47-48	Fully	Yes
GRI 404-1	Average hours of training per year per employee	43	Fully	Yes
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	44-45	Fully	Yes
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	46	Fully	Yes
GRI 414-1	New suppliers that were screened using social criteria	52	Fully	Yes
GRI 414-2	Negative social impacts in the supply chain and actions taken	52	Fully	Yes
GRI 416-1	Assessment of the health and safety impacts of product and service categories	52	Fully	Yes
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	52	Fully	Yes
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	52	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, Social and Relationship Capital Human Capital	24 52 39-46
	Businesses should communicate transparently and assure access to information about their decisions that impact relevant stakeholders	Stakeholder Engagement	29-30
	Businesses should not engage in practices that are abusive, corrupt, or anti-competition	Prevention of corruption, Whistle Blower Policy, Code of Ethics	25-26
	Businesses should truthfully discharge their responsibility on financial and other mandatory disclosures.	Integrated Report	
	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	11
	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	52 39-46
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	52
	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	52

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 Social and Relationship Capital	49 52
	Businesses should regularly review and improve upon the process of new technology development, deployment and commercialization, incorporating social, ethical, and environmental considerations.	Intellectual Capital Social and Relationship Capital	49 52
	Businesses should recognize and respect the rights of people who may be owners of traditional knowledge, and other forms of intellectual property.	Social and Relationship Capital Human Capital Intellectual Capital	52 39-46 49
	Businesses should recognize that over-consumption results in unsustainable exploitation of our planet's resources, and should therefore promote sustainable consumption, including recycling of resources.	Natural Capital	56-51
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	39-46
	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	39-46
	Businesses should not use child Labour, forced labour or any form of involuntary labour, paid or unpaid.	Human Capital	39-46
	Businesses should take cognizance of the work-life balance of its employees, especially that of women.	Human Capital	39-46
	Businesses should provide facilities for the wellbeing of its employees including those with special needs.	Human Capital	39-46

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	39-46
	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	39-46
	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	39-46
	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	25-26
Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized	Businesses should systematically identify their stakeholders, understand their concerns, define purpose and scope of engagement, and commit to engaging with them	Stakeholder Engagement	29-30
	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	29-30
	Businesses should give special attention to stakeholders in areas that are underdeveloped.	Stakeholder Engagement Social and Relationship Capital	29-30 52
	Businesses should resolve differences with stakeholders in a just, fair and equitable manner	Stakeholder Engagement	29-30

Principle	Core Element	Integrated Report Parameter	Page No.
Principle 5: Businesses should respect and promote human rights	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	39-46
	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	39-46
	Businesses should recognize and respect the human rights of all relevant stakeholders and groups within and beyond the workplace, including that of communities, consumers and vulnerable and marginalized groups.	Human Capital	39-46
	Businesses should, within their sphere of influence, promote the awareness and realization of human rights across their value chain.	Human Capital	39-46
	Businesses should not be complicit with human rights abuses by a third party.	Human Capital	39-46
Principle 6: Business should respect, protect, and make efforts to restore the environment	Businesses should utilize 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	56-61
	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	Natural Capital	56-61

Principle	Core Element	Integrated Report Parameter	Page No.
Principle 6: Business should respect, protect, and make efforts to restore the environment	Businesses should ensure that benefits arising out of access and commercialization of biological and other natural resources and associated traditional knowledge are shared equitably.	Natural Capital	56-61
	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	56-61
	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	56-61
	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	56-61
	Businesses should proactively persuade and support its value chain to adopt this principle	Stakeholder Engagement	29-30
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 organizations	22
	To the extent possible, businesses should utilize 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 organizations	22

Principle	Core Element	Integrated Report Parameter	Page No.
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	52
	Businesses should innovate and invest in products, technologies and processes that promote the wellbeing of society.	Natural Capital	56-61
	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	52
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	52
	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	52
	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	52

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 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	52
	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	56-61
	Businesses should provide adequate grievance handling mechanisms to address customer concerns and feedback.	Stakeholder Engagement	29-30

Building a better working world

Ernst & Young Associates LLP
5th Floor, Block B-2
Nirlon Knowledge Park
Off. Western Express Highway
Goregaon (E), Mumbai - 400063, India

Tel: +91 22 6192 0000
Fax: +91 22 6192 3000
ey.com

Independent Assurance Statement

The Board of Directors and Management
Kirloskar Brothers Limited
Pune, India

Ernst & Young Associates LLP (EY) was retained by Kirloskar Brothers Limited (the 'Company') to provide independent assurance to its Integrated Report (the 'Report') for the period of 1st April 2019 to 31st March 2020.

The development of the Report is based on the <IR> Integrated Reporting Framework by International Integrated Reporting Council (IIRC); its content and presentation is the 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 2019 to 31st March 2020;
- The Company's internal protocols, processes, and controls related to the collection and collation of environmental and social performance data;
- Verification of sample data and related information through consultations at the Company's Head Office in Pune and desk reviews of the following manufacturing locations:
    - The Company's manufacturing locations at Kirloskarvadi, Kondhapuri, Dewas, Kaniyur and Sanand;
    - The Company's subsidiaries: Kirloskar Corrocoat Private Limited, Karad Projects & Motors Limited and 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, recycled material used, energy consumption, water withdrawal, water recycled and reused, Greenhouse Gas emissions (Scope 1 and 2), air emissions (SO_X, NO_X and Particulate Matter) and waste disposed;
    - Social Performance: Total workforce, new hires and turnover, average employee training hours, number of fatalities and reportable injuries, number of man-days lost.

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 2019 to 31st March 2020;
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention provided by the Company;

Building a better working world

- 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) and the second edition of AccountAbility's AA1000 Assurance Standard 2008 (AA 1000 AS). Our evidence-gathering procedures were designed to obtain a 'Limited' level of assurance (as set out in ISAE 3000) on reporting principles and a 'Type 1 Moderate' level of assurance (as per AA1000 AS), as well as conformance of sustainability performance disclosures as per GRI Standards.

What we did to form our conclusions

In order to form our conclusions 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;
- Physical meetings at the Company's corporate office and desk reviews of manufacturing 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 as per the Integrated Reporting framework and includes a description of the Company's stakeholder engagement, materiality assessment, various capitals and relevant performance disclosures on the material topics.

Our conclusion

On the basis of our review scope and methodology, our conclusions are as follows:

- **Inclusiveness:**

  The Company has described its stakeholder groups, purpose of engagement as well as the mode and frequency of engagement in the Report. We are not aware of any matter that would lead us to conclude that the Company has not applied the principle of inclusivity in engaging with the key stakeholder groups identified in the Report.

- **Materiality:**

  The Company has identified key issues material to its ability to create value and has described the process for materiality analysis in the Report. Nothing has come to our attention that causes us to believe that material issues so identified have been excluded by the Company in the Report.

Page 2 of 3

EY
Building a better working world

- **Responsiveness:**
  We are not aware of any matter that would lead us to believe that the Company has not applied the responsiveness principle in its engagement with stakeholders identified in the Report on material aspects covering its environmental and social performance.

- **Conclusion as per ISAE 3000 Standard:**
  Nothing has come to our attention that causes us not to believe that information has been presented fairly, in material respects, in keeping with the Integrated Reporting framework and the Company's reporting principles and criteria. Some data pertaining to key performance disclosures underwent change as part of our assurance process. The Company may further enhance understanding of reporting requirements among data owners to ensure uniform and accurate reporting across locations.

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 Ethics for Professional Accountants[1]. EY's independence policies and procedures ensure compliance with the Code.

for Ernst & Young Associates LLP,

Chaitanya Kalia
Partner
13 August 2020
Mumbai

AA1000
Licensed Assurance Provider
000-43

[1] International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. This *Code* establishes ethical requirements for professional accountants.

Abbreviations used in this report

Abbreviation		Core Element	Abbreviation		Full Form
API	:	American Petroleum Industry	ISO	:	International Organization for StandardizationKirloskar
APOEM	:	Authorised Product Original Equipment Manufacturer	KBL	:	Brothers Ltd
ARC	:	Authorized Refurbishment Center	KCPL	:	Kirloskar Corrocoat Pvt Limited
ASC	:	Authorized Service Center	KEPL	:	Kirloskar Ebara Pumps Limited
BEE	:	The Bureau of Energy Efficiency	KOV	:	Kirloskarvadi
BLDC Pump	:	Brushless DC pump	KPML	:	Karad Projects and Motors Limited
BRR	:	Business Responsibility Report	LAKAKI award	:	Laxmanrao Kashinath Kirloskar award
BSE	:	Bombay Stock Exchange	LTI	:	Lost Time Incidence
CCNA	:	Cisco Certified Network Associate	MDNRV	:	Multi Door Non Return Valves
CFD	:	Computational Fluid Dynamics	Mn	:	Million
CFT	:	Cubic Feet or ft3	MT	:	Metric Tonnes
CII	:	Confederation of Indian Industry	NSE	:	The National Stock Exchange of India Limited
CII-ITC	:	Centre of Excellence for Sustainable Development	PAT	:	Profit After Tax
CIP NACE	:	Coating Inspector Program-The National Association of Corrosion Engineers	POSH	:	Policy for Prevention of Sexual Harassment
EBITDA	:	Earnings Before Interest, Tax, Depreciation and Amortization	ROCE	:	Return On Capital Employed
ESCO	:	Energy Service Company	RoHS	:	Restriction of Hazardous
FGD	:	Flue-Gas Desulfurization	ROI	:	Return On Investment
GRI	:	Global Reporting Initiative	R & D	:	Research and Development
HANA	:	High-Performance Analytic Appliance	SEBI	:	The Securities and Exchange Board of India
HSC Pump	:	Horizontal Split Case Pump	SKU	:	Stock-Keeping Unit
HYPN	:	Hydro Pneumatic	SPM	:	Suspended Particulate Matter
HVAC	:	Heat Ventilation Air Condition	TKSL	:	The Kolhapur Steel Limited
IED	:	Industrial Engineering Division	VT Pump	:	Vertical Turbine Pump
IR	:	Integrated Report	WaSH	:	Water, Sanitation and Hygiene

BOARD'S REPORT TO THE MEMBERS

Your Directors present the 100th Annual Report and the Audited Financial Statements of the Company for the year ended March 31, 2020 together with the reports of the Auditors and Board, thereon.

FINANCIAL RESULTS

The financial results of the Company for the Financial Year 2019-20 as compared with the previous Financial Year are as under:

	Year ended March 31, 2020 (Amt. in Million ₹)	**Year ended March 31, 2019 (Amt. in Million ₹)**
Revenue from Operations	**20,970.32**	22,234.86
Other income	**254.07**	247.08
Total	**21,224.39**	22,481.94
Profit before tax	**1,200.08**	1,241.56
Tax expense	**408.38**	368.35
Profit for the period	**791.70**	873.21
Other comprehensive income	**(6.88)**	(1.71)
Surplus in Profit & Loss Account		
brought forward from previous year	**3,037.65**	2,590.00
Dividend	**(420.75)**	(231.49)
Available surplus	**3,401.72**	3,037.65

DIVIDEND

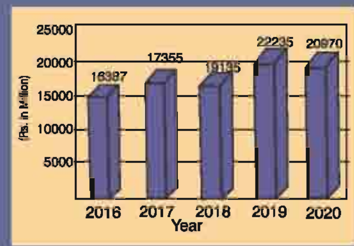
The Board of Directors declared an Interim Dividend @ 100%, amounting to ₹ 2.00 per equity share on February 14, 2020 and paid during the Financial Year 2019-20. The Board of Directors have recommended a Final Dividend @ 25%, amounting to ₹ 0.50 per equity share for the Financial Year 2019-20 (₹ 2.50 per equity share for 2018-19).

OPERATIONS OF THE COMPANY

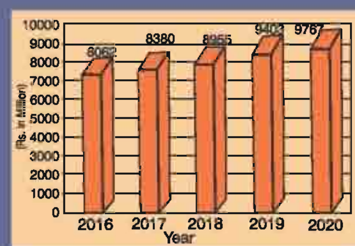
The revenue from operations for the year under review is ₹ 20,970.32 million, which is less by 5.69% compared to the previous Financial Year.

The Financial Year 2019-20 ended with the pandemic situation created by spread of COVID-19 all over the world and day-to-day life across the globe came to a virtual halt. Kirloskar Brothers Limited (KBL) not being an exception had to put a halt to some of its operations for some period from March to May 2020, caring more for the wellness and safety of its people, and complying with the lockdown regulations announced by the governments and health authority advisories. The Company took a number of measures to ensure effective management of the

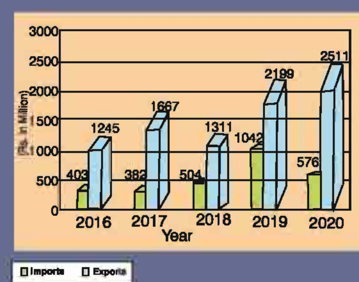
Net Sales



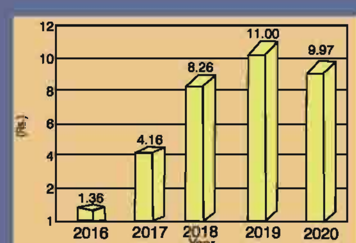
Net Worth



Import & Export



Earning per Share



situation while continuing to serve the community and customers effectively. During this time of uncertainty, our volunteers, along with our Corporate Social Responsibility implementing agency, Vikas Charitable Trust, worked relentlessly to support the community around our plant locations in whichever way possible. Through these efforts, the Company was able to provide more than a million meals to migrant labour and destitute people in these areas. Apart from this, KBL also provided the local administration / Corona warriors with face masks, sanitisers, food packets, drinking water, face shields, safety glasses, full body PPEs, cooking utensils and even installed no-touch sanitiser stations to support them in their tryst with this pandemic.

The majority of our employees were given the option to work from home during the lockdown period and a task force led by the senior management developed strategies and monitored them for ensuring business continuity activities.

However, 2019-20 was a momentous year for KBL. The Company completed 100 years of its incorporation as a Public Limited Company in January this year. To mark this historic milestone, a special commemorative event was organised in Delhi on January 6, 2020. The event was graced with the presence of our Honourable Prime Minister, Shri. Narendra Modi. He marked the event by releasing Hindi version of the biography of our founder, Shri. Laxmanrao Kirloskar, titled 'Yantrik ki Yatra'. The PM also unveiled the commemorative Corporate 'My Stamp' released by the Department of Posts on the opportune occasion. During the last year, KBL also celebrated the 150th birth anniversary of its founder Shri. Laxmanrao Kirloskar on June 20, 2019. A special 'LAKAKI Week' was organised on the occasion. During the week, various activities were planned to create awareness about the LAKAKI Business Excellence Model. GURUKUL, a TPM training centre, was inaugurated in Kirloskarvadi (KOV),on this day.

The prolonged monsoons in 2019 had an impact on our product sales in the 2nd and 3rd quarter. Slower growth in residential projects continued to have their effect on the Industry sector. The Power sector manufactured and dispatched two nuclear application pumps for site testing. The Valves sector successfully manufactured and supplied large Butterfly Valves above 1300 mm in high-grade stainless steel.

To further strengthen product portfolio for domestic applications, the Company launched new products such as K-Booster and further extended its CMS pump series. During the period, KBL also extended the KVM pump range for Reverse Osmosis application.

The Company received a new patent for fitment of impeller on pump shaft for 2 stage spilt case pumps.

Some of the major orders completed by the Company during the period included commissioning of 5 nos. Vertical Turbine pumps with 2350 KW motor rating at South Bangkok Power Plant, supply of 'Bulkhead and Ladder Sprinkling System' for Mazgaon Docks Ltd. and supply of 14 Vertical Turbine pumps for the Toshka Project in Egypt.

Throughout the year, Company reached out to its retail customers, including farmers, domestic and other industrial consumers, through various on-ground marketing activities. KBL became the first pump manufacturing company to initiate a van campaign in Jammu & Kashmir with its branded vans travelling across the region, promoting the products of the Company. Elite Club Conference (2019-20) for Kirloskarvadi Channel Partners was organised at Kirloskar Brothers (Thailand) Limited, Company's step-down subsidiary in Thailand, in November 2019.

An Engineers India Limited (EIL) audit was successfully concluded at KOV plant. Under the initiative of better data management, 95% of KOV products are now covered through 3D Modelling technology. Various initiatives were deployed to improve the product quality and performance as well as to reduce rework and rejections of both in-house and outsourced items.

The Kolhapur Steel Limited (TKSL), a domestic subsidiary, entered into an arrangement with PricewaterhouseCoopers (PwC) for turning it around. Karad Projects and Motors Limited (KPML) setup a hi-tech facility for motors required for special products. The Company's overseas subsidiaries registered an improved performance in Financial Year 2019-20. Thailand and South Africa operations showed Operating Profit Before Interest for the first nine months. However, TKSL and Kirloskar Corrocoat Private Limited (KCPL)continue to register losses in the year under review.

The Coimbatore plant received Gold award at an International Convention held in Japan by the Quality Circle Forum of India. The Company won CII-ITC Sustainability award for Excellence in Environment Management at the event. Besides, the Company also received the Maharashtra Best Employer Brand Award, 2019 and Pune Best Employer Brand Award, 2019 from the World HRD Congress. Subsequent to audits, KBL was re-certified for EHS & EnMS certifications for the Financial Year 2019-20.

Dewas, Kondhapuri and KOV plants entered into wage settlement agreements for a duration of four years, in early 2019-20. As part of the CMD Awards declared in April 2019, employees showcasing outstanding performance were rewarded by the Chairman and Managing Director. The Learning Management System on People Direct platform was introduced for the staff of the Company. “Back to Fundamentals”, a monthly technical seminar series, was initiated for the employees at our corporate headquarters during this year. The main focus of this seminar was to refresh the core aspects related to pump technology, including basic and advanced engineering principles. The learning outcome helped enrich the participant's fundamental knowledge about design application of pumps and pumping systems.

A badminton tournament as well as a cricket tournament, Yamuna Premier League, were organised for the corporate office employees. The Coimbatore plant organised various initiatives like eye check-up camp as well as fitness and well-being awareness camps for its employees.

Keeping with the times, various mobile apps were launched by the Corporate Information Centre (CIC) department of the Company; for instance, Fiori, the first mobile app in CRM, KBL- KBC app for the Company's dealers and KBL One4All mobile app for dealers, retailers, traders, customers & ASC, among others.

The Registered Office of the Company was shifted from Udyog Bhavan, Tilak Road, Pune-411 002 to Corporate Global Headquarters, 'Yamuna' Survey No. 98 (3 to 7), Plot No. 3, Baner, Pune-411 045, with effect from February 14, 2020.

During the period, the Company and Vikas Charitable Trust, through its volunteers, worked relentlessly to provide every possible help towards the rehabilitation and rescue of those affected by the floods in Sangli, Kolhapur and Pune district. The Company worked in close coordination with the District Administration of Sangli and the National Disaster Response Force (NDRF) team, assisting them in the rescue and relief operations. Some of the activities undertaken as part of KBL's contributory efforts in this regard include providing fuel for the rescue boats, providing help with food and shelter, medical and technical assistance and setting-up of water filtration unit at these locations. The post-flood relief activities included dewatering activities, repair and servicing of pumps in the Sangli and Kolhapur districts of Maharashtra, special medical drive to counter post-flood diseases, sanitisation activities, supply of food grains and basic hygiene packs, setting-up of a help desk to assist people in re-organising their household documents that they may have lost in the floods and also assisting them in getting government aids that they are eligible for as per their eligibility.

Volunteers, school principals and teachers who contributed in the Corporate Social Responsibility programme of the Company, 'KBL WaSH Programme', were felicitated in the presence of Mrs. Pratima Kirloskar, Head, Vikas Charitable Trust. 45 volunteers from Yamuna (Pune), Kondhapuri and KOV volunteered in 17 schools at various locations. Total reach of the WaSH programme was around 4,000 students from 17 schools. As part of its Corporate Social Responsibility, the Company, through Vikas Charitable Trust, also carried out the Annapurna Project wherein 'Annapurna' bags were distributed to underprivileged students who did not receive mid-day meals during summer vacations. Under this initiative, over 350 kg grocery items were distributed among the needy students during the last Financial Year.

KBL, right since its inception, has been committed towards nation building, contributing to India's progress and growth as a nation both before as well as after independence. As the Company commence its foray into a new century, KBL looks forward to continuing creating value for all its stakeholders and help propel our great nation along the growth trajectory into the future.

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

The Annual Return of the Company for the year ended March 31, 2020 is placed on the website of the Company at http://www.kirloskarpumps.com/investors-financial-information-annual-reports.aspx. Extract of Annual Return in Form MGT-9 as per provisions of Section 92(3) read with Section 134 of the Companies Act, 2013 (the Act) is given in **Annexure I** to this Report.

2. NUMBER OF MEETINGS OF THE BOARD

During the Financial Year under review, 5 (five) 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 http://www.kirloskarpumps.com/pdf/investor-information/policies/Remuneration%20Policy.pdf. 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 VII.** 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 2019-20. Mr. Shyamprasad Limaye has been re-appointed as Secretarial Auditor of the Company for the Financial Year 2020-21.

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 2020-21. 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 2019-20 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 VI)**. 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.

‘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 II** 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 III** 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, 2020 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 December 16, 2019 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 ₹ 3,218.62 million which is 1.09% less as compared to the previous year. This constitutes 9.1% of consolidated revenue.

ii. The Kolhapur Steel Limited

The revenue for the year under review is ₹ 308.99 million which is 14.12% less as compared to the previous year. This constitutes 0.9% of consolidated revenue.

iii. Kirloskar Corrocoat Private Limited

The revenue for the year under review is ₹ 242.93 million which is 12.49% less as compared to the previous year. This constitutes 0.7% of consolidated revenue.

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

The revenue for the year under review is ₹10,494.48 million. which is 12.78% less as compared to the previous year. This constitutes 29.8% of consolidated revenue.

v. Kirloskar Ebara Pumps Limited (Joint Venture)

The revenue for the year under review is ₹ 1,625.76 million which is 1.59% 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) Directors and Key Managerial Personnel:

- Mr. Tilak Dhar (DIN 00204912) expired on July 1, 2019 and ceased to be the Director of the Company during the year.
- Mr. Kishor Chaukar (DIN 00033830) completed his initial term as an Independent Director on April 26, 2020. The Board of Directors of the Company has appointed him as an Additional Director to be considered in the category of an Independent Director. The Board recommends his re-appointment for the second term as an Independent Director at the ensuing AGM.
- Mr. Alok S. Kirloskar (DIN 05324745) is liable to retire by rotation at the ensuing AGM and being eligible offers himself for re-appointment.
- Mr. M. S. Unnikrishnan (DIN 01460245) was appointed by the Board as an Additional Director on June 5, 2020. The Board recommends his appointment as an Independent Director at the ensuing AGM.
- Mr. Sanjay C. Kirloskar – Chairman and Managing Director, Mr. Chittaranjan Mate – Chief Financial Officer and Mr. Sandeep Phadnis – Company Secretary are the Key Managerial Personnel of the Company.

(iv) No company has become or ceased to be a subsidiary, joint venture or associate company of the Company, 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) 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.

(vii) 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 management response.

(viii) 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 Corporat Governance Report;

- Disclosures as required under Section 197(12) of the Act read with the applicable rulesand details as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in **Annexure IV & Annexure V**.

- Your Company is required to maintain the Cost records as required under Sec 148(1) of the Act, and accordingly, such accounts and records are maintained by the Company for the year ended on March 31, 2020.

(ix) **Other Disclosure:**

The Company has filed a suit against Kirloskar Proprietary Limited (KPL) relating to 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.

During the pendency of the suit, the Company received a letter dated March 3, 2020 from KPL intimating alleged withdrawal of termination of license as mentioned in notices dated April 2, 2018, with effect from March 3, 2020, as mentioned therein.

15. CASH FLOW

Cash flow statement for the year ended on March 31, 2020 is attached to the Balance Sheet.

SAFETY, HEALTH AND ENVIRONMENT

Safety and Health

- All our manufacturing plants, Kirloskar Corrocoat Private Limited, Kirloskar Ebara Pumps Limited are certified for Environment Management System (ISO 14001) and (ISO 450001) The Kolhapur Steel Limited is certified for (ISO 14001). All plants are audited for the certification.
- Apart from ISO system audits, many plants have been audited for Internal safety audit by cross plant safety officers.
- Project sites and many plants have achieved 'Zero reportable accidents'. In all manufacturing plants and project sites First aid cases also reduced by 59% as compared to Financial Year 2018-19.
- Incident tracking system is fully utilizing for capturing unsafe acts / conditions and accidents. In KBL plants almost 978 incidents were logged in the Financial Year 2019-20, which is more than 25% compare to last year. It helped to eliminate unsafe acts/conditions and resultantly, reduce the accidents. CAPA compliance is also tracked through this system, compliance of CAPA is more than 82% which is 6% better than last year. This system is also extended to all subsidiaries. In all 4 subsidiaries almost 594 safety opportunities are reported and CAPA compliance is more than 83%.
- BBS-I system which was established in all KBL plants, extended to subsidiaries. In KBL plants 2089 BBS-I checks are carried out which is almost double than last year. In subsidiaries 839 BBS-I checks are carried out by staff.
- Company strives for 100% compliance with EHS requirements at project sites also. It is checked through Project sites Safety check online system, 58 Safety checks are carried out in various live project sites, Compliance ratio is almost 97 %.
- Apart from Safety week and environment day celebration at all project sites and manufacturing plants, Special drive taken for 'Material handling' and PPE for grinding operation. Awareness increased on

'Material handling safety'. A unique face shield with metal mesh with transparent sheet is developed and now being used at KOV.

- A new system 'SaY' (Safety Yellow Tag System) is launched in all manufacturing plants from this year's safety week. it is a platform developed for associates to report their safety concerns, which will be resolved through Incident tracking system.

Environment and Energy

As part of commitment towards conserving fossil fuels and depending more on renewable energy sources, we have installed and made operational roof top solar power panels at manufacturing locations and Registered 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 KOV.

The Company is 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) at Kirloskarvadi, Kondhapuri, Dewas, Sanand and Kaniyur plants.

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.

KBL's Registered office is green building with LEED Platinum certification and manufacturing plants are "GreenCo" certified. Commitment towards environment is one of our Values. Many of our pumps are BEE star labelled for efficiency. At Registered office and manufacturing locations, we have extensive daylight harvesting to save energy and rain water harvesting system to conserve water.

In order to encourage our manufacturing plants to implement more and more energy and water conservation projects, we have KBL group level energy conservation competition (ENCON) and award scheme. KBL has won CII - ITC Sustainability Awards - 2019 for Excellence in Environment Management.

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.

EMPLOYEE STOCK OPTION SCHEME (ESOS)

During the Financial Year 2007-08, the Company launched the Employees' "Share a Vision" Stock Option Scheme, 2007 (ESOS-2007).

No allotments were made under ESOS-2007 scheme during the Financial Year under review. During the Financial Year 2019-20, the Board of Directors discontinued this scheme.

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 Interms 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, 2020:

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	17
5	Nature of action by employer or District Officer, if any	NA

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: June 5, 2020

Annexure I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	L29113PN1920PLC000670
ii)	Registration Date	January 15, 1920
iii)	Name of the Company	Kirloskar Brothers Limited
iv)	Category / Sub-Category of the Company	Company limited by shares
v)	Address of the Registered office and contact details	Yamuna, Survey No. 98 (3 to 7) Plot No. 3, Baner, Pune - 411 045 Ph. Nos: 020 - 2721 4444 (w.e.f. February 14,2020)
		Udyog Bhavan, Tilak Road, Pune - 411 002, Ph. No. 020-2444 0770 (upto - February 13, 2020)
vi)	Whether listed company	Yes - Listed
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Bigshare Services Private Limited 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumbai-400 059 Tel: 022 - 6263 8200

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Pumps	2812	84.22%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares Held	Applicable Section
1	Karad Projects and Motors Limited Plot No. B-67/68, MIDC, Karad Industrial Area, Tasawade, Karad - 415 109	U45203PN2001PLC149623	Subsidiary	100	2(87)
2	The Kolhapur Steel Limited Pune - Bangalore Highway, Shiroli (Pulachi), Tal-Hatkanangale, Kolhapur - 416 122	U27106MH1965PLC013212	Subsidiary	99.74	2(87)
3	Kirloskar Corrocoat Private Limited Udyog Bhavan, Tilak Road, Pune - 411 002	U28920PN2006PTC022240	Subsidiary	65	2(87)
4	Kirloskar Brothers International B.V. Strawinskylaan 937 1077 XX Amsterdam,The Netherlands	Body Corporate	Subsidiary	100	2(87)
5	Kirloskar Pompen B.V. Twentepoort Oost 24, 7609 RG Almelo, The Netherlands	Body Corporate	Subsidiary of Kirloskar Brothers International B.V.	100	2(87)
6	Rodelta Pumps International B.V. Twentepoort Oost 24, 7609 RG Almelo, The Netherlands	Body Corporate	Subsidiary of Kirloskar Pompen B.V.	100	2(87)

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares Held	Applicable Section
7	Rotaserve B.V. Twentepoort Oost 24, 7609 RG Almelo, The Netherlands	Body Corporate	Subsidiary of Kirloskar Pompen B.V.	100	2(87)
8	SPP Pumps Limited 1420 Lakeview, Arlington Business Park, Theale, Reading, Berkshire, England RG7 4SA	Body Corporate	Subsidiary of Kirloskar Brothers International B.V.	100	2(87)
9	SPP France SAS 2, Rue Chateau d'Eau, 95450 US, France	Body Corporate	Subsidiary of SPP Pumps Limited	100	2(87)
10	SPP Pumps Inc. 2905 Pacific Dr, Norcross, GA 30071 USA	Body Corporate	Subsidiary of SPP Pumps Limited	100	2(87)
11	SPP Pumps Real Estate LLC 6716 Best Friend Road, Norcross, GA, USA 30071	Body Corporate	Subsidiary of SPP Pumps Inc.	100	2(87)
12	Syncroflo Inc. 2905 Pacific Drive, Norcross, GA, USA 30071	Body Corporate	Subsidiary of SPP Pumps Inc.	100	2(87)
13	Rotaserve Limited The Poynt, 45 Wollaton Street, Nottingham, Nottinghamshire, NG15FW, United Kingdom	Body Corporate	Subsidiary of Kirloskar Brothers International B.V.	100	2(87)
14	SPP Pumps MENA LLC Block 234, Road 36, Industrial Zone 3, 6th October City, Egypt	Body Corporate	Subsidiary of Kirloskar Brothers International B.V.	100	2(87)
15	Kirloskar Brothers (Thailand) Limited 700/711 Village No.1, Amata Nakon Industrial state, Phan Thong Sub-district, Phan Thong district , Chonburi Province. Bangkok - 10110, Thailand	Body Corporate	Subsidiary of Kirloskar Brothers International B.V.	100	2(87)
16	SPP Pumps (Asia) Co. Limited 700/711 Village No.1, Amata Nakon Industrial state, Phan Thong Sub-district, Phan Thong district, Chonburi Province. Bangkok - 10110, Thailand	Body Corporate	Subsidiary of Kirloskar Brothers (Thailand) Limited	100	2(87)
17	SPP Pumps (Singapore) Pte. Limited 20 Maxwell Road, # 09-17, Maxwell House, Singapore (069113)	Body Corporate	Subsidiary of SPP Pumps (Asia) Co. Limited	100	2(87)
18	Micawber 784 (Proprietary) Limited Corner of Horn & Brine Street, Chloorkop - Kempton Park, Gauteng, 1620 South Africa	Body Corporate	Subsidiary of Kirloskar Brothers International B.V.	100	2(87)
19	SPP Pumps International Pty. Ltd. P.O. Box No. 8483 Eveling Corner Horne & Brine Street, Chloorkop, Kempton Park, Gauteng, 1625 South Africa,	Body Corporate	Subsidiary of Kirloskar Brothers International B.V.	100	2(87)
20	Braybar Pumps (Proprietary) Limited Corner of Horn & Brine Street, Chloorkop - Kempton Park, Gauteng, 1620, South Africa	Body Corporate	Subsidiary of SPP Pumps International (Pty) Limited	100	2(87)
21	SPP Pumps (South Africa) (Pty) Limited P.O. Box 8483, Edleen, Corner of Horne & Brine Street, Chloorkop - Kempton Park, Gauteng, 1625 South Africa	Body Corporate	Subsidiary of SPP Pumps International (Pty) Limited	100	2(87)
22	Rotaserve Mozambique Cnr Horn and Brine Str, Chloorkop, Kempton Park,Gauteng,1620 South Africa	Body Corporate	Subsidiary of SPP Pumps International (Pty) Limited	99.9	2(87)
23	SPP Neviz Pumps Solutions Pty Ltd. Crn Horn and Brine, Chloorkop Ext. 1, Kempton Park,Gauteng,1619, South Africa	Body Corporate	Associate of SPP Pumps International (Pty) Limited	49%	2(6)
24	Kirloskar Ebara Pumps Limited Pride Kumar Senate Building, Senapati Bapat Road, Pune - 411 016	U29120MH1988PLC045865	Associate	45%	2(6)
25	KBL Synerge LLP Udyog Bhavan, Tilak Road, Pune - 411 002	(LLPIN) AAH-2867	Associate	--	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	33,024,291	0	33,024,291	41.59	33,032,719	0	33,032,719	41.60	0.01
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0
c) State Govt (s)	0	0	0	0.00	0	0	0	0.00	0
d) Bodies Corp.	19,329,956	0	19,329,956	24.34	19,329,956	0	19,329,956	24.34	0
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0
f) Any Other….	0	0	0	0.00	0	0	0	0.00	0
Sub-total (A) (1):-	**52,354,247**	**0**	**52,354,247**	**65.93**	**52,362,675**	**0**	**52,362,675**	**65.94**	**0.01**
(2) Foreign									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other….	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2):-	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Total shareholding of Promoter (A) = (A) (1) + (A) (2)	**52,354,247**	**0**	**52,354,247**	**65.93**	**52,362,675**	**0**	**52,362,675**	**65.94**	**0.01**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	5,065,936	0	5,065,936	6.38	6,262,603	0	6,262,603	7.89	1.51
b) Banks / FI	3,047,392	83,868	3,131,260	3.94	3,033,558	0	3,033,558	3.82	(0.12)
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0
g) FIIs	0	0	0	0.00	0	0	0	0.00	0
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0
i) Others (specify)									
Foreign Portfolio Investor	1,551,630	0	1,551,630	1.95	1,439,901	0	1,439,901	1.81	(0.14)
Investor Education and Protection Fund	1,559,487	0	1,559,487	1.96	1,647,851	0	1,647,851	2.08	0.11
Alternate Investment Fund	39,532	0	39,532	0.05	130,000	0	130,000	0.16	0.11
Sub-total (B)(1):-	**11,263,977**	**83,868**	**11,347,845**	**14.29**	**12,513,913**	**0**	**12,513,913**	**15.76**	**1.47**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1,677,345	0	1,677,345	2.11	851,015	0	851,015	1.07	(1.04)
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	7,975,603	2,152,756	10,128,359	12.75	8,087,788	1,698,564	9,786,352	12.32	(0.43)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2,731,409	70,875	2,802,284	3.53	2,742,557	70,875	2,813,432	3.54	0.01
c) Others (specify)									
NRI	306,414	0	306,414	0.39	343,057	0	343,057	0.43	0.04
Clearing members	253,915	0	253,915	0.32	309,449	0	309,449	0.39	0.07
HUF	502,302	6,615	508,917	0.64	398,818	6,615	405,433	0.51	(0.13)
Employee	2,500	0	2,500	0.00	2,500	0	2,500	0.00	0.00
Foreign nationals	0	0	0	0.00	0	0	0	0.00	0.00
Other Directors	26,000	0	26,000	0.03	20,000	0	20,000	0.00	(0.00)
Trusts	1,100	0	1,100	0.00	1,100	0	1,100	0.00	0.00
Sub-total (B)(2):-	**13,476,588**	**2,230,246**	**15,706,834**	**19.78**	**12,756,284**	**1,776,054**	**14,532,338**	**18.30**	**(1.48)**
Total Public Shareholding (B)=(B) (1)+(B)(2)	**24,740,565**	**2,314,114**	**27,054,679**	**34.07**	**25,270,197**	**1,776,054**	**27,046,251**	**34.06**	**(0.01)**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	**77,094,812**	**2,314,114**	**79,408,926**	**100.00**	**77,632,872**	**1,776,054**	**79,408,926**	**100.00**	**0.00**

Note: % figures are rounded off to two decimals.

