

ANNEXURE-I TO THE BOARD’S REPORT

DISCLOSURES PURSUANT TO RULE 12 (9) OF THE COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014, READ WITH REGULATION 14 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) (SHARE BASED EMPLOYEE BENEFITS AND SWEAT EQUITY) REGULATIONS, 2021, READ WITH SEBI CIRCULAR DATED 16 JUNE 2015, ON ESAR DISCLOSURES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

A. Relevant disclosures in terms of the ‘IND AS 102 – Share - Based Payments’ notified under Section 133 of the Companies Act, 2013, (the Act), read with the Companies (Indian Accounting Standards) Rules, 2015, as amended:

All the relevant disclosures in terms of the ‘IND AS 102 – Share – Based Payments’ notified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, are made in the Financial Statements.

B. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of ESARs calculated in accordance with ‘IND AS 33 - Earnings Per Share’:

Diluted EPS of the Company is ₹ 76.31

C. Details related to Equity Settled Stock Appreciation Rights (ESARs) of the Company:

i. Description of ESARs that existed at any time during the year:

Sr. No.	Particulars	Kirloskar Industries Limited – Employees Stock Appreciation Rights Plan 2019 (KIL ESARP 2019)
a.	Date of members’ approval	The members of the Company had passed Special Resolution through Postal Ballot on 29 December 2019.
b.	Date of grant	30 January 2020, 14 July 2022 and 8 August 2022
c.	Total number of ESARs approved	4,85,000 (Four Lakhs Eighty-Five Thousand) ESARs, where one ESAR upon exercise shall entitle for lesser than one equity share of the Company.
d.	Vesting requirement	<p>a. For vesting of ESARS</p> <p>The ESARs granted under the KIL ESARP 2019 would vest after a minimum period of one (1) year but not later than a maximum period of four (4) years from the Grant Date of such ESARS.</p> <p>Based on being in continued employment with the Company or subsidiary company(ies).</p> <p>b. For exercise of ESARS Five (5) years from the date of vesting.</p>
e.	Exercise price or pricing formula	₹ 500 per ESAR
f.	Source of shares	Primary
g.	Variation in terms of options	Nil

ii. Methods to account for KIL ESARP 2019:

The Company uses Fair Value Method of accounting for ESARs, which is in accordance with IND AS 102.

iii. The difference between the employee compensation cost computed using the intrinsic value of options and the employee compensation cost that shall have been recognised if it had used the fair value of the options:

Not applicable.

iv. Options movement during the year

Particulars	KIL ESARP 2019
Number of ESARs outstanding at the beginning of the period (Nos.)	3,39,726
Number of ESARs granted during the year	37,600
Number of ESARs cancelled during the year during year	Nil
Number of ESARs forfeited / lapsed during year	Nil
Number of ESARs vested during the year	1,18,289
Number of ESARs exercised during the year	1,43,992
Number of shares arising as a result of exercise of ESARs	1,03,669
Money realised by exercise of ESARs (INR), if scheme is implemented directly by the Company	10,36,690
Number of ESARs outstanding for exercise at the end of the year	2,33,334
Number of ESARs exercisable at the end of the year	1,95,734

v. Weighted-average exercise price and weighted-average fair value of ESARs granted during the year, where exercise price is less than the market price on the date of grant:

Particulars	KIL ESARP 2019 in ₹
Weighted-average exercise price	N.A.
Weighted-average Fair Value	N.A.

vi. Employee wise details (name of employee, designation, number of ESARs granted) during the Financial Year 2022-2023 to:

a) Senior Managerial Personnel:

Sr. No.	Name of Employee	Designation	No. of ESARs granted			No. of ESARs vested			
			No. of ESARs granted during the year 2019-2020	No. of ESARs granted during the Year 2020-2021	No. of ESARs granted during the Year 2021-2022	No. of ESARs granted during the Year 2022-2023	No. of ESARs vested during the Year 2020-2021	No. of ESARs vested during the Financial Year 2021-2022	No. of ESARs vested during the Financial Year 2022-2023
1.	Mr. Mahesh Chhabria	Managing Director	2,31,000	Nil	Nil	Nil	1,15,500	50,000	65,500
2.	Ms. Aditi Chirmule	Executive Director	48,540	Nil	Nil	Nil	24,270	14,560	9,710
3.	Mr. Anandh Baheti (Appointed w.e.f. 14 July 2022)	Chief Financial Officer	NA	NA	NA	3,000	Nil	Nil	Nil
4.	Mrs. Ashwini Mali	Company Secretary	24,270	Nil	Nil	Nil	12,135	7,280	4,855
5.	Mr. Jagdish Purandare	Head - Human Resource	18,000	Nil	Nil	Nil	6,000	6,000	6,000
		Total	3,21,810	Nil	Nil	3,000	1,57,905	77,840	86,065