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Sanjay C. Kirloskar #	17,839,037	22.46	0.00	17,847,465	22.48	0.00	0.01
2	Rahul Chandrakant Kirloskar ##	404,501	0.51	0.00	404,501	0.51	0.00	0.00
3	Vikram Shreekant Kirloskar ###	70,236	0.09	0.00	70,236	0.09	0.00	0.00
4	Atul Chandrakant Kirloskar ####	398,888	0.50	0.00	398,888	0.50	0.00	0.00
5	Suman Chandrakant Kirloskar #####	9,168	0.01	0.00	9,168	0.01	0.00	0.00
6	Mrinalini Shreekant Kirloskar	13,781	0.02	0.00	13,781	0.02	0.00	0.00
7	Pratima Sanjay Kirloskar	13,840,488	17.43	0.00	13,840,488	17.43	0.00	0.00
8	Alpana Rahul Kirloskar	100	0.00	0.00	100	0.00	0.00	0.00
9	Jyotsna Gautam Kulkarni	441,805	0.56	0.00	441,805	0.56	0.00	0.00
10	Arti Atul Kirloskar	100	0.00	0.00	100	0.00	0.00	0.00
11	Alok Kirloskar	6,187	0.01	0.00	6,187	0.01	0.00	0.00
12	Kirloskar Industries Limited	18,988,038	23.91	0.00	18,988,038	23.91	0.00	0.00
13	Prakar Investments Private Limited	269,671	0.34	0.00	269,671	0.34	0.00	0.00
14	Achyut and Neeta Holdings and Finance Private Limited	72,247	0.09	0.00	72,247	0.09	0.00	0.00
	Total	**52,354,247**	**65.93**	**0.00**	**52,362,675**	**65.94**	**0.00**	**0.01**

Out of these, Sanjay C. Kirloskar holds16,085,546 (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 3015 (3015) equity shares as a Trustee of C.S. Kirloskar Testamentary Trust.

Out of these, Rahul C. Kirloskar holds 393,263 equity shares in the individual capacity, 5,625 as a Karta of Rahul C. Kirloskar HUF and 5,613 as a Trustee of C.S. Kirloskar Testamentary Trust.

Out of these, Vikram S. Kirloskar holds 2,625 equity shares as a Karta of Vikram S. Kirloskar HUF and 67,611 equity shares as a Trustee of Rooplekha Life Interest Trust.

Out of these, Atul C. Kirloskar holds 393,263 equity shares in the individual capacity and 5,625 as a Karta of Atul C. Kirloskar HUF.

Out of these, Smt. Suman C. Kirloskar holds 2,947 equity shares in the individual capacity and 6,221 as a Trustee of C.S. Kirloskar Testamentary Trust.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	52,354,247	65.93	52,354,247	65.93
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer /bonus/ sweat equity etc.):				
March 18, 2020	8,428	0.01	52,362,675	65.94
At the end of the year			52,362,675	65.94

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Reliance Capital Trustee Co. Limited	3,976,103	5.01	5,172,770	6.51
2	Investor Education and Protection Fund Authority, Ministry of Corporate Affairs	1,559,487	1.96	1,647,851	2.08
3	General Insurance Corporation of India	1,406,725	1.77	1,396,725	1.76
4	The New India Assurance Company Limited	1,173,212	1.48	1,173,212	1.48
5	IDFC Equity Opportunities Fund - Series 4	1,085,000	1.37	1,085,000	1.37
6	Warburg Value Fund	1,000,000	1.26	1,000,000	1.26
7	ICICI Prudential Life Insurance Company Limited	582,135	0.73	0	0.00
8	The Oriental Insurance Company Limited	409,240	0.52	408,987	0.52
9	Dhanesh S. Shah	343,003	0.43	343,003	0.43
10	Arun Nahar	284,000	0.36	230,117	0.29
11	Kala Hiralal Doshi	200,000	0.25	200,000	0.25

(v) **Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	For each of the Directors and KMP				
1	Sanjay C.Kirloskar #				
	At the beginning of the year	17,839,037	22.46		
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc.):				
	March 18, 2020	8,428	0.01	17,847,465	22.48
	At the End of the year			17,847,465	22.48
2	Kishor A. Chaukar				
	At the beginning of the year		0.00		0.00
	Increase/decrease during the year	0	0.00		
	At the end of the year			0	0.00
3	Pratap B. Shirke				
	At the beginning of the year	20,000	0.02	20,000	0.02
	Increase/decrease during the year	0	0.00		
	At the end of the year			20,000	0.02
4	Alok S. Kirloskar				
	At the beginning of the year	6,187	0.01	6,187	0.01
	Increase/decrease during the year	0	0.00		
	At the end of the year			6,187	0.01
5	Rama S. Kirloskar				
	At the beginning of the year	0	0.00	0	0.00
	Increase/decrease during the year	0	0.00		
	At the end of the year			0	0.00
6	Rakesh Mohan				
	At the beginning of the year	0	0.00	0	0.00
	Increase/decrease during the year	0	0.00		
	At the end of the year			0	0.00
7	Rajeev Kher				
	At the beginning of the year	0	0.00	0	0.00
	Increase/decrease during the year	0	0.00		
	At the end of the year			0	0.00
8	Pradyumna Vyas *				
	At the beginning of the year	-	-	-	-
	Increase/decrease during the year	0	0.00		
	At the end of the year			0	0.00

(v) Shareholding of Directors and Key Managerial Personnel: (Contd.)

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	For each of the Directors and KMP				
9	Shailaja Kher *				
	At the beginning of the year	-	-	-	-
	Increase/decrease during the year	0	0.00		
	At the end of the year			0	0.00
10	Tilak Dhar *				
	At the beginning of the year	-	-	-	-
	Increase/decrease during the year	0	0.00		
	At the end of the year			0	0.00
11	Chittaranjan M. Mate				
	At the beginning of the year	0	0.00	0	0.00
	Increase/decrease during the year	0	0.00		
	At the end of the year			0	0.00
12	Sandeep A. Phadnis				
	At the beginning of the year	0	0.00	0	0.00
	Increase/decrease during the year	0	0.00		
	At the end of the year			0	0.00

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 3015 (3015) equity shares as a Trustee of C.S. Kirloskar Testamentary Trust.

* Mr. Pradyumna Vyas and Ms. Shailaja Kher were appointed as Additional Directors with effect from May 16,2019; Mr. Tilak Dhar ceased to be Director with effect from July 1, 2019.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in Million ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year				
i) Principal Amount	1,590.64	5.53	-	1,596.17
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,590.64	5.53	-	1,596.17
Change in Indebtedness during the Financial Year				
Addition	2,857.55	-	-	2,857.55
Reduction	1,355.35	3.62	-	1,358.97
Net Change	1,502.20	(3.62)	-	1,498.58
Indebtedness at the end of the Financial Year				
i) Principal Amount	3,092.84	1.90	-	3,094.75
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	3,092.84	1.90	-	3,094.75

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

(Amt in Million ₹)

Sl. No.	Particulars	Sanjay C.Kirloskar Managing Director	Total
A.	**Remuneration to Managing Director, Whole-Time Director(s) and/or Manager:**		
1	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	11.25	11.25
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	4.48	4.48
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	0.00	0.00
2	Stock Option	0.00	0.00
3	Sweat Equity	0.00	0.00
4	Commission		
	- as % of profit	32.00	32.00
	- others, specify	0.00	0.00
5	Others, please specify		
	Total (A)	47.73	47.73
	Ceiling as per the Act (5% of the Net Profit as on 31st March, 2020 is considered since there is no Executive Director other than Managing Director.)	69.38	69.38

B. Remuneration to other directors

(Amt in Million ₹)

	Independent Directors						
Name of the Directors	**Kishor A. Chaukar**	**Rakesh Mohan**	**Rajeev Kher**	**Tilak Dhar**	**Pradyumna Vyas**	**Shailaja Kher**	**Total (1)**
Fee for attending board / committee meetings	1.05	0.67	0.82	0.00	0.22	0.22	3.00
Commission	1.30	1.30	1.30	0.00	1.30	1.14	6.34
Others, please specify:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total (1)	**2.35**	**1.97**	**2.12**	**0.00**	**1.52**	**1.36**	**9.34**

(Amt in Million ₹)

Name of the Director	Other Non- Executive Director				
	Alok S. Kirloskar	**Rama S. Kirloskar**	**Pratap Shirke**	**Total (2)**	**Total (1+2)**
Fee for attending board /					
committee meetings	0.45	0.52	0.75	1.72	4.72
Commission	1.30	1.30	1.30	3.90	10.24
Others, please specify	0.00	0.00	0.00	0.00	0.00
Total (2)	**1.75**	**1.82**	**2.05**	**5.62**	**14.96**

Total Managerial Remuneration	**62.69**
Overall Ceiling as per the Act	**83.26**

C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD:

(Amt in Million ₹)

Sl. No.	**Particulars**	**Name of Key Managerial Personnel**		
		C.M. Mate (Chief Financial Officer)	**Sandeep Phadnis (Company Secretary)**	**Total**
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	7.46	3.69	11.15
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.70	0.40	1.10
	(c) Profits in lieu of salary under Section 17(3)of the Income-tax Act, 1961	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00
4	Commission	0.00	0.00	0.00
	- as % of profit	0.00	0.00	0.00
	- others, specify	0.00	0.00	0.00
5	Others, please specify	0.00	0.00	0.00
	Total (C)	**8.16**	**4.09**	**12.25**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

(Amt in Million ₹)

Sl. No.	Type	Section of the Companies Act	Brief Description	Details of Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A.	**COMPANY**					
	Penalty					
	Punishment					
	Compounding					
B.	**DIRECTORS**					
	Penalty					
	Punishment			Nil		
	Compounding					
C.	**OTHER OFFICERS IN DEFAULT**					
	Penalty					
	Punishment					
	Compounding					

Annexure II

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 fans by HVLS fans in manufacturing shops.
- Installation of daylight harvesters.
- Maintaining unity Power Factor.
- Elimination of Exhaust blower & fans by increasing natural ventilation at Dewas plant.
- Replacement of 2X36 W Tube Rod by 2X18 W LED tube Rod in office area at Dewas plant.
- Replacement of Conventional motors by IE3/IE4 Energy efficient motors at Dewas plant.
- 5% Reduction in Compressed Air at Foundry Shop by preventing air leakages at Dewas plant.

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

- Roof top solar power PV system was installed and made operational 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.

(iii) Capital investment on energy conservation equipment

During the Financial Year 2019-20, following capital investments 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

- Developed 29 models of 4', 6' and 7' submersible pumps to complement existing range with sand fighter feature.
- Released 20 models of SP coupled pump sets with IE4 motors.
- Developed 6 models of Mini pumps resulting in reduction in dependence on traded products.
- In-house development of 2 models of lifter pumps.
- Developed MVP 2000/180 pump for cooling water application. Similarly developed low NPSHr 20UPH3 M2DV pump, 360 UPH2, UPH 1000/160 and UPH 600/96 L pumps.

- Developed VV800X800H Vertical Volute type end Suction pump, with oil lubrication high speed back Pull out design for Russian market.
- Developed RKB150/34, 7 stage pump with engine and base plate mounted on cradle to achieve portable installation design for Dubai market.
- Developed KPD 250/50F, KPD 250/40F back pull-out design conforming to DIN 24256 & ISO 2858.
- Developed 23 models of KW series vertical inline long coupled radial split having rigid coupling.
- Developed DN1600 PN16 main inlet valve, DN400 DF CL300 High Performance BFV.
- Implemented new improved design of BFV with ebonite lining for 4 nos PN10 and 2 nos PN6 rating models.
- Augmented Reality Experience created for pumps and Butterfly Valve.
- Introduced Dolphin System for Valves vertical.
- Completed various CFD analysis, structural analysis to verify and optimize pumps and pump intakes.

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

- Fulfil product gaps.
- Enhancement of product range to meet the application.
- Capability enhancement to meet customer requirements.
- Competitive edge over other pump manufacturers.
- Reduction in product development time and cost.
- Ease of training for product, service and application engineers.

(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**	**(Amt in Million ₹)**
Revenue expenditure	253.23
Capital Expenditure	55.18
Total	**308.41**

(C) Foreign Exchange earnings and outgo	**(Amt in Million ₹)**
Foreign Exchange earned in terms of actual inflows during the year	2510.92
Foreign Exchange outgo during the year in terms of actual outflows	575.58

Annexure III

ANNUAL REPORT FOR CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2019-20

1	A brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken	The Company is committed to uphold the interest of stakeholders by implementing the guidelines given in the Business Excellence Model working towards sustainability. For educational activities the implementing agency is Vikas Charitable Trust.
	The web-link to the CSR Policy	http://www.kirloskarpumps.com/pdf/investorinformation/policies/CSR%20policy%20%20Ammended%20upto%20May%202017.pdf
2	Composition of CSR Committee	Mr. Pradyumna Vyas - Chairman Mr. Sanjay Kirloskar - Member Ms. Rama Kirloskar - Member Mr. Rajeev Kher - Member
3	Average Net Profit of the Company for last 3 Financial Years	₹ 1,081,245,267/-
4	Prescribed CSR Expenditure (2% of amount as in item 3 above)	₹ 21,624,905/-
5	Details of CSR spent during the Financial Year:	2019-20
	Total amount to be spent for the year:	₹ 21,624,905/-
	Total amount spent in the year	₹ 22,277,608/-
	Amount unspent, if any	Nil
	Manner in which the amount spent during the Financial Year is detailed in as below:	The contribution by the Company is spent in the following manner on identified projects directly and through implementing agency;

(Amount in ₹)

1	2	3	4	5	6		7	8
Sr. No	**CSR project or Activity identified**	**Sector in which project is covered**	**Projects or programs**	**Amount outlay (Budget) project or program wise**	**Amount spent on the projects or programs Sub - Heads**		**Cumulative expenditure upto the reporting period**	**Amount spent**
			1. Local Area or Other 2. Specify the state and district where projects or programs were undertaken		**1. Direct expenditure on projects or programs**	**2. Over-heads**		**Direct or through implementing agency**
1	Flood relief related activities	Disaster management	Within the local limits of the manufacturing plants of the Company	263,241/-	263,241/-	-	263,241/-	Direct
2	Water related activities	Environment sustainability	Within the local limits of the manufacturing plants of the Company	250,000/-	250,000	-	250,000/-	Direct

1	2	3	4	5	6		7	8
Sr. No	CSR project or Activityidentified	Sector in which project is covered	Projects or programs	Amount outlay (Budget) project or	Amount spent in the projects or programs Sub - Heads		Cumulative expenditure upto to the reporting period	Amount spent
			1. Local Area or Other 2. Specify the state and district where projects or programs were undertaken		1. Direct expenditure on projects or programs	2. Over-heads		Direct or through implementing agency
3	Social Impact study conducted by Karve Institute, Scholarship and tree guard	Social Business Project	Pune	3,94,289/-	3,94,289/-	-	3,94,289/-	Direct
4	Promotion of health care	Health care and Sanitization	Within the local limits of the manufacturing plants of the Company	48,830/-	48,830/-	-	48,830/-	Direct
5	Donation to Gram Panchayat	Rural development program	Ramanandnagar & Kundal local limit of Kirloskarvadi	1,350,000/-	1,350,000/-	-	1,350,000/-	Direct
6	Development of School Infrastructure, IT and Furniture	Promotion of Education	Kirloskarvadi and School around manufacturing plants locations	12,000,000/-	12,000,000/-	-	12,000,000/-	Through implementing agency
7	Social welfare and CSR Activities	Environment sustainability, Social welfare	Within the local limits of the manufacturing plants of the Company	1,700,000/-	1,700,000/-	-	1,700,000/-	Through implementing agency
8	Covid Disaster Management	Disaster management	Within the local limits of the manufacturing plants of the Company	7,500,000/-	7,500,000/-	-	6,271,284/-	Through implementing agency
		Total		**22,277,608/-**	**22,277,608/-**	-	**22,277,608/-**	

6	In case the Company has failed to spend two percent of Average Net Profit of last three Financial Years or any part thereof the Company shall provide the reasons for not spending the amount.
7	The committee hereby affirms that the implementation and monitoring of Corporate Social Responsibility Policy, is in compliance with Corporate Social Responsibility objectives and Policy of the Company.

Sd/-
Sanjay C. Kirloskar
Chairman and Managing Director
(DIN 00007885)

Sd/-
Pradyumna Vyas
Chairman
CSR Committee
(DIN 02359564)

Date: June 5, 2020

Annexure IV

Disclosure as required under Section 197(12) of the Act

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 – 59.47 :1 Non-Executive Directors – 18.65:1 (Median Remuneration is ₹ 8,02,521/-)
(ii)	the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Secretary or Manager, if any, in the Financial Year Company	Managing Director – 0.97% **Non-Executive Directors Chief Financial Officer - 32.52% Company Secretary - 7.56%
(iii)	the percentage increase in the median remuneration of employees in the Financial Year	(5.61%)
(iv)	the number of permanent employees on the roll of the Company	As on March 31,2020 Staff – 1608 Workmen – 1424
(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 abovementioned 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. P. S.Jawadekar and Ms. Lalita Gupte ceased to be Directors of the Company w.e.f 31.03.2019 and Mr. Pradyumna Vyas and Ms. Shailaja Kher were appointed as Directors of the Company w.e.f 16.05.2019.

Annexure V

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. Mln)	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 C. Kirloskar	Chairman and Managing Director	51.09	Contractual	Bachelor of Science (M.E.)	02-05-1983	63	Kirloskar Cummins Limited, Pune	22.48* (#17,839,037) 17,847,465	Yes	Mr. Alok Kirloskar; Ms. Rama Kirloskar
2	Anurag Vohra	Sr. VP and Head - India Business	12.42	Regular	B. Tech - Mech., PG Dip. Mgt.	30-11-2015	50	Volvo Eicher Commercial Vehicles Limited	Nil	No	NA
3	Shreepad Prakash Khare	VP and Head - CQA	8.19	Regular	B. Tech - Mech.	12-08-2014	49	KSB Pumps Limited	Nil	No	NA
4	Chittaranjan Madhukar Mate	CFO- Sr.VP and Head- CFA	8.16	Regular	C.A. B.Com	03-06-2015	64	Kirloskar Ebara Pumps Limited	Nil	No	NA
5	Ravi Bhushan Sinha	VP and Head - CHRMC	7.56	Regular	PG Dip. in HR; LLB, B.A.	24-04-2013	49	Praj Industries Limited	Nil	No	NA
6	Amit Shukla	AVP and Head - CIC	7.06	Regular	B. Com, ICWA, PGD - Finance	08-08-2016	47	RSPL Limited	Nil	No	NA
7	Vikas Agarwal	VP and Head – Water & Irrigation	8.79	Regular	B.E.- Electrical & Electronics	01-03-1997	45	N.A.	0.0% (750)	No	NA
8	Nirmal Chandra Tiwari	VP and Head - Small Pump Operations	6.42	Regular	B.E. - Mech.	02-09-1986	58	NA	Nil	No	NA
9	Ravindra Sharanappa Birajdar	VP and Head - CRED	6.36	Regular	M. Tech, B.E. - Mech.	06-09-1988	56	NA	0.0% (1500)	No	NA
10	Supriyo Bhowmik	AVP & Head - ESD	5.90	Regular	B.E. - Chemical	28-05-2018	53	KSB Pumps Limited	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 3015 (3015) equity shares as a Trustee of C.S. Kirloskar Testamentary Trust.

* Position as on March 31, 2020.

Annexure VI

Form No. AOC-2

(Pursuant to clause (h) of subsection (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
-NA-							

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

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

Annexure VII

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, 2020.

To,

The Members of,
Kirloskar Brothers Limited
(CIN: L29113PN1920PLC000670)
Yamuna, S. No. 98, 3-7 Plot No. 3,
Baner, Pune - 411 045.

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 lockdown while taking review after completion of financial year, 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020, 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, 2020, 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 as amended;

   (c) The Securities and Exchange Board of India (Issue of capital and Disclosure Requirements) Regulations, 2009;

(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, as amended.

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 (BSE) and National Stock Exchange of India Limited (NSE) as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

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 women 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 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 the affairs of the Company.

Place: Pune
Date: June 5,2020
UDIN:F001587B000319597

Shyamprasad D. Limaye
FCS No. 1587
C.P. No. 572

BUSINESS RESPONSIBILITY REPORT

Kirloskar Brothers Limited's Business Responsibility Report 2019-20 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 page No. 4 to 77 of the Integrated Report will be available at

http://www.kirloskarpumps.com/investors-financial-information-annual-reports.aspx

Our Business Responsibility Report (BRR) 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 Annual Report for all aspects that are material to us and to our stakeholders.

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 to 7), Plot No. 3, Baner, Pune 411 045**
   Ph Nos. 020 - 2721 4444
4. Website: www.kirloskarpumps.com
5. Email id: grievance.redressal@kbl.co.in
6. Financial Year reported: **2019-20**
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

B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital - ₹ 158.82 Mn
2. Total Turnover – ₹ 21,224 Mn
3. Total Profit After Taxes - ₹ 7,92 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: ₹ 21.62 Mn.

5. List of activities in which expenditure in 4 above has been incurred :-
   (a) Development of School Infrastructure and IT
   (b) Flood relief related and water related activities
   (c) Social Impact study conducted by Karve Institute for scholarship and tree guard activity etc.

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

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 - 00007885
      2. Name – Mr. Sanjay C. Kirloskar
      3. Designation - Chairman and Managing Director
   (b) Details of the BR head

No.	Particulars	Details
1	DIN (if applicable)	NA
2	Name	Mr. Shreepad P. Khare
3	Designation	Vice President & Head – Corporate Quality Assurance
4	Telephone number	+91 20 2721 4200
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 Wellbeing

   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?	http://www.kirloskarpumps.com/investors-investor-information-policies.aspx								
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 atleast every three months. For more information, read the Corporate Governance Report, which is a part of this 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?

http://www.kirloskarpumps.com/investors-financial-information-annual-reports.aspx

Integrated Report is published Annually.

E: PRINCIPLE-WISE PERFORMANCE

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others? - Our corporate governance practices apply across the KBL Group and extend to our suppliers and partners. Our Code of Conduct and Ethics complies with the legal requirements of applicable laws and regulations, including anti-bribery 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.

2 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. - Please refer page no. 26

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities - Please refer page no. 58

   (a) Star label is the label given for energy efficient products. Our Sanand Plant has received star labelling for 38 Pump models.

   (b) Our Dewas plant has received star labelling for 71 Pump Models.

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

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional)

   (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?

   Refer page nos. 56 to 61 (under Natural capital of Integrated Annual Report)

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. – Refer page no. 23

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? Yes. Refer page no. 32

   (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors. - Refer page no. 32

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. – Refer page no. 38

Principle 3

1. Please indicate the Total number of employees. - Refer page no. 39

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis. - Refer page no.39

3. Please indicate the Number of permanent women employees. - Refer page no. 39

4. Please indicate the Number of permanent employees with disabilities - Refer page no. 40

5. Do you have an employee association that is recognized by management? - Yes. Employee association at our Kirloskarvadi, Dewas and Kondhapuri plants are recognised.

6. What percentage of your permanent employees is members of this recognized employee association? - Refer page no. 40.

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. 40
   (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. 52
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.- Refer page no. 52

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? – Yes, Applicable to KBL group companies, suppliers and contractors.
2. How many stakeholder complaints have been received in the past Financial Year and what percent was satisfactorily resolved by the management? – Refer page no. 26

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. – Yes
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. – Refer page nos. 26 to 28
3. Does the company identify and assess potential environmental risks? Y/N - Yes. Please refer page nos. 27 to 28
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. However, the Company has taken steps to reduce impact on environment through various initiatives as mentioned in the integrated report.
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. - Yes, Refer page nos. 56 to 61.

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 : **Refer page no.22**

   (a)
   (b)
   (c) As above
   (d)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; **Yes**
3. 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)

   Energy efficient pumps with star ratings to reduce impact on environment, Suatainability excellence initiatives, Corporate Social Responsibility initiatives for inclusive development, Water conservation initiatives, Economic Reform initiatives etc.

Principle 8

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof. - Yes. Refer page no. 10 and page nos. 52 to 55
2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization? - Refer page nos. 52 to 55
3. Have you done any impact assessment of your initiative? - Refer page nos. 52 to 55
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken? - Yes. Refer page no. 10 and page nos. 52 to 55
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. - Refer page nos. 52 to 55

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of Financial Year. - 60% (This represent 9 outstanding cases out of total 15 cases filed with various forums and courts.)
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) –Refer page nos. 49 to 51
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? - No

MANAGEMENT DISCUSSION & ANALYSIS 2019-20

1. OUTLOOK

1.1 Global Economic Outlook

The Covid-19 pandemic has brought the entire world to a standstill, severely affecting the global economy. With most of the large global economies being among the most adversely affected countries with the highest mortality rate, the global economic condition becomes all the grimmer and more challenging. According to the International Monetary Fund (IMF), the global economy is projected to witness a negative growth of 3 percent during FY20-21 as a result of the pandemic. On an optimistic note, if the world is able to find a specific cure or vaccine to eliminate the virus and subsequently the pandemic situation diminishes by the second half of 2020, the global economy is then projected to grow at a rate of 5.8% in 2021 as per certain expert assumptions. The projected growth would thus be a result of the normalising of economic activity globally. This, again, would depend on various external factors like policy support, government measures, cases of relapse of the virus, and economic sustainability.

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 an economic debacle. Whether at a national level or an individual level, this consciousness is ultimately most important for long-term human and economic health.

It is essential that all the countries across the globe come together in this hour of crisis and overcome the effects of the pandemic together in multilateral cooperation to minimise the effect.

1.2 Indian Economic Outlook

As compared to the previous fiscal year, FY2019-20 has mostly been an unfavourable year for the Indian economy. While we know that the Indian economy is inherently a domestic-driven economy, the situation this time is much more acute as the lockdown halted all production and operational activities. However, our government is responding promptly. The national lockdown announced by the government is surely helping flatten the Covid-19 curve and protect lives, but it has also resulted in an inevitable economic slowdown. The Indian manufacturing industry especially, has been among the most adversely affected sectors in the country since the day of the announcement.

However, despite the economic collapse caused by the Covid-19 pandemic, India is expected to register a positive GDP growth this year as against the global economy. According to IMF, India is projected to witness a GDP growth rate of 1.9% during the current fiscal year, as against the 5.8% growth rate projected before the onset of the Covid-19 crisis in the country.

As per the IMF statistics, India's GDP growth rate is expected to gain momentum and rise sharply to 7.4% even during the next fiscal year. This projection is a result of the relatively lower impact of the Coronavirus outbreak in India as compared to the other major globally economies such as United States, UK, Japan and European countries like Italy, Germany and Spain where the impact has been far more catastrophic. Besides, India's projected growth is also associated with the reduced global confidence in China.

Experts look at this as a golden opportunity for India, especially for our export industry. With the increasing global anti-China sentiment, the world may seek other manufacturing hubs. In such a situation, India, with its emergence as a credible economy and the support it has provided to the global community during the pandemic, is well-equipped to step in as an alternative global manufacturing hub for the world.

The INR 20-lakh-crore stimulus package announced by the Government of India, which is equivalent to about 10% of India's GDP and aimed at making the country self-reliant and reviving the stalled economy in wake of the Covid-19 crisis, is expected to 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 is among the most adversely affected sectors globally due to the Coronavirus 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 market. However, now with the US being the most adversely impacted country with the highest number of mortalities, the APAC region is projected to remain the largest regional market, accounting for majority of the overall market share during the period. With the crude-oil prices hitting a new low, the condition in the global pump market is likely to get even more challenging. Even if oil and gas, chemical, water and wastewater are expected to continue to be the key end-user industries presenting growth opportunities for pump manufacturers this year, the demand for domestic and industrial pumps in the healthcare sector is expected to rise up.

With the world being hit by the worst slowdown since the Great Depression, pump manufacturers across the globe are bound to revisit their yearly fiscal plan, resorting to strict curtailment in expenditures wherever possible. This may have a major impact on the investment on innovation and R&D, which were the key focus areas as per the earlier market projections. 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 system efficiency. Intelligent and Internet-enabled devices and sensors represent the fastest growing product segment in the pump industry.

2.2 Indian Pump Market Outlook

As discussed earlier, the national lockdown has resulted in a temporary economic lockdown in the country, especially for the manufacturing industry. After the Indian pump industry resumes operation, partially or fully, it will take considerable time for it to recover and regain momentum as there were virtually no sales and production for more than a month due to the lockdown.

Even while India is observing a nationwide lockdown, in rural areas, restrictions on farming, especially harvesting, are being increasingly relaxed since the second half of April. Our government has determined that many of these areas are free of the virus. Agriculture is thus already regaining pace over the last few weeks. As it comes back on track, demand for agricultural pumps is expected to witness a sporadic rise given that the country gradually starts recovering from the pandemic situation. Despite the lockdown, Indian pump manufacturers have continued to provide after-sales services wherever possible and this trend is expected to continue.

Considering that Indian industry has not been impacted as severely as the other major global economies, organised Indian pump players have a great opportunity to capitalise and consolidate their position in the North American and European market, especially with the reducing global confidence in China. This is subject to India's revival within the estimated period.

As the situation stands today, it is getting 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.

3. STRATEGY

3.1 Company Strategy and Policy

In FY2019-20, KBL increased focus on improving profitability and product competitiveness through product lifecycle monitoring, design benchmarking, and feature augmentation. Products like Autoprime pumps, LLC series and process pumps witnessed rise in sales.

We were able to register good bookings across all our sectors for some of our key products. In the Power sector, we developed the first prototype of Shutdown Cooling pumps for nuclear applications. In the Oil & Gas sector, we received a major order for the supply of firefighting pumps from various Indian state refineries, thus further strengthening our leadership position in this sector. In the Industry sector, we registered improved order bookings from new customers. In the Building & Construction segment, the segment-wise focus to increase the market share by increasing the sales of HYPN and HVAC pumping solutions yielded good growth during the period and we thus registered a much-improved product booking order over the previous year. Rapid urbanisation, mainly in tier-2 and tier-3 cities, and continued focus on national projects like Smart City, river linking schemes and both the "Har Ghar Jal" & "Nal Se Jal" programmes being implemented by central and state governments to supply water to every house further helped improve demand for small pump products during the period.

Meanwhile, during FY2019-20, in order to balance out the average sales due to the slowdown, we focused significantly on our Engineered Service Division (ESD) & Customer Service & Spares (CSS) sector and witnessed a considerable improvement in receipt of new orders. We will increase our market reach through various initiatives like geographic potential mapping with the dealer network and identifying and establishing direct business with specific countries.

KBL's focus on value added products as part of the company's strategy to move its business from Projects to Products worked well during the last fiscal year. In the Small Pumps Business, we registered an increased proportion of new product sales and a noteworthy reduction in inventories at our warehouses. In addition, there is a clear focus on enhancing the range of our solar pumping solutions for the anticipated rise in the Renewable Energy segment.

Utilising state-of-the-art technology in the manufacturing process is the cornerstone of KBL. Our R&D team, spread across three continents, has been focused on upgrading our Knowledge Management Systems and using the latest technology to bring innovative and smarter products. Next generation technologies like Artificial Intelligence, Virtual Reality, Augmented Reality and IoT are used across the company. At KBL, we not only manufacture IoT enabled smart pumps but also use the technology across our factories while nurturing a 'smart' factory culture that helps improve operational efficiency.

3.2 International Business Strategy

IIn FY2018-19, KBL recorded a substantial revenue growth in its export sales over the last year. We finalised the annual rate contract with two refineries and signed the annual maintenance contract with four plants during the period. We received various retrofit orders from new customers. One of the major orders among these included the commissioning of five vertical turbine pumps with 2350 kW motor rating at the South Bangkok Power plant. The Government project in Suriname was another milestone project that we commissioned during the period. Besides, we undertook a series of efforts across various regions to penetrate the market for the company's FM/UL fire pumps.

In the UK, our efforts bore fruits, as we were able to bring our SPP UK operations to a break-even position during the period. While SPP's US operations continue to do well, we are back on track even with our South African and Thailand operations as we have already begun achieving operating profit there. As far as our South African operations are concerned, we restructured our business, costs, and the way we do our business, which helped us considerably in transforming our business profitability in spite of the difficult market conditions in the country. In the Netherlands, Rodelta Pumps continues to extend its ETL (API 610 OH5) and HZC (API 610 OH2) product range further. Both the products are designed as per the latest API standards. With these products, Rodelta continues to expand its presence in Refineries, Petrochemical and Process industries. During the period, the company also developed stainless steel VV pumps with very high efficiency for various water supply projects.

However, the situation is likely to turn around again this fiscal year after the onset of the Covid-19 outbreak. Among all our global business operations, the pandemic is expected to have the most severe impact on our operations in European countries and the North American region where we majorly operate through our UK and US based subsidiaries, SPP Pumps and Syncroflo respectively.

Successful Commissioning of Marubeni a/c South Bangkok Power Plant Project, Thailand

4. SBU/FUNCTION PERFORMANCE

4.1 Building & Construction Sector

KBL's Building & Construction segment witnessed significant growth over the previous year, even though there was a definite slowdown in the realty sector and sale in the last fortnight of March was lost due to Covid-19 pandemic.

Growth in a shrunk market was largely attributed to focused efforts in smaller cities, value added products and overseas business. We commissioned pumps for various applications across some of India's landmark projects, like Kartarpur Corridor Terminal (Indian side), Statue of Unity, ISRO's Thumba Equatorial Rocket Launching Station (TERLS), Thiruvananthapuram, and National Fire Service College - Nagpur (country's first fixed firefighting installation lab).

National Fire Service College, Nagpur

4.2 Water

FY2019-20 proved to be the third consecutive successful fiscal year for KBL's Water Resource Management (WRM) department. During the last fiscal year, value-added products business dominated and added new states to the increasing customer portfolio of KBL's Auto Prime pump sets, including Bihar, Tripura, Uttar Pradesh, Rajasthan and Delhi apart from Gujarat and the UTs of Jammu and Kashmir.

During the period, we received major orders for Lowest Life Cycle products from the Delhi Jal Board and GIDC (Gujrat Industrial Development Corporation) - Vapi & MIDC (Maharashtra Industrial Development Corporation). We are proud to be a part of the Ram ki Paudi Ayodhya project where, with the able support of our regional dealer, we commissioned our pumps in a record 6 months, when the assignment was seen as a 2-year project.

Execution of the Versova E&M project order from the Mumbai Metropolitan Region Development Authority (MMRDA) is under progress and running as per schedule.

Ram Ki Paudi, Ayodhya Pumping Station

4.3 Irrigation

Products continued to be our primary focus during the last fiscal year and we witnessed exceptional growth in order bookings from National OEMS. These included booking order for 120+ large sized Vertical Turbine (VT) & Split Case pumps, which is meant to be supplied over 2 years to the concerned states.

This sector bagged many replacement orders from various state irrigation departments during the period. KBL was the preferred choice of all these departments as we ensured exact replacement for pumping machinery without any change in the civil structure and old piping.

Dhandhusan Irrigation Project, Gujarat

4.4 Valves

Last year has been an important year for the Valves business, which witnessed appreciable growth in terms of sales revenue and recovery during the period. This business witnessed considerable growth in its profit margin during the period and became more streamlined due to focused approach on end customer satisfaction, which will help us in the long term. Introduction of optimised products and new equipment facilitated improved product quality and quantity.

Butterfly Valve

4.5 Marine & Defence

This business witnessed significant growth in its order bookings in FY2019-20. KBL is proud to be associated with the Indian Navy for indigenisation of the Magazine firefighting system. This is one of the programmes undertaken by the Ministry of Defence (MoD) under the "Make in India" initiative. Other orders received during the period include the supply of large flood-control pump sets for dewatering the dry-dock at Cochin Shipyard Ltd.

Currently, KBL's Marine & Defence vertical is working with the Indian Navy for the development of a water-mist firefighting system.

4.6 Power

India is the third largest producer & consumer of electricity in the world with installed capacity of 370.11 GW. Over the last few years, our government has been primarily focusing on clean and renewable source of energy. India's power sector is forecast to attract investments worth INR 11.56 trillion between 2017 and 2022 in thermal, hydro, nuclear and renewable segments. The Nuclear Power Corporation of India Ltd., (NPCIL) has embarked on an ambitious programme of installing nuclear power plants based on indigenous technology.

KBL is well-placed to benefit from government's policy with major focus on renewable, i.e. small hydro-electricity and nuclear energy. KBL has the desired product portfolio for small hydro-electricity projects and is well-equipped to address the critical requirements of the nuclear industry.

ell-equipped to address the critical requirements of the nuclear industry.

4.7 Oil & Gas

Bookings and sales of this business grew significantly during the last fiscal year, with the division registering significant sales growth over last year. This has been in line with the division's focused approach on bagging targeted projects. The BS VI projects related to the refinery segment and the pipelines segment's downstream projects yielded good orders for the company.

In the coming year, this business is expected to be negatively affected because of the Covid-19 outbreak and the ongoing oil price war between OPEC Plus countries. There is only one major opportunity (HRRL) in sight and even that is moving at a very slow pace. The country's petro-chemical and fertiliser segments are also witnessing a sporadic progress as the nation's Gas policy is yet to be finalised.

4.8 Industry

The Chemical, Steel, Pharma and Coal Segments contributed significantly towards the growth of the Industry business division last year.

This business sector achieved remarkable growth in the Chemical segment with focused approach towards market reach and engagement with key customers and consultants. In the Pharma segment, one customer placed large orders for 550 pumps, which included 420 KPD series (stainless steel) pumps and 120 split-case pumps while the rest were VT pumps.

Process Pump - KPD

4.9 Small Pumps Business (SPB)

Majority of the products under the Small Pumps umbrella fall under essential requirements of the Domestic and Agriculture segment customers as well as the Industry sector. In view of COVID-19 outbreak and the lockdown that followed, all operations including Sales had to be abruptly halted.

Currently, we are keeping an eye on resuming operations gradually after taking into consideration the feasibility of doing so in the Green, Orange and Red zones while duly abiding by the guidelines issued by the Government from time to time. It is expected that the movement in the market will start picking up from Q2 or Q3 of FY20-21, which would obviously be entirely dependent on the time taken to recover from the prevailing situation.

K-Booster Pump

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

In spite of the major setback received at year end, the Spares business division registered a double-digit growth in terms of order bookings, sales and recovery.

We are pleased to inform that, for the first time, large pump spares sales crossed the 1,000 Mn figure. Retrofit and replacement business also rose, which not only helped increase our market share but speaks volumes about the confidence that all our esteemed customers have in us.

4.11 Dewas Plant

The plant took various initiatives to reduce energy consumption. As part of our commitment towards sustainability, conserving fossil fuels and relying more on renewable energy sources, the plant installed rooftop solar plant with 994 KWp capacity. For its sustainability efforts, the plant bagged the First Prize award and the 'Energy Manager' prize in our Energy Conservation (ENCON) competition. Various sustainability efforts undertaken by the Dewas plant played an integral role in KBL winning the CII - ITC Sustainability Awards - 2019 for Excellence in Environment Management System.

Recently, the plant was certified with the new version of Energy Management System (ISO 50001: 2018), Occupational Health and Safety Management System (ISO 45001: 2018) under Integrated Management System. The plant recently also undertook a new initiative to enhance its green belt area and promote dense forestation by creating the "Kirloskar Centenary Forest" spread across an area of 2.2 acres surrounding the facility.

4.12 Sanand Plant

The Sanand plant has synchronised its production with the market demand. In February, the plant registered its highest-ever monthly production of 35,151 nos. The culture of continuous improvement helped improve the OEE in the Machine shop by 27% over the previous year. Meanwhile, the supplier delivery performance went up by 9% over the previous year.

The Sanand Plant received the ENCON award in the 'Small Units' category during the last year. Reduction in contract demand and net-metering of solar energy generated by the plant have both started reflecting positive results for the Sanand facility in its monthly electricity bills.

ENCON Award in tha 'Small Units' Category

4.13 Kaniyur Plant

Like Sanand, the Kaniyur plant also achieved synchronisation of production with market demand. The plant achieved its highest monthly production of 84,188 pumps in the month of May in 2019. The customer complaint rate registered an improvement of 25% during the period. New products developed by the plant, Mini 50C and K-Booster, were launched in the market. A new crèche facility was established within the plant for our employees' children. The Quality Circle team from Kaniyur participated in the International Quality Conclave in Japan and won the Gold award.

Kaniyur Plant received Gold Award at the International Convention on QC Circles 2019 held in Tokyo, Japan

4.14 Kondhapuri Plant

Kondhapuri (KON) operations achieved success in securing CII-ITC Sustainability Excellence Award under the "Environment Domain". In the ENCON competition, KON Operations secured the runner up position under the Small Manufacturing Unit segment while a team member from the maintenance function was awarded the 'Best ENCON Manager" award among all the KBL manufacturing facilities.

During the period, the plant also showed remarkable improvement in its Lakaki Excellence Assessment ratings as compared to the previous fiscal year. On the delivery front, the plant demonstrated a double-digit growth in both OTIF as well as its in-house capacity.

4.15 Kirloskarvadi Plant

In FY2019-20, the Kirloskarvadi (KOV) plant achieved its highest production and dispatch records. The plant executed various prestigious orders during the last fiscal year, including the project in Suriname and orders from Doosan, RVR Projects Pvt. Ltd. and Grasim Industries Ltd., among others.

The plant started regular production of new Replicast® facility with enhanced capacity. Installation and commissioning of a new machining line in the SMPD division helped in improving deliveries. An Export Pumps warehouse facility was established to support our International Regional Offices. Shop layout in the SMPD division was changed to enable a lean flow in the plant. Various initiatives were undertaken which helped improve the plant productivity in turn resulting in higher sales figure. The plant also initiated implementation of Total Productive Maintenance (TPM), capacity sharing and inventory control during the period, which resulted in the improvement in OTIF, backlog reduction and improvement in cash flow.

During the period, the plant recruited new female workforce in a few divisions, thus continuing with KBL's initiative to encourage and boost women empowerment. The KOV plant played a major role in the company receiving the CII-ITC Sustainability Award 2019 for "Excellence in Environment Management". This award is a recognition of KBL's commitment towards implementation of environment management practices in a sustainable manner.

Replicast Foundry

4.16 Global Marketing

KBL completed 100 years of its incorporation as a public limited company in FY2019-20. We celebrated the milestone year by organising various events throughout the year, which culminated with the special centenary event held in Delhi graced by the Honourable Prime Minister of India, Shri Narendra Modi. Besides, we organised other commemorative events during the year, including the celebration of the 150th birth anniversary of our founder, Shri Laxmanrao Kirloskar and the 116th birth anniversary of Shri S L Kirloskar, our patriarch and former Chairman and Managing Director. Our strong legacy and successes achieved during our milestone journey were re-emphasised in all our communications.

In FY 2019-20, we further strengthened our digital marketing and presence on social media platforms. Using these platforms to engage, interact and take feedback helped us improve both our products and services. Going forward, we will continue to build our product marketing around value added products across retail and industrial customer segments. Reaching customers with the right solution across various touch points is the corner stone of our communications. We will continue to reach new customers and engage existing customers through various marketing activities using relevant channels.

4.17 Information Systems

In FY2019-20, we published the KBL Group Global IT policy and KBL Knowledge Management policy. SAP automation tools and technologies like: Kardex integration, Weigh Bridge integration, material gate entry integration, auto debit note/credit note incentives for dealers, automatic payment process, tools for monitoring cost of poor quality, various financial online dashboards, SAP CRM Mobile app for authorised service dealers, SAP Success Factors learning module, Performance Management Systems (PMS) and Onboarding & Offboarding tools helped us reduce our manual efforts and enhance productivity.

The high performance-computing cluster that we implemented during the period for CFD analysis jobs helped reduced the job execution time. For enhanced security, we have initiated the implementation of Microsoft Enterprise Mobility and Security (EMS) software. We have also upgraded the Microsoft Share Point software for better performance and mobility platform.

The implementation of Microsoft Teams and Citrix with enhanced bandwidth facilitated our work from home during the COVID-19 lockdown situation.

4.18 Human Resource

Managerial development programmes for our middle level managers and executive coaching (multi-session capsule) programme for next batch of leaders were organised during the year.

We continued our focus on upgrading HR services and enhancing employee experience by launching KBL's new Learning Management System (LMS). The new People Direct-LMS has features like self-paced learnings, e-learning (AICC and SCROM-2), integration with MOOCs (Massive Open Online Courses), etc. We also ensured that structural changes are being carried out regularly to align roles and people capabilities in line with new business demands. We restructured our Project Execution, After Market and Advanced Engineering teams to ensure better business services. We conducted special job analysis exercises for our shop floor employees across all our plants to review their job information with respect to machine, method, material, manning and available or required skills. This helped us in calibrating the workforce planning and in rightly capturing their development needs, thus leading to better productivity and accountability. Under our campus connect programme, we recruited around 64 graduate and diploma trainees during the year for engineering, sales, and service functions.

Congenial industrial environment is essential for any manufacturing organisation for sustainable growth. With a firm belief in this principle, we have been able to successfully conclude three long-term settlements across our plants during the year. These actions not only helped boost morale of our employees but have also been widely quoted to be among the best and most inspirational agreements in the region. Our consistent talent management efforts led to less than 2% regret- loss and helped us register an internal fill rate to the extent of 40% for the year.

4.19 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.

With an aim to lead the market, we released 20 models of SP-coupled pump sets with IE4 motors. To meet the market requirements and complement the existing pump range, we developed 29 models of 4", 6" and 7" submersible pumps with sand-fighter feature.

To cater to the special pump requirements from various SMPD sectors for several applications, i.e. drinking water supply, chilled water circulations as well as other water handling applications in air-conditioning (HVAC) systems, we developed new models of KW series vertical inline pumps equipped with rigid coupling.

During FY2019-20, KBL extended its range of metallic volute pumps for cooling water application in nuclear power plants. To expand our footprints in the Middle East market and to meet special client requirements in the region, we developed a portable high-head multistage pump comprising a cradle-mounted design. Besides, to meet customer specific duties, we also developed two large size (40" and 44") split case pump models with improved efficiencies and reduced weight.

Range of Submersible Pumps

In order to address the customer specific demand, we developed a new extended range of main inlet valve for PN 16 rating and high-performance Butterfly valve.To cater to the market demand, we developed a new improved design of Butterfly valve with ebonite lining suitable for PN10 and PN6 rating.

Metallic Volute Pump (MVP)

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

Our objective in the current financial year was to strengthen our processes and improve the skillset of our people by having structured knowledge sharing platform in line with our purpose stated in Quality Book – Excellence through Quality Prism.

In order to inculcate a "First Time Right" approach, we as a function deployed many new initiatives to capture process inefficiencies and address those through innovative solutions. These primarily included "Blue Scanning" of all pattern equipment to ensure castings are poured right the first time itself, automation of test bed set up, online monitoring of pump performance parameters, and facilitating remote access to customers.

As a responsible organisation and as part of our sustainability drive to reduce our business impact on the environment, we undertook various measures to save or curtail energy consumption and used renewable energy sources whenever and wherever possible. We were rightfully recognised for our efforts as we won the CII - ITC Sustainability Awards - 2019 for Excellence in Environment Management.

CII-ITC Sustainability Awards-2019 for Excellence In Environment Management

From FY2019-20, we have started releasing our Integrated Annual Report, which includes financials as well as sustainability initiatives undertaken by the company during the respective fiscal year. With this, we are now amongst the only few Indian companies to practice and subscribe to inclusive reporting.

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, 2020, there were nine directors on the Board, comprising of a Managing Director and eight (88.88%) Non-Executive Directors of whom five (62.50%) were Independent Directors. There were two woman directors including one as Independent Director.

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

During the Financial Year under review, five Board meetings were held on the following dates:

May 16, 2019, August 12, 2019, November 04, 2019, February 14, 2020 and March 19, 2020.

According to the provisions of Regulation 17A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 none of the Directors on the Board hold the office of director, including an alternate directorship if any, in more than seven companies at the same time. None of the Directors are directors in more than seven public companies or holding membership of committees of the Board in more than ten committees or chairpersonship of more than five 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, 2020 have been made by the Directors. None of the Directors except Mr. Sanjay C. Kirloskar, Mr. Alok Kirloskar, son of Mr. Sanjay C. Kirloskar and Ms. Rama Kirloskar daughter of Mr. Sanjay C. 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('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 Section 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 directorship in other listed companies @
Mr. Sanjay C. Kirloskar	CMD (P)	5	Present	6	1/2	KPT Industries Limited (formerly known as Kulkarni Power Tools Ltd.) DCM Shriram Industries Ltd.	INED INED
Mr. Kishor Chaukar	INED	5	Present	0	0/0	--	--
Mr. Pratap B. Shirke	NED	5	Present	15	0/0	--	--
Mr. Alok S. Kirloskar	NED (P)	5	Present	16	0/0	--	--
Mr. Pradyumna Vyas	INED	3	Present	4	0/0	Titan Company Ltd. Dynamatics Technology India Ltd.	ID ID
Ms. Rama S. Kirloskar	NED (P)	5	Present	2	0/0	--	--
Dr. Rakesh Mohan	INED	4	Present	1	1/0	Nestle India Ltd.	ID
Mr. Rajeev Kher	INED	2	NA	1	2/0	Goodyear India Ltd.	ID
Ms.Shailaja Kher	INED	3	NA	0	0/0	--	--
Mr. Tilak Dhar**	INED	-	-	-	-	-	-

@ 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) **Expired on July 1,2019.

During the Financial Year under review, meeting of the Independent Directors was held on December 16, 2019. 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, 2020:

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

The details of familiarisation programme imparted to the Directors is available at http://www.kirloskarpumps.com/pdf/Familarisation.pdf

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 organizationas 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:

	Personal Details			Committee				Areas of expertise							
Name	**Directors since**	**Independence**	**NED/EXE**	**Audit**	**NRC**	**SRC**	**CSR**	**Strategy**	**Policy**	**Finance**	**Legal Frame work**	**IT**	**Exec. Mgmt.**	**Commercial**	**International**
Mr. Sanjay Kirloskar	1985	NA	EXE	NA	Yes	Yes	Yes	Yes	-	-	-	-	Yes	-	Yes
Mr. Kishor Chaukar	2015	Yes	NA	Yes	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
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
Mr. Rajeev Kher	2019	Yes	NA	Yes	Yes	NA	Yes	Yes	-	Yes	-	-	-	-	Yes
Ms. Shailaja Kher	2019	Yes	NA	NA	NA	NA	NA	-	-	Yes	Yes	-	-	Yes	-
Mr. Pradyumna Vyas	2019	Yes	NA	NA	NA	NA	NA	-	Yes	-	Yes	Yes	-	-	-

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 31,2020.

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 Rs.100 crores or 10% of the asset size of the subsidiary whichever is lower including existing loans/ advances/investments existing.
- 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 November 4,2019 and Mr. Rajeev Kher was co-opted as a Member of the Committee. Further, on completion of initial term as an Independent Director by Mr. Kishor Chaukar on April 26, 2020, the Committee was further re-constituted with effect from June 05, 2020 and 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. Kishor A. Chaukar was present at the AGM of the Company held for the Financial Year 2018-19 as the Chairman of the Committee.

  During the year, five Audit and Finance Committee meetings were held on May 16, 2019, August 12, 2019, November 04, 2019, February 14, 2020 and March 19, 2020.

  Attendance at Audit and Finance Committee meetings:

Member's Name	No. of Meetings attended	Member's Name	No. of Meetings attended
Mr. Kishor Chaukar	5	Dr.Rakesh Mohan	4
Mr. Pratap B. Shirke	5	Mr. Rajeev Kher	3*

*Mr. Rajeev Kher was inducted as a member of the Committee with effect from November 04, 2019.

3. 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 comprised of Dr. Rakesh Mohan - Chairman, Mr. Kishor Chaukar, Mr. Sanjay C. Kirloskar and Mr. Rajeev Kher.

Dr. Rakesh Mohan is an Independent Non-Executive Director. He was present at the AGM of the Company for the Financial Year 2018-19.

During the Financial Year, one Nomination and Remuneration Committee meeting was held on May 16, 2019.

Attendance at the meeting:

Member's Name	Meeting attended	Member's Name	Meeting attended
Dr. Rakesh Mohan	1	Mr. Kishor Chaukar	1
Mr. Sanjay C. Kirloskar	1	Mr. Rajeev Kher	1

Criteria for performance evaluation of Independent Directors

As required under Regulation 19 (4) & 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.

4. **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 is ₹ 75,000/- for every meeting of the Board and Committee;
- 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 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 2019-20 are as follows:

(Amount in ₹ Million)

Name of Director	Sitting Fees	Commission/ Bonus on Profits	Salary	Contribution to Statutory Funds	Perquisites	Others	Total
Executive Director							
Mr.Sanjay Kirloskar	-	32.00	11.25	3.04	4.48	-	50.78
Non-Executive Directors							
Mr. Pratap B. Shirke	0.750	1.30	-	-	-	-	2.05
Mr. Alok S. Kirloskar	0.450	1.30	-	-	-	-	1.75
Mr. Kishor A. Chaukar	1.050	1.30	-	-	-	-	2.35
Dr. Rakesh Mohan	0.675	1.30	-	-	-	-	1.97
Ms. Rama Kirloskar	0.525	1.30	-	-	-	-	1.82
Mr. Rajeev Kher	0.825	1.30	-	-	-	-	2.12
Mr. Tilak Dhar *	-	-	-	-	-	-	-
Mr. Pradyumna Vyas	0.225	1.30	-	-	-	-	1.52
Ms. Shailaja Kher	0.225	1.14	-	-	-	-	1.36

*Mr. Tilak Dhar expired on July 1, 2019.

The Board of Directors of the Company shall decide the remuneration of Directors on the basis of recommendation from Nomination and Remuneration Committee (NRC) 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' Service Contract Details:

Executive Director	Service Contract and Period	Severance Fees
Mr. Sanjay C. Kirloskar Period: 19.11.15 to18.11.20	Agreement dt.16.11.15 **	**

** Three years or unexpired period, whichever is less.

Particulars of Directors to be re-appointed at an ensuing Annual General Meeting:

- Mr. Alok S. Kirloskar (DIN 05324745) is proposed to be re-appointed as a Non-Executive Director liable to retire by rotation;
- Mr. Kishor Chaukar (DIN 00033830) is proposed to be appointed as an Independent Director of the Company for a second term up to April 26, 2025;
- Mr. M.S. Unnikrishnan (DIN 01460245) is proposed to be appointed as an Independent Director of the Company for a term up to June 04, 2025;

Their brief profile, shareholdings and their other directorship details are included in the Notice for the 100th Annual General Meeting of the Company.

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;
- Approves transfer of more than 10,000 shares held under a single folio in physical mode;
- 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.

On completion of initial term as an Independent Director by Mr. Kishor Chaukar on April 26, 2020, the Committee was re-constituted with effect from June 05, 2020. Ms. Shailaja Kher was appointed as Chairperson of the Committee and Mr. Sanjay C. Kirloskar and Mr. Alok S. Kirloskar being the members.

Mr. Kishor A. Chaukar was Non-Executive Independent Director.Mr. Kishor A. Chaukar was present at the AGM of the Company held for the Financial Year 2018-19 as the Chairman of the Committee .

During the year, one Stakeholders' Relationship Committee meeting was held on March 19, 2020. All members attended the same.

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,

Associate Vice President 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:

There were two complaints received during the Financial Year of which, none was pending unresolved as on March 31, 2020.

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 http://www.kirloskarpumps.com/pdf/information-for-shareholders/Infotoshare.pdf

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) 97th Annual General Meeting	July 27, 2017: 11.00 am Yamuna, Survey No.98 (3-7), Baner, Pune - 411 045
No special resolution was passed at this meeting.	

ii) 98th Annual General Meeting	July 27, 2018: 11.00 am Yamuna, Survey No.98 (3-7), Baner, Pune - 411 045
No special resolution was passed at this meeting.	

iii) 99th Annual General Meeting	August 12, 2019: 11.00 am Yamuna, Survey No.98 (3-7), Baner, Pune - 411 045
No special resolution was passed at this meeting.	

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 the Company's website.

General Shareholders information:

100th Annual General Meeting

Day & Date	:	Friday, September 25, 2020
Time	:	11.00 A.M.
Venue	:	Registered Office at "Yamuna" Survey No.98 (3 to 7), Plot No.3, Baner, Pune - 411 045
Financial Year	:	1st April to 31st March
Record Date for dividend	:	September 18, 2020
Dividend payment date	:	on or before October 24, 2020
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
ISIN	:	INE732A01036

Address of stock exchanges:

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001
Tel. No. (022) 2272 1233/34
Fax No. (022) 2272 1919

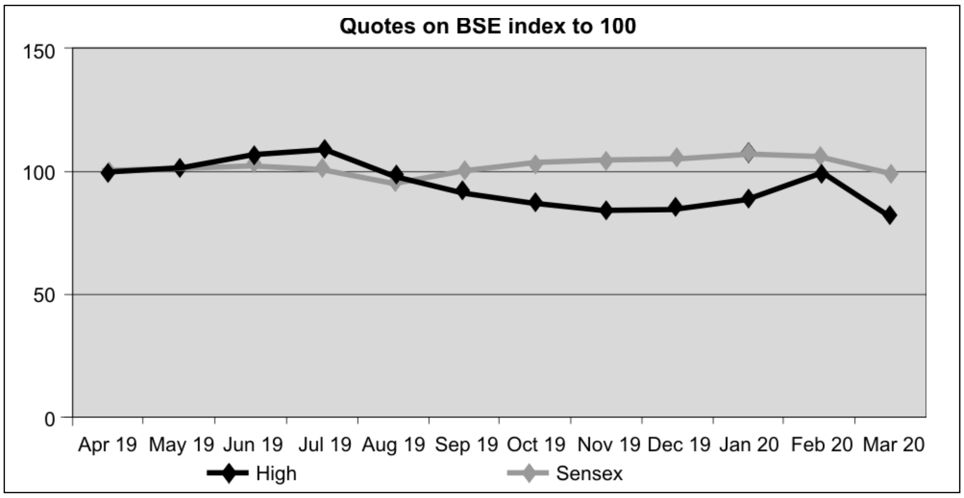
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1,G Block
Bandra-Kurla Complex,Bandra (East)
Mumbai - 400 051
Tel. No. (022) 2659 8100/8114
Fax No. (022) 2659 8120

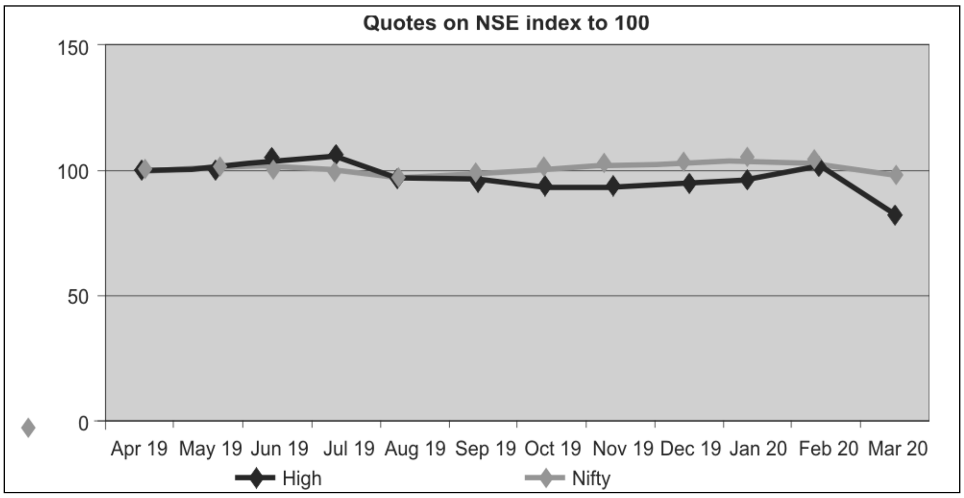
The annual listing fees have been paid to both BSE Limited and National Stock Exchange of India Limited.

Market Price data:

Month	Quotations on BSE		Quotations on NSE	
	High ₹	Low ₹	High ₹	Low ₹
April 2019	182.80	164.30	183.00	164.30
May 2019	185.10	147.00	185.00	146.00
June 2019	275.00	173.00	190.00	172.15
July 2019	200.65	154.00	200.20	153.15
August 2019	177.60	140.20	177.20	142.00
September 2019	171.00	146.65	171.00	147.00
October 2019	160.00	138.15	161.85	137.25
November 2019	153.95	135.00	154.95	135.45
December 2019	156.00	118.55	159.90	118.65
January 2020	161.00	141.00	161.50	140.65
February 2020	180.95	135.50	181.00	134.05
March 2020	152.00	76.00	151.90	76.25

Performance in comparison to broad based indices - BSE sensex:





Registrar and Transfer Agent (R&T 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 only shares held in demat form can be transferred. In compliance with the 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, 97.76% share capital is held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited as on March 31, 2020.

The Company has established connectivity with both the Depositories through its R & T Agent.

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, 2020:

Nominal value of shares (In ₹)		Number of holders	% to total holders	Total face value (In ₹)	% to total face value
From	**To**				
1	5000	16121	94.48	9352280	5.88
5001	10000	510	3.00	3610366	2.27
10001	20000	235	1.38	3331504	2.09
20001	30000	52	0.30	1290982	0.83
30001	40000	32	0.19	1179180	0.75
40001	50000	23	0.13	1077460	0.68
50001	100000	37	0.22	2604520	1.64
100001	Above	52	0.30	136371560	85.86
	TOTAL	**17062**	**100.00**	**158817852**	**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 2019-20, 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 Village 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**
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) 27211030 Fax No. (020) 27211136 E-mail : grievance.redressal@kbl.co.in	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 E-mail:KBL@bigshareonline.com

Depositories for equity shares	
National Securities Depository Limited Trade World - A Wing, 4th & 5th 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, 25th floor, NM Joshi Marg, Lower Parel, Mumbai - 400013 Tel. No. (022) 23058640

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 Rs.100 Crore Commercial Paper programme.

5. 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 Financial Year ended on March 31, 2020, 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 conduced in the year:17
5. Nature of action by employer or District Officer, if any: NA

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 half-yearly financial results are published in the 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 Managing Director of the Company.

5. Reporting of Internal Auditor:

   The Internal Auditor's reports are presented to the Audit and Finance Committee.

   In order to achieve excellence in the Corporate Governance, certain additional disclosures have been given elsewhere in the Annual Report viz. Top ten shareholders, Change in equity capital during the Financial Year. Further, 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 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 : http://www.kirloskarpumps.com/pdf/Familarisation.pdf

   Policy for determining 'material' subsidiaries : http://www.kirloskarpumps.com/pdf/investor-information/policies/Policy_Material%20Subsidiary%20Company.pdf

   Policy on dealing with related party transactions : http://www.kirloskarpumps.com/pdf/investor-information/policies/Policy%20on%20realted%20Party%20Transactions.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 funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

8. Separate meeting of Independent Directors :

   A seperate meeting of the Independent Directors of the Company was held on December 16, 2019 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, during the Financial Year ended on March 31, 2020.

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, 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

Pune:June 5, 2020

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
(CIN: L29113PN1920PLC000670)
'YAMUNA' Survey N.98 (3-7)
Plot no.3,Baner, Pune-411 045

I have examined the compliance of Corporate Governance by **Kirloskar Brothers Limited** ('the Company'), for the year ended 31st March, 2020, 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.

Shyamprasad D. Limaye
F.C.S 1587 C.P 572
Practicing Company Secretary

Place: Pune
Date: June 5, 2020

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', Survey No. 98 (3-7) Plot No. 3, Baner, Pune - 411 045.

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, I certify that the following persons are Directors of the Company (during 01/04/2019 to 31/03/2020) and none of them have been debarred or disqualified from being appointed or continuing as directors of the Company by the Board/Ministry of Corporate Affairs or any such statutory authority.

Sr. No.	Name of Director	DIN	Designation
1	Sanjay Kirloskar	00007885	Managing Director
2	Pratap Shirke	00104902	Director
3	Alok Kirloskar	05324745	Director
4	Kishor Chaukar	00033830	Director
5	Rama Kirloskar	07474724	Director
6	Rakesh Mohan	02790744	Director
7	Rajeev Kher	01192524	Director
8	Pradyumna Vyas	02359564	Director
9	Shailaja Kher	08450568	Director

Shyamprasad D. Limaye
F.C.S 1587 C.P 572
Practicing Company Secretary

Place: Pune
Date: June 5, 2020

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 2020, 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 2020, 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.

Emphasis of Matter

We draw attention to Note 44 to the Statement, which describes the economic and social consequences the entity is facing as a result of Covid-19 which is impacting operations of the Company, supply chains, personnel available for work etc.

Our opinion is not modified in respect of this matter of emphasis.

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.1,133 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.

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:

The Company has invested an amount of Rs.2,979 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.

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. As our standard auditing procedure, we have sent to the auditors of all subsidiaries and joint ventures a group reporting instruction requiring each auditor to respond with his comments. 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 (hereinafter referred as "other information")

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.

Responsibilities of management and Those Charged with Governance 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, cashflows 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 theprovisions 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.

Other Matter

Due to the Covid-19 pandemic and the lockdown and other restrictions imposed by the Government and local administration, the audit processes carried out post lockdown were based on the remote access and evidence shared digitally.

Our opinion is not modified in respect of this other matter.

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 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 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 rule11 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 2020 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 loses, 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: 20037457AAAAAJ2826

Pune, 5 June 2020

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 mannerwhich in our opinion is reasonable.Due to outbreak of COVID-19, the Company has postponed planned physical verification for one location to the next year without revising overall timelines of above-mentioned programme.

(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 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 and an associate in earlier years as mentioned below:

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	11.214	10.414	11.214
The Kolhapur Steel Limited (TKSL) - subsidiary company - other loan	-	150.000	150.000
KBL Synergy LLP - associate (including interest)	1.774	-	1.774

(a) According to the information and explanations provided to us, the unsecured loan given to TKSL in earlier years was under an Order from Board for Industrial and Financial Reconstruction (BIFR) and advance given to KBL Synergy LLP, both without any specific agreed terms for charge of interest and repayment. Unsecured loan given to TKSL during the year 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 / advance 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 year and the repayments or receipts are generally regular.

(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.