Non - Executive Director

Sr. No.	Name of Employee	Designation	No. of ESARs granted			No. of ESARs vested			
			No. of ESARs granted during the year 2019-2020	No. of ESARs granted during the Year 2020-2021	No. of ESARs granted during the Year 2021-2022	No. of ESARs granted during the Year 2022-2023	No. of ESARs vested during the Year 2020-2021	No. of ESARs vested during the Financial Year 2021-2022	No. of ESARs vested during the Financial Year 2022-2023
1.	Mr. Vinesh Kumar Jairath	Non-Executive Director	33,000	Nil	Nil	29,000	16,500	9,900	6,600
		Total	33,000	Nil	Nil	29,000	16,500	9,900	6,600

- b) Any other employee / Non – Executive Director who receives a grant in any one year of ESARs amounting to 5% or more of ESARs granted during that year:

Sr. No.	Name of Employee / Non-Executive Director	Designation	No. of ESARs granted during 2019-2020	No. of ESARs granted during the Year 2020-2021	No. of ESARs granted during the Year 2021-2022	No. of ESARs granted during the Year 2022-2023
1.	Mr. Mahesh Chhabria	Managing Director	2,31,000	Nil	Nil	Nil
2.	Mr. Aditi Chirmule	Executive Director	48,540	Nil	Nil	Nil
3.	Mr. Anand Baheti (appointed w.e.f. 14 July 2022)	Chief Financial Officer	NA	NA	NA	3,000
4.	Mrs. Ashwini Mali	Company Secretary	24,270	Nil	Nil	Nil
5.	Mr. Vinesh Kumar Jairath	Non-Executive Director	33,000	Nil	Nil	29,000

- c) Identified employees who were granted ESARs, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant:

Sr. No.	Name of Employee / Non-Executive Director	Designation	No. of ESARs granted during the year 2019-2020	No. of ESARs granted during the year 2020-2021	No. of ESARs granted during the year 2021-2022	No. of ESARs granted during the Year 2022-2023
1.	Mr. Mahesh Chhabria	Managing Director	2,31,000 (2.38%)	Nil	Nil	29,000

- vii. Description of the method and significant assumption used during the year to estimate the fair value of ESARs including the following information:

- The weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model;
- The method used and the assumptions made to incorporate the effects of expected early exercise;
- How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and
- Whether and how any other features of the ESARs grant were incorporated into the measurement of fair value, such as market condition.

Please refer Note No. 44 forming parts of the Financial Statements.

ANNEXURE – II TO THE BOARD’S REPORT

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, read with Regulation 24A of Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015]



FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

To,
The Members, of
Kirloskar Industries Limited
Office No. 801, 8th Floor, Cello Platina,
Fergusson College Road, Shivajinagar,
Pune- 411005

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KIRLOSKAR INDUSTRIES LIMITED**, (CIN L70100PN1978PLC088972) (hereinafter called the Company). 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 Company’s 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 Authorized 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 31 March 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and 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 31 March 2023, according to the provisions of:

- (i) The Companies Act, 2013, (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956, ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) 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; [No incidence during the audit period, hence not applicable];
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992, ('SEBI Act') -

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2011;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - [No incidence during the audit period, hence not applicable]
 - (f) The Securities and Exchange Board of India (Registrars to Issue and Share Transfer Agents) Regulations, 1993, (the Act) regarding the compliance of the Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009/2021; - [No incidence during the audit period, hence not applicable] and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - [No incidence during the audit period, hence not applicable].
- (vi) No other law is applicable specifically to the Company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India; and
- (ii) The Agreements entered into by the Company with the BSE Limited and National Stock Exchange of India Limited,