(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) 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 2020, 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)	35.51	31.96	2015-16	Additional Commissioner of Commercial Tax (Appeals)
		2.31	2.24	2011-12, 2012-13, 2016-17, 2017-18	Commissioner of Appeal, Sales Tax
		5.02	3.71	2008-09 to 2017-18	CTO, AP
		1.07	0.75	2010-11	Deputy Commissioner
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)
		5.49	4.99	1994-95, 1995-96, 2000-01, 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
		123.63	86.55	2010-11	Deputy Commissioner
		121.24	119.11	1989-90 to 1992-93,2008-09, 2009-10,2011-12	High court
		42.26	0.73	2003-04, 2013-14	VAT Appellate Tribunal
Chapter V of Finance Act, 1994	Service Tax (including interest,	103.26	100.89	2004-05 to 2007-08, 2009-10 to 2012-13	CESTAT
	penalty,	1.14	1.14	2012-13	Deputy Commissioner
	etc, if any)	902.52	902.52	2012-13	Supreme Court

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 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
		1.60	-	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)	236.85	0.86	2005-06 to 2011-12, 2015-16, 2016-17	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 material 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, 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, 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: 20037457AAAAAJ2826
Pune, 5 June 2020

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 theCompanies 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 2020 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 2020, 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 tothe 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 noteand 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: 20037457AAAAAJ2826
Pune, 5 June 2020

BALANCE SHEET AS AT 31 MARCH 2020

(Amounts in Million Rupees)

Particulars	Note	31 March 2020	31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	**2,844.689**	2,765.810
Capital work-in-progress		**480.048**	237.538
Investment property	4	**5.020**	5.020
Other intangible assets	3	**38.060**	30.153
Right to use assets	46	**160.293**	-
Financial assets			
Investments	5	**2,915.684**	2,979.211
Trade receivables	6	**549.381**	205.070
Loans	7	**68.865**	102.240
Other financial assets	8	**49.888**	37.667
Deferred tax assets (net)	19	**287.784**	340.833
Other non-current assets	9	**933.332**	943.417
Total non-current assets		**8,333.044**	7,646.959
Current assets			
Inventories	10	**4,196.971**	3,670.251
Financial assets			
Investments	5	**450.285**	-
Trade receivables	6	**3,390.557**	4,712.743
Cash and cash equivalents	11 A	**1,946.069**	333.002
Other bank balances	11 B	**21.787**	21.064
Loans	7	**1,139.455**	950.007
Other financial assets	8	**41.460**	19.459
Other current assets	9	**3,872.173**	4,379.222
Total current assets		**15,058.757**	14,085.748
TOTAL ASSETS		**23,391.801**	21,732.707
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	**158.818**	158.818
Other equity	13	**9,607.906**	9,243.838
Total equity		**9,766.724**	9,402.656
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	14	**592.090**	237.200
Trade payables	15	**101.308**	155.381
Other financial liabilities	16	**113.861**	11.319
Provisions	17	**202.837**	206.718
Other non-current liabilities	18	**244.367**	257.246
Total non-current liabilities		**1,254.463**	867.864
Current liabilities			
Financial liabilities			
Borrowings	14	**2,250.000**	1,237.703
Trade payables			
- Micro, small and medium enterprises	15	**673.640**	1,042.931
- Others	15	**3,832.750**	4,326.889
Other financial liabilities	16	**1,407.152**	771.839
Other current liabilities	18	**3,778.968**	3,666.831
Provisions	17	**428.104**	415.994
Total current liabilities		**12,370.614**	11,462.187
Total liabilities		**13,625.077**	12,330.051
TOTAL EQUITY AND LIABILITIES		**23,391.801**	21,732.707
Corporate information	**1**		
Significant accounting policies	**2**		
See accompanying notes to financial statements	**3-47**		
The notes referred to above 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)

For and on behalf of the Board of Directors

Tirtharaj Khot
Partner
Membership No: (F) - 037457
UDIN- 2003457AAAAAJ2826

Pune : 05 June 2020

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Chittaranjan Mate
Chief Financial Officer

Rajeev Kher
Director
DIN: 01192524

Sandeep Phadnis
Company Secretary
Pune : 05 June 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Million Rupees)

Particulars	Notes	Year ended 31 March 2020	Year ended 31 March 2019
Income			
Revenue from operations	20	**20,970.322**	22,234.860
Other income	21	**254.070**	247.080
Total income		**21,224.392**	22,481.940
Expenses			
Cost of raw materials consumed	22a	**10,324.577**	10,814.449
Purchases of stock-in-trade		**1,724.260**	2,872.761
Changes in inventories of finished goods, stock -in- trade and work-in-progress	22b	**(430.932)**	(481.835)
Employee benefits expense	23	**2,581.664**	2,407.469
Finance costs	24	**302.082**	262.381
Depreciation and amortization expense	25	**400.365**	365.854
Other expenses	26	**5,058.766**	4,999.300
Total expenses		**19,960.782**	21,240.379
Profit before exceptional items and tax		**1,263.610**	1,241.561
Exceptional item	5	**63.527**	-
Profit before tax		**1,200.083**	1,241.561
Tax expenses	19		
(1) Current tax		**355.336**	432.905
(2) Deferred tax		**53.048**	(64.559)
(3) Short provision of earlier years		-	-
Total tax expenses		**408.384**	368.346
Profit after tax for the year		**791.699**	873.215
Other comprehensive income	27		
Items that will not be reclassified to profit or loss		**(7.213)**	(2.616)
Income tax relating to items that will not be reclassified to profit or loss		**0.336**	0.905
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		**(6.877)**	(1.711)
Total Comprehensive Income for the year (Comprising of Profit for the year and Other Comprehensive Income for the year)		**784.822**	871.504
Earnings per equity share	32		
(1) Basic		**9.97**	11.00
(2) Diluted		**9.97**	11.00

Corporate information	**1**
Significant accounting policies	**2**
See accompanying notes to financial statements	**3-47**

The notes referred to above 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
UDIN- 2003457AAAAAJ2826

Pune : 05 June 2020

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

Sandeep Phadnis
Company Secretary

Pune : 05 June 2020

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Million Rupees)

	Particulars	Year ended 31 March 2020	Year ended 31 March 2019
A	**Cash flow from Operating Activities**		
	Profit before tax	**1,200.083**	1,241.561
	Adjustments for :-		
1	Depreciation / Amortization	**400.365**	365.854
2	(Profit) /Loss on sale of Fixed Assets	**(0.283)**	-
3	Bad debts written off	**173.077**	220.074
4	Advances, deposits and claims written off	**-**	9.025
5	Liquidated damages	**188.910**	88.466
6	Provision for loss on long term contracts	**(3.420)**	(14.581)
7	Provision slow-non moving inventory	**10.750**	(4.325)
8	Provision for doubtful debts, advances and claims	**51.507**	110.833
9	Interest Income	**(36.459)**	(68.152)
10	Dividend Income	**(60.084)**	(40.381)
11	Interest Expenses	**230.542**	195.417
12	Unrealized exchange (gain)/ Loss - Others	**37.030**	(0.770)
13	Profit on sale of mutual funds	**(4.846)**	(4.144)
14	Impairment of investment	**63.527**	
	Operating Profit Before Working capital changes	**2,250.699**	2,098.877
	Adjustments for :-		
1	(Increase)/ decrease in inventories	**(537.470)**	(539.396)
2	(Increase)/ decrease in trade receivables	**485.690**	(1,381.470)
3	(Increase)/ decrease in financial assets	**(45.043)**	111.305
4	(Increase)/ decrease in non-financial assets	**456.580**	(25.680)
5	Increase/ (decrease) in trade payable	**(893.333)**	928.492
6	Increase/ (decrease) in financial liabilities	**564.943**	(83.211)
7	Increase/ (decrease) in non-financial liabilities	**99.258**	(209.418)
8	Increase/ (decrease) in provisions	**28.088**	78.262
	Cash Generated from Operations	**2,409.412**	977.761
9	Income Tax (Paid) / Refunded (Net)	**(294.006)**	(148.427)
	Net Cash from Operating Activities	**2,115.406**	829.334
B	**Cash flow from Investing Activities**		
1	Purchase of fixed assets (Including right to use lease assets as per Ind AS 116)	**(889.953)**	(495.417)
2	Sale of fixed assets	**0.283**	22.096
3	Investment in subsidiary company	**-**	(248.083)
4	Purchase of mutual funds	**(2,550.000)**	(2,980.000)
5	Sale of mutual funds	**2,104.560**	2,984.144
6	Interest received	**36.760**	67.412
7	Dividend received	**60.084**	40.381
8	Loan given to subsidiaries	**(150.000)**	-
9	Repayment of loans from subsidiaries	**2.574**	0.865
	Net Cash from/ (used in) Investment Activities	**(1,385.692)**	(608.602)
C	**Cash flow from Financing Activities**		
1	Proceeds from borrowing	**2,857.548**	1,237.703
2	Repayment of borrowings	**(1,358.973)**	(1,291.795)
3	Interest paid	**(187.958)**	(179.749)
4	Dividend and tax on dividend paid	**(421.814)**	(235.412)
	Net Cash used in Financing Activities	**888.803**	(469.253)
	Unrealized Exchange Gain / (Loss) in cash and cash equivalents	**(5.450)**	(1.240)
	Net Increase in Cash and Cash Equivalents	**1,618.517**	(248.521)
1	Cash & Cash Equivalents at beginning of year	**333.002**	582.763
2	Cash & Cash Equivalents at end of year (refer note 11A)	**1,946.069**	333.002

Note :- Previous year's figures are regrouped wherever necessary to make them comparable with the Current Year.
Cash flow is prepared using the indirect method.
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 SHARP & TANNAN ASSOCIATES
Chartered Accountants
(ICAI Firm Regn. No. 109983W)

For and on behalf of the Board of Directors

Tirtharaj Khot
Partner
Membership No: (F) - 037457
UDIN- 2003457AAAAAJ2826

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Rajeev Kher
Director
DIN: 01192524

Chittaranjan Mate
Chief Financial Officer

Sandeep Phadnis
Company Secretary

Pune : 05 June 2020

Pune : 05 June 2020

Statement of Changes in Equity for the year ended 31 March 2020

(Amounts in Million Rupees)

A. Equity Share Capital

Balance as at 1 April 2018	Changes in equity share capital during the year	Balance as at 31 March 2019
158.818	-	158.818

Balance as at 31 March 2019	Changes in equity share capital during the year	Balance as at 31 March 2020
158.818	-	158.818

B. Other Equity

	Reserves and Surplus					Total
	Capital Reserve	Capital redemption reserve	Securities Premium	General reserve	Retained Earnings	
Balance as at 1 April 2018	0.172	4.000	414.604	5,787.407	2,590.002	8,796.185
Profit for the year					873.215	873.215
Other comprehensive income					(1.711)	(1.711)
Dividend and tax thereon					(231.491)	(231.491)
Any other change - Transition to Ind AS 115					(192.360)	(192.360)
Balance as at 31 March 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)
Balance as at 31 March 2020	**0.172**	**4.000**	**414.604**	**5,787.407**	**3,401.723**	**9,607.906**

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
UDIN- 2003457AAAAAJ2826

Pune : 05 June 2020

For and on behalf of the Board of Directors

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Chittaranjan Mate
Chief Financial Officer

Rajeev Kher
Director
DIN: 01192524

Sandeep Phadnis
Company Secretary

Pune : 05 June 2020

NOTES TO ACCOUNTS :

Significant accounting polices

Notes to the financial statements for the year ended 31 March 2020

(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 guide lines 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 it's 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 it's meeting held on 5 June 2020.

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.

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.

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting polices (Contd.)

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.
- **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.

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting polices (Contd.)

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.

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".

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting polices (Contd.)

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

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

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting polices (Contd.)

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 off 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.

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

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting polices (Contd.)

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, it's share in the assets/ liabilities held / incurred jointly with the other parties of the joint arrangements. Revenue is recognised for it's share of revenue from the sale of output by the joint operator. Expenses are recognised for it's 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.

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.

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting polices (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 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 mea sured 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.

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting polices (Contd.)

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.

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.

Other long-term employee benefit

Compensated absences liabilities mean, the liabilities for earned leave that are not expected to be

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting polices (Contd.)

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 tax

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.

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:

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting polices (Contd.)

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.

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.

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting polices (Contd.)

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.

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. Right to use 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.

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting polices (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. 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 owner ship 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.

2.22 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:

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting polices (Contd.)

- 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 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)

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting polices (Contd.)

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 pay ments 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.

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting polices (Contd.)

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.

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting polices (Contd.)

Company operates in single reporting segment of 'Fluid Machinery and Systems'

2.27 Recent accounting pronouncement

Standards issued but not yet effective

- **Amendments to Ind AS 40, Investment Property**

  The exposure draft on amendments to Ind AS 40 issued by the Institute of Chartered Accountants of India propose to reinstate the fair value option thereby providing the entities an accounting policy choice to subsequently measure investment properties using either the cost model or the fair value model.

- **Amendments to Ind AS 1 "Presentation of Financial Statements" and Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"**

  The exposure draft on amendments to Ind AS 1 and Ind AS 8 issued by the Institute of Chartered Accountants of India proposes to amend the definition of the term "Material" and to use a consistent definition of materiality throughout Indian Accounting Standards and the Conceptual Framework for Financial Reporting.

  The amendment clarifies when information is material. In particular, the amendments clarify: i) that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and ii) the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

- **Amendments to Ind AS 109, Financial Instruments and Ind AS 107 Financial Instruments:** Disclosures Interest Rate Benchmark Reform The exposure draft on amendments to Ind AS 109 and Ind AS 107 issued by the Institute of Chartered Accountants of India proposes amendments to modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the Inter Bank Offer Rate (IBOR) reforms. Additionally, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

- **Amendments to Ind AS 103, Business Combinations**

  The exposure draft on amendments to Ind AS 103 issued by the Institute of Chartered Accountants of India proposes to amend the definition of "Business". Proposed guidance provides that an acquisition should include an input and a substantive process that together significantly contribute to the ability to create outputs.

  The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce. It is no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets and base the assessments on what has been acquired in its 'current state and condition'. The amendment also provides for an 'optional test', where substantially all of the fair value of gross assets is concentrated in a single asset (or group of similar assets), the assets acquired would not represent a business.

  However, above mentioned exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from 1 April, 2020 as at the date of approval of these financial statements. The company intends to adopt those standards when they become effective.

NOTES TO ACCOUNTS : (CONTD.)

Note 3: Property, Plant and Equipment

(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 2018	420.084	75.157	1,627.416	4,215.455	137.509	21.695	76.525	1.528	6,575.369	233.785	31.730	265.515
Additions	4.965	-	5.273	318.626	5.310	15.940	16.078	-	366.192	9.349	-	9.349
Disposals	-	-	-	37.746	0.109	0.015	-	-	37.870	-	-	-
As at 31 March 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
Acquired through business combinations	-	-	-	-	-	-	-	-	-	-	-	-
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**
Depreciation/ Amortisation												
As at 1 April 2018	-	3.512	369.372	3,284.484	103.711	11.065	47.089	1.514	3,820.747	181.718	30.047	211.765
Charge for the year	-	1.119	38.826	271.759	9.799	5.217	6.185	0.003	332.908	31.953	0.993	32.946
Depreciation on disposal	-	-	-	15.650	0.109	0.015	-	-	15.774	-	-	-
As at 31 March 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**
Net block												
As at 1 April 2018	420.084	71.645	1,258.044	930.971	33.798	10.630	29.436	0.014	2,754.622	52.067	1.683	53.750
As at 31 March 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**

Notes:

1) Plants and machines acquired out of proceeds of term loan, are pledged as security against the loan.
2) No additional provision made for impairment loss during the year.
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 2018	**5.020**
Additions	
Disposals	-
As at 31 March 2019	5.020
Additions	-
Disposals	-
As at 31 March 2020	**5.020**
Depreciation and Impairment	
As at 1 April 2018	-
Charge for the year	-
Depreciation on disposals	-
As at 31 March 2019	-
Charge for the year	-
Depreciation on disposals	
As at 31 March 2020	**-**
Net block	
As at 1 April 2018	**5.020**
As at 31 March 2019	**5.020**
As at 31 March 2020	**5.020**

Fair Value

The company obtains independent valuations for its investments 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 58.303 MN. and there is no significant movement in fair value over last 3 years.

NOTES TO ACCOUNTS : (CONTD.)

Note 5 : Financial assets: Investments

(Amounts in Million ₹)

	Particulars	31 March 2020	31 March 2019
I	**Long term investments - at cost**		
	Trade Investments		
	(a) Investment in Equity instruments	2,915.679	2,979.206
	(b) Capital contribution in partnership firm	0.005	0.005
II	**Current investment**	450.285	-
	Total	**3,365.969**	**2,979.211**

	Particulars	31 March 2020	31 March 2019
	Aggregate amount of quoted investments	450.285	-
	Aggregate amount of unquoted investments	2,915.684	2,979.211

Sr No	Particulars	Face Value	Partly Paid / Fully paid	Extent of holding (%)		No. of Shares / Units		Amount in Million Rupees	
				31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
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%	**225,000**	225,000	2.747	2.747
b	**Investment in Subsidiaries**								
1	The Kolhapur Steel Limited	INR 1	Fully Paid	**99%**	99%	**266,315,115**	266,315,115	**343.884**	343.884
2	Kirloskar Corrocoat Private Limited	INR 10	Fully Paid	**65%**	65%	**3,250,000**	3,250,000	**94.000**	94.000
3	Kirloskar Brothers International B V	Euro 100	Fully Paid	**100%**	100%	**198,076**	198,076	**1,057.932**	1,057.932
4	Karad Projects & Motors Ltd.	INR 10	Fully Paid	**100%**	100%	**13,952,450**	13,952,450	**1,480.643**	1,480.643
c	**Investment in Partnership Firm**								
1	KBL Synerge LLP**	N A	N A	**50%**	50%	**N A**	N A	**0.005**	0.005
	Provision for impairment of investment (##)							**(63.527)**	0.000
	Total investment in equity shares of subsidiaries and joint venture							2,915.684	**2,979.211**
	Current investments								
(3)	**Investments at fair value through profit and loss**								
	Investment in mutual funds							450.285	0.000

* 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 2020	31 March 2019
Non-current		
Unsecured, considered good	**549.381**	205.070
Doubtful	**694.197**	832.823
	1,243.578	1,037.893
Less:Provision for significant increase in credit risk and credit impaired receivables	**694.197**	832.823
	549.381	205.070
Current		
Unsecured, considered good		
From related parties	**927.560**	999.334
Others	**2,462.997**	3,713.409
	3,390.557	4,712.743
Total trade receivables	**3,939.938**	4,917.813

Trade receivables are non-interest bearing and are generally on terms of 1 to 90 days.

Note 7 : Financial assets: Loans

Particulars	31 March 2020	31 March 2019
Non-current		
(a) **Security deposits**		
Unsecured, considered good	**68.865**	102.240
Doubtful	**30.679**	29.529
	99.544	131.769
Less:Provision for significant increase in credit risk and credit impaired deposits	**30.679**	29.529
	68.865	102.240
Current		
(a) **Security deposits**		
Unsecured, considered good	**979.041**	937.019
(b) **Advances to related parties**		
Unsecured, considered good	**160.414**	12.988
	1,139.455	950.007
Total loans	**1,208.320**	1,052.247

Note 7 : Financial assets: Loans

Particulars	31 March 2020	31 March 2019
Non-current		
(a) **Claims receivable**		
Unsecured, considered good		
Other Miscellaneous Claim	**15.749**	5.975
Doubtful	**12.157**	3.845
	27.906	9.820
Less:Provision for significant increase in credit risk and credit impaired claims	**12.157**	3.845
	15.749	5.975
(b) **Fixed deposits with the original maturity of more than 12 months**	**34.139**	31.692
	49.888	37.667
Current		
(a) **Claims receivable**		
Unsecured, considered good	**40.988**	18.686
(b) **Interest accrued**	**0.472**	0.773
	41.460	19.459
Total other financial asset	**91.348**	57.126

NOTES TO ACCOUNTS : (CONTD.)

Significant accounting polices (Contd.)

(Amounts in Million ₹)

Note 9 : Other assets

Particulars	31 March 2020	31 March 2019
Non-current		
(a) Capital advances	**44.664**	50.204
(b) Advances to supplier and others		
Unsecured, considered good	**34.306**	318.804
Doubtful	**68.168**	68.603
	102.474	387.407
Less:Provision for significant increase in credit risk and credit impaired advances	**68.168**	68.603
	34.306	318.804
(c) Prepaid expenses	**2.191**	2.691
(d) Gross amount due from customer for project related work	**-**	9.504
(e) Retention (Net of provision)	**434.269**	83.318
(f) Advance income tax (Net of provision)	**417.902**	478.896
	933.332	943.417
Current		
(a) Advances to supplier and others		
Unsecured, considered good		
Advances to related parties	**87.487**	136.581
Others	**371.850**	27.001
	459.337	163.582
(b) Prepaid expenses	**141.412**	137.560
(c) Gross amount due from customer for project related work	**304.795**	204.513
(d) Retention	**1,606.368**	2,327.063
(e) Balances with government authorities	**1,360.261**	1,546.504
	3,872.173	4,379.222
Total other assets	**4,805.505**	5,322.639

Note 10 : Inventories

Particulars	31 March 2020	31 March 2019
(a) Raw Materials *	**920.303**	839.336
(b) Work-in-progress	**1,491.540**	1,413.973
(c) Finished goods	**1,326.962**	1,014.251
(d) Stock-in-trade	**359.540**	318.886
(e) Stores and spares	**98.626**	83.805
(Mode of valuation refer note 2.6)	**4,196.971**	3,670.251

* Include goods in transit - Rs 221.268 MN (2019 : Rs.34.150 MN)

Amounts recognised in profit or loss

Write-down/(back) of inventories to net realizable value/ any loss due to it's obsolete nature (net of reversal) amounted to Rs.11.685 MN (31 March 2019: (Rs.9.21 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 2020	31 March 2019
(a) Balances with bank		
In current account	**591.227**	122.876
In EEFC accounts	**146.860**	92.111
Fixed deposits with less than 3 months	**1,206.761**	5.948
(b) Cash on hand	**1.056**	1.001
(c) Cheques on hand	**0.165**	111.066
	1,946.069	333.002

Note 11 B : Other bank balances

Particulars	31 March 2020	31 March 2019
(a) Earmarked balances with bank		
Unpaid dividend accounts	**18.815**	19.875
(b) Margin money	**2.972**	1.189
	21.787	21.064

Note 12: Equity share capital

Particulars	31 March 2020	31 March 2019
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.

The company has paid interim dividend of Rs 2 in the year ended 31 March 2020.

For the Year ended 31st March, 2020, the board of directors have proposed final dividend of Rs.0.5(2019: Rs.2.5) per share subject to shareholder's approval.

(b) Reconciliation of share capital

Particulars	**31 March 2020 Number**	**31 March 2020 Amount (Million ₹)**	31 March 2019 Number	31 March 2019 Amount (Million ₹)
Shares outstanding at the beginning of the year	**79,408,926**	**158.818**	79,408,926	158.818
Shares Issued during the year under ESOS		**-**		-
Shares outstanding at the end of the year	**79,408,926**	**158.818**	79,408,926	158.818

NOTES TO ACCOUNTS : (CONTD.)

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

(Amounts in Million ₹)

Particulars	31 March 2020	31 March 2020	31 March 2019	31 March 2019
	No. of Shares	% of Holding	No. of Shares	% of Holding
Kirloskar Industries Limited	**18,988,038**	**23.91%**	18,988,038	23.91%
Mr. Sanjay Chandrakant Kirloskar *	**17,847,465**	**22.48%**	17,839,037	22.46%
Mrs. Pratima Sanjay Kirloskar	**13,840,488**	**17.43%**	13,840,488	17.43%
Reliance Capital Trustee Co. Ltd	**5,172,770**	**6.51%**	3,976,103	5.01%

* includes 1,761,919 (1,761,919), 2% (2%) shares held in the capacity of a trustee.

(d) Shares reserved for Employee Stock Option Scheme (ESOS)

Particulars	31 March 2020	31 March 2019
	% of Holding	% of Holding
Shares reserved for ESOS scheme	**Nil**	5,161,840

ESOS scheme is cancelled during the year 2019-2020

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.

Note 13: Other equity

Particulars	31 March 2020	31 March 2019
(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	**3,037.655**	2,590.002
Add:Total comprehensive income for the year	**784.822**	871.504
Less: Impact of Implementation of Ind AS 115	**-**	192.360
Balance available for appropriation	**3,822.477**	3,269.146
Less: Appropriations :		
Final and interim dividend paid including tax	**420.754**	231.491
Sub total	**420.754**	231.491
Closing balance	**3,401.723**	3,037.655
	9,607.906	9,243.838

NOTES TO ACCOUNTS : (CONTD.)

Note 13: Other equity (contd.)

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 2020	31 March 2019
Non-current		
Secured		
(a) Term loan from ICICI bank	**235.294**	352.941
(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.)		
Less- Current maturities of non-current borrowings disclosed under the head 'Other current financial liabilities (refer note 16)	**117.647**	117.647
	117.647	235.294
(b) Term loan from HDFC bank	**607.548**	
(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.)		
Less- Current maturities of non-current borrowings disclosed under the head 'Other current financial liabilities (refer note 16)	**135.011**	-
	472.537	-
	590.184	235.294
Unsecured		
(a) Deferral payment liabilities under sales tax deferral scheme	**1.906**	5.529
(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 repayable till December 2020)		
Less- Current maturities of non-current borrowings disclosed under the head 'Other current financial liabilities (refer note 16)	**-**	3.623
	1.906	1.906
	592.090	237.200
Current		
Secured		
1) Loans repayable on demand from bank		
(i) Cash / export credit facilities	**-**	337.703
(ii) Working capital demand loans/ Short term loans	**1,750.000**	900.000
(Terms of loans: Loan carries interest @ 7.85% to 8.05% per annum and secured against the inventory and receivables)		
(iii) 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	**2,250.000**	1,237.703
Total current borrowings	**2,250.000**	1,237.703
Total borrowings	**2,842.090**	1,474.903

NOTES TO ACCOUNTS : (CONTD.)

Note 15 : Financial liabilities: Trade payables

(Amounts in Million ₹)

Particulars	31 March 2020	31 March 2019
Non-current		
(a) Total outstanding dues of creditors other than micro, small and medium enterprises	**101.308**	155.381
	101.308	155.381
Current		
(a) Total outstanding dues of micro, small and medium enterprises (refer note 42)	**673.640**	1,042.931
(b) Total outstanding dues of creditors other than micro, small and medium enterprises	**3,832.750**	4,326.889
	4,506.390	5,369.820
Total trade payable	**4,607.698**	5,525.201

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 2020	31 March 2019
Non-current		
(a) Financial guarantee contracts with banks for subsidiary company	7.169	11.319
(b) Lease liability (Refer note 46)	106.692	-
	113.861	11.319
Current		
(a) Current maturities of long term loan “(refer note 14)"	**252.658**	121.270
(b) Investor Education & Protection fund (will be credited as and when due). Unclaimed dividends	**18.815**	19.875
(c) Others		
Trade deposits	**85.538**	74.977
Interest accrued	**60.967**	18.383
Salary and reimbursements	**436.153**	371.968
Payables on account of purchases of fixed assets	**24.293**	28.703
Provision for expenses	**454.378**	131.602
Financial guarantee contracts with bank for subsidiaries	**11.512**	5.061
Lease liability (Refer note 46)	**62.838**	-
	1,135.679	630.694
	1,407.152	771.839
Total other financial liabilities	**1,521.013**	783.158

Terms and conditions of the above financial liabilities:

1) Other payables are non-interest bearing.
2) 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 2020	31 March 2019
Non-current		
Provision for employee benefits		
(a) Compensated absences (refer note 38)	**135.693**	136.781
(b) Pension scheme (refer note 34)	**25.505**	26.371
	161.198	163.152
Other provision (refer note 38)		
(a) Provision for product warranty	**34.044**	36.548
(b) Provision for decommissioning and restoration costs	**7.595**	7.018
	41.639	43.566
	202.837	206.718
Current		
Provision for employee benefits		
(a) Compensated absences (refer note 38)	**160.905**	144.377
(b) Gratuity (refer note 34)	**36.059**	25.807
(c) Provident fund (refer note 34)	**9.386**	-
	206.350	170.184
Other provision (refer note 38)		
(a) Provision for product warranty	**184.915**	205.551
(b) Provision for loss on long term contracts	**36.839**	40.259
	221.754	245.810
	428.104	415.994
Total provisions	**630.941**	622.712

Note 18: Other liabilities

Particulars	31 March 2020	31 March 2019
Non-current		
(a) Gross amount due to customers for project related contract work	**72.683**	91.987
(b) Advance from customer	**171.684**	165.049
(c) Deferred revenue	**-**	0.210
	244.367	257.246
Current		
(a) Gross amount due to customers for project related contract work	**1,668.483**	1,551.851
(b) Advance from customer	**1,868.406**	1,794.424
(c) Contribution to PF and superannuation	**19.842**	18.578
(d) Statutory dues	**55.834**	33.249
(e) Deferred revenue	**166.403**	268.729
	3,778.968	3,666.831
Total other non-financial liabilities	**4,023.335**	3,924.077

NOTES TO ACCOUNTS : (CONTD.)

Note 19 : Income tax

(Amounts in Million ₹)

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

(a) Statement of profit and loss

Particulars	**Year ended 31 March 2020**	Year ended 31 March 2019
Current income tax:		
Current income tax charge	**355.336**	432.905
Adjustments in respect of current income tax of previous year	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	**53.048**	(64.559)
Income tax expense reported in the statement of profit and loss	**408.384**	368.346

(b) Statement of other comprehensive income (OCI)

Current tax related to items recognised in OCI during in the year:

Particulars	**Year ended 31 March 2020**	Year ended 31 March 2019
Income tax charged to OCI	(0.336)	(0.905)

(2) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31 March 2020 and 31 March 2019:

Particulars	**Year ended 31 March 2020**	Year ended 31 March 2019
Accounting profit before tax	**1,200.083**	1,241.561
At India's statutory income tax rate of 25.63% (PY-34.944%) (a)	**307.581**	433.851
Adjustments		
Add: Exempt income		
Dividend and income from sale of mutual fund	**64.930**	44.525
Subtotal (b)	**64.930**	44.525
Add: Accelerated deduction		
Research and development expenses	**-**	105.698
80 IA -	**-**	35.597
Subtotal (c)	**-**	141.295
Less : Non deductible expenses		
Provision for advances/ deposits and write off	**(1.955)**	(27.915)
Interest payable to MSMED vendors	**2.025**	13.000
Fines and penalties	**0.029**	1.035
Donation	**23.185**	15.086
Provision for impairment of investment	**63.527**	-
Subtotal (d)	**86.811**	1.206
Sub total (e) = (b+c-d)	**(21.881)**	184.614
Tax impact of above adjustments	**(5.607)**	64.512
MAT credit assets (not recorded) / utilized		
Rate difference on opening DTA/ DTL	**(90.846)**	(2.237)
Other items	**(4.350)**	3.230
Short provision for earlier years	-	-
Total (f)	**(100.803)**	65.505
Tax expenses at effective rate (a-f)	**408.384**	368.346
Tax expenses recorded in books	**408.384**	368.346

NOTES TO ACCOUNTS : (CONTD.)

Note 19 : Income tax (contd.)

(Amounts in Million ₹)

(3) Movement in deferred tax

(a) Balance sheet

Deferred tax relates to the following: DTL/ (DTA)	31 March 2020	31 March 2019
Property, plant and equipment (Depreciation)	**73.551**	122.228
Employee benefits	**(82.555)**	(107.463)
Provision for doubtful debts and advances	**(279.324)**	(356.950)
Others - DTA/DTL	**0.544**	1.352
	(287.784)	(340.833)
Net deferred tax liabilities/(assets)	**(287.784)**	(340.833)
Reflected in balance sheet as	**31 March 2020**	31 March 2019
Deferred tax asset	**361.879**	464.413
Deferred tax liability	**74.095**	123.580
Net deferred tax asset	**287.784**	340.833

(b) Statement of profit and loss

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Property, plant and equipment (Depreciation)	**(48.678)**	2.684
Employee benefits - compensated absences	**24.908**	(11.678)
Provision for doubtful debts and advances	**77.626**	(100.480)
Others	**(0.808)**	(0.959)
Deferred tax expenses /(Income recognised in profit and loss)	**53.048**	(110.433)
Provision for gross amount due from customer directly recognised in reserves on transition to Ind AS 115	**-**	45.874
Deferred tax expense/(income)	**53.048**	(64.559)

(4) Movement in Current tax

(a) Balance sheet

Reflected in balance sheet as	Year ended 31 March 2020	Year ended 31 March 2019
Non- current advance tax	**417.902**	478.896

NOTES TO ACCOUNTS : (CONTD.)

Note 19 : Income tax (contd.)

(Amounts in Million ₹)

(b) Statement of profit and loss and other comprehensive income

Movement in current tax	**Year ended 31 March 2020**	Year ended 31 March 2019
Current tax (asset)/ liability as at beginning of year	**(478.896)**	(762.469)
Add: Additional provision during the year - Statement of Profit and loss account	**355.336**	432.905
Add: Additional provision during the year - Other comprehensive income	**(0.336)**	(0.905)
Less: Current tax paid during the year (Net of refund received for previous year and adjustment for TDS receivable for previous years)	**(294.006)**	(148.427)
Less utilisation MAT credit		
Non Current tax (asset)/ liability as at end of year	**(417.902)**	(478.896)

(c) Tax on dividend

Company has paid interim dividend @100% per share i.e. Rs 2.0 per share. The tax paid on dividend declared is Rs 32.645 MN.

(d) Change in tax rate

The company has computed the tax expense of the current financial year as per the new tax regime announced. Accordingly, the company has recognized provision for income tax for the year ended 31 March 2020 and re-measured its deferred tax asset as per revised rate prescribed i.e. 25.63% (PY- 34.944%)

Note 20: Revenue from operations

Particulars	**Year ended 31 March 2020**	Year ended 31 March 2019
(a) **Sale of products** (Refer note 30 for the construction contract revenue)	**20,315.835**	21,459.917
(b) **Sale of services**	**442.898**	540.994
	20,758.733	22,000.911
(c) **Other operating revenues** (majorly includes scrap sales and exports benefits)	**211.589**	233.949
	20,970.322	22,234.860

Note 21: Other income

Particulars	**Year ended 31 March 2020**	Year ended 31 March 2019
(a) **Interest Income**		
From customers and others	**92.955**	68.152
On income tax and sales tax refund	**26.402**	86.300
(b) **Release of deferred income**	**0.611**	3.860
(c) **Profit on sale of mutual fund investment**	**4.846**	4.144
(d) **Dividend from subsidiary and joint venture companies**	**60.084**	40.381
(e) **Foreign exchange difference (net)**	**48.217**	12.901
(f) **Other non-operating income**	**20.955**	31.342
	254.070	247.080

NOTES TO ACCOUNTS : (CONTD.)

Note 22 a: 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 2020	Year ended 31 March 2019
(a) Raw material consumed (Including packing material)	**10,324.577**	10,814.449
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening Stock (refer note 10)		
Finished goods	**1,014.251**	1,006.220
Work-in- progress	**1,413.973**	1,023.630
Stock in trade	**318.886**	235.425
	2,747.110	2,265.275
Closing Stock (refer note 10)		
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
	(430.932)	(481.835)

Note 23: Employee benefits expense

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
(a) Salaries, wages and bonus	**2,295.389**	2,098.934
(b) Defined contribution plans Contribution to provident fund, superannuation fund and ESIC	**44.412**	45.480
(c) Defined benefit plans Gratuity, Provident fund and Pension	**106.695**	96.594
(d) Welfare expenses	**135.168**	166.461
	2,581.664	2,407.469

Note 24: Finance costs

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
(a) Interest expense (at effective interest rate/ market rate of interest)	**230.542**	195.417
(b) Other borrowing costs (includes bank guarantee commission, LC charges, loan processing charges)	**71.540**	66.964
	302.082	262.381

Note 25: Depreciation and amortization expense

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
(a) Depreciation on property, plant and equipment	**326.768**	332.908
(b) Amortization of intangible assets	**25.413**	32.946
(c) Amortisation of right to use assets (Lease)	**48.184**	-
	400.365	365.854

NOTES TO ACCOUNTS : (CONTD.)

Note 26: Other expenses

(Amounts in Million ₹)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Other Manufacturing Expenses		
Stores and spares consumed	**827.670**	862.815
Processing charges	**412.667**	340.472
Power & fuel	**302.386**	305.899
Repairs and maintenance		
Plant and machinery	**100.792**	150.281
Buildings	**40.811**	47.964
Other	**53.951**	52.642
Other expenses		
Subvention charges	**185.375**	-
Rent	**20.023**	68.961
Rates and taxes	**97.989**	28.179
Travel and conveyance	**249.054**	286.326
Communication expenses	**74.750**	74.507
Insurance	**76.171**	62.695
Directors' sitting fees	**4.725**	6.000
Royalties and fees *	**50.987**	53.094
Freight and forwarding charges	**436.640**	594.065
Brokerage and commission	**61.207**	29.406
Advertisements and publicity	**454.465**	368.430
Provision for product warranty	**226.911**	211.593
Loss on sale/disposal of fixed assets	**-**	-
Provision for doubtful debts, advances and claims	**59.819**	110.832
Bad debts written off	**173.077**	220.074
Advances, deposits and claims written off	**-**	9.025
Auditor's remuneration (refer note 31)	**8.536**	6.407
Professional, consultancy and legal expenses	**438.803**	411.661
Security services	**57.205**	51.143
Computer services	**160.806**	157.056
Non-executive directors remuneration	**10.240**	10.000
Stationery & Printing	**10.356**	11.241
Training course expenses	**7.609**	10.119
Outside labour charges	**301.972**	289.449
Corporate social responsibility expenses (refer note 43)	**22.278**	14.550
Other miscellaneous expenses	**131.491**	154.414
	5,058.766	4,999.300

* As specified in the note given in the Board's Report in respect of 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, made provision for Royalty.

NOTES TO ACCOUNTS : (CONTD.)

Note 27: Other comprehensive income

(Amounts in Million ₹)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Items that will not be reclassified to profit or loss		
Remeasurements gains and losses on post employments benefits	**(7.213)**	(2.616)
Tax on remeasurements gains and losses	**0.336**	0.905
	(6.877)	(1.711)

Note 28 : Contingent liabilities

Particulars	31 March 2020	31 March 2019
Other money for which the company is contingently liable for (Matter Subjudice)		
a) Central Excise and Service tax	**1,040.727**	1,035.727
b) Sales Tax	**386.858**	377.528
c) Income Tax	**643.183**	573.706
d) Labour Matters	**39.826**	40.099
e) Other Legal Cases	**153.671**	83.167
	2,264.265	2,110.227

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 2020	31 March 2019
a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	**339.979**	287.803
b) Letters of credit outstanding	**689.507**	1,164.796

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 2020	31 March 2019
a) Contract Revenue recognised as revenue for the year	**1,133.471**	1,013.353
b) Advances received	**1,180.300**	1,113.348
c) Amount of retentions	**2,040.637**	2,410.381
d) Gross amount due from customer		
Contract costs incurred	**9,034.557**	9,954.230
Recognised Profits less recognised Losses	**2,471.152**	2,349.234
Less: Progress Billing	**11,038.902**	11,904.626
Less: Provision for gross amount due from customer	**162.012**	184.821
	304.795	214.017
e) Gross amount due to customer		
Contract costs incurred	**30,575.754**	30,220.997
Recognised Profits less recognised Losses	**5,336.560**	5,858.128
Less: Progress Billing	**37,653.480**	37,722.963
	(1,741.166)	(1,643.838)

NOTES TO ACCOUNTS : (CONTD.)

B) Disaggregation of revenue

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
a) Within India	**18,208.971**	19,802.354
b) Outside India	**2,549.762**	2,198.557
	20,758.733	22,000.911

C) Reconciliation of revenue from sale of products with the contracted price

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
a) Contracted price	**21,200.642**	22,301.720
b) Less - trade discounts, volume rebates, late delivery charges etc	**441.909**	300.809
	20,758.733	22,000.911

Note 31: Remuneration to Auditors

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
a) Audit Fees	**5.200**	4.100
b) Limited Review	**2.100**	1.200
c) Certification services	**0.675**	0.348
d) Expenses reimbursed	**0.561**	0.759
	8.536	6.407

Note 32 : Earning per Share (Basic and diluted)

(Amounts in Million ₹)

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
a) Profit before tax	**1,200.083**	1,241.561
Less : Tax expenses	**408.384**	368.346
Profit after tax	**791.699**	873.215
b) Weighted average number of equity shares used as denominator	**79,408,926**	79,408,926
c) Basic earning per share of nominal value of Rs 2/- each	**9.97**	11.00

Note 33: Expenditure on research & development activities

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
a) Revenue expenditure	**253.226**	247.968
b) Capital Expenditure	**55.179**	44.475
Total expenses on research and developmemt	**308.405**	292.443

NOTES TO ACCOUNTS : (CONTD.)

Note 34 : Employee benefits

i. Defined Contribution Plans:

Amount of Rs.44.412 MN. PY (Rs 45.48 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

Particulars	**31 March 2020**		31 March 2019	
	Gratuity Plan (Funded)	**Provident Fund* (Funded)**	Gratuity Plan (Funded)	Provident Fund* (Funded)
A. Amount to be recognised in Balance Sheet				
Present Value of Defined Benefit Obligation	**486.197**	**52.986**	459.728	22.684
Less: Fair Value of Plan Assets	**450.137**	**43.600**	433.921	52.362
Amount to be recognised as liability or (asset)	**36.060**	**9.386**	25.807	(29.678)
B. Amounts reflected in the Balance Sheet				
Liabilities	**36.060**	**9.386**	25.807	-
Assets	**-**	**-**	-	29.678
Net Liability/(Assets)	**36.060**	**9.386**	25.807	-

* Company had not recognised the Provident fund asset on conservative basis in earlier years. In current year, as there is provident fund liability on account of interest shortfall, company has adjusted remeasurements losses recognised in other comprehensive income and restricted that to Rs 6.531 MN)

b) The amounts recognised in the Profit and Loss Statement are as follows: Funded Plan

(Amounts in Million ₹)

Particulars	**31 March 2020**		31 March 2019	
	Gratuity Plan (Funded)	**Provident Fund (Funded)**	Gratuity Plan (Funded)	Provident Fund (Funded)
1 Current Service Cost	**36.872**	**2.855**	34.150	1.250
2 Acquisition (gain)/ loss	**-**	**-**	-	-
3 Past Service Cost	**-**	**-**	-	-
4 Net Interest (income)/expenses	**0.996**	**(2.226)**	(0.113)	(2.976)
5 Actuarial Losses/(Gains)	**-**	**-**	-	-
6 Curtailment (Gain)/ loss	**-**	**-**	-	-
7 Settlement (Gain)/loss	**-**	**-**	-	-
8 Others	**0.645**			
Net periodic benefit cost recognised in the statement of profit & loss- (Employee benefit expenses - Note 23)	**38.513**	**0.629**	34.037	(1.726)

NOTES TO ACCOUNTS : (CONTD.)

Note 34 : Employee benefits (Contd.)

c) The amounts recognised in the statement of other comprehensive income (OCI) : Funded Plan

Particulars	31 March 2020		31 March 2019	
	Gratuity Plan (Funded)	**Provident Fund (Funded)**	Gratuity Plan (Funded)	Provident Fund (Funded)
1 Opening amount recognised in OCI outside profit and loss account	**-**	**-**	-	-
2 Remeasurements for the year- Obligation (Gain)/loss	**(6.861)**	**25.746**	(1.391)	11.366
3 Remeasurements for the year - Plan assets (Gain) / Loss	**4.617**	**12.689**	(3.410)	(0.161)
4 Total Remeasurements Cost / (Credit) for the year recognised in OCI	**(2.244)**	**38.435**	(4.801)	11.205
5 Less: Accumulated balances transferred to retained earnings	**(2.244)**	**38.435**	(4.801)	11.205
Closing balances (remeasurements (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 2020		31 March 2019	
	Gratuity Plan (Funded)	**Provident Fund (Funded)**	Gratuity Plan (Funded)	Provident Fund (Funded)
1 Balance of the present value of Defined benefit Obligation at the beginning period	**459.728**	**22.684**	428.866	9.357
2 Acquisition adjustment	**-**	**-**	-	-
3 Transfer in/ (out)	**0.645**	**-**	(3.175)	-
4 Interest expenses	**33.117**	**1.701**	31.215	0.711
5 Past Service Cost	-	-	-	-
6 Current Service Cost	**36.872**	**2.855**	34.150	1.250
7 Curtailment Cost / (credit)	**-**	**-**	-	-
8 Settlement Cost/ (credit)	**-**	**-**	-	-
9 Benefits paid	**(37.304)**	**-**	(29.937)	-
10 Remeasurements on obligation - (Gain) / Loss	**(6.861)**	**25.746**	(1.391)	11.366
Present value of obligation as at the end of the period	**486.197**	**52.986**	459.728	22.684

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 2020		31 March 2019	
	Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
1 Fair value of the plan assets as at beginning of the period	**433.920**	**52.362**	405.789	48.514
2 Acquition adjustment	**-**	**-**	-	-
3 Transfer in/(out)	**-**	**-**	-	-
4 Interest income	**32.121**	**3.927**	31.328	3.687
5 Contributions	**26.018**	**-**	23.330	-
6 Benefits paid	**(37.305)**	**-**	(29.937)	-
7 Amount paid on settlement	**-**	**-**	-	-
8 Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	**(4.617)**	**(12.689)**	3.410	0.161
9 Fair value of plan assets as at the end of the period	**450.137**	**43.600**	433.920	52.362

f) Net interest (Income) /expenses: Funded Plan

Particulars	31 March 2020		31 March 2019	
	Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
1 Interest (Income) / Expense – Obligation	**33.117**	**1.701**	31.215	0.711
2 Interest (Income) / Expense – Plan assets	**(32.121)**	**(3.927)**	(31.328)	(3.687)
3 Net Interest (Income) / Expense for the year	**0.996**	**(2.226)**	(0.113)	(2.976)

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.

h) The amounts pertaining to defined benefit plans are as follows: Funded Plan

Particulars	31 March 2020		31 March 2019	
	Gratuity Plan (Funded)	Provident Fund (Funded)	Gratuity Plan (Funded)	Provident Fund (Funded)
Defined Benefit Obligation	**486.197**	**52.986**	459.728	22.684
Plan Assets	**450.137**	**43.600**	433.921	52.362
Surplus/(Deficit)	**(36.060)**	**(9.386)**	(25.807)	29.678

NOTES TO ACCOUNTS : (CONTD.)

i) The amounts recognised in Balance Sheet are as follows: Non-Funded Plan

(Amounts in Million ₹)

Particulars	**31 March 2020**	31 March 2019
	Pension Scheme	Pension Scheme
	(Non-Funded)	(Non-Funded)
A. Amount to be recognised in Balance Sheet		
Present Value of Defined Benefit Obligation	**25.507**	26.371
Less: Fair Value of Plan Assets	**-**	-
Amount to be recognised as liability or (asset)	**25.507**	26.371
B. Amounts reflected in the Balance Sheet		
Liabilities	**25.507**	26.371
Assets	**-**	-
Net Liability/(Assets)	**25.507**	26.371

j) The amounts recognised in the Profit and Loss Statement are as follows: Non Funded Plan

Particulars	**31 March 2020**	31 March 2019
	Pension Scheme	Pension Scheme
	(Non-Funded)	(Non-Funded)
1 Current Service Cost	**-**	-
2 Acquisition (gain)/ loss	**-**	-
3 Past Service Cost	**-**	-
4 Net Interest (income)/expenses	**1.921**	1.509
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)	**1.921**	1.509

k) The amounts recognised in the statement of other comprehensive income (OCI) : Non Funded Plan

Particulars	**31 March 2020**	31 March 2019
	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	**0.700**	7.418
3 Remeasurements for the year - Plan assets (Gain) / Loss	**-**	-
4 Total Remeasurements Cost / (Credit) for the year recognised in OCI	**0.700**	7.418
5 Less: Accumulated balances transferred to retained earnings	**0.700**	7.418
Closing balances (remeasurements (gain)/loss recognised OCI	**-**	-

NOTES TO ACCOUNTS : (CONTD.)

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

(Amounts in Million ₹)

Particulars	31 March 2020 Pension Scheme (Non-Funded)	31 March 2019 Pension Scheme (Non-Funded)
1 Balance of the present value of Defined benefit Obligation as at beginning of the period	**26.371**	21.258
2 Acquisition adjustment	**-**	-
3 Transfer in/ (out)	**-**	-
4 Interest expenses	**1.921**	1.509
5 Past Service Cost	**-**	-
6 Current Service Cost	**-**	-
7 Curtailment Cost / (credit)	**-**	-
8 Settlement Cost/ (credit)	**-**	-
9 Benefits paid	**(3.485)**	(3.814)
10 Remeasurements on obligation - (Gain) / Loss	**0.700**	7.418
Present value of obligation as at the end of the period	**25.507**	26.371

m) Net interest (Income) /expenses Non Funded Plan

Particulars	Pension (Non-Funded)	
	2019-20	2018-19
1 Interest (Income) / Expense – Obligation	**1.921**	1.509
2 Interest (Income) / Expense – Plan assets	**-**	-
3 Net Interest (Income) / Expense for the year	**1.921**	1.509

n) The amounts pertaining to defined benefit plans are as follows: Non Funded Plan

Particulars	Pension (Non-Funded)	
	2019-20	2018-19
Defined Benefit Obligation	**25.507**	26.371
Plan Assets	**-**	-
Surplus/(Deficit)	**(25.507)**	(26.371)

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 7.50% (PY 7.6%) 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 31-03-2020 - 6.10% (PY- 7.50%)
2. Expected return on plan assets as at 31-03-2020- 7.5%(PY- 7.6%)
3. Salary growth rate : For Gratuity Scheme - 7% (PY - 10%)
4. Attrition rate: For gratuity scheme the attrition rate is taken at 7% (PY - 7%)

NOTES TO ACCOUNTS : (CONTD.)

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 36.060 Million (Rs 25.80 Million) towards its gratuity plan in the year 2020-21.

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

Change in assumption	**Effect on Gratuity obligation**	
	31 March 2020	**31 March 2019**
1 Discount rate		
Increase by 1% to 7.1% (PY -8.5%)	**458.238**	430.822
Decrease by 1% to 5.1% (PY- 6.5%)	**517.645**	492.460
2 Salary increase rate		
Increase by 1% to 8% (PY- 11%)	**512.866**	487.359
Decrease by 1% to 6% (PY- 9%)	**461.929**	434.722
3 Withdrawal rate		
Increase by 1% to 8.0% (PY - 8%)	**484.829**	455.804
Decrease by 1% to 6.0% (PY - 6%)	**487.702**	464.081

Change in assumption	**Effect on Provident Fund obligation**	
	31 March 2020	**31 March 2019**
1 Discount rate		
Increase by 0.5% to 6.6% (PY- 8%)	**32.770**	5.847
Decrease by 0.5% to 5.6% (PY- 7%)	**74.335**	40.446
2 Interest rate		
Increase by 0.50% to 8.75% (PY- 9.15%)	**72.447**	39.594
Decrease by 0.50% to 7.75% (PY -8.15%)	**33.524**	5.772

NOTES TO ACCOUNTS : (CONTD.)

Change in assumption	**Effect on Pension obligation**	Effect on Pension obligation
	31 March 2020	31 March 2019
1 Discount rate		
Increase by 1% to 7.8% (PY -8.6%)	**24.158**	25.011
Decrease by 1% to 5.8% (PY- 6.6%)	**27.008**	27.882

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 B V	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) L.L.C.	Subsidiary of Kirloskar Brothers International B.V.
8	Kirloskar Pompen B.V	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 Pompen BV
17	Rotaserve Overhaul B.V.	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 Neviz Pumps Solutions Pty Ltd	Joint venture of SPP Pumps International Proprietary Limited
24	KBL synerge LLP	Associate of Kirloskar Brothers Limited
25	Kirloskar Ebara Pumps Ltd.	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 Pumps (South Africa Pty.) Limited	
		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)	Associate	KBL Synerge LPP	
4)	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	
5)	Relatives of Key Management Personnel	Mrs.Pratima Kirloskar	(wife of Mr. Sanjay Kirloskar)
		Ms.Suman Kirloskar	(mother of Mr. Sanjay Kirloskar)
		Sanjay Kirloskar HUF	
6)	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.)

(C) Disclosure of related parties transactions

(Amounts in Million ₹)

Sr No	Nature of transaction/relationship/major parties	2019-20 Amount	2019-20 Amount for Major parties *	2018-19 Amount	2018-19 Amount for Major parties *
1	**Purchase of goods**	**2,823.009**		3,262.184	
	Subsidiary/Fellow subsidiary Companies/Joint Venture				
	Karad Projects And Motors Limited		**2,559.126**		2,863.585
2	**Sale of goods/contract revenue**	**890.125**		1,191.889	
	Subsidiary/Fellow subsidiary Companies/Joint Venture				
	SPP Pumps Limited		**197.196**		320.606
	Kirloskar Brothers (Thailand) Ltd.		**188.140**		392.342
	SPP Pumps , Inc.		**172.615**		143.717
	Kirloskar Pompen B.V.		**60.854**		201.845
	Rodelta pumps international BV		**122.424**		1.046
3	**Rendering Services**	**108.770**		129.145	
	Subsidiary/Fellow subsidiary Companies/Joint venture				
	Kirloskar Corrocoat Private Limited		**10.800**		13.069
	Kirloskar Ebara Pumps Limited		**34.323**		39.935
	SPP Pumps Limited		**31.727**		20.364
4	**Receiving Services**	**98.996**		206.309	
	Subsidiary/Fellow subsidiary Companies				
	Kirloskar Brothers (Thailand) Ltd.		**11.427**		51.948
	Kirloskar Ebara Pumps Limited		**15.605**		31.399
	SPP Pumps Inc		**0.225**		108.935
	Karad Projects and Motors Limited		**33.059**		0.342
	Kirloskar Pompen B.V.		**19.314**		0.049
5	**Interest received**	**5.081**		-	
	Subsidiary/Fellow subsidiary Companies				
	The Kolhapur Steel Limited		**5.081**		-
6	**Interest paid**	**29.601**		-	
	Subsidiary/Fellow subsidiary Companies				
	Karad Projects and Motors Limited		29.601	-	
7	**Sale of Fixed Assets**	-		25.561	
	Subsidiary/Fellow subsidiary Companies				
	Kirloskar Ebara Pumps Limited		-		25.561
8	**Purchase of fixed assets**	-		3.180	
	Subsidiary/Fellow subsidiary Companies/Joint venture				
	The Kolhapur Steel Ltd		-		2.089
	Karad Projects and Motors Limited		-		1.092
9	**Investment Made**	-		248.083	
	Subsidiary/Fellow subsidiary Companies/ Associates				
	Kirloskar Brothers International B.V	-			248.075
	The Kolhapur Steel Limited (Equity Shares)	-			0.008

NOTES TO ACCOUNTS : (CONTD.)

(C) Disclosure of related parties transactions (Contd.)

(Amounts in Million ₹)

Sr No	Nature of transaction/relationship/major parties	2019-20		2018-19	
		Amount	Amount for Major parties *	Amount	Amount for Major parties *
10	**Dividend Paid**	**142.676**		74.222	
	Key Management Personnel				
	Mr. Sanjay Kirloskar (*)		**80.276**		39.643
	Mr. Alok Kirloskar		**0.028**		
	Mr. Pratap Shirke		**0.090**		
	Relatives of Key Management Personnel				
	Mrs. Pratima Kirloskar		**62.282**		34.401
11	**Dividend Received**	**60.084**		40.381	
	Subsidiary/Fellow subsidiary Companies				
	Karad Projects & Motors Limited		**48.834**		34.881
	Kirloskar Ebara Pumps Limited		**11.250**		2.250
	Kirloskar Corrocoat Private Limited		**-**		3.250
12	**Remuneration Paid**	**71.653**		67.520	
	Key Management Personnel				
	Short Term Employee Benefit				
	Mr. Sanjay Kirloskar		**51.055**		47.563
	Commission on profits *				
	Mr. Shrikrishna Inamdar		**-**		0.650
	Mr. Padmakar Jawadekar		**-**		1.300
	Ms. Lalita Gupte		**-**		1.300
	Mr. Pratap Shirke		**1.300**		1.100
	Mr. Alok Kirloskar		**1.300**		1.300
	Mr. Kishor Chaukar		**1.300**		1.300
	Dr. Rakesh Mohan		**1.300**		1.300
	Ms. Rama Kirloskar		**1.300**		1.300
	Mr. Rajeev Kher		**1.300**		0.450
	Ms. Shailaja Kher		**1.140**		-
	Mr. Pradyumna Vyas		**1.300**		-
	Sitting Fees				
	Mr. Shrikrishna Inamdar		**-**		0.450
	Mr. Padmakar Jawadekar		**-**		1.050
	Ms. Lalita Gupte		**-**		1.275
	Mr. Pratap Shirke		**0.750**		0.675
	Mr. Alok Kirloskar		**0.450**		0.450
	Mr. Kishor Chaukar		**1.050**		0.900
	Dr. Rakesh Mohan		**0.675**		0.600
	Ms. Rama Kirloskar		**0.525**		0.450
	Mr Rajeev Kher		**0.825**		0.150
	Mrs Shailaja Kher		**0.225**		-
	Mr Pradyumna Vyas		**0.225**		-
	Post Emplyment Benefit				
	Mr. Sanjay Kirloskar		**5.633**		3.957

(*) Includes dividend received in capcity of trustee of Rs 7.929 Mn. (PY- Rs 4.347 Mn)

NOTES TO ACCOUNTS : (CONTD.)

(C) Disclosure of related parties transactions (Contd.)

(Amounts in Million ₹)

Sr No	Nature of transaction/relationship/major parties	2019-20 Amount	2019-20 Amount for Major parties *	2018-19 Amount	2018-19 Amount for Major parties *
13	**Reimbursement Received**	**22.793**		43.860	
	Subsidiary/ Fellow Subsidiary Company/Joint Venture				
	Kirloskar Ebara Pumps Limited		**2.971**		4.519
	SPP Pumps Limited		**2.991**		12.219
	Spp Pumps Inc		**3.669**		1.726
	Kirloskar Corrocoat Private Limited		**0.332**		14.190
	Rodelta Pumps International BV		**6.065**		1.272
	Rotaserve B.V		**2.966**		-
14	**Reimbursement Paid**	**55.444**		76.345	
	Subsidiary/ Fellow Subsidiary Company/Joint Venture				
	Kirloskar Brothers (Thailand) Ltd.		**16.342**		30.697
	Rodelta Pumps International BV		**28.853**		37.465
15	**Business Advance/ Loan Given**	**168.950**		137.081	
	Subsidiary/ Fellow Subsidiary Company/ Associate				
	Karad Projects And Motors Limited		**-**		61.496
	The Kolhapur Steel Limited		**168.950**		72.077
16	**Advance/ Loan repaid / utilised / written off**	**67.611**		1.000	
	Subsidiary/ Fellow Subsidiary Company				
	The Kolhapur Steel Limited		**46.727**		1.000
	KBL Synerge LLP		**1.775**		-
	Karad Projects And Motors Limited		**19.109**		-
17	**Contribution Paid for Post Employment Benefit Plan**	**87.800**		84.365	
	Provident Fund		**41.801**		37.951
	Superannuation Trust		**19.981**		21.337
	Gratuity		**26.017**		25.077
18	**Corporate guarantee given**	**2,543.606**		1,426.572	
	SPP Pumps Limited		**2,543.606**		1,426.572

* 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.)

(D) Amount due to/from related parties

(Amounts in Million ₹)

Sr No	Nature of transaction/relationship/major parties	2019-20 Amount	2019-20 Amount for Major parties	2018-19 Amount	2018-19 Amount for Major parties
1	**Accounts receivable**				
	Subsidiary/Fellow subsidiary Companies/ Associate	**1,122.125**		1,191.513	
	SPP Pumps Ltd.		**186.924**		405.016
	Kirloskar Brothers (Thailand) Ltd.		**143.386**		158.414
	SPP Pumps (MENA) L.L.C.		**8.454**		8.201
	Braybar Pumps Proprietary Limited		**2.101**		2.735
	SPP Pumps South Africa Proprietary Limited		**2.373**		1.547
	SPP Pumps Inc.		**46.389**		171.973
	Kirloskar Ebara Pumps Limited		**34.041**		-
	SyncroFlo Inc.		**-**		1.728
	Rodelta Pumps International BV		**128.489**		9.098
	The Kolhapur Steel Ltd		**249.306**		39.788
	KBL Synerge LLP		**-**		1.775
	SPP Pumps International Proprietary Limited		**78.797**		115.792
	Kirloskar Brothers Pompen BV		**216.671**		261.079
	Rotaserve B.V.		**16.271**		14.267
	SPP France S A S		**0.100**		0.100
	Karad Projects And Motors Limited		**8.823**		
2	**Amount Due**				
	Subsidiary/Fellow subsidiary Companies/ Associate	**994.906**		1,069.076	
	SPP Pumps Ltd.		**10.522**		16.493
	Kirloskar Brothers (Thailand) Ltd.		**17.466**		32.149
	SPP Pumps Inc.		**2.946**		43.354
	Karad Projects And Motors Limited		**836.587**		860.309
	Kirloskar Corrocoat Pvt Ltd.		**4.462**		4.832
	Rodelta Pumps International BV		**9.206**		33.185
	Kirloskar Brothers Pompen BV		**72.654**		54.190
	Rotaserve B.V.		**7.212**		0.996
	Kirloskar Ebara Pumps Limited		**33.851**		19.753
	Braybar Pumps Proprietary Limited		**-**		3.815

NOTES TO ACCOUNTS : (CONTD.)

(D) Amount due to/from related parties (Contd.)

(Amounts in Million ₹)

Sr No	Nature of transaction/relationship/major parties	2019-20 Amount	2019-20 Amount for Major parties	2018-19 Amount	2018-19 Amount for Major parties
	Key Management Personnel *	**42.343**		42.898	
	Mr. Sanjay Kirloskar		**32.000**		34.000
	Mr. Shrikrishna Inamdar		**-**		1.035
	Mr. Padmakar Jawadekar		**-**		1.170
	Ms. Lalita Gupte		**-**		1.170
	Mr. Pratap Shirke		**1.300**		0.990
	Mr. Alok Kirloskar		**1.300**		0.894
	Mr. Kishor Chaukar		**1.300**		1.170
	Dr. Rakesh Mohan		**1.403**		0.894
	Ms. Rama Kirloskar		**1.300**		1.170
	Mr. Rajeev Kher		**1.300**		0.405
	Mrs Shailaja Kher		**1.140**		-
	Mr Pradyumna Vyas		**1.300**		-

*Commission to Chairman- Managing Director and Non-Executive Directors is approved in board meeting held on 5th June 2020. Payment will be made in year 2020-21.

(E) Corporate Guarantees:

Below mentioned guarantees have been provided by the company to banks on behalf of subsidiary companies for availing financial facilities.

Sr No	Particulars	31 March 2020 Amount	31 March 2019 Amount
i)	By the company to ICICI Bank Ltd. on behalf of SPP Pumps Ltd. (GBP 12,600,000)	**-**	1,141.258
ii)	By the company to ICICI Bank Ltd. on behalf of Kirloskar Pompen B.V. (EURO 7,350,000)	**610.638**	570.941
iii)	By the company to Citi Bank on behalf of SPP Pumps Ltd. (USD 2,000,000)	**150.720**	138.310
iv)	By the company to Citi Bank on behalf of Kirloskar Brothers (Thailand) Ltd. (USD 5,750,000)	**433.320**	397.641
v)	By the company to Citi Bank on behalf of Kirloskar Pompen B.V. (USD 1,750,000)	**131.880**	121.021
vi)	By the company to Citi Bank on behalf of Kirloskar Brothers International Pty. Ltd. (USD 2,500,000)	**188.400**	172.888
vii)	By the company to ICICI Bank Ltd. on behalf of The Kolhapur Steel Limited.	**100.000**	100.000
viii)	By the company to ICICI Bank Ltd. on behalf of SPP Pumps Ltd. (GBP 15,750,000)	**-**	1426.572
ix)	By the company to ICICI Bank Ltd. on behalf of SPP Pumps Ltd. (GBP 23,100,000)	**2,168.166**	-
x)	By the company to HDFC Bank Ltd. on behalf of SPP Pumps Ltd. (GBP 40,00,000)	**375.440**	-

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 2020	31 March 2019	**31 March 2020**	31 March 2019
To Subsidiary Companies				
The Kolhapur Steel Limited	**160.414**	11.214	**160.414**	12.214
To Associate				
KBL Synerge LLP	**-**	1.775	**1.775**	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 including directors 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 2020	31 March 2019
1	Kirloskar Ebara Pumps Limited	Assets	**2,104.067**	1,802.621
		Liabilities	**786.256**	528.288
			2019-20	2018-19
		Income	**1,668.945**	1,695.993
		Expenses(including tax expenses)	**1,588.592**	1,511.965
		Profit after tax	**80.353**	184.028
		Other comprehensive income	**(6.735)**	(2.662)
		Total comprehensive income	**73.618**	181.366

c) Contingent liabilities, if any , incurred in relation to interest in Joint Ventures: For income tax - ₹ 13.282 Million (₹ 13.282 Million)

d) Capital commitments, if any, in relation to interest in Joint Ventures : ₹ 3.831 Million (₹ 27.707 Million)

NOTES TO ACCOUNTS : (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	KIRLOSKAR - MEMWPL JV	Jointly controlled operations	N A	India
22	MAYTAS – MEIL – KBL JV	Jointly controlled operations	N A	India
23	Gondwana - KBL JV	Jointly controlled operations	N A	India
24	MEIL -PRASAD-KBL CONSORTIUM	Jointly controlled operations	N A	India
25	JCPL - MEIL - KBL CONSORTIUM	Jointly controlled operations	N A	India
26	KBL -PTIL UJV	Jointly controlled operations	N A	India
27	KBL - RATNA - JOINT VENTURE	Jointly controlled operations	N A	India
28	MEIL-KBL-WEG CONSORTIUM	Jointly controlled operations	N A	India
29	MEIL-KBL- (KDWSP) JV	Jointly controlled operations	N A	India
30	KBL and TCIPL JOINT VENTURE	Jointly controlled operations	N A	India
31	ACPL & KBL JV	Jointly controlled operations	N A	India
32	Kirloskar Brothers Ltd. JV	Jointly controlled operations	N A	India
33	ITD CEMENTATION INDIA LIMITED JV	Jointly controlled operations	N A	India
34	GSJ - KBL JV	Jointly controlled operations	N A	India
35	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 2018	255.507	202.919	6.487	53.850
Add: Provision during the year 2018-19				
(net of excess/ short provision of earlier year)	44.141	233.761	-	0.130
Add: Unwinding of discounts	-	13.528	0.531	-
Less: Amount utilized during the year 2018-19	(18.490)	(208.109)	-	(13.721)
Carrying amount as at 31 March 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**
Non-current provision	**135.693**	**34.044**	**7.595**	**-**
Current provision	**160.905**	**184.915**	**-**	**36.839**

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. upto18 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 2020	31 March 2019
	Financial Asset		
	Levelled at Level 1		
a)	**Carried at fair value through profit and loss** Investment in mutual funds	**450.285**	-
	Levelled at Level 2		
b)	**Carried at amortized cost**		
	Trade receivable	**3,939.938**	4,917.813
	Security deposits	**1,047.906**	1,039.259
	Advances to subsidiaries and associates	**160.414**	12.988
	Other financial assets	**91.348**	57.126
	Cash and cash equivalent	**1,946.069**	333.002
	Other bank balances	**21.787**	21.064
	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	**592.090**	237.200
	Current borrowings at fixed rate of interest	**2,250.000**	1,237.703
	Trade payable	**4,607.698**	5,525.201
	Other current financial liabilities	**1,332.802**	766.778
	Lease liability	**169.530**	-
	Financial guarantee contracts	**18.681**	16.380

* 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 co-operation 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 2020	31 March 2019
Trade Receivables	**4,634.135**	5,750.636
Less : Expected Loss	**694.197**	832.823
	3,939.938	4,917.813
Security Deposits	**1,078.585**	1,068.788
Less : Expected Loss	**30.679**	29.529
	1,047.906	1,039.259
Claims Receivable	**68.894**	28.506
Less : Expected Loss	**12.157**	3.845
	56.737	24.661

Trade receivable ageing used in the provision matrix for life time expected credit loss is as -

	31 March 2020	31 March 2019
Trade Receivables		
Neither past due nor impaired	**1,003.420**	2,172.884
Past due but not impaired		
Less than 180 days	**1,199.277**	846.641
181 - 365 days	**575.869**	567.969
More than 365 days	**1,161.372**	1,330.319
Total	**3,939.938**	4,917.813

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 2018	737.205	70.375
Changes in loss allowance	95.618	(37.001)
Loss allowance as at 31 March 2019	832.823	33.374
Changes in loss allowance	(138.626)	9.462
Loss allowance as at 31 March 2020	**694.197**	**42.836**

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 2020**	31 March 2019
Interest bearing borrowings		
On demand	**-**	337.703
Less than 180 days	**2,250.000**	900.000
181 - 365 days	**-**	-
More than 365 days	**592.090**	237.200
Total	**2,842.090**	1,474.903
Other financial liabilities excluding lease liability		
On demand	**104.353**	94.852
Less than 180 days	**1,107.876**	613.820
181 - 365 days	**132.085**	63.166
More than 365 days	**7.170**	11.320
Total	**1,351.484**	783.158
Lease liability		
On demand	**-**	-
Less than 180 days	**31.419**	-
181 - 365 days	**31.419**	-
More than 365 days	**106.691**	-
Total	**169.529**	-
Trade & other payables		
Not due	**2,237.355**	3,139.783
Less than 180 days	**1,130.599**	1,100.335
181 - 365 days	**134.386**	77.583
More than 365 days	**1,105.357**	1,207.500
Total	**4,607.697**	5,525.201

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 2020	31 March 2019
Expiring within one year	**9,591.300**	7,986.300
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 15.47 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 2020	31 March 2019	**31 March 2020**	31 March 2019
Trade Receivables	EUR	**2.134**	2.627	**177.318**	204.069
	GBP	**1.271**	1.591	**119.254**	144.114
	USD	**11.733**	16.701	**884.226**	1,154.932
Bank Accounts	EGP	**0.092**	0.070	**0.441**	0.277
	EUR	**0.006**	0.052	**0.484**	4.027
	GBP	**0.596**	0.023	**55.926**	2.050
	USD	**1.301**	1.251	**98.007**	86.524
	VND	**-**	0.017	**-**	-
	XOF	**0.170**	0.009	**0.022**	0.001
Other Deposits	XOF	**0.500**	0.500	**0.063**	0.059
Amount Due from Employees	EGP	**0.002**	0.082	**0.010**	0.326
	EUR	**0.007**	-	**0.608**	0.008
	GBP	**0.002**	-	**0.172**	-
	XOF	**0.010**	-	**0.001**	-
	USD	**0.114**	0.108	**8.561**	7.501

NOTES TO ACCOUNTS : (CONTD.)

Note 40 : Financial risk management policy and objectives (continued)

(Amounts in Million ₹)

Financial Liabilities	Currency	Amount in Foreign Currency (MN)		Amount in INR (MN)	
		31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
Trade Payables	EGP	**0.731**	0.871	**3.492**	3.475
	EUR	**1.468**	1.617	**121.995**	125.643
	GBP	**0.295**	0.268	**27.674**	24.295
	USD	**4.788**	3.079	**360.839**	212.958
	JPY	**0.026**	-	**0.018**	-
	VND	**15,932.596**	29,569.458	**49.391**	88.117
	XOF	**202.042**	82.186	**25.599**	9.739
	AED	**-**	0.001	**-**	0.013
Amount Due to Employees	EGP	**-**	0.070	**-**	0.279
	XOF	**0.001**	25.988	**-**	3.080
	USD	**0.071**	0.082	**5.384**	5.662

Currency wise net exposure (assets - liabilities)

Particulars	Amount in Foreign Currency (MN)		Amount in INR (MN)	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
EGP	**(0.636)**	(0.790)	**(3.042)**	(3.152)
EUR	**0.679**	1.062	**56.416**	82.461
GBP	**1.573**	1.345	**147.678**	121.869
USD	**8.288**	14.899	**624.570**	1,030.336
JPY	**(0.026)**	-	**(0.018)**	-
VND	**(15,932.596)**	(29,569.440)	**(49.391)**	(88.117)
XOF	**(201.363)**	(107.665)	**(25.513)**	(12.758)
AED	**-**	(0.001)	**-**	(0.013)

Sensitivity Analysis

Currency	Amount in Foreign Currency (MN)		Sensitivity % (*)	"Sensitivity %
	2019-20	**2018-19**	**(2019-20)**	(*)“(2018-19)"
EGP	**(3.042)**	(3.152)	**5.25%**	12.25%
EUR	**56.416**	82.461	**2.98%**	4.05%
GBP	**147.678**	121.869	**0.20%**	0.00%
USD	**624.570**	1,030.336	**3.34%**	2.59%
JPY	**(0.018)**	-	**4.51%**	4.78%
VND	**(49.391)**	(88.117)	**1.14%**	0.65%
XOF	**(25.513)**	(12.758)	**1.41%**	0.01%
AED	**-**	(0.013)	**4.06%**	4.06%

NOTES TO ACCOUNTS : (CONTD.)

Note 40 : Financial risk management policy and objectives (continued)

(Amounts in Million ₹)

Currency	Impact on profit (strengthen)		Impact on profit (weakening)	
	2019-20	2018-19	**2019-20**	2018-19
EGP	**0.160**	0.386	**(0.160)**	(0.386)
EUR	**(1.681)**	(3.340)	**1.681**	3.340
GBP	**(0.295)**	-	**0.295**	-
USD	**(20.861)**	(26.686)	**20.861**	26.686
JPY	**0.001**	-	**(0.001)**	-
VND	**0.563**	0.573	**(0.563)**	(0.573)
XOF	**0.360**	0.001	**(0.360)**	(0.001)
AED	**-**	(0.001)	**-**	0.001
Total	**(21.753)**	(29.067)	**21.753**	29.067

(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)

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

In order to maintain or adjust the capital structure, the 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 2020	31 March 2019
Loans and borrowings (Including current maturities of long term debt)	**3,094.748**	1,596.173
Less: Cash and cash equivalents (Including other bank balances)	**1,967.856**	354.066
Net debt	**1,126.892**	1,242.107
Equity	**9,766.724**	9,402.656
Equity and net debt	**10,893.616**	10,644.763
Gearing ratio	**10.34%**	11.67%

b) Dividend

Particulars	31 March 2020	31 March 2019
Equity Shares		
(i) Interim dividend for the year	**158.818**	Nil
(ii) Dividends not recognised at the end of the reporting year	**39.704**	198.522

Since year end the directors have recommended the payment of a final dividend of INR 0.5 per fully paid equity share (31 March 2019 - INR 2.50). 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, 2020. The disclosure pursuant to the said Act is as under:

(Amounts in Million ₹)

Particulars	**For the year ended 31 March 2020**	For the year ended 31 March 2019
Total outstanding amount in respect of micro, small and medium enterprises	**673.640**	1,042.931
Other disclosures in respect of micro and small enterprises		
Principal amount due and remaining unpaid	**1.406**	2.233
Interest due on above and unpaid interest	**0.243**	0.022
Interest paid	**-**	-
Payment made beyond appointment day	**1,128.246**	996.275
Interest due and payable for the period of delay	**1.782**	12.978
Interest accrued and remaining unpaid (excluding interest accrued for earlier years)	**2.025**	12.978
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 21.624 Million (PY - Rs 13.563 Million)

(b) Amount spent by the Company during the current year is Rs. 22.278 Million (PY - Rs 14.550 Million)

The company as per its policy on Corporate Social Responsibility (CSR) and recommendation and approval of the CSR committee has contributed Rs. 19 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 flood in Maharashtra and Kerala/ Covid-19 outbreak, water management, WASH activity for students and donation to charitable organisation such as Rotary club, 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 2020

The lockdowns and restrictions on various activities due to Covid-19 pandemic have posed challenges on overall business of the company."All the manufacturing plants and regional sales offices in India including corporate office were closed from various dates as specified by local authorities between 20th to 23rd March 2020 and continued to remain closed till necessary permissions received on various dates in different locations.

Company has adopted work from home policy during the entire duration of lockdown. Further the company has taken several initiatives for cost reduction and optimization of the use of its financial resources which will help company to achieve breakeven and safeguard margins.

NOTES TO ACCOUNTS : (CONTD.)

Note 44 : Disclosure of impact of COVID- 19 pandemic on the financials of the Company for the year ending on 31 March 2020(continued)

Few of our plants have got permission for resuming operations from last week of April. Manufacturing activities have commenced gradually in few of our manufacturing plants. Operations will be at normal level once nationwide lockdown is lifted and free movement of goods and manpower is allowed.

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

Company expect short term impact on sales due to both demand and supply. Supply was affected due to lock down and different restrictions on goods movements. However, situation is improving as certain restrictions are reduced gradually.

Company is taking all necessary steps to reduce impact on its operations and profitability. Further, considering company's sound financial management and effective use of internal accruals and external borrowings, no impact on capital and financial resources is expected except increase in working capital loans for short term period.

Company has issued letters invoking Force Majeure clause to protect it from any contractual liabilities from delays in execution of contracts due to Covid 19.

As government has started easing lockdown from 1st June, Company expects to gradually come back to its original level of operations, in the coming months.

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: Impact of transition to Ind AS 116, 'Leases'

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

On transition company has recognised lease liability and right -to-use asset at Rs 167.287 Mn., accordingly there is no impact on retained earnings on transition to Ind AS 116.

Right-to-use asset	Amt (Rs in Mn.)
Opening right-to-use asset	167.287
Net addition during the year	41.19
Depreciation charged during the year	(48.184)
Closing right-to-use asset	160.293

NOTES TO ACCOUNTS : (CONTD.)

Note 44 : The net impact of change in accounting policy on account on adoption of Ind AS 116 over FY 2019-20 is as follows

(Amounts in Million ₹)

Particulars	Amt (Rs in Mn.)
Increase in right-to-use asset	160.293
Increase in non-current lease liability	106.692
Increase in current lease liability	62.838
Increase in depreciation	48.184
Increase in finance cost	15.712
Decrease in rent expenses	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 74.682 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 : 5 June 2020

Sandeep Phadnis
Company Secretary

Pune : 5 June 2020

PART "A": Subsidiaries

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Venture

(Rs in Million)

Sr. No	Name of the Subsidiary Company	Date of acquisition	Reporting period	Reporting Currency	Relevant Exchange Rate	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investment	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Country	% of Holding
1	Karad Projects & Motors Pvt. Ltd.	09-Sep-06	1-Apr-19 to 31-March-20	INR	1.00	139.525	1,090.808	2,258.705	1,028.373	0.005	3,218.621	271.496	72.535	198.961	62.786	India	100.00
2	The Kolhapur Steel Limited	02-Aug-08	1-Apr-19 to 31-March-20	INR	1.00	267.000	(481.793)	203.224	418.017	0.000	308.991	(116.261)	(0.563)	(115.698)	-	India	99.00
3	Kirloskar Corrocoat Pvt. Ltd.	12-Nov-09	1-Apr-19 to 31-March-20	INR	1.00	50.000	33.917	92.937	9.020	0.000	242.934	4.348	3.843	0.506	-	India	65.00
4	Kirloskar Brothers International B V	30-Aug-07	1-Apr-19 to 31-March-20	Euro	82.90	1,642.020	(346.486)	1,309.042	13.507	1,148.345	0.000	(36.705)	0.000	(36.705)	-	The Netherlands	100.00
5	SPP Pumps Ltd.	15-Feb-10	1-Apr-19 to 31-March-20	GBP	93.52	280.559	692.205	3,359.298	2,386.534	35.789	5,233.232	(34.470)	13.251	(47.721)	-	U K	100.00
6	Kirloskar Brothers (Thailand) Ltd.	01-Jan-11	1-Apr-19 to 31-March-20	Baht	2.31	146.875	(139.969)	649.288	642.382	4.615	846.475	6.970	5.002	1.969	-	Thailand	100.00
7	SPP Pumps (MENA) L.L.C.	13-Sep-11	1-Apr-19 to 31-March-20	EGP	4.80	90.933	(250.952)	29.479	189.498	0.000	10.795	3.635	0.000	3.635	-	Egypt	100.00
8	Kirloskar Pompen B.V	10-Apr-08	1-Apr-19 to 31-March-20	Euro	82.90	82.899	165.741	756.466	507.827	399.126	198.154	(7.661)	(7.837)	0.176	-	The Netherlands	100.00
9	Micawber 784 (Proprietary Ltd.)	29-Oct-09	1-Apr-19 to 31-March-20	Rand	4.23	0.001	28.802	113.593	84.791	0.000	0.000	(1.726)	(0.014)	(1.712)	-	South Africa	100.00
10	SPP Pumps International PTY Limited	03-Dec-13	1-Apr-19 to 31-March-20	Rand	4.23	0.001	(5.953)	279.603	285.556	0.001	217.247	(9.362)	0.094	(9.457)	-	South Africa	100.00
11	SPP France S A S	11-Jun-13	1-Apr-19 to 31-March-20	Euro	82.90	41.698	(124.533)	62.685	145.519	0.000	132.260	(22.148)	0.000	(22.148)	-	France	100.00
12	SPP Pumps Inc	17-Jul-15	1-Apr-19 to 31-March-20	USD	75.66	293.077	227.283	1,735.250	1,214.890	(0.000)	50.641	1.636	0.109	1.527	-	U S A	100.00
13	SPP Pumps South Africa Proprietary Limited	24-Oct-14	1-Apr-19 to 31-March-20	Rand	4.23	0.000	(115.043)	84.630	199.673	0.000	136.428	(22.750)	2.627	(25.377)	-	South Africa	100.00
14	Braybar Pumps Limited	13-Oct-14	1-Apr-19 to 31-March-20	Rand	4.23	0.000	18.941	136.712	117.770	0.000	153.695	4.604	0.244	4.360	-	South Africa	100.00
15	Rodelta Pumps International BV	14-Jul-15	1-Apr-19 to 31-March-20	Euro	82.90	1.492	(292.083)	436.204	726.795	0.000	385.396	(123.681)	0.000	(123.681)	-	The Netherlands	100.00
16	Rotaserve Overhaul B.V.	04-Jan-16	1-Apr-19 to 31-March-20	Euro	82.90	2.072	49.073	100.896	49.751	0.000	113.859	23.525	(6.132)	29.657	-	The Netherlands	100.00
17	SPP Pumps Real Estate LLC	16-Aug-12	1-Apr-19 to 31-March-20	USD	75.66	96.856	22.574	616.118	496.688	0.000	0.000	(0.044)	0.000	-0.044	-	U S A	100.00
18	Syncroflo Inc.	28-Feb-14	1-Apr-19 to 31-March-20	USD	75.66	94.080	120.094	458.246	244.072	0.000	19.868	0.942	0.059	0.884	-	U S A	100.00
19	SPP Pumps (Asia) Ltd	27-May-16	1-Apr-19 to 31-March-20	Baht	2.31	4.615	(5.216)	44.952	45.553	0.060	54.073	(4.943)	(1.054)	(3.889)	-	Thailand	100.00
20	SPP Pumps (Singapore) Ltd	29-Jun-16	1-Apr-19 to 31-March-20	SGD	52.94	0.060	(55.544)	127.210	182.694	0.000	242.959	(1.275)	(0.324)	(0.951)	-	Singapore	100.00

Details of Rotaserve Limited, and Rotaserve Mozambique are not provided as yet to commence operations

PART "B": ASSOCIATES AND JOINT VENTURES

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Venture

Name of Associates/Joint Ventures	Kirloskar Ebara Pumps Limited (Rs in Million)	SPP Neziv Pumps Solutions Pty Limited (Rs in Million)
1. Latest audited Balance Sheet Date	31st March 2020	31st March 2020
2. Shares of Associate/Joint Ventures held by the company on the year end		
No.	225,000	49
Amount of Investment in Associates/Joint Venture	2.75	0.00
Extent of Holding %	45%	49%
3. Date of acquisition of shares	27th January 1988	25th May 2017
4. Description of how there is significant influence	It is Jointly Controlled entity	It is Jointly Controlled entity
5. Reason why the associate/joint venture is not consolidated	consolidated to the extend of 45%	consolidated to the extend of 49%
6. Networth attributable to Shareholders as per latest audited Balance Sheet	593.015	0.433
7. Profit / Loss for the year		
(i) Considered in Consolidation	36.159	0.007
(ii) Not Considered in Consolidation	44.194	0.008
8. Total comprehensive income for the year		
(i) Considered in Consolidation	33.128	0.007
(ii) Not Considered in Consolidation	40.490	0.008

Details of associate KBL Synergy LPP are not provided as yet to commence operations.

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 BrothersLimited (hereinafter referred to as the "the Parent"or "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 31March 2020, 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 andIndian 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-venturesas at 31March 2020, 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-venturesin 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 we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 44 to the Statement, which describes the economic and social consequences the Group including its associate and joint-venturesare facing as a result of Covid-19 which is impacting their operations, supply chains, personnel available for work etc.

Our opinion is not modified in respect of this matter of emphasis.

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 matters as described below:

from standalone financial statements which are also part of the consolidated financial statements:

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.1,133 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.

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:

The Holding company has invested an amount of Rs.2,979Million 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.

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. As our standard auditing procedure, we have sent to the auditors of all subsidiaries and joint ventures a group reporting instruction requiring each auditor to respond with his comments. 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 consolidated financial statements and auditor's report thereon (hereinafter referred as "other information")

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 courseof 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.

Responsibilities of management and Those Charged with Governance 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 cashflowsand consolidated statement of changes in equity of the Group including its associates and joint-venturesin accordance with the accounting principles generally accepted inIndia, including the Ind AS.The respective management and Board of Directors of the companies included in the consolidated financial statements are responsiblefor maintenance of adequate accounting records in accordance with theprovisions of the Act for safeguarding of the assets of each Company and for preventing and detectingfraudsand other irregularities; selection and application of appropriate accounting policies; making judgments andestimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internalfinancial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financialstatements/consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud orerror, 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 management either intends to liquidate the Companyor 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 responsiblefor 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 statementsincludethe Ind AS financial statements of three domestic subsidiaries, whose Ind AS financial statements reflect total assets of Rs. 2,639 million as at 31 March 2020; as well as the total revenue of Rs. 3,771 million, total comprehensive income of Rs. 88 million and net cash inflow of Rs. 229 million for the year then ended. The Statement also includes the Group's share of profit of Rs. 36 million for the year then ended 31 March 2020, 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 2020 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. 6,961 million as at 31 March 2020; as well as the total revenue of Rs. 10,494 million, total comprehensive loss of Rs. 162 million and net cash inflow of Rs. 631 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 2019. Respective management of these components have prepared financial information for the period from 1 January 2020 to 31 March 2020 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 2020 to 31 March 2020 only for the purpose of consolidation with the Ultimate Holding Company. It reflects total assets of Rs. 3,602 million as at 31 March 2020; as well as the total revenue of Rs. 1,050 million, total comprehensive loss of Rs. 107 million and net cash outflow of Rs. 32 million for the said period.

   - Financial information of one foreign subsidiary for the period from 1 January 2020 to 31 March 2020 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. 3,359 million as at 31 March 2020; as well as the total revenue of Rs. 1,046 million, total comprehensive loss Rs. 91 million and net cash inflow of Rs. 383 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 2019 and 31 March 2020, 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.

E. Due to the Covid-19 pandemic and the lockdown and other restrictions imposed by the Government and local administration, the audit processes carried out post lockdown were based on the remote access and evidence shared digitally.

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 ourknowledge 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 asit 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 31March 2020taken 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 2020from 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"AnnexureA". 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 andaccording to the explanations given to us:

i. the consolidated financial statements disclose the impact of pending litigations as at 31 March 2020on 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 loses, 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 itsassociates and joint-ventures, which arecompanies 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:20037457AAAAAK6690

Pune, 5 June 2020

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 2020in 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 2020, 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 join-ventures which are companies incorporated in India, internal financial controls system over financial reporting.

Other matters

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:20037457AAAAAK6690

Pune, 5 June 2020

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2020

(Amounts in Million Rupees)

Particulars	Note	31 March 2020	31 March 2019
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	**4,294.090**	4,335.996
Capital work-in-progress		**507.899**	247.649
Investment Property	4	**25.194**	25.300
Goodwill	3	**141.941**	140.848
Other Intangible assets	3	**68.439**	64.371
Right to use assets	46	**484.058**	-
Financial Assets			
Investments accounted using equity method	5	**593.453**	573.950
Investments	5	**0.005**	0.005
Trade receivables	6	**644.640**	306.352
Loans	7	**97.929**	132.898
Other financial assets	8	**56.026**	43.447
Deferred tax assets (net)	19	**320.195**	454.771
Other non-current assets	9	**964.227**	977.788
Total non-current assets		**8,198.096**	7,303.375
Current assets			
Inventories	10	**6,156.829**	6,166.668
Financial Assets			
Current investment	5	**450.285**	-
Trade receivables	6	**4,896.584**	6,097.062
Cash and cash equivalents	11 A	**3,169.576**	583.862
Other bank balances	11 B	**38.586**	151.402
Loans	7	**983.108**	944.807
Other financial assets	8	**44.725**	23.551
Current Tax Assets (net)	19	**62.003**	33.043
Other current assets	9	**4,479.035**	5,355.064
Total current assets		**20,280.731**	19,355.459
TOTAL ASSETS		**28,478.827**	26,658.834
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	**158.818**	158.818
Other equity	13	**9,271.752**	8,934.254
Equity attributable to owners of parents		**9,430.570**	9,093.072
Non-controlling interest		**28.822**	28.918
Total equity		**9,459.392**	9,459.392
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Borrowings	14	**1,170.211**	622.422
Trade payables	15	**102.992**	156.842
Other financial liabilities	16	**215.447**	12.266
Provisions	17	**257.213**	271.032
Other non-current liabilities	18	**244.367**	257.246
Total non-current liabilities		**1,990.230**	1,319.808
Current liabilities			
Financial liabilities			
Borrowings	14	**4,329.342**	3,009.913
Trade payables			
- Micro, small and medium enterprises	15	**676.794**	1,055.857
- Others	15	**4,673.193**	5,695.629
Other financial liabilities	16	**2,490.012**	1,593.798
Other current liabilities	18	**4,232.496**	4,246.348
Provisions	17	**627.368**	615.491
Total current liabilities		**17,029.205**	16,217.036
Total liabilities		**19,019.435**	17,536.844
TOTAL EQUITY AND LIABILITIES		**28,478.827**	26,658.834
Corporate information	**1**		
Significant accounting policies	**2**		
See accompanying notes to financial statements	**3-49**		
The notes referred to above 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)

For and on behalf of the Board of Directors

Tirtharaj Khot
Partner
Membership No: (F) - 037457
UDIN- 20037457AAAAAK6690

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Rajeev Kher
Director
DIN: 01192524

Chittaranjan Mate
Chief Financial Officer

Sandeep Phadnis
Company Secretary
Pune : 05 June 2020

Pune : 05 June 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Million Rupees)

Particulars	Notes	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from operations	20	**31,354.304**	33,489.827
Other income	21	**375.444**	236.672
Total Income		**31,729.748**	33,726.499
Expenses			
Cost of raw materials consumed	22	**14,600.386**	16,618.102
Purchases of stock-in-trade		**1,835.145**	2,646.023
Changes in inventories of finished goods, stock-in -trade and work-in-progress	22	**(16.243)**	(974.655)
Employee benefits expense	23	**5,311.066**	5,838.172
Finance costs	24	**520.535**	469.897
Depreciation and amortization expense	25	**711.882**	638.177
Other expenses	26	**7,553.689**	8,084.907
Total expenses		**30,516.460**	33,320.623
Profit before tax		**1,213.288**	405.876
Tax expenses	19		
(1) Current tax		**410.279**	510.942
(2) Deferred tax		**132.219**	(53.503)
(3) (Excess)/ Short provision of earlier years		**(11.983)**	0.947
Total Tax expenses		**530.515**	458.386
Profit after tax but before share in profit of joint venture company for the year		**682.773**	(52.510)
Share in profit of joint venture company		**36.098**	83.347
Profit for the year		**718.871**	30.837
Attributable to			
Non-controlling interest		**(0.120)**	(3.975)
Equity holder's of parent		**718.991**	34.812
Other Comprehensive Income	27		
Items that will not be reclassified to profit or loss			
Remeasurement gains and losses		**2.131**	(3.870)
Income tax relating to remeasurement gains and losses		**(1.171)**	1.430
Share in other comprehensive income of joint venture company		**(2.977)**	(1.198)
Items that will be reclassified to profit or loss			
Gains/ losses on currency translation for foreign subsidiaries		**55.781**	95.630
Other Comprehensive Income		**53.764**	91.992
Total Comprehensive Income for the year (Comprising of net profit after tax and other comprehensive income for the year)		**772.635**	122.829
Attributable to			
Non-controlling interest		**(0.098)**	(3.801)
Equity holder's of parent		**772.733**	126.630
Earnings per equity share	32		
(1) Basic		**9.05**	0.44
(2) Diluted		**9.05**	0.44

*** Includes results of foreign subsidiaries for 15 months period ended 31 March 2019. Refer note 47 for details**

Corporate information	1
Significant accounting policies	2
See accompanying notes to financial statements	3-49

The notes referred to above 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
UDIN- 20037457AAAAAK6690

Pune : 05 June 2020

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

Sandeep Phadnis
Company Secretary

Pune : 05 June 2020

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

(Amounts in Million Rupees)

	Particulars	Year ended 31 March 2020	Year ended 31 March 2019
A	**Cash flow from Operating Activities**		
	Net Profit before taxation and extraordinary items	**1,213.288**	405.876
	Adjustments for :-		
1	Depreciation / Amortization	**711.882**	638.177
2	(Profit)/ Loss on sale of Fixed Assets	**(1.329)**	0.121
3	Bad debts written off	**184.992**	236.021
4	Advances, deposits and claims written off	**-**	9.025
5	Provision for loss on long term contracts	**47.215**	30.866
6	Provision for doubtful debts, advances and claims	**74.271**	41.992
7	Interest Income	**(95.924)**	(76.555)
8	Interest Expenses	**344.466**	337.850
9	Excess provision written back	**(1.066)**	(7.646)
10	Unrealized exchange (gain)/ Loss	**18.057**	26.907
11	Profit on sale of mutual funds	**(4.846)**	(4.144)
	Operating Profit Before Working capital changes	**2,491.006**	1,638.490
	Adjustments for :-		
1	(Increase)/ decrease in inventories	**9.839**	(964.375)
2	(Increase)/ decrease in trade receivables	**602.926**	(1,089.821)
3	(Increase)/ decrease in financial assets	**72.808**	109.554
4	(Increase)/ decrease in non-financial assets	**821.878**	28.405
5	Increase/ (decrease) in trade payable	**(1,455.349)**	977.110
6	Increase/ (decrease) in financial liabilities	**942.479**	(18.278)
7	Increase/ (decrease) in non-financial liabilities	**(26.731)**	20.688
8	Increase/ (decrease) in provisions	**(47.027)**	97.559
	Cash Generated from Operations	**3,411.829**	799.332
9	Income Tax (Paid) / Refunded	**(359.542)**	(181.945)
	Net Cash from Operating Activities	**3,052.287**	617.387
B	**Cash flows from Investing Activities**		
1	Purchase of Fixed Assets	**(1,446.737)**	(744.851)
2	Sale of Fixed Assets	**72.627**	94.292
3	Investment in subsidiaries, associates and joint venture	**-**	-
4	Purchase of Mutual funds	**(2,550.000)**	(2,980.000)
5	Sale of Mutual funds	**2,104.560**	2,984.144
6	Interest Received	**96.189**	75.816
7	Dividend received	**11.250**	2.251
	Net Cash from Investment Activities	**(1,712.111)**	(568.348)
C	**Cash Flows from Financing Activities**		
1	Proceeds from borrowing	**5,114.936**	3,009.913
2	Repayment of borrowings	**(3,131.183)**	(2,675.318)
3	Interest Paid	**(301.882)**	(321.759)
4	Dividend and tax on dividend paid	**(434.242)**	(246.049)
5	Loans and advances to joint venture/ associate	**2.659**	(1.019)
	Net Cash used in Financing Activities	**1,250.288**	(234.232)
a	Net Increase in Cash and Cash Equivalents (A+B+C)	**2,590.464**	(185.193)
b	Cash & Cash Equivalents at beginning of year	**583.862**	769.974
c	Unrealized Exchange Gain / (Loss) in cash and cash equivalents	**(4.750)**	(0.919)
d	Cash & Cash Equivalents at end of year (refer note 9) (a+b+c)	**3,169.576**	583.862

Note :- Previous year's figures are regrouped wherever necessary to make them comparable with the Current Year.
Cash flow is prepared using the indirect method.
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 SHARP & TANNAN ASSOCIATES
Chartered Accountants
(ICAI Firm Regn. No. 109983W)

For and on behalf of the Board of Directors

Tirtharaj Khot
Partner
Membership No: (F) - 037457
UDIN- 20037457AAAAAK6690

Sanjay Kirloskar
Chairman and Managing Director
DIN: 00007885

Rajeev Kher
Director
DIN: 01192524

Chittaranjan Mate
Chief Financial Officer

Sandeep Phadnis
Company Secretary

Pune : 05 June 2020

Pune : 05 June 2020

Consolidated Statement of Changes in Equity for the year ended 31 March 2020

(Amounts in Million Rupees)

A. Equity Share Capital

Balance as at 1 April 2018	Changes in equity share capital during the year	Balance as at 31 March 2019
158.818	-	158.818

Balance as at 31 March 2019	Changes in equity share capital during the year	Balance as at 31 March 2020
158.818	-	158.818

B. Other Equity

Particulars	Reserves and Surplus								Total
	Capital Reserve	Capital redemption	Securities Premium	General reserve	Foreign currency translation reserve	Retained Earnings	Total Reserves and Surplus	Non-Controlling interest	
Balance as at 1 April 2018	5.237	9.237	414.700	6,330.464	125.807	2,380.580	9,266.025	32.720	9,298.745
Profit for the year						34.812	34.812	(3.975)	30.837
Other comprehensive income					95.630	(3.812)	91.818	0.173	91.992
Dividends and tax thereof						(241.901)	(241.901)		(241.901)
Impact of transition to Ind AS 115			-	-		(216.500)	(216.500)		(216.500)
Transfer to / from retained earnings				4.133		(4.133)	-		-
Balance as at 31 March 2019	5.237	9.237	414.700	6,334.597	221.437	1,949.046	8,934.254	28.918	8,963.173
Profit for the year						718.991	718.991	(0.120)	718.871
Other comprehensive income					55.781	(4.169)	51.612	0.024	51.636
Dividends and tax thereof						(433.105)	(433.105)		(433.105)
Transfer to / from retained earnings							-		-
Impact of transition to Ind AS 115						-	-	-	-
Balance as at 31 March 2020	**5.237**	**9.237**	**414.700**	**6,334.597**	**277.218**	**2,230.763**	**9,271.752**	**28.822**	**9,300.574**

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
UDIN- 20037457AAAAAK6690

Pune : 05 June 2020

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

Sandeep Phadnis
Company Secretary

Pune : 05 June 2020

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies

(All amounts are in Indian rupees rounded to the nearest 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 it's 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 it's meeting held on 5 June 2020.

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.

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.%
The Kolhapur Steel Limited (TKSL)	India	99.78%
Kirloskar Corrocoat Private Limited (KCPL)	India	65%
Kirloskar Brothers International B V	The Netherlands	100%

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (contd.)

Name of the Company	Country of Incorporation	Proportion of ownership Interest of KBL
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 Overhaul 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 2020 are also consolidated. Accordingly, consolidated financials ended 31 March 2020, considers results for foreign subsidiaries for 12 months ended March 2020 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 theamount 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

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 datewhen 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
SPP Neviz Pumps Solutions Pty Ltd	South Africa	49%
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

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 million 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.
- **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)

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (contd.)

- **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, 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, 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.

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

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (contd.)

(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.

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.

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (contd.)

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 somecases 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.

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

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (contd.)

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.

2.13 Interest in joint operations

The company as joint operator recognizes in relation to its interest in a joint operation, it's 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 capitalizedin 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.

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (contd.)

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.

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 (25% of Project Cost for other projects, and 50% of Project Cost in case of Civil Projects outside India) 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.

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (contd.)

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.

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 aretranslated 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, arerecognised 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

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (contd.)

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.

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.

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (contd.)

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 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 dilutionin the computation of diluted earnings per share.

CONSOLIDATED NOTES TO ACCOUNTS

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:

o 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

o present obligation arising from past events, when no reliable estimate is possible; or

o 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.

a. Group as a Lessee

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

Initial Measurement

Right to use asset

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

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (contd.)

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:

o fixed payments (including in-substance fixed payments), less any lease incentives receivable;

o variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

o amounts expected to be payable by the Company under residual value guarantees;

o 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. 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.

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

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (contd.)

- 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.

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:

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (contd.)

- 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.

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, orthe 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.

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (contd.)

Derivative financial instruments

Initial recognition and subsequent measurement

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

2.26 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

Standards issued but not yet effective

- **Amendments to Ind AS 40, Investment Property**

  The exposure draft on amendments to Ind AS 40 issued by the Institute of Chartered Accountants of India propose to reinstate the fair value option thereby providing the entities an accounting policy choice to subsequently measure investment properties using either the cost model or the fair value model.

- **Amendments to Ind AS 1 "Presentation of Financial Statements" and Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Erors"**

  The exposure draft on amendments to Ind AS 1 and Ind AS 8 issued by the Institute of Chartered Accountants of India proposes to amended the definition of the term "Material" and to use a consistent definition of materiality throughout Indian Accounting Standards and the Conceptual Framework for Financial Reporting.

  The amendment clarifies when information is material. In particular, the amendments clarify:

  i) that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and

CONSOLIDATED NOTES TO ACCOUNTS

Significant accounting policies (contd.)

ii) the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

- **Amendments to Ind AS 109, Financial Instruments and Ind AS 107 Financial Instruments: Disclosures**

  Interest Rate Benchmark Reform The exposure draft on amendments to Ind AS 109 and Ind AS 107 issued by the Institute of Chartered Accountants of India proposes amendments to modify some specific hedge acounting requirements to provide relief from potential effects of the uncertainty caused by the Inter Bank Offer Rate (IBOR) reforms. Additionally, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

- **Amendments to Ind AS 103, Business Combinations**

  The exposure draft on amendments to Ind AS 103 issued by the Institute of Chartered Accountants of India proposes to amend the definition of "Business". Proposed guidance provides that an acquisition should include an input and a substantive process that together significantly contribute to the ability to create outputs.

  The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce. It is no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets and base the assessments on what has been acquired in its 'current state and condition'. The amendment also provides for an 'optional test', where substantially all of the fair value of gross assets is concentrated in a single asset (or group of similar assets), the assets acquired would not represent a business.

  However, above mentioned exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from 1 April, 2020 as at the date of approval of these financial statements. The company intends to adopt those standards when they become effective.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 3: Property, Plant and Equipment. Goodwill and Intangible assets

(Amounts in Million Rupees)

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 2018	616.687	83.131	2,456.556	5,835.151	629.541	32.657	110.288	1.736	9,765.747	176.202	281.177	189.874	471.051
Additions	5.958	0.558	45.657	488.425	43.387	17.931	16.629	-	618.545		9.349	-	9.349
Acquired through business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals /imapairment	-	-	2.000	63.566	0.809	2.987	1.519	0.022	70.903	36.296	0.834	30.225	31.059
Exchange difference	12.498	(0.014)	27.614	77.541	(11.922)	0.000	(0.779)	-	104.938	0.942	0.291	33.126	33.417
As at 31 March 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
Acquired through business combinations	-	-	-	-	-	-	-	-	-		-	-	-
Disposals /imapairment	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**
Depreciation/ Amortisation													
As at 1 April 2018	-	4.868	582.734	4,313.656	508.095	19.729	70.860	1.617	5,501.559	-	220.189	108.248	328.437
Charge for the year	-	1.298	72.713	437.988	47.484	5.400	9.938	0.013	574.834	-	35.429	27.808	63.237
Acquired through business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation on disposal	-	-	0.463	37.975	0.657	3.284	0.620	0.013	43.012	-	0.834	-	0.834
Exchange difference	-	(0.000)	9.442	54.628	(14.341)	(0.001)	(0.778)	-	48.950		(0.421)	27.968	27.547
As at 31 March 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
Acquired through business combinations	-	-	-	-	-	-	-	-	-		-	-	-
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**
Net block													
As at 1 April 2018	616.687	78.263	1,873.822	1,521.495	121.446	12.928	39.428	0.119	4,264.188	176.202	60.988	81.626	142.614
As at 31 March 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**

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 Rupees)

Particulars	Investment property
Gross Block	
As at 1 April 2018	25.724
Additions	-
Disposals	-
As at 31 March 2019	25.724
Additions	-
Disposals	-
As at 31 March 2020	25.724
Depreciation and Impairment	
As at 1 April 2018	0.318
Charge for the year	0.106
Depreciation on disposals	
As at 31 March 2019	0.424
Charge for the year	0.106
Depreciation on disposals	
As at 31 March 2020	**0.530**
Net block	
As at 1 April 2018	25.406
As at 31 March 2019	25.300
As at 31 March 2020	**25.194**

Information regarding income and expenditure of investment property

Particulars	**Year ended 31 March 2020**	Year ended 31 March 2019
Rental Income derived from investment property	**0.035**	0.153
Less: Direct operating expenses *		
Profit arising from investment properties before depreciation and indirect expenses	**0.035**	0.153
Less - Depreciation	**0.106**	0.106
Profit/ (loss) arising from investment properties after depreciation and indirect expenses	**(0.071)**	0.047

* Considering the materiality, operating expenses are not apportioned to investment property.

Fair value

The group obtains independent valuations for its investments 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 Rupees)

	Particulars	31 March 2020	31 March 2019
I	**Long term investments - at cost**		
	(a) Investment in Equity instruments	593.453	573.950
	(b) Capital contribution in Partnership Firm	0.005	0.005
	Total	**593.458**	573.955
II	Current investment	450.285	-
		450.285	-

	Particulars	31 March 2020	31 March 2019
	Aggregate amount of quoted investments	**450.285**	-
	Aggregate amount of unquoted investments	**593.458**	573.955

Sr No.	Particulars	Face Value	Partly Paid / Fully paid	Extent of holding (%)		No. of Shares / Units		Amount in Rupees	
				31 March 2020	31 March 2019	**31 March 2020**	31 March 2019	**31 March 2020**	31 March 2019
	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	**593.015**	573.448
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**	0.497
	Total Investments accounted using equity method							**593.453**	**573.950**
	Total Investments							**593.458**	**573.955**

Current investments

3 Investment accounted using fair value through profit and loss

(Amounts in Million Rupees)

		31 March 2020	31 March 2019
a	Investment in mutual funds	450.285	-

All joint ventures and associate companies are incorporated and have place of buisness as India except, the SPP Neviz Pump Solution Propritary 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 Rupees)

Particulars	31 March 2020	31 March 2019
Non-current		
Unsecured, considered good	**644.640**	306.352
Doubtful	**604.293**	731.579
	1,248.933	1,037.931
Less: Provision for significant increase in credit risk and credit impaired receivables	**604.293**	731.579
	644.640	306.352
Current		
Unsecured, considered good	**4,896.584**	6,097.062
Doubtful	**137.187**	195.012
	5,033.771	6,292.074
Less: Provision for significant increase in credit risk and credit impaired receivables	**137.187**	195.012
	4,896.584	6,097.062
Total trade receivables	**5,541.224**	6,403.414

Trade receivables are non-interest bearing and are generally on terms of 1 to 90 days.

Note 7 : Financial Assets: Loans

Particulars	31 March 2020	31 March 2019
Non-current		
(a) **Security deposits**		
Unsecured, considered good	**97.929**	132.014
Doubtful	**30.679**	29.530
	128.608	161.544
Less: Provision for significant increase in credit risk and credit impaired deposits	**30.679**	29.530
	97.929	132.014
(b) **Advances to Joint venture**	**-**	0.884
	97.929	132.898
Current		
(a) **Security deposits**		
Unsecured, considered good	**983.108**	943.032
(b) **Advances to Joint venture and associates**	**-**	1.775
	983.108	944.807
Total loans	**1,081.037**	1,077.705

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 8 : Financial Assets: Other financial assets

(Amounts in Million Rupees)

Particulars	31 March 2020	31 March 2019
Non-current		
(a) **Claims receivable**		
Unsecured, considered good	**16.974**	7.249
Doubtful	**12.157**	3.845
	29.131	11.094
Less: Provision for significant increase in credit risk and credit impaired claims	**12.157**	3.845
	16.974	7.249
(b) **Fixed deposits with the original maturity of more than 12 months**	**39.019**	36.198
(c) **Interest accrued**	**0.033**	-
	56.026	43.447
Current		
(a) **Claims receivable**		
Unsecured, considered good	**43.839**	22.402
(b) **Interest accrued**	**0.886**	1.149
	44.725	23.551
Total other financial asset	**100.751**	66.998

Note 9 : Other assets

Particulars	31 March 2020	31 March 2019
Non-current		
(a) **Capital advances**	**51.694**	55.206
(b) **Advances to supplier and others**		
Unsecured, considered good	**46.214**	330.712
Doubtful	**68.168**	68.603
	114.382	399.315
Less: Provision for doubtful advances	**68.168**	68.603
	46.214	330.712
(c) **Prepaid expenses**	**3.744**	3.025
(d) **Gross amount due from customer for project related contract work**	**-**	9.504
(e) **Retention**	**434.269**	83.318
(f) **Advance income tax (net of provision)**	**428.144**	495.858
(g) **Claims receivable**	**0.162**	0.165
	964.227	977.788
Current		
(a) **Advances to supplier and others**		
Unsecured, considered good	**542.197**	251.058
(b) **Prepaid expenses**	**253.684**	252.048
(c) **Gross amount due from customer for project related contract work**	**304.795**	204.513
(d) **Retention**	**1,847.310**	2,917.800
(e) **Claims receivable**	**1,531.049**	1,729.645
	4,479.035	5,355.064
Total other assets	**5,443.262**	6,332.852

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

Note 10 : Inventories

Particulars		31 March 2020	31 March 2019
(a)	Raw Materials (*)	**1,822.583**	1,864.344
(b)	Work-in-progress	**2,164.018**	2,489.090
(c)	Finished goods	**1,671.288**	1,353.153
(d)	Stock-in-trade	**362.839**	339.659
(e)	Stores and spares	**136.101**	120.422
	(Mode of valuation refer note 2.7)		
		6,156.829	6,166.668

(*) 'Include goods in transit - Rs 256.505 MN (2019 : Rs 100.290 MN)

Amounts recognised in profit or loss

Write-down of inventories to net realizable value/ any loss due to it's obsolete nature (net of reversal) amounted to Rs. 24.996 MN (31 March 2019: Rs.1.110 MN) was recognised as an expense during the year.

Note 11 A : Cash and cash equivalents

Particulars		31 March 2020	31 March 2019
(a)	**Balances with bank**		
	In current and EEFC account (Including cheques on hand)	**1,825.519**	575.410
	Other bank deposits (including fixed deposits with original maturity of less than 3 months)	**1,342.144**	5.931
(b)	**Cash on hand**	**1.913**	2.521
		3,169.576	583.862

Note 11 B : Other bank balances

Particulars		31 March 2020	31 March 2019
(a)	**Earmarked balances with bank**		
	Unpaid dividend accounts	**18.894**	20.031
(b)	**Other deposits**	**3.464**	121.521
(c)	**Margin money**	**16.228**	9.850
		38.586	151.402

Note 12: Equity share capital

Particulars	31 March 2020	31 March 2019
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.

The company has paid interim dividend of Rs 2 in the year ended 31 March 2020.

For the year ended 31 March 2020 the board of directors have proposed dividend of Rs 0.5 (2019: Rs 2.5) per share subject to shareholders' approval.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Note 12: Equity share capital (Contd.)

b) Reconciliation of share capital

Particulars	31 March 2020		31 March 2019	
	Number	Amount (Million Rs)	Number	Amount (Million Rs)
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

Particulars	31 March 2020		31 March 2019	
	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%	1,78,39,037	22.46%
Mrs. Pratima Sanjay Kirloskar	1,38,40,488	17.43%	1,38,40,488	17.43%
Reliance Capital Trustee Co. Ltd	51,72,770	6.51%	39,76,103	5.01%

* includes 1,761,919 (1,761,919), 2% (2%) shares held in the capacity of a trustee.

d) Shares reserved for Employee Stock Option Scheme (ESOS)

Particulars	31 March 2020		31 March 2019	
	Number	Amount (Million Rs)	Number	Amount (Million Rs)
Shares reserved for ESOS scheme	-	-	51,61,840	10.324

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.)

(Amounts in Million Rs)

Note 13: Other equity

	Particulars	31 March 2020	31 March 2019
(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**		
	Opening balance	**6,334.597**	6,330.464
	Add: Transfer from retained earnings	**-**	4.133
	Closing balance	**6,334.597**	6,334.597
(e)	**Foreign Currency Translation Reserve**		
	Opening balance	**221.437**	125.807
	Add: Current year transfer	**55.781**	95.630
	Closing balance	**277.218**	221.437
(f)	**Retained Earning**		
	Opening balance	**1,949.046**	2,380.580
	Add: Net profit for the year	**718.991**	34.812
	Other comprehensive income for the year	**(4.169)**	(3.812)
	Balance available for appropriation	**2,663.868**	2,411.580
	Less: Appropriations :		
	Final dividend paid including tax	**433.105**	241.901
	Less: Impact of transition to Ind AS 115	**-**	216.500
	Less: Transfer to general reserve	**-**	4.133
	Sub total	**433.105**	462.534
	Closing balance	**2,230.763**	1,949.046
		9,271.752	8,934.254

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.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Note 13: Other equity (Contd.)

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.

Note 14 : Financial Liabilities: Borrowings

Particulars	**31 March 2020**	31 March 2019
Non-current		
Secured		
Term loan from various banks	**1,449.574**	781.626
(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 varing 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)	**281.269**	161.110
	1,168.305	620.516
Unsecured		
Other unsecured borrowings	**1.906**	5.529
(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 repayable till December 2020.)		
Less- Current maturities of non -current borrowings disclosed under the head 'Other Current financial Liabilities (refer note 16)	**-**	3.623
	1.906	1.906
	1,170.211	622.422
Current		
Secured		
Loans repayable on demand from bank		
(i) Cash / export credit facilities	**353.317**	1,165.127
(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)	**3,476.025**	1,844.786
(ii) Commecial paper	**500.000**	-
Terms of loan : Loan carries interest @ 6.85% p.a. and secured against inventories and receivables.		
Total secured loan - Current	**4,329.342**	3,009.913
Total current borrowings	**4,329.342**	3,009.913
Total borrowings	**5,499.553**	3,632.335

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Note 15 : Financial Liabilities: Trade payables

Particulars	31 March 2020	31 March 2019
Non-current		
Total outstanding dues of creditors other than micro, small and medium enterprises	**102.992**	156.842
	102.992	156.842
Current		
Total outstanding dues of micro, small and medium enterprises (refer note 42)	**676.794**	1,055.857
Total outstanding dues of creditors other than micro, small and medium enterprises	**4,673.193**	5,695.629
	5,349.987	6,751.486
Total trade payable	**5,452.979**	6,908.328

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 2020	31 March 2019
Non-Current		
(a) Lease liabilities	**202.160**	-
(b) Other liabilities	**13.287**	12.266
	215.447	12.266
Current		
(a) **Current maturities of long term loan and other borrowings** (refer note 14)	**281.269**	164.733
(b) **Forward contract liability**	**73.852**	25.874
(c) **Investor Education & Protection fund**		
(will be credited as and when due).		
Unclaimed dividends	**18.894**	20.031
(d) **Others**		
Trade deposits	**86.839**	76.087
Salary and reimbursements	**580.792**	544.885
Payables on account of purchases of fixed assets	**29.989**	47.424
Provision for expenses and other liabilities	**1,114.356**	714.764
Lease liability	**304.021**	-
	2,115.997	1,383.160
	2,490.012	1,593.798
Total other financial liabilities	**2,705.459**	1,606.064

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.)

(Amounts in Million Rs)

Note 17: Provisions

Particulars	31 March 2020	31 March 2019
Non-current		
Provision for employee benefits		
(a) Compensated absences (refer note 38)	**152.293**	159.917
(b) Pension scheme (refer note 34)	**35.336**	33.669
(c) Gratuity (refer note 34)	**25.997**	29.553
	213.626	223.139
Other provision		
(a) Provision for product warranty (refer note 38)	**35.992**	37.911
(b) Provision for decommissioning and restoration costs (refer note 38)	**7.595**	7.018
(c) Other provisions (refer note 19)	**-**	2.964
	43.587	47.893
	257.213	271.032
Current		
Provision for employee benefits		
(a) Compensated absences (refer note 38)	**175.442**	154.867
(b) Gratuity (refer note 34)	**46.463**	37.534
(c) Provident fund (refer note 34)	**9.386**	-
	231.291	192.401
Other provision (refer note 38)		
(a) Provision for product warranty	**327.167**	306.965
(b) Provision for loss on long term contracts	**68.910**	116.125
	396.077	423.090
	627.368	615.491
Total provisions	**884.581**	886.523

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Note 18: Other liabilities

Particulars	**31 March 2020**	31 March 2019
Non-current		
(a) Gross amount due to customers for project related contract work	**72.683**	91.987
(b) Advance from customer	**171.684**	165.049
(c) Deferred revenue	**-**	0.210
	244.367	257.246
Current		
(a) Gross amount due to customers for project related contract work	**1,668.483**	1,551.851
(b) Advance from customer	**2,228.361**	2,279.056
(c) Contribution to PF and superannuation	**85.677**	69.546
(d) Statutory dues	**83.572**	77.167
(e) Deferred revenue	**166.403**	268.728
	4,232.496	4,246.348
Total other non-financial liabilities	**4,476.863**	4,503.594

Note 19: Income Tax

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

(a) Statement of profit and loss

Particulars	**Year Ended 31 March 2020**	Year Ended 31 March 2019
Current income tax:		
Current income tax charge (Net of MAT credit entitlement)	**410.279**	510.942
Adjustments in respect of current income tax of previous year	**(11.983)**	0.947
Deferred tax:		
Relating to origination and reversal of temporary differences	**132.219**	(53.503)
Income tax expense reported in the statement of profit or loss	**530.515**	458.386

(b) Statement of other comprehensive income (OCI)

Tax related to items recognised in OCI during in the year:

Particulars	**Year ended 31 March 2020**	Year ended 31 March 2019
Related to remeasurement gains and losses		
Income tax charged to OCI	**(0.263)**	(0.905)
Deferred tax charged to OCI	**1.434**	(0.525)
	1.171	(1.430)

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Note 19: Income Tax (Contd.)

(2) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31 March 2020 and 31 March 2019:

Particulars	Year Ended 31 March 2020	Year Ended 31 March 2019
Accounting profit before tax	**1,213.288**	405.876
At India's statutory income tax rate of 25.63%/ (34.944%) (a)	**310.966**	141.829
Adjustments		
Add: Accelerated deduction		
Research and development expenses	-	105.698
80 IA	-	35.597
Allowance of TDS on payment basis		
Subtotal (b)	-	141.295
Less : Non deductible expenses (c) (Including provisions for advances, Interest on TDS, donation, penalties etc.)	**61.092**	37.177
Sub total (d) = (b-c)	**(61.092)**	104.118
Tax impact of above adjustments	**(15.658)**	36.383
MAT credit assets (not recorded) / Utilized	**7.442**	27.397
Rate difference on opening DTA/ DTL/ different tax rates from holding company	**(141.044)**	(193.472)
Tax impact of B/F losses (Tax losses on which DTA is not recognised)	**(72.105)**	(114.824)
Other items	**(9.296)**	1.574
Effect of overseas branch exemption	**(2.256)**	(8.526)
Earlier year short provision	**13.368**	1.363
Reversal of deferred tax recognised in earlier years	-	(66.452)
Total (e)	**(219.553)**	(316.556)
Tax expenses at effective rate (a-e)	**530.515**	458.386
Tax expenses recorded in books	**530.515**	458.386

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Note 19: Income Tax (Contd.)

(3) Movement in deferred tax

(a) Balance Sheet

Deferred tax relates to the following: DTL/ (DTA)	**31 March 2020**	31 March 2019
Property, plant and equipment (Depreciation)	**94.599**	144.103
Employee benefits	**(119.425)**	(152.078)
Provision for doubtful debts and advances	**(290.852)**	(400.009)
"Others - (DTA) /DTL "(Including deferred tax on undistributed profits of joint venture and carry forwarded losses)"	**(4.517)**	(46.787)
	(320.195)	(454.771)
MAT credit	**-**	-
	(320.195)	(454.771)
Reflected in balance sheet as Deferred tax asset	**320.195**	454.771

(b) Statement of Profit and loss

Particulars	**Year ended 31 March 2020**	Year ended 31 March 2019
Property, plant and equipment (Depreciation)	**(49.504)**	4.536
Employee benefits	**32.652**	(9.562)
Provision for doubtful debts and advances	**109.157**	(109.266)
"Others - (DTA) /DTL "(Including deferred tax on undistributed profits of joint venture and carry forwarded losses)"	**42.269**	15.442
	134.575	(98.850)
Provision for gross amount due from customer directly recognised in reserves on transition to Ind AS 115		45.874
MAT Credit utilised and forex difference	**(3.790)**	
Deferred tax expense/(income)	**130.785**	(52.976)

(c) Unrecognized temporary differences

Subsidiaries of group have undistributed earnings of INR 1124 MN, which will attract tax on distribution to parent company. However deferred tax on that is not recognised, since the parent company is either able to control timing of reversal of such distribution or is eligible to get the credit for tax of dividend so distributed.

(4) Movement in Current tax

(a) Balance Sheet

Reflected in balance sheet as	**31 March 2020**	31 March 2019
Non- current advance tax	**428.144**	495.858
Current advance tax	**62.003**	33.043
	490.147	528.901

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

(b) Statement of Profit and loss and other comprehensive income

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Current tax (asset)/ liability as at beginning of year	**(528.901)**	(859.750)
Add: Additional provision during the year - Statement of Profit and loss account	**398.296**	511.889
Add: Additional provision during the year - Other comprehensive income	**(0.263)**	(0.905)
Less: Current tax paid during the year (Net of refund received for previous years)	**(359.279)**	(180.135)
Non Current tax (asset)/ liability as at end of year	**(490.147)**	(528.901)

(c) Tax on dividend

Company has paid interim dividend @100% per share i.e. Rs 2.0 per share. The tax paid on dividend declared is Rs 32.645 MN.

(d) Change in tax rate

The company and Indian Subsidiaries have computed the tax expense of the current financial year as per the new tax regime announced. Accordingly, the company has recognized provision for income tax for the year ended 31 March 2020 and re-measured its deferred tax asset as per revised rate prescribed i.e. 25.63% (PY-34.944%)

Note 20: Revenue from operations

	Particulars	Year ended 31 March 2020	Year ended 31 March 2019
(a)	**Sale of products** (Refer note 30 for the construction contract revenue)	**30,364.159**	32,320.392
(b)	**Sale of services**	**493.740**	714.105
		30,857.899	33,034.497
(c)	**Other operating revenues**	**496.405**	455.330
	(majorly includes scrap sales and exports benefits)	**31,354.304**	33,489.827

Note 21: Other income

	Particulars	Year ended 31 March 2020	Year ended 31 March 2019
(a)	**Interest Income**		
	From customers and others	**95.924**	76.555
	On income tax and sales tax refund	**27.784**	88.454
(b)	**Release of deferred income**	**0.633**	4.357
(c)	**Profit on sale of mutual fund investment**	**4.846**	4.144
(d)	**Other non-operating income**	**222.859**	63.162
(e)	**Foreign exchange gain**	**23.398**	-
		375.444	236.672

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Note 22: Cost of raw materials consumed , Changes in inventories of finished goods, stock-in -trade and work-in-progress

Particulars		Year ended 31 March 2020	Year ended 31 March 2019
(a)	**Raw material consumed** (Including packing material)	**14,600.386**	16,618.102
(b)	**Changes in inventories of finished goods, work-in-progress and stock-in-trade**		
	Opening Stock (Refer note 10)		
	Finished goods	**1,353.153**	1,335.571
	Work-in- progress	**2,489.090**	1,636.251
	Stock in trade	**339.659**	235.425
		4,181.902	3,207.247
	Closing 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
		(16.243)	(974.655)

Note 23: Employee benefits expense

Particulars		Year ended 31 March 2020	Year ended 31 March 2019
(a)	Salaries, wages and bonus	**4,796.977**	5,242.885
(b)	Defined contribution plans Contribution to provident fund, superannuation fund and ESIC	**217.068**	268.688
(c)	Defined benefit plans Gratuity, Provident fund and Pension	**121.372**	105.157
(d)	Welfare expenses	**175.649**	221.442
		5,311.066	5,838.172

Note 24: Finance Costs

Particulars		Year ended 31 March 2020	Year ended 31 March 2019
(a)	**Interest expense** (at effective interest rate/ market rate of interest)	**344.466**	337.850
(b)	**Other borrowing costs** (includes bank guarantee commission, LC charges, loan processing charges)	**176.069**	132.047
		520.535	469.897

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Note 25: Depreciation and amortization expense

Particulars		Year ended 31 March 2020	Year ended 31 March 2019
(a)	Depreciation on property, plant and equipment and investment property	**554.728**	574.940
(b)	Amortization of intangible assets	**31.843**	63.237
(c)	Amortisation of right to use assets (Lease)	**125.311**	-
		711.882	638.177

Note 26: Other expenses

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Other Manufacturing Expenses		
Stores and spares consumed	**1,100.276**	1,177.221
Processing charges	**716.756**	714.754
Power & fuel	**447.941**	489.031
Repairs and maintenance		
Plant and machinery	**152.884**	201.375
Buildings	**95.052**	84.444
Other	**73.177**	79.886
Other expenses		
Subvention charges	**185.375**	-
Rent	**55.120**	221.634
Rates and taxes	**147.320**	84.340
Travel and conveyance	**453.832**	590.661
Communication expenses	**111.308**	128.404
Insurance	**199.843**	211.817
Directors' sitting fees	**5.065**	6.248
Royalties and fees *	**60.038**	65.160
Freight and forwarding charges	**726.729**	958.091
Brokerage and commission	**245.365**	270.851
Advertisements and publicity	**486.319**	448.470
Provision for product warranty	**299.011**	262.328
Loss on sale/disposal of fixed assets	**1.598**	2.210
Provision for doubtful debts, advances and claims	**74.271**	41.992
Bad debts written off	**184.992**	236.021
Advances, deposits and claims written off	**-**	9.025
Auditor's remuneration (refer note 31)	**47.954**	50.477
Professional, consultancy and legal expenses	**596.223**	402.947
Security services	**72.588**	66.095
Computer services	**238.405**	264.755
Non-executive directors remuneration	**10.240**	10.000
Stationery & Printing	**34.506**	39.424
Training course expenses	**22.263**	26.479
Outside labour charges	**378.978**	402.264
Foreign exchange difference (net)	**-**	269.061
Corporate social responsibility expenses (refer note 43)	**26.132**	17.332
Other miscellaneous expenses	**304.128**	252.110
	7,553.689	8,084.907

* As specified in the note given in the Board's Report in respect of 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, made provision for Royalty.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Note 27: Other Comprehensive Income

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Items that will not be reclassified to statement of profit and loss		
Remeasurements gains and losses on post employments benefits	**2.131**	(3.870)
Tax on Remeasurements gains and losses	**(1.171)**	1.430
Share in other comprehensive income of joint venture company	**(2.977)**	(1.198)
Items that will be reclassified to statement of profit and loss		
Foreign exchange loss	**-**	-
Gains/ losses on currency translation for foreign subsidiaries	**55.781**	95.630
	53.764	91.992

Note 28 : Contingent liabilities

	Particulars	31 March 2020	31 March 2019
	Other money for which the company is contingently liable for		
i)	Central Excise and Service tax (Matter Subjudice)	**1,043.720**	1,075.746
ii)	Sales Tax (Matter Subjudice)	**401.417**	391.684
iii)	Income Tax (Matter Subjudice)	**655.209**	589.418
iv)	Labour Matters (Matter Subjudice)	**54.576**	50.387
v)	Other Legal Cases (Matter Subjudice)	**524.118**	468.743
		2,679.040	2,575.978

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 resepct to above matters.

Note 29 : Commitments

	Particulars	31 March 2020	31 March 2019
i)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	**367.815**	293.372
ii)	Letters of credit outstanding	**807.419**	1,225.049
iii)	Rental commitments		
	Commitments for minimum lease payments in relation to non-cancellable operating leases are as		
	Less than 1 year	**57.873**	73.555
	1 to 5 years	**86.996**	111.961
	More than 5 years	**-**	-
		1,320.103	1,703.937

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

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

Particulars		**Year Ended 31 March 2020**	Year Ended 31 March 2019
a)	Contract Revenue recognised as revenue for the year	**1,133.471**	1,020.394
b)	Advances received	**1,180.303**	1,113.353
c)	Amount of retentions	**2,281.580**	3,001.119
d)	**Gross amount due from customer**		
	Contract costs incurred	**9,183.321**	10,102.994
	Recognised Profits less recognised Losses	**2,457.461**	2,335.543
	Less: Progress Billing	**11,173.976**	12,039.699
	Less: Provision for gross amount due from customer	**162.011**	184.821
	Net	**304.795**	214.017
e)	**Gross amount due to customer**		
	Contract costs incurred	**30,575.754**	30,220.997
	Recognised Profits less recognised Losses	**5,336.560**	5,858.128
	Less: Progress Billing	**37,653.480**	37,722.963
	Net	**(1,741.166)**	(1,643.838)

b) Reconciliation of revenue from sale of products with the contracted price

Particulars		**Year Ended 31 March 2020**	Year Ended 31 March 2019
a)	Contracted price	**31,345.479**	33,356.491
b)	Less - trade discounts, volume rebates, late delivery charges etc	**487.580**	321.994
	Total revenue	**30,857.899**	33,034.497

Note 31: Remuneration to Auditors

Particulars	**Year Ended 31 March 2020**	Year Ended 31 March 2019
Statutory Auditors :		
a) Audit Fees	**37.059**	43.975
b) Tax Audit Fees	**3.350**	0.975
c) VAT/ GST Audit Fees	**0.394**	0.075
d) Limited Review	**2.100**	1.200
e) Certification services	**0.178**	0.370
f) Other services	**4.077**	2.740
g) Expenses reimbursed	**0.796**	1.142
Sub total	**47.954**	50.477

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Note 32 : Earning per Share (Basic and diluted)

	Particulars	**Year Ended 31 March 2020**	Year Ended 31 March 2019
a)	Profit for the year before tax	**1,213.288**	405.876
	Less : Attributable Tax thereto	**530.515**	458.386
	Add: Share of profit/ loss in joint venture company	**36.098**	83.347
		718.871	30.837
	Less: Attributable to Non-controlling interest	**0.120**	(3.975)
	Profit attributable to owners of equity	**718.991**	34.812
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	**9.05**	0.44

Note 33 : Expenditure on research & development activities

	Particulars	**Year Ended 31 March 2020**	Year Ended 31 March 2019
A	Revenue expenditure	**258.995**	254.201
B	Capital Expenditure	**70.199**	103.706
		329.194	357.907

Note 34 : Employee Benefits :

i. Defined Contribution Plans:

Amount of Rs.217.068 Mln. PY (Rs 268.688 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

	Particulars	**31 March 2020**		31 March 2019	
		Gratuity Plan (Funded)	**Provident Fund* (Funded)**	Gratuity Plan (Funded)	Provident Fund* (Funded)
A.	Amount to be recognised in Balance Sheet				
	Present Value of Defined Benefit Obligation	**516.202**	**52.986**	490.566	22.684
	Less: Fair Value of Plan Assets	**475.604**	**43.600**	460.623	52.362
	Amount to be recognised as liability or (asset)	**40.598**	**9.386**	29.943	(29.678)
B.	Amounts reflected in the Balance Sheet				
	Liabilities	**40.598**	**9.386**	29.943	
	Assets	**-**		-	29.678
	Net Liability/(Assets)	**40.598**	**9.386**	29.943	(29.678)

* Company had not recognised the Provident fund asset on conservative basis in earlier years. In current year, as there is provident fund liability on account of interest shortfall, company has adjusted remeasurements losses recognised in other comprehensive income and restricted that to Rs 6.531 MN)

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Note 34 : Employee Benefits : (Contd.)

b) The amounts recognised in the Profit and Loss Statement are as follows: Funded Plan

	Particulars	**2019-20**		2018-19	
		Gratuity Plan (Funded)	**Provident Fund (Funded)**	Gratuity Plan (Funded)	Provident Fund (Funded)
1	Current Service Cost	**40.421**	**2.855**	36.883	1.250
2	Acquisition (gain)/ loss	**-**	**-**	-	-
3	Past Service Cost	**-**	**-**	-	-
3	Net Interest (income)/expenses	**1.195**	**(2.226)**	0.009	(2.976)
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)	**41.616**	**0.629**	36.892	(1.726)

c) The amounts recognised in the statement of other comprehensive income (OCI) : Funded Plan

	Particulars	**2019-20**		2018-19	
		Gratuity Plan (Funded)	**Provident Fund (Funded)**	Gratuity Plan (Funded)	Provident Fund (Funded)
1	Opening amount recognised in OCI outside profit and loss account	**-**	**-**	-	-
2	Remeasurements for the year				
	- Obligation (Gain)/loss	**(7.152)**	**25.746**	(1.403)	11.366
3	Remeasurement for the year - Plan assets (Gain) / Loss	**4.611**	**12.689**	(3.346)	(0.161)
4	Total Remeasurements Cost / (Credit) for the year recognised in OCI	**(2.541)**	**38.435**	(4.749)	11.205
5	Less: Accumulated balances transferred to retained earnings	**(2.541)**	**38.435**	(4.749)	11.205
	Closing balances (remeasurement (gain)/loss recognised OCI	**-**	**-**	-	-

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Note 34 : Employee Benefits : (Contd.)

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 2020**		31 March 2019	
		Gratuity Plan (Funded)	**Provident Fund (Funded)**	Gratuity Plan (Funded)	Provident Fund (Funded)
1	Balance of the present value of Defined benefit Obligation at the beginning year	**490.566**	**22.684**	460.678	9.357
2	Acquisition adjustment	**-**	**-**	-	-
3	Transfer in/ (out)	**0.645**	**-**	(3.175)	-
4	Interest expenses	**35.225**	**1.701**	33.485	0.711
5	Past Service Cost	**-**	**-**	-	-
6	Current Service Cost	**40.421**	**2.855**	36.883	1.250
7	Curtailment Cost / (credit)	**-**	**-**	-	-
8	Settlement Cost/ (credit)	**-**	**-**	-	-
9	Benefits paid	**(43.503)**	**-**	(35.902)	-
10	Remeasurements on obligation - (Gain) / Loss	**(7.152)**	**25.746**	(1.403)	11.366
	Present value of obligation as at the end of the year	**516.202**	**52.986**	490.566	22.684

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 2020**		31 March 2019	
		Gratuity Plan (Funded)	**Provident Fund (Funded)**	Gratuity Plan (Funded)	Provident Fund (Funded)
1	Fair value of the plan assets as at beginning of the year	**460.623**	**52.362**	435.730	48.514
2	Acquisition adjustment	**-**	**-**	-	-
3	Transfer in/(out)	**-**	**-**	-	-
4	Interest income	**34.030**	**3.927**	33.476	3.687
5	Contributions	**29.065**	**-**	23.973	-
6	Benefits paid	**(43.503)**	**-**	(35.902)	-
7	Amount paid on settlement	**-**	**-**	-	-
8	Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	**(4.611)**	**(12.689)**	3.346	0.161
	Fair value of plan assets as at the end of the year	**475.604**	**43.600**	460.623	52.362

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Note 34 : Employee Benefits : (Contd.)

f) Net interest (Income) /expenses: Funded Plan

	Particulars	31 March 2020		31 March 2019	
		Gratuity Plan (Funded)	**Provident Fund (Funded)**	Gratuity Plan (Funded)	Provident Fund (Funded)
1	Interest (Income) / Expense – Obligation	**35.225**	**1.701**	33.485	0.711
2	Interest (Income) / Expense – Plan assets	**(34.030)**	**(3.927)**	(33.476)	(3.687)
3	Net Interest (Income) / Expense for the year	**1.195**	**(2.226)**	0.009	(2.976)

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.

h) The amounts pertaining to defined benefit plans are as follows: Funded Plan

Particulars	31 March 2020		31 March 2019	
	Gratuity Plan (Funded)	**Provident Fund (Funded)**	Gratuity Plan (Funded)	Provident Fund (Funded)
Defined Benefit Obligation	**516.202**	**52.986**	490.566	22.684
Plan Assets	**475.604**	**43.600**	460.623	52.362
Surplus/(Deficit)	**(40.598)**	**(9.386)**	(29.943)	29.678

i) The amounts recognised in Balance Sheet are as follows: Non Funded Plan

	Particulars	31 March 2020		31 March 2019	
		Gratuity Scheme (Non Funded)	**Pension Scheme (Non Funded)**	Gratuity Scheme (Non Funded)	Pension Scheme (Non Funded)
A.	Amount to be recognised in Balance Sheet				
	Present Value of Defined Benefit Obligation	**31.862**	**35.337**	37.144	33.669
	Less: Fair Value of Plan Assets		**-**		-
	Amount to be recognised as liability or (asset)	**31.862**	**35.337**	37.144	33.669
B.	Amounts reflected in the Balance Sheet				
	Liabilities	**31.862**	**35.337**	37.144	33.669
	Assets		**-**		-
	Net Liability/(Assets)	**31.862**	**35.337**	37.144	33.669

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Note 34 : Employee Benefits : (Contd.)

j) The amounts recognised in the Profit and Loss Statement are as follows: Non Funded Plan

	Particulars	**31 March 2020**		31 March 2019	
		Gratuity (Non Funded)	**Pension Scheme (Non Funded)**	Gratuity (Non Funded)	Pension Scheme (Non Funded)
1	Current Service Cost	**2.200**	**2.538**	2.122	3.916
2	Acquisition (gain)/ loss	**-**	**-**	-	-
3	Past Service Cost	**-**	**0.397**	-	-
3	Net Interest (income)/expenses	**2.647**	**0.267**	2.548	1.790
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)	**4.847**	**5.123**	4.670	5.706

k) The amounts recognised in the statement of other comprehensive income (OCI) : Non Funded Plan

	Particulars	**31 March 2020**		31 March 2019	
		Gratuity (Non Funded)	**Pension Scheme (Non Funded)**	Gratuity (Non Funded)	Pension Scheme (Non Funded)
1	Opening amount recognised in OCI outside profit and loss account	**-**	**-**	-	-
2	Remeasurements for the year - Obligation (Gain)/loss	**(5.511)**	**(2.848)**	1.006	7.418
3	Remeasurement for the year - Plan assets (Gain) / Loss	**-**	**-**	-	-
4	Total Remeasurements Cost / (Credit) for the year recognised in OCI	**(5.511)**	**(2.848)**	1.006	7.418
5	Less: Accumulated balances transferred to retained earnings	**(5.511)**	**(2.848)**	1.006	7.418
	Closing balances (remeasurement (gain)/ loss recognised OCI	**-**	**-**	-	-

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Note 34 : Employee Benefits : (Contd.)

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	2019-20		2018-19	
		Gratuity (Non Funded)	**Pension Scheme (Non Funded)**	Gratuity (Non Funded)	Pension Scheme (Non Funded)
1	Balance of the present value of - Defined benefit Obligation as at beginning of the year	**37.144**	**33.669**	34.704	27.967
2	Acquisition adjustment	**-**	**-**	-	-
3	Transfer in/ (out)	**-**	**-**	-	-
4	Interest expenses	**2.647**	**2.188**	2.548	1.790
5	Past Service Cost	**-**	**0.397**	-	-
6	Current Service Cost	**2.200**	**2.538**	2.122	3.916
7	Benefits paid	**(4.618)**	**(7.033)**	(3.236)	(4.391)
8	Remeasurements on obligation - (Gain) / Loss	**(5.511)**	**3.579**	1.006	(3.813)
9	Foreigne exchange difference	**-**	**(0.001)**	-	8.200
	Present value of obligation as at the end of the year	**31.862**	**35.337**	37.144	33.669

m) Net interest (Income) /expenses Non Funded Plan

	Particulars	2019-20		2018-19	
		Gratuity (Non Funded)	**Pension Scheme (Non Funded)**	Gratuity (Non Funded)	Pension Scheme (Non Funded)
1	Interest (Income) / Expense – Obligation	**2.647**	**2.188**	2.548	1.790
2	Interest (Income) / Expense – Plan assets	**-**	**-**	-	-
3	Net Interest (Income) / Expense for the year	**2.647**	**2.188**	2.548	1.790

n) The amounts pertaining to defined benefit plans are as follows:Non Funded Plan

Particulars	2019-20		2018-19	
	Gratuity (Non Funded)	**Pension Scheme (Non Funded)**	Gratuity (Non Funded)	Pension Scheme (Non Funded)
Defined Benefit Obligation	**31.862**	**35.337**	37.144	33.669
Plan Assets				
Surplus/(Deficit)	**(31.862)**	**(35.337)**	(37.144)	(33.669)

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 7.5% (PY 7.6%) 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 31-03-2020 - 6.10% (PY- 7.50%)

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

2 Expected return on plan assets as at 31-03-2020- 7.5%(PY- 7.6%)

3 Salary growth rate : For Gratuity Scheme - 7% (PY - 10%)

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 40.599 Million (31 March 2019- Rs 29.943 Million) towards gratuity plan in the year 2020-21

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

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 B V	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) L.L.C.	Subsidiary of Kirloskar Brothers International B.V.
8	Kirloskar Pompen B.V	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 Pompen BV
17	Rotaserve Overhaul B.V.	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 Neviz Pumps Solutions Pty Ltd	Joint venture of SPP Pumps International Proprietary Limited
24	KBL synerge LLP	Associate of Kirloskar Brothers Limited
25	Kirloskar Ebara Pumps Ltd.	Joint venture of Kirloskar Brothers Limited

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

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)	Associate	KBL Synerge LPP	
3)	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. Varindar Dhoot Mr. Achyut Gokhale Mr. Shreekanth Ramaswami Mr. K.Taranath Mr. Stefan Apel Mr. Clive Harper Mr. Remko Dubois Ms. Prabha Kulkarni Mr. Ajeet Kulkarni Mr. Owen Shevlin Mr. Graham Greenwood Mr. Mohammed Hassan Mr. Chittranjan Mate Mr. John Kahren Mr. S G Khare Mr. Gérald Verjat Mr. S.R.Yadwadkar Mr. Shrikrishna Inamdar Mr. Sanjay Kirloskar Mr. Padmakar Jawadekar Mr. Yokporn Tantisawetrat Ms. Lalita Gupte Mr. Achyut Dhadphale Mr. Pratap Shirke Mr. Anant Sathe Mr. Kishor Chaukar	
4)	Relatives of Key Management Personnel	Mrs.Pratima Kirloskar Suman Kirlosksar Sanjay Kirloksar HUF	Wife of Mr. Sanjay Kirloskar Mother of Mr. Sanjay Kirloskar HUF 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	

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Note 35 :Related Party Disclosures

(C) Disclosure of related parties transactions

Sr No	Nature of transaction/relationship/major parties	2019-20		2018-19	
		Amount	**Amount**	Amount	Amount
1	**Purchase of goods & services**	**62.459**		210.061	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		**57.750**		203.285
	Substantial Interest				
	Corrocoat Limited, UK		**4.709**		6.776
2	**Sale of goods/contract revenue & services**	**28.945**		16.705	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		**28.945**		16.705
3	**Rendering Services**	**16.706**		41.392	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		**16.706**		41.392
4	**Receiving Services**	**61.001**		40.234	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		**56.927**		33.647
	Substantial Interest				
	Corrocoat Limited, UK		**0.116**		1.659
	Key Management Personnel				
	Mr. Shrikrishna Inamdar		**-**		0.500
	Relatives of Key Management Personnel				
	Mrs. Pratima Kirloskar		**3.525**		2.952
	Entities controlled or jointly controlled by KMP or relatives of KMP:				
	Sanjay Kirloskar HUF		**0.433**		1.476
5	**Reimbursement of expenses by KBL**	**2.810**		6.460	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		**2.178**		3.614
	Substantial Interest				
	Corrocoat Limited, UK		**0.632**		0.493
	Key Management Personnel				
	Pratap Shirke		**-**		1.215

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Note 35 :Related Party Disclosures

(C) Disclosure of related parties transactions

Sr No	Nature of transaction/relationship/major parties	2019-20		2018-19	
		Amount	Amount for major Parties	Amount	Amount for major Parties
6	**Dividend received**	**11.250**		2.250	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		**11.250**		2.250
7	**Dividend paid**	**143.788**		74.044	
	Key Management Personnel				
	Mr. Sanjay Kirloskar (*)		**80.994**		39.643
	Mr. Alok Kirloskar		**0.215**		
	Mr. Pratap Shirke		**0.090**		
	Ms. Rama Kirloskar		**0.188**		
	Relatives of Key Management Personnel				
	Mrs. Pratima Kirloskar		**62.301**		34.401
8	**Remuneration Paid**	**182.629**		167.719	
	Key Management Personnel				
	Short Term Employee Benefit				
	Mr. Sanjay Kirloskar		**51.055**		47.563
	Mr. Ravindra Samant		**5.993**		5.787
	Ms. Rama Kirloskar		**10.327**		14.924
	Mr. Alok Kirloskar		**20.122**		25.775
	Mr. Varindar Dhoot		**6.953**		24.257
	Mr. Shreekanth Ramaswami		**-**		12.978
	Mr. Stefan Apel		**10.779**		-
	Mr. Remko Dubois		**19.885**		20.434
	Mr. Ajeet Kulkarni		**5.879**		8.030
	Mr. Owen Shevlin		**17.340**		7.971
	Mr. Mohammed Hassan		**1.690**		2.113
	Mr. John Kahren		**21.653**		27.066
	Mr. Gérald Verjat		**10.953**		13.691
		10.240		10.000	
	Key Management Personnel				
	Commission on profits				
	Mr. Shrikrishna Inamdar		**-**		0.650
	Mr. Padmakar Jawadekar		**-**		1.300
	Ms. Lalita Gupte		**-**		1.300
	Mr. Pratap Shirke		**1.300**		1.100
	Mr. Alok Kirloskar		**1.300**		1.300
	Mr. Kishor Chaukar		**1.300**		1.300
	Ms. Rama Kirloskar		**1.300**		1.300
	Dr. Rakesh Mohan		**1.300**		1.300
	Mr. Rajeev Kher		**1.300**		0.450
	Mr. Pradyumna Vyas		**1.300**		-
	Ms. Shailaja Kher		**1.140**		-

(*) Includes dividend received in capcity of trustee of Rs 7.929 Mn. (PY- Rs 4.347 Mn)

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Note 35 :Related Party Disclosures

(C) Disclosure of related parties transactions

Sr No	Nature of transaction/relationship/major parties	2019-20		2018-19	
		Amount	Amount for major Parties	Amount	Amount for major Parties
	Key Management Personnel				
	Sitting Fees	**7.341**		6.656	
	Mr. Shrikrishna Inamdar		**-**		0.450
	Mr. Padmakar Jawadekar		**0.030**		1.050
	Ms. Lalita Gupte		**-**		1.275
	Mr. Pratap Shirke		**2.849**		0.675
	Mr. Alok Kirloskar		**0.480**		0.473
	Mr. Kishor Chaukar		**1.050**		0.900
	Mr. Achyut Gokhale		**-**		0.058
	Mr. K.Taranath		**0.113**		0.053
	Mr. Clive Harper		**0.015**		0.038
	Mr. Graham Greenwood		**0.015**		0.015
	Mr. Chittranjan Mate		**0.030**		0.030
	Mr. S G Khare		**0.013**		0.038
	Mr. S.R.Yadwadkar		**0.033**		0.038
	Mr. Sanjay Kirloskar		**0.038**		0.035
	Ms. Rama Kirloskar		**0.525**		0.450
	Dr. Rakesh Mohan		**0.675**		0.600
	Mr. Rajeev Kher		**0.825**		0.150
	Mr. Yokporn Tantisawetrat		**-**		0.230
	Mr. Achyut Dhadphale		**0.105**		0.035
	Mr. Anant Sathe		**0.073**		0.050
	Ms. Prabha Kulkarni		**0.023**		0.015
	Mr. Pradyumna Vyas		**0.225**		-
	Ms. Shailaja Kher		**0.225**		-
	Post Employment Benefit	**11.782**		6.739	
	Mr. Sanjay Kirloskar		**5.633**		3.956
	Ms. Rama Kirloskar		**1.990**		1.318
	Mr. Ravindra Samant		**0.734**		0.842
	Mr. Alok Kirloskar		**0.838**		0.623
	Mr. Ajeet Kulkarni		**0.413**		-
	Mr. Varindar Dhoot		**0.168**		-
	Mr. Stefan Apel		**1.079**		-
	Mr. John Kahren		**0.927**		-

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Note 35 :Related Party Disclosures

(C) Disclosure of related parties transactions

Sr No	Nature of transaction/relationship/major parties	2019-20		2018-19	
		Amount	Amount for major Parties	Amount	Amount for major Parties
9	**Contribution paid to post Employment benefit plans**	**69.815**		84.363	
	Provident Fund		**41.800**		37.951
	Superannuation Fund		**1.998**		21.336
	Gratuity Trust		**26.017**		25.076
10	**Reimbursement received**	**3.263**		39.696	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		**3.263**		39.696
11	**Sale of asset**	**-**		25.561	
	Joint Venture		**-**		25.561
	Kirloskar Ebara Pumps Limited				
12	**Advance Given**	**-**		3.007	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		**-**		3.007

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Note 35 :Related Party Disclosures

(D) Amount due to/from related parties

Sr No	Nature of transaction/relationship/major parties	2019-20 Amount	2019-20 Amount for major Parties*	2018-19 Amount	2018-19 Amount for major Parties*
1	**Accounts receivable**				
	Joint Venture	**44.814**		-	
	Kirloskar Ebara Pumps Limited		**44.814**		-
2	**Amount Due**	**39.656**		76.679	
	Joint Venture				
	Kirloskar Ebara Pumps Limited		**38.310**		75.090
	Substantial Interest				
	Corrocoat Limited, UK		**1.346**		1.589
	Key Management Personnel	**44.249**		42.898	
	Mr. Sanjay Kirloskar		**32.000**		34.000
	Mr. Shrikrishna Inamdar		**-**		1.035
	Mr. Padmakar Jawadekar		**-**		1.170
	Ms. Lalita Gupte		**-**		1.170
	Mr. Pratap Shirke		**1.300**		0.990
	Mr. Alok Kirloskar		**1.300**		0.894
	Mr. Kishor Chaukar		**1.300**		1.170
	Dr. Rakesh Mohan		**1.403**		0.894
	Ms. Rama Kirloskar		**3.192**		1.170
	Mr. Rajeev Kher		**1.300**		0.405
	Mr. Pradyumna Vyas		**1.300**		-
	Ms. Shailaja Kher		**1.140**		-
	Mr. K.Taranath		**0.007**		-
	Mr. Achyut Dhadphale		**0.007**		-
3	**Advance given**	**-**		1.775	
	Joint Venture				
	KBL Synergy LLP		**-**		1.775

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

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 :

Name of the Company	Balance as at		Maximum outstanding	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
To Subsidiary Companies				
The Kolhapur Steel Limited	**160.414**	11.214	**160.414**	12.214
To Associate				
KBL Synerge LLP	**-**	1.775	**1.775**	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 including directors 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 Joint Venture

Sr. No	Name of the Joint Venture	Summarized financial information		
			31 March 2020	31 March 2019
1	Kirloskar Ebara Pumps Limited	Assets	**2,104.067**	1,802.621
		Liabilities	**786.256**	528.288
			2019-20	2018-19
		Income	**1,668.945**	1,695.993
		Expenses (including tax expenses)	**1,588.592**	1,511.965
		Profit after tax	**80.353**	184.028
		Other comprehensive income	**(6.735)**	(2.662)
		Total comprehensive income	**73.618**	181.366

2 SPP Pumps International PTY, a step down subsidiary of KBL is having investment in Joint venture namely SPP Neviz Pumps Solutions Pty Ltd. Total comprehensive income and networth of this joint venture as at 31 March 2020 is Rs 0.015 Mn and Rs 0.883 Mn respectively.

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 3.831 Million (Rs.27.707 Million)

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Note 37: Joint Venture and Jointly controlled operations

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	KIRLOSKAR - MEMWPL JV	Jointly controlled operations	N A	India
22	MAYTAS – MEIL – KBL JV	Jointly controlled operations	N A	India
23	Gondwana - KBL JV	Jointly controlled operations	N A	India
24	MEIL -PRASAD-KBL CONSORTIUM	Jointly controlled operations	N A	India
25	JCPL - MEIL - KBL CONSORTIUM	Jointly controlled operations	N A	India
26	KBL -PTIL UJV	Jointly controlled operations	N A	India
27	KBL - RATNA - JOINT VENTURE	Jointly controlled operations	N A	India
28	MEIL-KBL-WEG CONSORTIUM	Jointly controlled operations	N A	India
29	MEIL-KBL- (KDWSP) JV	Jointly controlled operations	N A	India
30	KBL and TCIPL JOINT VENTURE	Jointly controlled operations	N A	India
31	ACPL & KBL JV	Jointly controlled operations	N A	India
32	Kirloskar Brothers Ltd. JV	Jointly controlled operations	N A	India
33	ITD CEMENTATION INDIA LIMITED JV	Jointly controlled operations	N A	India
34	GSJ - KBL JV	Jointly controlled operations	N A	India
35	JBL-KBL-GSJ JV	Jointly controlled operations	N A	India

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Note 38: Details of provisions and movements in each class of provisions

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 2018	288.019	267.285	6.487	104.097
		-	-	-
Add: Provision during the year 2018-19 net of reversal of excess provision for earlier years	47.213	296.456	-	30.866
Add: Unwinding of discounts	-	(7.211)	0.531	-
Less: Amount utilized during the year 2018-19	(20.447)	(213.837)	-	(18.644)
Add: Foreign exchange difference		2.183	-	(0.194)
Carrying amount as at 31 March 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**	**-**	**(34.693)**
Add: Unwinding of discounts	**-**	**10.929**	**0.577**	**-**
Less: Amount utilized during the year 2019-20	**(26.094)**	**(298.031)**	**-**	**(15.814)**
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**
Non-current provision	**152.293**	**35.992**	**7.595**	**-**
Current provision	**175.442**	**327.167**	**-**	**68.910**

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.)

(Amounts in Million Rs)

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.

Sr.No	Particulars	Carrying value	
		31 March 2020	31 March 2019
	Levelled at Level 1		
(a)	**Carried at fair value through Profit and loss (FVTPL)**		
	Investment in Mutual fund	**450.285**	
	Levelled at Level 2		
(b)	**Carried at amortised cost**		
	Trade receivable	**5,541.224**	6,403.414
	Security deposits	**1,081.042**	1,075.047
	Other financial assets	**100.751**	66.998
	Cash and cash equivalent	**3,169.576**	583.862
	Other bank balances	**38.586**	151.402
	Advances to joint venture	**-**	2.659
	Levelled at Level 3		
	Investments in unquoted equity shares (FVOCI)	**0.005**	0.005
	Financial Liabilities		
	Levelled at Level 1		
(a)	**Carried at fair value through Profit and loss (FVTPL)**		
	Forward contract liability	**73.852**	25.874
	Levelled at Level 2		
(b)	**Carried at amortised cost**		
	Non-current borrowings	**1,170.211**	622.422
	Current borrowings at fixed rate of interest	**4,329.342**	3,009.913
	Trade payable	**5,452.979**	6,908.328
	Lease liability	**506.181**	-
	Other current financial liabilities	**1,909.979**	1,567.924

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.)

(Amounts in Million Rs)

Note 40: Financial risk management policy and objectives (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 ex change 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 co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk, and investment of excess liquidity.

(A) Credit Risk

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

Credit risk management

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Group periodically assesses the reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward looking information such as:"

(i) Actual or expected significant adverse changes in business,

(ii) Actual or expected significant changes in the operating results of the counterparty,

(iii) Financial or economic conditions that are expected to cause a significant change to counterparty's ability to meet its obligations,

(iv) Significant increases in credit risk on other financial instruments of the same counterparty,

(v) Significant changes in the value of collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

The Group provides for expected credit loss in case of trade receivables, 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 recover-

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Note 40: Financial risk management policy and objectives (Contd.)

ability. The Group 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 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,

Exposure to Risk	**31 March 2020**	31 March 2019
Trade Receivables	**6,282.704**	7,330.005
Less : Expected Loss	**741.479**	926.591
	5,541.225	6,403.414
Security Deposits	**1,111.715**	1,104.576
Less : Expected Loss	**30.678**	29.530
	1,081.037	1,075.046
Claims Receivable	**72.970**	33.497
Less : Expected Loss	**12.157**	3.845
	60.813	29.652

Trade receivable ageing used in the provision matrix for life time expected credit loss is as -

	31 March 2020	31 March 2019
Trade Receivables		
Neither past due nor impaired	**1,073.739**	1,669.347
Past due but not impaired		
Less than 180 days	**2,433.464**	2,582.189
181 - 365 days	**812.875**	759.830
More than 365 days	**1,221.146**	1,392.048
Total	**5,541.224**	6,403.414

Reconciliation of loss provision

	Trade receivables	**Others**
Loss allowance as at 1 April 2018	894.389	70.376
Changes in loss allowance	32.202	(37.002)
Loss allowance as at 31 March 2019	926.591	33.374
Changes in loss allowance	(185.112)	9.461
Loss allowance as at 31 March 2020	**741.479**	**42.835**

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Note 40: Financial risk management policy and objectives (Contd.)

B) Liquidity risk

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

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

Exposure to Risk	**31 March 2020**	31 March 2019
Interest bearing borrowings		
On demand	**2,089.757**	2,097.412
Less than 180 days	**2,250.000**	906.250
181 - 365 days	**-**	6.250
More than 365 days	**1,159.796**	622.423
Total	**5,499.553**	3,632.335
Other financial liabilities		
On demand	**105.370**	95.644
Less than 180 days	**1,895.149**	938.290
181 - 365 days	**155.780**	527.786
More than 365 days	**42.981**	44.344
Total	**2,199.280**	1,606.064
Lease liability		
On demand	**-**	-
Less than 180 days	**152.011**	-
181 - 365 days	**152.011**	-
More than 365 days	**202.159**	-
Total	**506.181**	-
Trade & other payables		
On demand	**2,274.887**	3,139.783
Less than 180 days	**1,773.779**	1,810.352
181 - 365 days	**294.626**	747.968
More than 365 days	**1,109.692**	1,210.225
Total	**5,452.984**	6,908.328

The Group has access to following undrawn facilities at the end of the reporting year (Interest rates 6.8% - 10.1%)

	31 March 2020	31 March 2019
Expiring within one year	**9,823.361**	8,105.354
Expiring beyond one year	**-**	-

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Note 40: Financial risk management policy and objectives (Contd.)

(C) Foreign Currency Risk

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

The group evaluates exchange rate exposure arising from foreign currency transactions and the group follows established risk management policies, including use of 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 2020	31 March 2019	**31 March 2020**	31 March 2019
Trade Receivables	EUR	**0.339**	0.541	**28.178**	42.005
	GBP	**0.322**	0.008	**30.198**	0.730
	USD	**15.060**	20.588	**1,134.957**	1,423.745
	SGD	**0.450**	0.598	**24.311**	30.701
	AED	**0.502**	0.283	**10.311**	5.335
	MYR	**0.106**	-	**1.841**	-
	IDR	**61.634**	-	**0.307**	-
Bank Accounts	EGP	**0.092**	0.070	**0.441**	0.277
	EUR	**0.006**	0.052	**0.484**	4.027
	GBP	**0.625**	0.023	**58.700**	2.100
	USD	**4.088**	2.759	**308.088**	190.777
	VND	**9.580**	24.669	**0.030**	0.074
	XOF	**0.170**	0.009	**0.022**	0.001
	SGD	**0.043**	0.061	**2.339**	3.125
	AED	**0.496**	0.008	**10.178**	0.142
	CZK	**1.656**	-	**5.503**	-
Other Deposits	XOF	**0.500**	0.500	**0.063**	0.059
Amount Due from Employees	EGP	**0.002**	0.082	**0.010**	0.326
	EUR	**0.007**	0.000	**0.608**	0.008
	SGD	**-**	0.001	**-**	0.032
	GBP	**0.118**	-	**11.095**	-
	XOF	**0.017**			
	USD	**2.722**	0.108	**205.151**	7.501
	IDR	**56.402**	-	**0.281**	-

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Note 40: Financial risk management policy and objectives (Contd.)

Financial Liabilities	**Currency**	**Amount in Foreign Currency (MN)**		**Amount in INR (MN)**	
		31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
Trade Payables	EGP	0.731	0.871	3.492	3.475
	EUR	0.567	0.446	47.125	34.647
	GBP	0.206	0.086	19.376	7.779
	USD	4.242	2.839	319.702	196.341
	JPY	0.026	-	1.804	-
	VND	15,932.596	29,569.458	49.391	88.117
	XOF	202.042	82.186	25.599	9.739
	AED	-	0.082	-	1.538
Amount Due to Employees	EGP	-	0.070	-	0.279
	XOF	0.001	25.988	0.000	3.080
	USD	0.071	0.082	5.384	5.662

Currency wise net exposure (assets - liabilities)

Particulars	Amount in Foreign Currency (MN)		Amount in INR (MN)	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019
EGP	**(0.636)**	(0.790)	**(3.042)**	(3.152)
EUR	**(0.215)**	0.147	**(17.855)**	11.393
GBP	**0.859**	(0.055)	**80.617**	(4.949)
USD	**18.057**	20.534	**1,323.173**	1,420.020
JPY	**(0.026)**	-	**(1.804)**	-
VND	**(15,923.016)**	(29,544.789)	**(49.361)**	(88.043)
XOF	**(201.873)**	(107.665)	**(25.577)**	(12.759)
SGD	**0.493**	0.660	**26.650**	33.858
CZK	**1.656**	-	**5.503**	-
AED	**0.998**	0.209	**20.489**	3.939
IDR	**118.036**	-	**0.588**	-
MYR	**0.106**	-	**1.841**	-

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Sensitivity Analysis

Particulars	Amount in INR (MN)		**Sensitivity %**	Sensitivity %
	2019-20	2018-19	**2019-20**	2018-19
EGP	**(3.042)**	(3.152)	**5.25%**	12.25%
EUR	**(17.855)**	11.393	**2.98%**	4.05%
GBP	**80.617**	(4.949)	**0.20%**	0.00%
USD	**1,323.173**	1,420.020	**3.34%**	2.59%
JPY	**(1.804)**	-	**4.51%**	4.78%
VND	**(49.361)**	(88.043)	**1.14%**	0.65%
XOF	**(25.577)**	(12.759)	**1.41%**	0.01%
SGD	**26.650**	33.858	**3.17%**	6.14%
CZK	**5.503**	-	**5.89%**	0.04%
AED	**20.489**	3.939	**4.06%**	4.06%
IDR	**0.588**	-	**3.77%**	-
MYR	**1.841**	-	**9.70%**	-

Particulars	Impact on profit (strengthen)		Impact on profit (weakening)	
	2019-20	2018-19	**2019-20**	2018-19
EGP	**0.160**	0.386	**(0.160)**	(0.386)
` EUR	**0.532**	(0.461)	**(0.532)**	0.461
GBP	**(0.161)**	-	**0.161**	-
USD	**(44.194)**	(37.674)	**44.194**	37.674
JPY	**0.081**	-	**(0.081)**	-
VND	**0.563**	0.572	**(0.563)**	(0.572)
XOF	**0.361**	0.001	**(0.361)**	(0.001)
SGD	**(0.845)**	(2.079)	**0.845**	2.079
CZK	**(0.324)**	-	**0.324**	-
AED	**(0.832)**	(0.160)	**0.832**	0.160
IDR	**(0.022)**		**0.022**	
MYR	**(0.179)**		**0.179**	
Total	**(44.861)**	(39.415)	**44.861**	39.415

* 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.)

(Amounts in Million Rs)

Note 41: Capital management

a) Risk management

The group's objectives when managing capital are to

-safeguard it's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

-Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, 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 2020**	31 March 2019
Loans and borrowings (Including current maturities of long term debt)	**5,780.822**	3,797.068
Less: Cash and cash equivalents (Including other bank balances)	**3,208.162**	735.264
Net debt	**2,572.660**	3,061.804
Equity	**9,459.392**	9,121.990
Equity and net debt	**12,032.052**	12,183.794
Gearing ratio	**21.382%**	25.130%

b) Dividend

Particulars	**31 March 2020**	31 March 2019
Equity Shares		
(i) Interim dividend for the year	**158.818**	-
(ii) Dividends not recognised at the end of the reporting year	**39.704**	198.522
(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 0.5 per fully paid equity share (31 March 2019 - INR 2.50). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

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:

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Total outstanding amount in respect of Micro, small and medium enterprises	**676.794**	1,055.857
Other disclosures in respect of micro and small enterprises		
Principal amount due and remaining unpaid	**3.274**	14.864
Interest due on above and unpaid interest	**0.243**	5.868
Interest paid	**-**	0.568
Payment made beyond appointment day	**1,128.246**	996.275
Interest due and payable for the period of delay	**3.179**	12.984
Interest accrued and remaining unpaid (excluding interest accured for earlier years)	**3.426**	15.446
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 group.

Note 43: Corporate social responsibility expenditures

(a) Amount required to be spent by the group during the current year is Rs. 25.477 MN (Rs 16.161 MN)

(b) Amount spent by the group during the current year is Rs. 26.132 Million (Rs. 17.332 Million)

The company and it's subsidiaries as per policy on Corporate Social Responsibility(CSR) and recommendation and approval of the CSR committee has contributed Rs. 19 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 chraitable organisation such as Rotary club, Annamitra foundation etc.) The group has not spent any amount towards construction or acquisition of asset.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Note 44: Note on impact of Covid -19

The lockdowns and restrictions on various activities due to Covid-19 pandemic have posed challenges on overall business of the group.

All the manufacturing plants and regional sales offices in India including corporate office for KBL and subsidiaries were closed from various dates as specified by local authorities between 20th to 23rd March 2020 and continued to remain closed till necessary permissions received on various dates in different locations. Foreign subsidiaries were also working with limited resources available.

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

Few of our plants have got permission for resuming operations from last week of April. Manufacturing activities have commenced gradually in few of our manufacturing plants.Operations will be at normal level once nationwide lockdown is lifted and free movement of goods and manpower is allowed.

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

Group expect short term impact on sales due to both demand and supply. Supply was affected due to lock down and different restrictions on goods movements. However, situation is improving as certain restrictions are removed gradually.

Group is taking all necessary steps to reduce impact on its operations and profitability. Further, considering group's sound financial management and effective use of internal accruals and external borrowings, no impact on capital and financial resources is expected except increase in working capital loans for short term period.

Group has issued letters invoking Force Majeure clause to protect it from any contractual liabilities from delays in execution of contracts due to Covid 19.

As government has started easing lockdown from 1st June, group expects to gradually come back to its original level of operations, in the coming months.

Note 45: Segment reporting

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	
	2019-20	**2018-19**	**2019-20**	**2018-19**	**2019-20**	**2018-19**
a) Segment Revenue Geographic Segment by location of customer	**19,163.559**	20,559.190	**12,190.746**	12,930.637	**31,354.305**	33,489.827
b) Carrying Amount of non-current assets other than deferred tax asset and financial assets	**5,106.518**	4,673.215	**1,379.336**	1,118.738	**6,485.854**	5,791.953

Note 46: Impact of transition to Ind AS 116, 'Leases'

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

On transition group has recognised lease liability and right -to-use asset at Rs 571.037 Mn., accordingly there is no impact on retained earnings on transition to Ind AS 116.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Right-to-use asset	Amt (Rs in Mn.)
Opening right-to-use asset	**571.037**
Net addition during the year	**41.190**
Depreciation charged during the year	**(125.313)**
Forex difference	**(2.856)**
Closing right-to-use asset	**484.058**

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

Particulars	Amt (Rs in Mn.)
Increase in right-to-use asset	**484.058**
Increase in non-current lease liability	**202.160**
Increase in current lease liability	**304.021**
Increase in depreciation	**125.313**
Increase in finance cost	**28.454**
Decrease in rent expenses	**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 188.635 Mn
3. Group has not entered into any sublease arrangements.

Note 47: Change in reporting period of foreign subsidiaries

Previous year ended 31 March 2019 includes results of foreign subsidiaries for the 15 months period ended March 2019.

CONSOLIDATED NOTES TO ACCOUNTS : (CONTD.)

(Amounts in Million Rs)

Note 48: 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 net assets	Amount	As % of consolidated P&L	Amount	As % of consolidated OCI	Amount	As % of consolidated Total comprehensive income	Amount
Parent								
Kirloskar Brothers Limited (including effect of consolidation, elimination and other adjustments)	104.756%	9909.282	104.263%	749.516	90.921%	48.882	103.334%	798.398
Subsidiaries								
Indian								
1. Karad Projects and Motors Pvt Ltd	0.562%	53.158	27.594%	198.364	0.332%	0.179	25.697%	198.543
2. The Kolhapur Steel Limited	(5.170%)	(489.044)	(15.151%)	(108.918)	7.586%	4.078	(13.569%)	(104.840)
3. Kirloskar Corrocoat Private Limited	(0.456%)	(43.116)	(0.384%)	(2.763)	0.060%	0.032	(0.353%)	(2.731)
Foreign								
1. Kirloskar Brothers International B V (Consolidated)	(6.380%)	(603.538)	(21.327%)	(153.313)	6.599%	3.548	(19.384%)	(149.765)
Non-controlling interest in all Subsidiaries								
Indian	0.305%	28.820	(0.017%)	(0.120)	0.040%	0.022	(0.013%)	(0.098)
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	6.383%	603.830	5.022%	36.105	(5.537%)	(2.977)	4.288%	33.128
TOTAL	100.000%	9459.392	100.000%	718.871	100.000%	53.764	100.000%	772.635

Note 49: 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

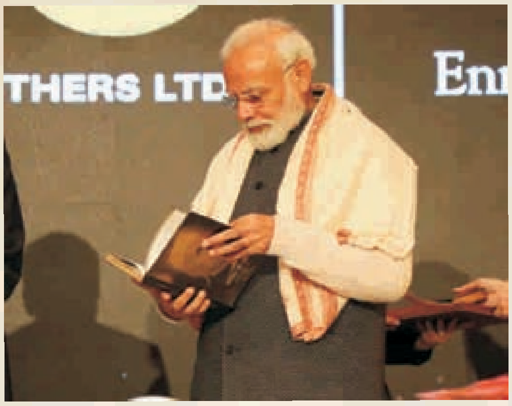
Pune : 5 June 2020

Sandeep Phadnis
Company Secretary

Pune : 5 June 2020

Intentionally Kept Blank

Intentionally Kept Blank

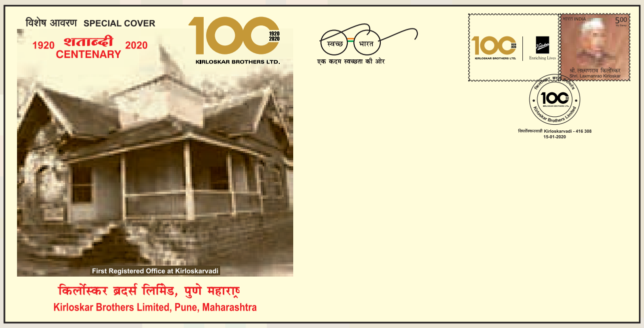


Hon. PM Modi taking a glance of the Hindi version of the biography of Shri. Laxmanrao Kirloskar - Yantrik ki Yatra

Ms. Rama Kirloskar, MD, Kirloskar Ebara Pumps Ltd.; Mr. Sanjay Kirloskar, CMD, KBL; Mrs. Pratima Kirloskar, Head, Vikas Charitable Trust,and Mr. Alok Kirloskar, MD, SPP Pumps Ltd., along with Hon. PM of India, Shri. Narendra Modi, at KBL's Centenary Celebratory Event

As part of the centenary year celebratory event, Mr. Alok Kirloskar, MD, SPP Pumps Ltd., Ms. Rama Kirloskar, MD, Kirloskar Ebara Pumps Limited, and Mr. Pranjal Sharma, author of the book 'India Automated', engaged in Waterfront Chat discussing about the rise of technology, self-reliance and values that would shape the country's future

In 2020, Department of Posts issued a special KBL 'My Stamp' to commemorate completion of 100 Years of the company as PLC



1920
2020

KIRLOSKAR BROTHERS LTD.

Kirloskar

Enriching Lives

KIRLOSKAR BROTHERS LIMITED
Established 1888
A Kirloskar Group Company

OUR COMPANIES

SPP PUMPS United Kingdom | SyncroFlo U.S.A. | South Africa | KOPL India | RODELTA 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